

**CITY OF HENDERSON
SELF-FUNDED INSURANCE COMMITTEE MEETING**

**MINUTES
July 10, 2013**

I. Call to order

Chairman Fred Horvath called the City of Henderson Insurance Committee meeting to order at 10:06 a.m., in the Westgate Conference Room, 1st Floor, City Hall, 240 Water Street, Henderson, Nevada.

II. Confirmation and posting

Ms. Neilson confirmed the meeting had been posted in accordance with the Open Meeting Law by posting the agenda three working days prior to the meeting at City Hall, Multigenerational Center, Whitney Ranch Recreational Center, and Fire Station No. 86.

Roll Call

PRESENT: Chairman Fred Horvath
 Connie Kershaw
 Norm "Doc" Halliday
 Priscilla Howell
 Ken Kerby
 Jayne Mazurkiewicz
 Tim O'Neill
 Mike Charlton (for Dan Pentkowski)

ABSENT: Dan Pentkowski (excused)

STAFF: Bob Osip, Risk Manager
 Travis Buchanan, Senior Assistant City Attorney
 Alysa Neilson, Employee Benefits Coordinator
 Tedio Jackson, Minutes Clerk

ALSO PRESENT: Shawn Adkins, GBS
 Bill Bixler, The Loomis Company
 Pam Levy, Sierra Healthcare Options
 Amber Hubber, HPN
 Tom Chiello, HPSA (left at 12:58 p.m.)

III. Acceptance of Agenda

(Motion) Mr. Halliday introduced a motion to accept the agenda as submitted, seconded by Mr. O'Neill. The vote favoring approval was unanimous. Chairman Horvath declared the motion carried.

IV. Public Comment

There were no comments presented by the public.

V. Unfinished Business

A. Discussion regarding combined out-of-pocket maximum accumulation

Shawn Adkins, GBS, reported that effective January 1, 2014, the plan will be required to have a combined out-of-pocket maximum for medical and prescription drugs which will include deductible and co-pays.

Amber Hubber, HPN, reported that HPN has a co-payment maximum of \$5,700.00. She noted that prescription drug co-payments will be affected as they will be included in the out-of-pocket maximum. She said underwriting is mapping the current plan to the 2014 plan. Ms. Hubber will provide options for the committee to discuss at the next meeting.

Responding to a question by Mr. Adkins as to whether the out-of-pocket maximum cost for medical and Rx will be embedded or separated out, Ms. Hubber said the plan is to have them combined; however, it depends on what the system can support. She does not believe they can run the system both ways.

A discussion ensued regarding out-of-pocket maximum amounts. Mr. Adkins noted that replacing co-pays with co-insurance would save the Plan a significant amount of money.

Ms. Hubber commented that the City's HPN plan is a rich benefit plan. She suggested the committee review the plan design to see how money could be saved.

Regarding a comment by Mr. Adkins that the City is not required to offer HPN to members, Chairman Horvath said he thought State of Nevada mandated employers to offer an HMO to members.

B. Revision to the plan document to allow employees to waive coverage

Bob Osip, Risk Manager, reported that the PPACA requirement to cover employees who work 30-hours per week or more was deferred from January 1, 2014, to January 1, 2015, so this decision can be continued to a later date. Part-time employees will then be eligible for medical insurance; however, they may want to opt out of coverage.

Shawn Adkins, GBS, explained three options for the committee to consider: 1) let any employees opt out of the plan; 2) let any employees opt out of the plan if they prove they have other coverage; or 3) offer incentive for people to opt out of plan.

Bill Bixler, The Loomis Company, commented that the second option is the most common. He noted that this is difficult to administer through Loomis and the City liaison.

Mr. Adkins estimated that the second option could save the plan \$50,000.00 to \$75,000.00 per year. He noted that increasing spousal coverage will drive spouses to take insurance from their work.

(Motion) Mr. O'Neill introduced a motion to not allow employees to waive coverage.

Following a brief discussion, there was a consensus to not change the language in the Plan at this time. It was noted that a motion is not necessary if the Plan language remains the same.

(Motion Withdrawn) Mr. O'Neill withdrew his motion to not allow employees to waiver coverage, as the language will remain the same.

C. Lifesigns contract for primary care services

Bob Osip, Risk Manager, reviewed backup information on Lifesigns, and reported that there is enough interest from police and fire personnel to expand the current contract.

Mike Charlton, representing the International Association of Firefighters, commented that members favor Lifesigns because they offer a one-stop shop.

Ms. Kershaw stated that the City currently has a contract for physical exams and expressed concern about having a direct contract with another company.

Staff will research costs, savings, and state law mandates, and report back at the next meeting.

D. Establishment of funding rates for plan years 2014 and 2015

Bob Osip, Risk Manager, referred to the back-up material entitled “Contribution Analysis” and reminded committee members that Model B was the most popular; however, the concern was the low fund balance at end of 2015.

Chairman Horvath reported on issues regarding Dignity Healthcare. He explained that if the committee adopts the rates under Model B and joins the Hospital Coalition, the reserve balance at the end of 2015 would be \$1.2 million. He noted that staff must also coordinate the setting of rates with the collective bargaining agreements.

Mr. Halliday asked to have a separate conversation regarding the rates for the Henderson Police Officers Association.

Mr. O’Neill commented that he is opposed to the model that increases the employee’s rates almost 50 percent.

This item will be continued to the next meeting. Committee members can make a better informed decision based on information from the Hospital Coalition and Dignity Healthcare negotiations.

Note: A lunch recess was taken from 11:12 a.m. to 11:45 a.m.

VI. New Business

A. Approval of Minutes for the regular meeting of June 13, 2013

(Motion) Mr. Halliday introduced a motion to approve the minutes of June 13, 2013, as presented, seconded by Ms. Kershaw. The vote favoring approval was unanimous. Chairman Horvath declared the motion carried.

B. Presentation of the Plan’s Financial Status Report as of June 20, 2013

Connie Kershaw, Accounting Manager, distributed and reviewed the Self-Funded Health Insurance Fund as of June 20, 2013. She noted a loss of \$500,000.00 and a decrease in Delta Dental claims.

C. Loomis Monthly Claims Report

Bill Bixler, The Loomis Company, reviewed the monthly claims report. He noted that five new large claimants hit a \$40,000.00 threshold in June and two members breached the specific deductible.

Mr. Bixler reported that last month the Plan paid 100 percent on an out-of-network claim because that member reached their out-of-pocket maximum.

D. Sierra Healthcare Options Monthly Report – hospital length of stay and provider network update

Pam Levy, SHO, distributed and reviewed the 2013 monthly average length of stay report and said the average in June was 2.15 days.

E. Gallagher Benefit Services Status Report

Shawn Adkins, GBS, reviewed current and proposed PPACA changes outlined on a paper entitled “Welcome to Healthcare Reform.” He noted that claims information compared against Gallagher’s established rates indicate the Plan is on track for a loss of \$1.2 million by the end of 2013.

Responding to a question by Chairman Horvath as to Summary Plan Description modifications for January 2014, Mr. Adkins suggested modification to the maximum out of pocket, the 90-day waiting period, and cross accumulation of co-pays. He believes it should be easy for Loomis to build these modifications into their system.

F. Review plan design changes to the medical and prescription drug plans to reduce plan expenses

Shawn Adkins, GBS, reviewed the working draft plan modifications dated July 10, 2013 and suggested potential design plan changes.

Referring to the discussion on Unfinished Business D, Chairman Horvath reported that he just received information that the Hospital Coalition will exclude Dignity Healthcare from their network due to pricing differences. Dignity Healthcare is asking for eight percent and the Hospital Coalition will only go up four percent.

Responding to a question by Mr. Adkins regarding whether students covered under the Plan should be tied to where their parents live, it was suggested to let the parents make that decision. An option is that at open enrollment each year, students could default to the parent's network or offered a new network. Loomis can provide a separate card for a separate group.

Mr. Adkins reviewed pages 4 and 5 of the Working Draft Plan Modifications handout provided in the back-up material regarding proposed plan changes for Rx.

Following further discussion, Chairman Horvath stated that there needs to be serious changes to out-of-network benefits. The changes outlined on page 5, 3(b) are not enough to make a difference.

Chairman Horvath said he made a commitment to Dan Pentkowski that the committee would not make significant design changes at this meeting since Mr. Pentkowski is not present. This item will be continued to the next meeting.

Mr. Adkins reviewed the rest of the proposed Plan design changes in the packet, and a discussion ensued regarding other opportunities and ways to achieve savings. It was noted that the Plan is paying a lot of extra money in out-of-network claims and the issue is getting out of control. The members should make the choice to pay out-of-pocket rather than the Plan bearing that cost.

G. Create separate out-of-area plan for members residing outside the PPO service area

This item was reviewed by Mr. Adkins under the previous item.

(Motion) Mr. O'Neill introduced a motion to accept the Plan changes as outlined in the Working Draft Plan Modification packet on page 3, Plan Changes, Network Only, Creation of Out-of-Sierra Service Area, with the use of Cigna; to be effective January 1, 2014, seconded by Mr. Kerby. The vote favoring approval was unanimous. Chairman Horvath declared the motion carried.

H. Plan change to reduce or exclude coverage for non-network hospitals or residential facilities

This item was continued to the next meeting.

I. Plan changes to comply with the Patient Protection and Affordable Care Act (PPACA) requirements effective January 1, 2014.

1. Revision to the Schedule of Medical Benefits to cross accumulate co-pays and deductible to the out-of-pocket maximum

Shawn Adkins, GBS, reported that GBS is tracking these changes that have to be updated throughout the PPACA. He explained that this relates to having the absolute maximum amount out of pocket. If we keep the current maximum out of pocket as it is (\$1,500.00 or \$1,800.00 with the deductible), it will cost the plan about \$60,000.00. He can present options at the next meeting that would offset this cost.

Mr. Osip commented that the Summary Plan Description language needs to change to cross accumulate.

(Motion) Mr. Halliday introduced a motion to amend the Summary Plan Description to comply with the requirements for cross accumulation for co-pays and deductibles for in-network benefits only, to be effective January 1, 2014, seconded by Ms. Howell. The vote favoring approval was unanimous. Chairman Horvath declared the motion carried.

2. Revision to Eligibility Provisions to include part-time employees working 30 hours per week

This item was determined to be moot until next year.

3. Revision to the 90-day initial waiting period for new hires under Eligibility Provisions

Shawn Adkins, GBS, explained that under PPACA, you have to cover people by or on 90 days. He recommended amending the language in the Summary Plan Description from 90 days to 30 days.

Mr. Osip suggested the language read “first of the month following 30 days,” to cover the months that have 31 days.

(Motion) Mr. O’Neill introduced a motion to change the eligibility requirement to first of the month following 30 days of employment, effective January 1, 2014, seconded by Mr. Kerby. The vote favoring approval was unanimous. Chairman Horvath declared the motion carried.

4. Remove pre-existing conditions language

Staff reported that pre-existing conditions language was previously removed for children and needs to be removed for adults, to be effective January 1, 2014.

(Motion) Ms. Mazurkiewicz introduced a motion to eliminate pre-existing conditions language for adults, to be effective January 1, 2014, seconded by Mr. O'Neill. The vote favoring approval was unanimous. Chairman Horvath declared the motion carried.

J. Discussion regarding the Supreme Court decision on the Defense of Marriage Act

Travis Buchanan, Senior Assistant City Attorney, reported that per State constitution, Nevada does not recognize same sex marriages.

Mr. Osip noted the Plan requires domestic partners to register with the City.

K. International Foundation of Employee Benefit Plans (IFEBP) membership and annual conference attendance

Bob Osip, Risk Manager, informed committee members that the International Foundation of Employee Benefit Plans conference will be held in Las Vegas, Nevada, from October 20-23, 2013, at the Mandalay Bay Hotel and Casino. Any members interested in attending this conference should contact Mr. Osip. The cost is \$1,500.00 per person.

VII. Public Comment

There were no public comments presented.

VIII. Chairman/Committee Member/Committee Staff Comment

Chairman Horvath reported that the Nevada Supreme Court issued a ruling that City of Sparks employees working for municipal court are not considered City of Sparks employees. This ruling causes the City of Henderson to amend language pertaining to non-employees of the City of Henderson, and complicates issues relating to municipal court personnel who are members of the Teamsters Collective Bargaining Agreement. Staff is going to draft a memorandum of agreement to address this issue in a way to be as seamless as possible to employees.

IX. Set Next Meeting Date

The next meeting was set for August 14, 2013, from 10:00 a.m. to 2:00 p.m.

X. Adjournment

There being no further business to come before the Committee,
Chairman Horvath adjourned the meeting at 1:30 a.m.

Respectfully submitted,

Tedie Jackson, Minutes Clerk