

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

**MINUTES  
January 8, 2014**

**I. Call to order**

Bob Osip, Risk Manager, called the City of Henderson Insurance Committee meeting to order at 9:06 a.m., in the Westgate Conference Room, 1<sup>st</sup> 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: Vice-Chairman Dan Pentkowski (arrived at 9:15 a.m.)  
Norm "Doc" Halliday  
Priscilla Howell  
Ken Kerby  
Connie Kershaw  
Jayne Mazurkiewicz  
Tim O'Neill

ABSENT: Chairman Fred Horvath

STAFF: Bob Osip, Risk Manager  
Travis Buchanan, Senior Asst. City Attorney (left at 10:45 a.m.)  
Kristina Gilmore, Assistant City Attorney I (left at 10:45 a.m.)  
Alysa Neilson, Employee Benefits Coordinator  
Tedie Jackson, Minutes Clerk

ALSO PRESENT: Shawn Adkins, GBS  
Bill Bixler, The Loomis Company  
Pam Levy, Sierra Healthcare Options (arrived at 9:47 a.m.)  
Thomas Chiello, HPSA

**III. Acceptance of Agenda**

(Motion) Mr. Halliday introduced a motion to accept the agenda as submitted, seconded by Ms. Mazurkiewicz. The vote favoring approval was unanimous. Vice-Chairman Pentkowski declared the motion carried.

Note: Kristina Gilmore, Assistant City Attorney, was introduced as a new assistant city attorney and everyone present introduced themselves.

**IV. Approval of Minutes**

**A. Regular Meeting of November 14, 2013**

On page 5, change “meet” to “meeting;” and add Tom Chiello to Also Present.

(Motion) Mr. O’Neill introduced a motion to approve the November 14, 2013, minutes as amended, seconded by Mr. Halliday. The vote favoring approval was unanimous. Vice-Chairman Pentkowski declared the motion carried.

**V. Staff Reports**

**A. Financial Report**

Connie Kershaw, Accounting Manager, distributed and reviewed the Self-Funded Health Insurance Fund as of December 31, 2013. She noted that the cash loss for the year totaled approximately \$1.6 million.

**B. Loomis Monthly Claims Report**

Bill Bixler, The Loomis Company, commented that he does not have details on Mayo Clinic. He noted that there are 36 members with claims over \$40,000, and he will provide more details on these claims at the next meeting. He reported that the City will get about \$60,000 back in stoploss reimbursements in January and February.

Mr. Bixler said the Rx claims were high and the Plan paid over \$1.2 million in out-of-network claims. He noted that their claims inventory is a little high because of holidays and vacations.

Regarding in-patient days, Mr. Bixler reviewed a 2012 and 2013 comparison and noted that the average cost of admissions and stays are increasing.

**C. Status Report – Gallagher Benefit Services**

Shawn Adkins, GBS, reported that the latest enrollment figure for the Nevada State Exchange is approximately 13,000 people. This number is very low as the target was 118,000 people. He commented that the vast majority of people enrolling are Medicare enrollees. Most people will pay the penalty to not enroll because it is cheaper

**D. Sierra Healthcare Options Report**

Pam Levy, SHO, distributed and reviewed the 2013 Monthly Average Length of Stay report. She will have the provider information report at the next meeting. Ms. Levy also noted that MGM pulled out of the Coalition, and the contract with St. Rose hospitals expires December 31, 2014.

**E. Committee Staff Report**

Alysa Neilson, Employee Benefits Coordinator, reported open enrollment numbers as follows: 12 spouses were added to the Plan and five spouses were removed from the Plan. She said 50 lives added to the Plan; 26 lives were removed from the Plan for a total of 24 lives added to the Plan. She noted that 17 employees switched to Delta Dental, and three employees moved from Delta Dental to the Self-Funded Dental Plan.

Bob Osip, Risk Manager, stated that the early retiree premium on the State plan is very expensive, so staff anticipates early retirees coming back onto the City's plan. A retiree plus spouse costs about \$1,300.00 per month.

He reported that the City Council approved the following contracts in December: GBS, The Loomis Company, Sierra Healthcare Options, Delta Dental, and the stoploss agreement.

**VI. Public Comment**

No public comments were presented.

**VII. Order of Business**

**HIPAA Training**

Note: This item was discussed before Staff Reports, Item V.

A video was shown called HIPAA Now from 9:10 a.m. to 9:34 a.m.

## **Staff Reports**

See discussion under Item V.

## **Innovative Healthcare Delivery Presentation**

Note: This item was discussed immediately following Claims Appeal Process.

A binder was distributed. Everyone present introduced themselves.

Shelli Lara, President; and Amber Pomerleau, Director of Operations, distributed and reviewed information in a binder about this company.

Responding to questions, Ms. Lara said data is communicated by a daily census from hospitals for their clients. The fee structure is converted to a per member per month based on utilization, ranging from \$1.90 to \$7.90. She noted that patients have an individual point of contact, not a call center. They have seen between 32 and 36 percent reductions in re-admissions by their clients.

## **Lunch**

A Lunch recess was taken from 11:37 a.m. to 12:04 p.m.

The following discussion ensued regarding the Innovative Healthcare Delivery presentation. Ms. Levy commented that most employees do not want to be involved with case managers.

A suggestion was made to reach out to Clark County and Las Vegas Fire Departments to check about their experience with this company. Mr. Bixler and Ms. Levy will provide data on City of Henderson employee hospital admissions and re-admittance information.

## **Claims appeal process**

Note: This item was heard immediately following Staff Reports.

Bill Bixler, The Loomis Company, explained that Loomis handles most of the appeals for their clients. If the appellant is not satisfied with the outcome, the issue can be further appealed to an outside party; and a last appeal can then be made to the committee.

Shawn Adkins, GBS, suggested that the external review process should be utilized to address appeals rather than the committee.

Mr. O'Neill commented that the majority of appeals deal with issues of the Summary Plan. He expressed concern that if appeals go through Loomis, the committee members will not know about appeals that could save the Plan money in the future.

Mr. Bixler stated that Loomis will alert staff when they receive an appeal request. The appeals will be based on how the Summary Plan is written and will focus on medical necessity appeals and plan document appeals. He commented that the committee discussing appeals could cause violations with HIPAA.

Mr. Osip noted that staff would communicate with the person making the appeal and bring any request to amend the Plan before the Committee for discussion.

Mr. O'Neill suggested staff provide the committee members with a monthly report on appeals that went before Loomis.

Note: A recess was taken from 11:01 a.m. to 11:05 a.m.

### **Specialty drug strategies**

Note: This item was heard following lunch.

Mr. O'Neill commented that he attended a class on specialty drugs at the International Foundation of Employee Benefit Plans Conference.

It was noted that Express Scripts, Inc. (ESI) provides a report on specialty drugs. Mr. Adkins stated that 30 percent of costs are associated with specialty drugs. The most utilized specialty drug by City of Henderson members is for Multiple Sclerosis, which costs approximately \$130,000 per year. He commented that there is no way to control this usage as drug manufacturers are fighting the biologic chemical drugs.

### **Basis for paying non-PPO claims**

Bob Osip, Risk Manager, stated that there is a concern of Teamster members going to St. Rose hospitals when they are no longer covered as a preferred provider by the Teamsters Plan.

A brief discussion ensued regarding usual and customary fees and balanced billing. Mr. Bixler commented that there is a definite shift towards Medicare to protect against the in-patient claims. He suggested for the first quarter, he can show all out-of-network payments to give the committee members a sense of charges and payments.

There was a consensus to not discuss this issue further.

### **Discussion on Future Committee Initiatives:**

- **Wellness programs**

Mr. Halliday commented that these programs are preventative maintenance and can save insurance plans a lot of money.

It was noted that a wellness program is a cultural thing that must be accepted and utilized by employees to be successful. Possibly offer incentives that would cost no money to help encourage employees to utilize a wellness program.

- **Unbundling health insurance premiums**

Mr. Osip explained that the City's plan currently is one premium and does not allow members to opt out.

Mr. Adkins reported that part of the automatic enrollment issue through PPACA is that the City will have to allow employees to opt out in the future. Another piece to consider is the self-funded dental and vision plans will have to be split out in separate summary plan documents. PPACA will apply to these, which means you cannot have any annual or lifetime limits in the Plan.

It was suggested the committee not worry about this issue at this time and wait to see what PPACA dictates.

- **Dependent coverage**

Mr. Osip commented that due to regulations in PPACA and obligations to insure employees and dependents, other employers have created incentives for spouses to be covered by their own employer. He asked if the committee is interested in developing strategies to make sure the City does not insure everyone, such as putting restrictions on spouses in order to be covered by the City of Henderson.

Comments were made that this effort would be difficult to administer by staff and Loomis.

- **Health Advocates**

Mr. Adkins commented that this company has morphed into different specialties. The committee members were provided with a large packet of information outlining a presentation of their services and a proposal for the City of Henderson.

- **MedIncentive**

Bill Bixler, The Loomis Company, provided a summary of the services offered by this group, and noted that they focus on educating employees about their medical issue. He stated the Loomis is a member and the number of their claims has decreased due to this program. He noted that the cost is \$3.50 per member per month, and would cost the City approximately \$100,000 per year. He noted that Human Resources staff is not involved in administration duties so it would not impact their workload.

There was a consensus to have follow-up discussion regarding this program at the next meeting.

- **High deductible plans/HSA/HRA**

Bob Osip, Risk Manager, said these plans have grown significantly and asked if the committee has any interest in exploring this further.

Mr. Adkins pointed out the City of Henderson could go to a cost neutral plan, which seconds as a savings plan.

Vice-Chairman Pentkwoski commented that the retiree subsidy that was recently approved meets the need for a retirement account.

No one voiced interest in creating these types of high deductible plans.

- **Other committee initiatives**

Mr. Adkins commented that the Patient Protection and Affordable Care Act (PPACA) continues to have issues. Accountable care organizations will be coming online, and another concern is a private exchange versus a public exchange.

**VIII. Committee Concerns**

No committee concerns were presented.

**IX. Public Comment**

No public comments were presented.

**X. Set Next meeting Date and Adjournment**

The next meeting was scheduled for February 12, 2014, from 10:00 a.m. to 12:00 p.m.

There being no further business to come before the Committee, Vice-Chairman Pentkowski adjourned the meeting at 1:46 p.m.

Respectfully submitted,

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Tedie Jackson, Minutes Clerk