

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

**MINUTES
May 19, 2015**

I. Call to order

Chairman Jennifer Fennema called the City of Henderson Insurance Committee meeting to order at 9:07 a.m., in the Westgate Conference Room, 1st Floor, City Hall, 240 Water Street, Henderson, Nevada.

II. Confirmation of Posting and Roll Call

Alysa Neilson, Employee Benefits Coordinator, 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.

PRESENT: Chairman Jennifer Fennema
Tom Chiello (for Tim O'Neill)
Barry Courtney
Vice Chairman Dan Pentkowski (arrived at 9:53 p.m.)
Kenneth Kerby
Connie Kershaw
Courtney Lancaster
Laura Shearin

ABSENT: Tim O'Neill

STAFF: Erin Flynn, Assistant City Attorney II
Tedio Jackson, CCS Reporter
Kristina Gilmore, Asst. City Attorney II (arrived at 10:13 a.m.)
Alysa Neilson, Employee Benefits Coordinator
Bob Osip, Risk Manager,

ALSO PRESENT: Shawn Adkins, Gallagher Benefit Services
Bill Bixler, The Loomis Company (left at 12:00 p.m.)
Amber Hubber, HPN
Pam Levy, Sierra Healthcare Options

III. Acceptance of Agenda

(Motion) Mr. Kerby introduced a motion to accept the agenda as submitted, seconded by Ms. Kershaw. The vote favoring approval was unanimous. Chairman Fennema declared the motion carried.

IV. Public Comment

Mr. Osip introduced Laura Shearin as a new voting member. She is the business manager for Public Works, Parks and Recreation. Everyone present introduced themselves.

V. Unfinished Business

Establish procedure to fund premium savings deficit years

1. Establish upper and lower deductible levels for calculating premium savings

Bob Osip, Risk Manager, gave a brief summary of the history of this item.

Shawn Adkins, GBS, gave a brief presentation and reviewed the document entitled COH Self-Funded Capitated Stop Loss Modeling (Sub Account).

Following a brief discussion, Mr. Adkins recommended an interval between \$200,000 and \$500,000.

Erin Flynn, Assistant City Attorney II, expressed concern that the handouts were not provided to the public in advance of the meeting, which could be a violation of the Open Meeting Law. She asked this item be tabled until Ms. Gilmore arrives.

Mr. Adkins stated that the large claimant information is confidential and providing it to the public would violate HIPAA laws.

Note: This item was tabled at this time; however, discussion resumed at 10:21 a.m.

Kristina Gilmore, Assistant City Attorney II, noted that handouts not available before the meeting should be made available to the public 24 hours after the meeting. Regarding confidentiality concerns, she suggested that sensitive material should not be made part of the record. Any handouts containing confidential information could be redacted in an effort to not violated HPAA laws.

Mr. Adkins stated that page 4 on the Q1 report should be confidential.

Mr. Osip suggested that no diagnosis information be contained in future handouts.

Mr. Adkins recommended setting the lower threshold at \$200,000.00 and transferring approximately \$580,000.00 into the subaccount.

Ms. Kershaw clarified the recommendation to self-fund the difference between \$200,000.00 and \$500,000.00 in claims from a stoploss perspective; and the difference in premium we would save between having a stop loss at \$200,000 versus the current stop loss of \$500,000; set aside approximately \$582,000.00 in separate account so we could take those integral amounts from that cash.

(Motion) Mr. Pentkowski introduced a motion to self-fund the difference between \$200,000.00 and \$500,000.00 in claims from a stop loss perspective; and the difference in premium we would save between having a stop loss at 200,000 versus the current stop loss of \$500,000.00; and set aside \$582,702.00 in a separate account to pay those integral amounts from that cash; to be effective January 1, 2015. The motion was seconded by Ms. Lancaster and unanimously approved. Chairman Fennema declared the motion carried.

2. Create financial savings goal before returning a portion of premium savings to the Plan's operating budget

A discussion ensued regarding how long the money will be kept in the separate account. There was a consensus to revisit the stop loss premiums on an annual basis and make adjustments as needed.

Mr. Adkins commented that on a pure actuarial point of view, the Committee should expect a 30-percent return on the investment, because stop loss carriers generally price in at 25 to 30 percent larger in their stop loss premium.

3. Establish procedure to fund premium savings deficit

Ms. Kershaw referred to the last page of Self-funded Health Insurance Financial Report regarding the Stop Loss Restricted Cash as of April 30, 2015. She noted that this information will be calculated every month.

Ms. Kershaw stated that if cash is exhausted from the separate account, any additional claims will be paid from the Regular Self-Funded account.

(Motion) Ms. Kershaw introduced a motion to establish a restricted cash account with the savings in premium from increasing our stop loss policy from \$200,000.00 to \$500,000.00. This amount will be \$582,702.00 that will be transferred to a restricted cash account. This restricted cash may only be used to pay claims in excess of \$200,000.00 and less than \$500,000.00; it will not be used to pay the known laser claim. These claims will be paid from the Plan's unrestricted operating cash. Restricted cash accumulated will not be considered in available balances for rate setting purposes or in discussion of benefit enhancements. The termination of amount and process will be made on an annual basis. If the restricted cash is exhausted, any additional claims will be paid from operating cash; to be effective January 1, 2015. The motion was seconded by Mr. Pentkowski and unanimously approved. Chairman Fennema declared the motion carried.

VI. New Business

A. Approval of Minutes for the regular meeting of April 8, 2015

(Motion) Ms. Fennema introduced a motion recommending approval of the April 8, 2015, minutes as submitted, seconded by Ms. Lancaster. The vote favoring approval was unanimous. Chairman Fennema declared the motion carried.

B. Self-Funded Health Plan's Monthly Financial Report

Connie Kershaw, Accounting Manager, distributed and reviewed the Self-Funded health Insurance Fund as of April 30, 2015. She also reviewed the Retiree Insurance Subsidy and Stop Loss Restricted Cash as of April 30, 2015.

C. Loomis Monthly Claims Report

Bill Bixler, The Loomis Company, reviewed the monthly paid claims analysis report, and noted that all claims incurred in 2014 have been paid out.

D. Sierra Healthcare Options Monthly Report – Hospital Length of Stay and Provider Network Update

Pam Levy, Sierra Healthcare Options, did not provide a report.

E. Health Plan of Nevada Status Report

Amber Hubber, Health Plan of Nevada, reported that HPN has added a new feature for Southwest Medical Urgent Care facilities where patients check in online and wait from home. The patients will receive a text message to arrive in 15 minutes. She noted that HPN is doing a marketing campaign to inform the public of this feature.

F. Gallagher Benefit Services Status Report

Shawn Adkins, GBS, reported that the compounding issue regarding Express Scripts, Inc. (ESI) has been resolved, and \$50,000 was credited back to the Plan.

Mr. Adkins reported on new Internal Revenue Service Forms 6055 and 6056 that the City and insurance carriers must complete. He noted that GBS will be providing a presentation tomorrow.

Staff is hoping that PeopleSoft will have a solution to help report this information, which will coincide with W-2 statements. It was noted that employees may receive multiple forms, and retiree information will also be reported.

Mr. Adkins stated that Retiree HRA contributions and Advantage Care contributions may be included in the Cadillac tax portion of PPACA. He said the IRS is taking public comment on this topic, which will not go into effect until 2018. Mr. Adkins will continue providing updates on this issue.

Mr. Adkins reported that the Equal Employment Opportunity Commission (EEOC) submitted a ruling guidance on transgender issues encouraging employees to sue employers if they feel they are being discriminated against.

Mr. Adkins also reviewed the Q1 2015 Claims Report, and noted that page 4 is confidential.

G. Insurance Committee By-Laws

- 1. Change selection process and terms for Committee members**
- 2. Selection of Committee Vice-chairman**
- 3. Establish process for selecting committee alternates**

Kristina Gilmore, Assistant City Attorney II, questioned whether all members were clear as to the proposed amendments to the bylaws. As all members were comfortable with the handout outlining the proposed amendments, it was determined that discussion will take place at this meeting and a vote could be taken at the next meeting.

Mr. Osip reviewed the proposed changes outlined in the Fourth Amendment to the City of Henderson Self-Insurance Health Plan Committee Bylaws.

Mr. Chiello explained that although he is an alternate member, he attends every meeting to understand the complexity of the issues. He believes that alternate members should be able to discuss the items when they are heard rather than waiting to speak under Public Comment.

A discussion ensued regarding alternate members. Concerns were expressed that if all alternates attended the meetings, the member could essential increase to 16 people.

Kristina Gilmore, Assistant City Attorney II, commented that the issue of allowing alternate members to speak during discussion was not previously followed correctly under the Nevada Open Meeting Law. She noted the importance of whether the alternate is speaking as a committee member or a member of the public. She will research whether the bylaws can be changed to allow non-voting alternate members to discuss items, but not vote, if the regular member is also present.

Mr. Pentkowski agreed that there is institutional knowledge of these complex issues. He questioned whether alternate members attending a meeting would be allowed to engage in confidential discussions.

Ms. Gilmore proposed that an alternate member would be able to stay for the full discussion, but not be able to vote. As a public member, he would be asked to leave during a confidential issue. Any designated alternate would be allowed all rights and privileges as a committee member except to vote. She will research this issue and report back at the next meeting.

The following changes to the bylaws were suggested:

- Under Membership, second sentence, “Executive Board” should be changed to “President or designee.”
- Under Membership, it was questioned why the Union has to communicate alternates through writing, but the chairman can do it verbally at a meeting.
- Page 2, third paragraph, language should default automatically to the alternate.
- Incorporate language to rotate the chairman position annually or have an annual election of chairman and vice chairman.

Note: A lunch recess as taken from 11:14 a.m. to 11:28 a.m.

Ms. Gilmore clarified that HMC 2.50 indicates the necessity for two meetings to amend bylaws for committees who report to the City Council. That bylaw provision would not apply to this committee since it reports to the City Manager; however, she recommended not taking any action until the next meeting.

H. Medical Plan design change:

1. Impose restrictions on spousal coverage if other group coverage is available

Bob Osip, Risk Manager, asked if the Committee is interested in creating criteria to eliminate spousal coverage if a spouse is eligible for coverage from their employer, or increasing the spousal premium to discourage spouses from City coverage.

Shawn Adkins, GBS, referred to a packet entitled “City of Henderson Plan Design Discussion, and reviewed three leading strategies regarding spousal coverage restrictions. He noted the Committee could make the plan less attractive for spouses. He also mentioned that other government entities are re-positioning their plan design to address this issue.

2. Increase member cost share:

- a. Deductible**
- b. Co-insurance**
- c. Co-pay**
- d. Out-of-Pocket maximum**

Mr. Adkins reviewed several cost sharing plan design options and benchmarking contributions. He noted that the City’s \$300.00 deductible is low in comparison with other benchmarks. Mr. Adkins pointed out that as the City’s retiree population grows, more pressure will be put on active employees to subsidize the retirees.

Staff reported that there are approximately 1,270 total employees covered under the Self-Funded plan, and 3,000 total lives including spouses and children.

Mr. Adkins reviewed the benchmarks for co-insurance, co-pay, and out-of-pocket maxims.

No action was taken on these items.

I. Prescription drug plan design change:

- 1. Adopt Advantage Plus PM Package step therapy and pre-authorization program**
- 2. Mandatory generic – member pays difference for brand name**
- 3. Move from co-pay to co-pay/co-insurance model**
- 4. Move from a four-tier to a five-tier prescription drug benefit structure**

Shawn Adkins, GBS, reviewed the ESI packages and the New Plan Design Offering and Planning for a New Workforce material. He noted that the City of Henderson is considered as having a Platinum Plan.

Mr. Pentkowski expressed concern that he does not feel comfortable making a decision today, and believes that further discussion with unions needs to take place.

J. Create a High Deductible/Health Savings Account option for members

This item was continued to the next meeting.

K. Rate discussion for plan year 2016

This item was continued to the next meeting.

VI. Public Comment

There were no public comments presented.

VII. Chairman/Committee Member/Committee Staff Comment

There were no comments presented.

VIII. Set Next Meeting Date

The next meeting was scheduled for June 10, 2015, at 10:00 a.m.

X. Adjournment

There being no further business to come before the Committee,
Chairman Fennema adjourned the meeting at 1:00 p.m.

Respectfully submitted,

Tedie Jackson, Council and
Commission Services Reporter