In The Matter Of:

Public Employees Benefits Program Board `

Transcript of Proceedings Tephonic Open Meeting

January 23, 2020

Capitol Reporters

123 W. Nye Lane, Ste 107

Carson City, Nevada 89706

PUBLIC EMPLOYEES' BENEFITS PROGRAM BOARD

TRANSCRIPT OF PROCEEDINGS

TELEPHONIC OPEN MEETING

THURSDAY, JANUARY 23, 2020

CARSON CITY AND LAS VEGAS, NEVADA

The Board: PETER LONG - Chair
LINDA FOX - Vice Chair
DAVID SMITH - Member
TOM VERDUCCI - Member
JET MITCHELL - Member
CHRISTINE ZACK - Member
DON BAILEY - Member

For the Board: BRANDEE MOONEYHAN
Deputy Attorney General

For Staff: LAURA RICH
Interim Executive Officer
Wendy Lunz
Executive Assistant
BRETT HARVEY
Chief Information Officer
CARI EATON
Chief Financial Officer
NANCY SPINELLI
Quality Control Officer

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THURSDAY, JANUARY 23, 2020, CARSON CITY, NEVADA

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CHAIRMAN LONG: Good morning everyone. I would like to call this meeting of the Public Employees' Benefits Program Board to order. It's January 23, 2020, at approximately 11:00 a.m.

If we can have the role call, please.

MS. LUNZ: Peter Long?

CHAIRMAN LONG: Here.

MS. LUNZ: Don Bailey?

MEMBER BAILEY: Here.

MS. LUNZ: Linda Fox?

MEMBER FOX: Here.

MS. LUNZ: Jet Mitchell?

MEMBER MITCHELL: Here.

MS. LUNZ: David Smith?

MEMBER SMITH: Here.

MS. LUNZ: Tom Verducci?

MEMBER VERDUCCI: Here.

CHAIRMAN LONG: Christine Zack?

MEMBER ZACK: Here.

MS. LUNZ: Mandy Hagler is excused.

Leah Lamborn is excused.

We have a quorum.

CHAIRMAN LONG: Thank you.

Moving on to Item Number Two, public comment. Public comment will be taken during this agenda item. No action may be taken on any matter raised unless this item -- under this item unless the matter is included on a future agenda as an item on which action may be taken.

Persons making public comment to the Board will be taken under advisement but will not be answered during the meeting. Comments will be limited to three minutes per person at my discretion, and I ask everyone that use this public comment period or the one at the end of the meeting to address any -- any of the agenda items. We will not be taking public comments on each individual item.

So is there anyone in the north for public comment and I see one.

MS. MALONEY: Good morning, Chair Long, and new Executive Director Ms. Rich. Priscilla Maloney with the AFSCME Retirees.

We weren't -- I was not able to attend the December meeting, and so I just wanted to put on the record that we very much appreciate Ms. Rich stepping in and helping us out, navigate the wonderful world of healthcare in the public sector. So thank you very much for your service and the service anticipated in the months to come.

CHAIRMAN LONG: Thank you.

Next?

MS. HEALY: Good morning. My name is Donna Healy, D-o-n-n-a H-e-a-l-y. I'm an administrative assistant three at UNR, and I'm here to comment on PEBP's policy which disallows co-pay assistance from applying to accumulators and the possible implementation of the Save-On Program.

Although, I strive to be healthy by eating well, exercising and utilizing wellness benefits, I will always have rheumatoid arthritis. I have often described life when my RA is not under control as Cinderella after midnight. I am fortunate to live in an age where these diseases are treatable. However, the medications are prohibitively expensive.

While I greatly appreciate the benefits offered to state employees, I have found that new accumulator policy to be unjust and unfair. Every time thousands of dollars are contributed toward my accumulator those same dollars are reversed. The source of the payments is irrelevant, and the fact is they are being made on my behalf when and should be honored as such.

This policy imposes an unfair tax on employees who have serious medical conditions and are dependent on such medications to be able to live normal, pain-free lives and be physically able to do our jobs. It has imposed particularly undue hardship on me and other effected state employees whose incomes according to U.S. Census data are far below our state median income levels. Prior to this current year co-pays assistance program payments resulted in some employees deductibles and out-of-pocket max accumulators being satisfied before the end of the plan year. All this is perceived as a loss by PEBP. One may argue that it provided some services to people who would otherwise not be able to afford them.

For example due to my sinus structure and low immunity threshold from my RA drug I was getting three to four sinus infections per year. With my deductible and out-of-pocket filled, I was able to have sinus surgery and have not any sinus infections since that procedure. In the long run that could be considered a savings to PEBP with the surgery preventing multiple doctor visits, needs for medications and the possibility of further complications.

Also as a plan member with medical, multiple medical diagnoses, that situation enabled me to keep essential office visit appointments with specialists who prescribe medications and testing necessary to keep my illness under control.

The proposed Save-On plan appears to be

exclusionary as the program designates select drugs for which co-pay assistant dollars are being used and designates them as nonessential health benefits. It sounds like medications that are not on the selected list would not be included in the program. I also question the description of nonessential health benefits. My RA med is essential for my wellbeing and ability to work and lead a healthy lifestyle.

Based on the information shared with you today I respectfully request that the previous system allowing co-pay assistance to count towards one deductible and out-of-pocket max be reinstated and that the proposed Save-On Program be denied, and I thank you for your time and your consideration.

CHAIRMAN LONG: Thank you.

Anyone else in the north?

MR. ERVIN: Good morning. My name is Kent Ervin, E-r-v-i-n, for the Nevada Faculty Alliance, the Independent Statewide Association of all eight NSHE institutions.

Thank you all for your service on behalf of participants. I wish to comment on two of the agenda items. For Agenda Item 11, we support a full recruitment and search for the executive director position. A full search just provides assurance to all stakeholders that the best person has been chosen fairly and transparently.

For Agenda Item Eight, the budget process, we support the pricing analysis of all of the advocate supported benefit changes generally prioritized in the order listed 1A through 1E. Specifically Item A, the 1,500 dollar dental maximum now is the same dollar amount it was in 1989, and inflation has reduced its value by over a factor of three. Participants are delaying crowns and other major treatments that can prevent more serious complications, overall health impacts and loss of work time.

The second item, the modest reduction of out-of-pocket maximums will help participants who meet this high amount within a few months every plan year. That 3,900 or 7,800 for a family when you're on an average state salary, as we just heard about, is a catastrophic burden. It's better policy to use state funds to reduce those out-of-pocket maximums than additions to HSA's, including healthy participants.

For the dependents HSA contributions, Item C, we support the UNLV group's proposal. I suggested at this time for a deeper analysis of the structure of the HSA and deductibles for spouses and children.

It's not really rational for the overall rates and premiums for employees and their spouses to be identical with the one to one assessment of rates and premiums for any adult, but despite that the base HSA contribution for an employee is $700 but only $200 for a spouse. So same premium but very different contribution to the HSA.

Another problem we are hearing about from constituents is from our dual career couples with children. The married employees are covered separately as employees, so only one of them can cover the children of the family and that increases the family deductibles from 3,000, the normal family amount, to 4,500, the family plus an individual, and their out-of-pocket maximum rate rises from 7,800, the normal for a full family to above 11,700.

These issues could possibly be addressed by making the HSA contributions a percentage of the deductibles, say 50 percent, rather than a flat dollar amount and by allowing dual career couples to cover their children jointly with one family deductible and out-of-pocket maximum. So that deserves some further analysis as we go forward, not for this coming plan year but for the next plan year as we develop the budget.

Next, we strongly support the Board's approval of request for information on an actuarial review. Information about the cost and services available from actuarial consultants is needed to move forward on this. Aon's presentation at the November meeting showed that PEBP's policy are out of the mainstream of other states with regards to reserves and raises the concern that rates are also being set with asystematic access.

The review should also include the methodology and assumptions used for the annual rate settings, not just the reserves but the rate setting. I'll note that an actuarial review would be a one time expense and it's just the kind of thing that one time excess reserves could and should be used for to improve the efficiency of the program.

Finally, the Save-On Cost program, okay, doing further investigation of it, but based on the previous public comment, we're skeptical about whether reallocating pharmacy payments from participants, whatever the ultimate source is legally or politically viable. So thank you for the opportunity to make those comments.

CHAIRMAN LONG: Thank you.

MS. LOCKARD: Good morning. My name is Marlene Lockard, and I am representing the Retired Public Employees of Nevada.

First, I would like to thank Ms. Rich for the opportunity to meet with the advocates and discuss issues important to our respective groups and to the system itself, and we appreciate your time. Thank you very much.

I would like to associate Dr. Ervin's comments with respect to the search item that we hope there will be a regional or national search for a permanent executive director and also with respect to the pending or we hope the audit of the excess reserves and the actuarial process.

And, finally, I would like to disagree with his order of enhancements with the budget representing the retirees. We would like to move the increase in life insurance to the top of your consideration. I think most of you know people or relatives that may have had to go through the very difficult process of burial of a loved one or of a friend, and the escalating cost for that service has made it very difficult for some families to achieve a dignified option for them in dealing with their loved ones and relatives. So we think it's very important for that reason and others. Thank you.

CHAIRMAN LONG: Thank you.

Anyone else in the north?

Any public comment in the south?

MR. UNGER: Douglas Unger, Employee Benefits Representative, UNLV Faculty Senate and immediate Past Chair of the NSHE Council of Faculty Senate Chairs. Good morning.

And as ever thank you all for your service to help sustain the quality of life of Nevada State Employees. We wish to extend our warm welcome to Interim Executive Officer Laura Rich to this first Board meeting she will be reporting at and our best wishes for a happy healthy new year to the good staff at PEBP and to the Board.

Speaking to Agenda Item Number Eight, discussion of the budget enhancement options for the self-funded plan in the next fiscal year, we are grateful that these modest possible improvements are included for your discussion today. Our top priorities as expressed in the letter to the Board dated January 17th for the rationales outlined in our letter are to raise the dental benefit for plan members by $500 which Aon estimates would cost $1,080,000. And, two, to lower the CDH plan out-of-pocket maximum by $400 for individuals and by $800 for families which Aon estimates would cost $1,780,000 or less than 2,000,000.

These two enhancements taken together should cost less than $3,000,000 which we believe is an amount that PEBP can in good conscience submit to the Governor's Office and vigilant committees of the legislature for the financial '22-23 budget request or perhaps more creatively that PEBP may be able to plan and request of the Governor's Office and legislature to modify catastrophic and invoiced but not paid reserves policies conservatively and with possible excess reserves yield enough to fund these enhancements at least through three biennial budgets if not longer without requesting any additional state funding.

We point out on our January 17th letter that a comparison by Aon of reserves policies in other states suggests that PEBP currently maintains the most conservative reserves of any health plan in the nation. We suggest that by making very small changes, a lowering from 60 to 50 days of the catastrophic reserves retention and revising from 95 percent to 90 percent of the invoice but not paid reserves would reallocate resources already in our plan enough to cover the costs of our two top priority enhancements. Should PEBP see approve these very minor changes, PEBP would still maintain one of the most, if not the most, conservative reserves policies in the nation.

To repeat a point I made in the January 17th letter, at the November Board meeting much discussion revolved around the issue of one time only funding from reserves, both excess reserves and others. We most respectfully assert that in practice all funding from the State of Nevada budgeting process is one time only, reliable for only one year budget cycle. We pointed to drastic cuts against the state budgets across the board in 2008 and 2009 due to the economic downturn and to the 2011-12 cuts to state employee health benefits that changed the structure of our plans as examples to support this assertion.

There are no entitlements. In all of Nevada history no one area of state funding can be relied upon to remain consistent or in some budget cycles even as promised the biennium before. The Governor's recommendations and legislative budgeting process depend on changing politics, shifting physical demands within a hard to predict landscape of economic conditions and insecure tax policies and revenue sources.

So if all or any part of the cost of enhancements could be secured through so-called one time only or other funding we hope the PEBP Board will consider making a formal request for its expenditure to improve our plans.

We also agree with the Nevada Faculty Alliance and RPEN that it might be very good to retain an outside consultant to review how PEBP has been estimating costs and reserves to make doubly sure our plan is conforming to best practices. That would be good to know in any case, and such a review might also be useful to the executive officer in presenting to the legislature.

Again, we can't emphasize enough our predicted boost to the moral and satisfaction of Nevada State Employees along with support for hiring and retention even if these small improvements could be made. We thank you for your considering them and as ever thank you for your service.

CHAIRMAN LONG: Thank you.

Any further testimony in the south? Thank you all.

We'll move on to Item Three, PEBP Board disclosures.

MS. MOONEYHAN: Good morning. For the record my name is Brandee Mooneyhan, Deputy Attorney General, counsel to the Board.

Pursuant to Nevada ethics law, I'm making this disclosure on behalf of the Board members who are eligible for PEBP benefits, which includes all Board members except Mr. Verducci and Ms. Zack. All other Board members are eligible for the program which means that they, their spouses and/or dependents may receive health, dental, life insurance and other benefits through PEBP.

When these Board members vote on matters effecting benefits for themselves, their spouses and/or their dependents that may trigger the disclosure requirements under NRS 281A.420, I note the law does not preclude those members from voting on such items as long as the benefit or detriment to them is not greater than that for similarly situated members.

All of the items on today's agenda are only related indirectly to the benefits available to PEBP members. However, I would still like to offer this general disclosure on behalf of the Board members who are PEBP participants and who will be voting on today's agenda items and may indirectly affect their benefits.

Thank you, Mr. Chair, for allowing me to make this disclosure, and I invite any member who has anything to add to do so now.

CHAIRMAN LONG: Thank you.

Moving on to Item Number Four, Item Number Four is the consent agenda, and all items will be considered together and acted in one motion unless an item is removed and considered separately by the Board.

Do any members of the Board have any items that they would like removed for separate discussion?

MEMBER SMITH: Mr. Chair, David Smith.

I have a question that may or may not be covered under the ven report from Hometown Health. I don't know if we need to remove it specifically but it has to do with complaints by members in the plan against providers who aren't following the contractual obligations.

CHAIRMAN LONG: We can pull that. Is that 4.3.6?

MEMBER SMITH: That's correct.

CHAIRMAN LONG: Thank you. Any other agenda -- any other items under number four that the Board would like removed?

MEMBER VERDUCCI: Yes, Mr. Chair, Tom Verducci.

MEMBER FOX: Linda Fox, whoops.

CHAIRMAN LONG: Go ahead in the south, please.

MEMBER FOX: I was just going to note there's an error in the minutes from November regarding Jet Mitchell. It does not note that she's a Board member.

CHAIRMAN LONG: Thank you.

Mr. Verducci?

MEMBER VERDUCCI: Yes. Thank you, Mr. Chair. Tom Verducci for the record.

I would like to pull Item 4.2.1 and also 4.3.6 for discussion. Specifically, you know, I would like to discuss the 20,000,000 dollar shortfall, the error that was discussed in section 4.2.1. And also in 4.3.6 I wanted to discuss the failure on the performance guarantee with -- with the Hometown Health and if there was any performance guarantees that were tagged onto that particular section.

CHAIRMAN LONG: Thank you.

So so far I have 4.2.1 and 4.3.6 to be pulled. Any other items under number four? Okay. With that I would accept a motion to approve all other items under consent agenda number four except for 4.2.1 and 4.3.6.

MEMBER BAILEY: For the record Don Bailey. I so move to accept them.

CHAIRMAN LONG: I have a motion. Do I have a second?

MEMBER SMITH: I'll second. David Smith.

CHAIRMAN LONG: We have a motion and a second to approve all items under Agenda Item Number Four except for 4.2.1 and 4.3.6. All those in favor say aye.

(The vote was unanimously in favor of the motion.)

CHAIRMAN LONG: Opposed? Motion passes unanimously.

So we'll now consider and discuss Item 4.2.1, the budget report.

MEMBER VERDUCCI: Tom Verducci for the record.

I would like to discuss the 20,000,000 dollar shortfall in excess reserves and what's behind that, the areas that would be causing the shortfall, including pharmaceutical catastrophic claims and what's contributing to that large number, as well as the error that was identified in the same section, just for clarification.

MEMBER RICH: For the record Laura Rich. Tom, that's a good question and thank you for bringing this up.

The shortfall is really, it has to do with timing. It's the timing of when those expenses come in, but I think that I -- I'm going to pass this on to Cari Eaton, who's our CFO, who is prepared to answer that question in more detail. So I'm going to pass that on to you, Cari.

MS. EATON: Thank you. Cari Eaton for the record.

There was an error in the budget data status spreadsheet. An error was found or pointed out by our advocates and in researching that error it appears that there's a macro in our formula error. So you all received a new copy of that with correct information, and we'll make sure it's correct moving forward.

As for the budget projection, the reserves, the actual excess reserves that shows a 20,000,000 dollar shortfall is because at this point in time of the report we had expenditures in excess of the revenue that was received at that point in time. So this is an evolving number and will change all of the time.

You can see it's projecting as of September to be around $7,000,000 in excess reserves, but you can also see that we're projecting a shortfall in our state retiree costs. So if there are excess reserves we may need to use those to -- to supplement that -- those expenses.

Hopefully that answers your question. Let me know if I need to explain anything else.

MEMBER VERDUCCI: Just as a follow-up question.

I believe this updates every month. So when do we get the best picture of excess reserves?

MS. EATON: Cari Eaton for the record.

You are correct. It updates every month. It's -- it is a very volatile moving target. So as we've stated in previous Board meetings that the excess reserve number is really not known until we close the fiscal year because another thing that does impact our excess reserves is our required reserves. So if we have enough funds to backfill any additional required reserves for the following year, we need to use them for those as well.

MEMBER VERDUCCI: So based on the current claim that we've currently had at four and a half million dollars does it appear we need to go into any catastrophic reserves?

MS. EATON: Cari Eaton for the record.

At this point in time we are still so early in the plan year that we can wait and see if things smooth out with our claims cost. So if we have enough excess to cover the additional claims cost that may be needed, we may not need to use catastrophic. But if we don't have as many claims cost or claim excess reserves for to backfill those costs then, yes, we may need to dip into catastrophic reserves which is why they are there.

MS. RICH: And for the record this is Laura Rich.

I just wanted to add, looking at the first quarter here, and so this is very premature data, and so we get a better picture of what we're looking at later on down as time progresses, right.

MEMBER VERDUCCI: Thank you very much for the clarification.

CHAIRMAN LONG: Any further questions on Item 4.2.1?

I would accept a motion to approve Item 4.2.1.

MEMBER VERDUCCI: Mr. Chair, Tom Verducci. I will make a motion to approve 4.2 -- 4.2.1.

CHAIRMAN LONG: Thank you. I have a motion. Do I have a second?

MEMBER BAILEY: Don Bailey for the record. I second that motion.

CHAIRMAN LONG: Thank you. It's been moved and seconded to approve Item 4.2.1. All those in favor say aye.

(The vote was unanimously in favor of the motion.)

CHAIRMAN LONG: Opposed? Motion passes unanimously. Thank you.

Moving on to Item 4.3.6. We had a couple of questions on that. So I think Mr. Smith was first.

MEMBER SMITH: Thank you. Is anybody from

Hometown Health here? Thank you. My question is related to the accountability of the providers in the plan and if there's a network provider who for example is requiring participants to pay the written off amount, who would they complain to?

And I actually know this from experience where a network provider overcharged and basically wanted to send somebody to collection because they wanted the amount that was written off by the contract, but the person didn't know who to complain to.

MR. HAGER: For the record Jon Hager, J-o-n H-a-g-e-r, director for planning and performance for Hometown Health.

So it sounds like you're talking about is a balance billing issue. So if I understand it correctly, the provider bills an amount that's on their charge master. We have a contracted rate that discounts that amount and there's a cost sharing amount deductible co-pay co-insurance.

There is a contract revision in all of our in-network providers. Well, if they are contracted there by definition in-network and each of those contracts have a provision that require that they not -- that prohibit them from balance billing members. So they are only allowed to bill the member for deductible co-pay and co-insurance.

If the member is having issues with that they should contact Hometown Health. Our customer service team will be happy to look into it and make sure that that's not happening. The customer service department would transfer that request to our provider relations team, and they will go out and educate the provider and if -- if there is, in fact, a violation there are contract revisions to deal with that.

MEMBER SMITH: Okay. Thank you.

MR. HAGER: Yes, sir.

CHAIRMAN LONG: Mr. Verducci?

MEMBER VERDUCCI: Thank you, Mr. Chair.

Good morning, Jon. I just wanted to ask you about the failure on the turnaround time for repricing of medical claims within three business days, and what the current trend would be in terms of correcting that issue?

MR. HAGER: Yes. So for the record Jon Hager, Hometown Health.

I'm not positive what the reasoning -- what the reason was for that failure at the time. I believe -- so I know earlier in the year, around the summertime there was a provider matching issue. So we changed our logic to make it easier or more accurate for the system to match a provider. So when we get claims that claim may have missing information for the provider. Maybe the name is not there but the NPI, the national provider indicator is there or the tax ID is there. We have an algorithm that comes up with a way to confirm whether or not that's the right provider.

So you might be missing one set of data but you have got these three other items. We made an update to that logic to make it more accurate and it actually didn't work out well. We had an issue matching providers and that delayed a number of processes. So I -- I'm not positive but I think that's what caused it. I can confirm and get the information to Ms. Rich, but I believe that's what caused it. We went back in, fixed the logic. I think that everything at this point has been running smoothly or relatively so.

MEMBER VERDUCCI: Thank you.

MR. HAGER: Yes, sir.

MEMBER MITCHELL: Jet Mitchell for the record.

Can you clarify, Tom, what page -- where you are referencing when you asked that question, please. Thank you.

MEMBER VERDUCCI: Yes. Tom Verducci for the record.

This would be in section 4.3.6 and it's a relatively short section. So that would be page one of that report, and it's under claims repricing and the requirement is a 95 percent turnaround time, the time frame, and the result was 93 percent.

MEMBER MITCHELL: Thank you.

MEMBER VERDUCCI: Section 4.3.6.

MEMBER MITCHELL: Thank you. I was looking at an incorrect section. Thank you.

CHAIRMAN LONG: Thank you, Mr. Hager.

Any other questions? I'll take a motion to approve Item 4.3.6. Anyone?

MEMBER SMITH: David Smith, I move to approve section 4.3.6.

CHAIRMAN LONG: It's been moved. Do I have a second?

MEMBER MITCHELL: Jet Mitchell for the record. Second.

CHAIRMAN LONG: Thank you. It's been moved and seconded to approve Item 4.3.6. All those in favor say aye.

(The vote was unanimously in favor of the motion.)

CHAIRMAN LONG: It passes unanimously. Thank you.

Moving on to Item Number Five, presentation on self-funded claims trend experience and projections of the composite rate trend for plan year 2020.

MS. MESSIER: Good morning. For the record this is Stephanie Messier. Last name is M-e-s-s-i-e-r and I'm a vice president and actuary at Aon.

MS. WILSON: Good morning. I'm Kelly Wilson and I am with Aon as well.

MS. MESSIER: Moving on to our presentation. Today we are here and we typically do this every January to provide the Board with a historical lookback at the prior years experience. So what we're doing here is looking at your incurred claims for plan year '19 and how did those perform over the prior plan year. Very much recognizing that we are currently in the midst of plan year '20 and the next March Board meeting we will be here to talk to you about what the rates will look like for the upcoming plan year of '21.

So first today we're going to walk through your historical trend rates. Then we're going to give you some insight into what we see from other national benchmarks in this area and then give you a preview into what we anticipate using for a pricing trend projection for your plan year '21 rates.

One other thing we found is important to note when we're talking about trends, there's two different trends that go into your rate action. First, you have your experienced trend which, I mentioned before, is taking that historical experience and truing it up to where we set the rates to be for that given year. Then we need to move it forward to the plan year that we'll be implementing those rates for. So that is your pricing trend. Putting those two numbers together gets you to how much the rates need to change for that given plan year, and we'll discuss that more as we get to those slides. I just -- it's a very important high level sentence really to keep in mind as we move through today's presentation.

So first here we have a combination of your CDHP's plan medical, pharmacy and dental claims experience. So you will notice here we have two different sets of numbers. The first darker blue bars is what the expected trends were. How did the rates change for that plan year over the prior plan year. And then the lighter blue bars, which is secondary on the sheet, is your actual trends that the plan saw in those given plan years.

Now PEBP, while they have been conservative in terms of the catastrophic reserves and the load on the IBNP, they have requested that Aon sets the rates with a 50/50 chance of being over or being under. Some of our clients usually, I would say the majority of them, have us set rates that are a little more conservative because they don't want to be over budget in terms of claims experience at the end of the year. So usually there's a little bit of margin put in when we're setting pricing rates.

But here PEBP has given us the explicit direction to try to be 50/50. So as actuaries it makes us a little more uncomfortable. We like to not be over budget just typically in terms of what we've been working with but here we have been asked to be 50/50.

As you can see, PEBP's experience in plan year '17 you performed better than we had anticipated. You had zero percent trend rate for all three of those items combined, the medical, pharmacy and dental on the CDHP plan. We anticipated a 4.2 percent.

In plan year '18 the prices were set with a 4.6 percent increase was anticipated. Whereas, all those claims came in at 3.8 percent. And, again, I should probably also point out this is claims. This doesn't include your admin fees or other kinds of loads that go on to set the actual final premium rates. This is purely looking at the total claims cost, claims paid to providers, facilities and those types of things.

The next in plan year '19, so it's been a while since PEBP has seen this, but you had actual trend that was above your expected trend rate. We were anticipating a 3.8 percent increase and instead PEBP's plan ran at a 6.5 percent increase.

And, again, this is using data through, incurred through the end of June 2019, but we're using run out of claims for November. So we have a lot of payments. Those claims are very mature at this point. We have still applied a modest completion factor because there's still a long tail sometimes on claims payments. But for the most part, as we're looking back at plan year '19 that ended in June, we have a pretty good picture that you ended at a 6.5 percent increase for that year.

I'll stop real quick just because I know it's numbers and sometimes that creates questions. Any questions at this point?

MEMBER VERDUCCI: Tom Verducci for the record.

You know, I just wanted to comment here. This was more than double the trend here. And, you know, I understand there was one high cost claimant here that was at four and a half million with one -- you know, with one medical claim, and I was wondering is there any protection in terms of reinsurance when we have -- when we have one catastrophic claim?

I know that the insurance industry companies are protected with reinsurance, and there's insurance programs that they can put in place for catastrophic situations. Would PEBP be eligible to look into any type of reinsurance to prevent us from having one claim resulting in millions of dollars? Is that possible from the PEBP standpoint similar to how it worked in the private sector?

MS. MESSIER: I believe what you're asking about is specific stop loss insurance and so I don't think there's anything precluding PEBP from purchasing specific stop loss insurance. I would say a plan of your size typically doesn't have it just because your claims in total are so large. There's always kind of fluctuations going on with underlying claims, and usually a plan of this size has reserves on hand in order to cover a 4.5 million dollar claim in a given year, but a lot of it goes back to what we discussed in November. It's really their financial appetite for being able to pay that.

If they want to be more conservative and have more protections in place, I do have another large state account and they still have stop loss insurance even though they are very similar to your size. It's just their leadership is much more comfortable paying another entity for that specific stop loss insurance, and you can set it at different thresholds. You can do half a million dollars or a million. But, yes, those policies are available.

MS. RICH: For the record Laura Rich.

Mary Catherine from HealthSCOPE Benefits is going to add to that response because I think there is -- there's something she can add as far as options that we have.

MEMBER VERDUCCI: Thank you.

MS. PERSON: For the record Mary Catherine Person with HealthSCOPE Benefits.

And actually you have a very, fairly narrow level of stop loss insurance today because on out of state claims we're using the Etna Network. And as a result of the use of the Etna Network we also have stop loss built in. It doesn't cover that full gamut of that type of claim, but it's also why you have your catastrophic reserves for those types of large claims as well.

MEMBER VERDUCCI: So in terms of the one substantial claim that has really effected our members, does the stop loss insurance apply to that at all?

MS. PERSON: It will apply. It will not reimburse obviously the full amount. It will reimburse a portion of that amount. And actually that claim is paid in the current plan year, not in the 2019 plan year that you're looking at. So that's in the 2020 plan year, just to clarify that as well.

MEMBER VERDUCCI: Thank you.

MS. MESSIER: Yes. Good catch, Mary Catherine. That was going to be my other comment. You were not seeing that 4.5 million dollar claim here in that 6.5 percent, but you certainly will be seeing it as we come back in March and that payment came through in January. So we use data through January and that larger claim will definitely be in that experience period. So you're not seeing it here just yet. Good question.

I do think in plan year '19 based on other data you've seen, you're staring to see an uptick in large claims. And I will say it's very common, it almost goes back to a Biblical reference of three years of feast followed by three years of famine, and we very much see underwriting cycles where there will be three years of bad claims experience followed by three years of good.

I think PEBP has had an abnormally longer period of good claims experience but unfortunately I think you have kind of gone into the years of famine where you're starting to see an uptick in these larger claims and, again, very unpredictable. Again, I don't think anybody is planning on having a very large claim but yet that's what we've been experiencing both in plan year '19 and so far in plan year '20.

Any other questions before I move on?

Yes, Tom?

MEMBER VERDUCCI: Tom Verducci for the record.

You know, my observation would be that at one of the last meetings we had 34 claimants that threw off the projections, now we have one, and my concern would be if there's ever some kind of epidemic or something where it wasn't one or 34 people but maybe one or 200 people in terms of the solvency of the program, and that's why I questioned about reinsurance and upper limit protections.

MS. MESSIER: Right. And I do think that's a great reason why the state has the catastrophic reserve because that's going to be and I think we're going to use that example. That's really why PEBP has it. Should something happen, like the virus we're currently seeing in China, if that would happen in say the Vegas Airport, right, and spread to your membership and your employees in the Vegas area, that's going to be a big hit to PEBP's plan, right, and PEBP doesn't sell widgets. It's not a private sector employee that can just go out and sell more product or make bigger revenue, correct? So you need to have a place to go to get that money, and having a catastrophic reserve provides PEBP that protection.

MEMBER VERDUCCI: Thank you.

MS. MESSIER: Yep. Anything else?

Okay. All right. Next on the slide we've been asked to call out the three different sections that were combined into the prior slide. So here it's just the CDHP's medical experience. It actually saw a negative plan rate in year '17 of minus 1.2 percent, nearly flat in plan year '18 at 0.2 percent, and then it was at 7.1 percent in most recent plan year '19. And, again, I think that 7.1 percent is being influenced greatly by the large claimants. So a lot of that is coming through on medical side not just on the pharmacy.

Questions there?

Okay. Next on the pharmacy trends, they saw a very big spike in plan year '18. The good news is in plan year '19 those trends had moderated and actually came in a little bit under what we were anticipating at the eight percent increase. Plan year '17 was under at 4.8. Plan year '18 was far greater at 20.4 percent, I think also influenced by hep C drugs. And then the 7.1 percent in plan year '19.

Questions here?

Okay. So I apologize. The dental slide is a little busier, but we were asked to break this out, and we have historically by both the expected and actual trends that you see on the previous slides, but then before the breakout actual trend into those who are your active and pre 65 retiree participants, but the dental is also offered to your folks who on your Medicare Exchange. So we break out those two populations for you in those final two bars. So the purple bar is your active and pre 65 participants. They have seen really positive dental trend rates over the last three Years. And then the Medicare Exchange folks is the, I guess that's a teal color, final fourth bar on the chart here at 6.7, 6.5 and 3.5 percent, definitely above what are industry trends in the dental market.

Any questions?

Okay. All right. Next, we're moving on to our section here where we're talking about PEBP versus other published net medical and pharmacy trend rates. Again, this is something that you've seen in the past. So we have updated it from most recent data, as well as providing the three-year annual growth rate for comparison purposes.

So historically 2016 to 2017 PEBP was flat, very much different than what we were seeing in the market from all of the other consulting companies housing of Aon, Mercer, Price Waterhouse Coopers, Towers Watson, as well as the Kaiser Family Foundations are on that chart at the top. Also for ease of reading, the numbers are on that lower left-hand table. And then PEBP is just that final red bar in the chart and then again most recently in 2018 to 2019 plan year PEBP was above industry norms.

Questions here?

Okay. Next, this is coming from the standard boards medical and pharmacy trend and indexes. The two lines and it's a little bit hard to see the colors. The blue line, it's been a little bit more flat over time is the national ASO trend rate. Whereas, what is listed at being the selected trend rate, the black one, that has more of a mountain type feel to it is the Nevada specific trend rate.

So it was very interesting to see how Nevada has kind of moved differently than the nation. We see a lot of larger states that kind of trend with what the nation is doing, but Nevada who was more harder hit in terms of the recession in 2010, we definitely saw it took a longer time to recover because, again, its industry being heavily influenced by folks coming off of the recession, and so it does trend a little bit differently from the nation. So we thought this was a great slide for you guys to take a look at.

Whereas, the prior slide you're comparing to national tendencies. This helps you get a better look not only how PEBP is doing but how Nevada is doing versus the rest of the nation. So most recently Nevada has started to come underneath that national trend rate but certainly in January of 2018 it saw a very large spike up in the six percent range, whereas the nation was kind of holding steady around that three percent line.

And some of that could be due to hospital consolidation in the area or hospital charge masters changing and that type of things. It's typically why we see spikes that will differ than the nation when you get to a more regional basis.

Any questions?

Okay. And then finally this just kind of comes from our Aon, what we are seeing out there in the marketplace. One of the things that a lot of our consultants are really wanting to make sure all of our clients are up to speed on is we're definitely seeing a large uptick in these million dollar large claimants. They have always been kind of out there.

It's just with today's pipeline for like the rare disease medications that you'll see on the right-hand side of the screen here, where we have new gene therapy that's been released and it costs $2,000,000 for one injection. Now granted, you're greatly increasing that person's value of life, and you're able to save people and cure very rare diseases which is great. It's just unfortunately it has a very large price tag that is put on by the pharmaceutical companies and, therefore, if you have somebody in your population that needs this drug, certainly you want to cover it. It's just that it's 2,000,000 dollar price tag to help that person.

So we are definitely seeing a very large uptick. Since 2015 the frequency is up there on the upper left-hand side. It's risen sharply. Back in 2015 to today we're seeing a 33 percent increase in the number of claims over a million and 140 percent increase in the number of claims that are over $3,000,000.

So unfortunately PEBP is not alone in seeing a claim that's over 3,000,000 as you're currently paying out 4.5 million dollar claim. It's something that we're seeing definitely happen more across the country. It's just, obviously, it takes an impact to your financials.

Any questions there?

Okay. Here is kind of just a little bit of an education piece, again, as we move on from January to March and we're looking at setting your rates, we'll be taking your claim experience that will be incurred through December of 2019 paid through January of 2020 and I apologize. I didn't update January 2019. It should say January of 2020, and then we'll complete those claims so that they are on a current basis.

If any plan design changes were made we will apply an adjustment at that time, and then we need to move it forward. So we have to move all of that claims experience which is up until December of 2019 all the way forward to

July of '20 through June of 2021. So if the rates that were set for 2019, as you can see in prior slides, were set below what we thought we have to make up for that shortfall.

Similarly, if the current plan year is running over where the plan rates were set, you have to make up for that shortfall and then move that forward with what we know were going to be cost increases by doctors or by hospitals. Same thing with cost increases on pharmacy and try to anticipate what the plan is going to spend starting July of '20 into June of 2021.

Historically when we've taken that claims experience PEBP has been performing better than anticipated. So that helped bring your rates down. So you would see a less than pricing trend when we would give you a rate action in March. But given that your plan rates have been set below your experience, most likely in March you may be faced with a number that is larger than the pricing trend because again we have to catch up that experience and then move it forward. Does that make sense?

Okay. So what we're seeing currently in the market, a lot of our other clients are seeing trend rates coming out from carriers in the six to nine percent range, but that's kind of their more standard manual rate before people make plan design changes or take a look at the experience. Our client base indicates combined medical and pharmacy trend rates at four and a half to six and a half percent, and other markets surveys that we're seeing getting released about this time of year is projecting medical trend rates for 2020 to be in the range of four and a half to seven percent.

So we are anticipating when we take a look at moving PEBP's claims forward from 2020 to the 2021 plan year that we'll be applying somewhere between five and seven percent for medical trends, and usually medical is below pharmacy. So we will apply a different trend rate to your medical experience than we would to your pharmacy experience. And as you've seen on the prior slides, medical has run less than the pharmacy has over time. Some we'll most likely see closer to a five percent on the medical trend, closer to the seven percent for the pharmacy trend.

And then dental we anticipate using a trend number between two and four percent. Dental has been pretty consistent year after year as you might imagine. There's not a lot of breakthrough in technology that really influences cost like the pharmacy has or even medical technology and different treatments that come out. Dental has been pretty, pretty consistent in the last four to five years, around three percent or so. Sometimes we see it lower, sometimes higher. So we're anticipating a range somewhere between two and four percent.

But just by disclosure, again, these numbers in the box are not indicative of what you may see when we have to talk about rates in the March time frame because we need to first take your experience trend, then move it forward by these pricing trends to get your rate actions.

And with that my presentation is concluded. Do you have any other questions?

CHAIRMAN LONG: Thank you.

Does the Board have any other questions or any discussion on this item?

Thank you very much. I appreciate you being here.

MS. MESSIER: Thank you.

CHAIRMAN LONG: Moving on to Item Number Six. Item Number Six, presentation on PEBP's 2019 member satisfaction survey.

MS. RICH: For the record Laura Rich. This agenda item goes over the 2019 PEBP member satisfaction survey. Similar to what PEBP has done in the past several years, PEBP repeated the annual members satisfaction survey to get firsthand knowledge from our membership. Like we've done in the past, we asked the same questions in the same format and sent out a mass mailing to all of our members to request feedback on their levels of satisfaction.

So that survey went out November 1st, 2019 and was out and available for members to submit through December 13th of 2019. During that time we sent out several reminders and just to kind of prompt more participation and more responses.

Unfortunately, the results that we received for 2019 were a little lower across the board compared to the results that we received in 2018. Although, there were a few things that happened that occurred during the, specifically during the 2019, May 2019 open enrollment period that may have had some negative impact on members that led to that lower satisfaction level.

First of all, the Board may recall that during PEBP's budget legislative session or during the legislative -- during the budget approval process there was a delay. So there was a delay with rates. We did not get those rates approved when we thought they would be approved, and in turn we had to delay open enrollment and not just delay open enrollment but when we actually did hold open enrollment we truncated that open enrollment period.

So as you can imagine there was quite a bit of chaos among members. It was, you know, confusion. There was, PEBP was holding open enrollment meetings without the ability to provide information, crucial plan information on that plan year benefits, and so there was a lot of frustration confusion from members. Our call center didn't know how to answer questions. It was just quite a challenge for us operationally.

Additionally, we had a very rocky launch of the upgraded eligibility and enrollment system and that, the rollout of the voluntary benefit platform. So when you take into account the lack of information and approved rates and things like that and then you implement a new eligibility and enrollment system that's not working and functioning correctly, you can imagine the members did have that, you know, frustrating experience. So some of those lower results were somewhat expected as well.

So if you look on to the results section, the overall response rate actually fell. Last year we had 12.8 percent of respondents of our population respond versus this year we only got 7.8 percent. However, the good news is that of that 7.8 percent it's more reflective of the overall PEBP population. So we had about a 66 percent active employee response and a 34 response, retiree response which is really more -- more appropriate to what our plan actually looks like, what our membership and enrollment actually looks like. So it's more reflective of the overall PEBP population.

So we asked again the same questions that we've asked in the past, and we did drop a little bit on the -- on the scores. However, we still have about 67 percent of responses that scored between that eight and ten, ten being the best.

Of -- of the -- we did also ask about the communication meeting, what the preferences were for members, how they wanted PEBP to communicate with them and it was the same this year as it was last year. People like e-mail. They like to be communicated by e-mail. They also like things posted on the website and to receive mailings.

Our lowest score actually was the -- it was related to increased training and education. You'll hear in a separate agenda item on the executive officer report we are taking steps to include that. We have looked at different opportunities to offer better education and training to certain populations that may need that.

So in conclusion, any satisfaction score below a ten on a scale of one to ten obviously illustrates a need for improvement. PEBP recognizes the challenges the program faced and is constantly looking for ways to continue to provide high quality benefits at affordable prices to employees, retirees and their families and PEBP will continue to strive to improve for next year's surveys results at the end of 2020.

I'll take any questions.

MEMBER BAILEY: Mr. Chair.

CHAIRMAN LONG: Please.

MEMBER BAILEY: For the record Don Bailey.

Laura, what is the plan for I guess from the staff to get more participants in the survey? Is there a way of doing that?

MS. RICH: So for the record Laura rich.

Yes, we do have -- we have some challenges. When we -- we've identified ways to reach out and we do have actually a survey out right now and we within the first week we already have more responses than in this survey within a month and a half.

So we did reach out to state IT and identified several other ways to reach these people because, again, we have in our enrollment eligibility portal members have the ability to put in their own e-mail address but if they don't do that then we don't have an e-mail address or it's not a good e-mail address if they don't check it or maybe it's going to their junk mail or something like that. So we have those challenges.

For active employees we can actually utilize state IT and send out a mass mailing to those active employees, and so we've utilized that for this next survey that we actually have out. So I think that we'll be receiving a much better response rate in the next survey.

MEMBER BAILEY: Thank you.

CHAIRMAN LONG: Other questions or discussion? Okay. Thank you very much. Oh, sorry. Go ahead.

MEMBER VERDUCCI: I just wanted to spend another minute. This is Tom Verducci.

How often do we send out the surveys? Is this annual or biannual?

MS. RICH: So the members satisfaction survey happens -- for the record Laura rich.

It happens yearly. We do it yearly. The survey that is out right now is actually a separate survey that I thought would be beneficial to the Board later on down the road when it comes time to determine and make decisions as to what we want to be included in the budget, and that's going to be another agenda item that we'll discuss later, but it gives the Board the opportunity to see those responses and to see what it is that members want and what they want to prioritize and what -- what is important to them, and so that survey has -- that was done just as a result of the budget process that we have looking forward to it, so.

MEMBER VERDUCCI: Also, do we track variances between actives and responses in terms of their issues and how they respond?

MS. RICH: Yes. So we are able to identify one of the first questions in each one of our responses is or each one of the questions in the surveys is who are you. Are you a -- are you an active employee? Are you a Medicare retiree. So there's -- we're able to break down that data and look at it based on, you know, the responses based on who they are. So that's something we do in every survey that we have.

Now, there is a free form question that gives members who respond an opportunity to submit any comments, and those are actually comments that, you know, there's no way to -- you have to read through each one of them, right, and I have actually read all of the comments and gone through and kind of identified. We tag them based on what is -- is it related to the plan benefit design? Is it related to a vendor? So we've looked at those and passed along some of those comments to our vendors to make improvements internally. So we have done that analysis as well.

MEMBER VERDUCCI: Thank you. And just a follow-up comment. You know, the phrase here increased training and education is a little bit vague. Specifically, do you think workshops, individual meetings, I know you're going to be discussing Las Vegas access, perhaps a cubicle or an office down there, electronic means, written means. You know, specifically what do you think that the membership is looking for in increased training?

MS. RICH: For the record Laura Rich.

You know, I mean one thing comes to mind, and I'll be talking about this as well later on, the retiree process is confusing. When someone retires, as a state employee retires there's a lot for them to do. You have to go to PERS. You have to go to PEBP. There is a lot of steps that need to be taken in order to make sure that you don't lose any of your benefits. And when you retire you have everything you need to retire.

And so I think employees, when they go through that process, it's just overwhelmed. There's so much to do. There's so much information, and they are overwhelmed, and so one of the things we've been working towards is to and I think we've done a pretty good job is offer these midweekly retiree meetings where you can come in and our staff puts on the presentation. We also post it on the website. We also work with our vendors.

We have upcoming meetings with, in conjunction with a vendor to hold different kinds of conferences down, actually throughout the state. We do it in Las Vegas. We do it in Reno. We do it in Carson. We've opened it up to webinars as well, and so members that are able to or who cannot attend in person cannot just watch it, not just only watch it by a webinar but they are able to participate. They can send in -- as the meeting is going on, they can send in their questions, and we have a staff person manning it right there, and so there's those types of things that we've explored.

There's not a lot of -- people don't know about it yet. I think, you know, give us a little bit more time and I think the word will get out and there will be a lot more participation in that. But, like I said, in a different agenda item we'll talk a little bit about how we've partnered with different entities to maybe leverage some of that, you know, the exposure and that population, so.

MEMBER VERDUCCI: Thank you for elaborating.

CHAIRMAN LONG: Thank you.

Moving on to Item Number Seven, presentation on EPO end-of-year evaluation.

MS. RICH: For the record Laura Rich.

This report, first I would like to start out with this report is going to be presented to the legislative committee, the Interim Retirement and Benefits Committee on February 5th, and so this report is being also presented to the Board so the Board has an opportunity to see this before it gets presented publicly to the legislature.

So some of you may remember back in 2017 we were presented, PEBP was presented with a situation where there was going to be higher rates from our HMO's. We were presented with 13 and 15 percent increases for our HMO plans from our HMO partners. Hometown Health was the Northern HMO plan, and Health Plan Nevada was the southern HMO plan. And so PEBP went back and we looked at, you know, what can we do to mitigate this problem and mitigate the rate increases.

So the -- on November 30th of 2017 the Board approved the development and implementation of a PEBP managed self-insured provider organization plan and this replaced the Northern Nevada HMO.

This plan became effective on July 1st, 2018, and so what this report does is basically compare what -- where we are today versus where we would have been had we kept this -- this plan and not implemented an EPO. So what we saw was enrollment was fairly steady. There wasn't a lot of migration. Those people that were on the HMO stayed on the EPO plan. It was a very similar plan. Anybody that did not take action at that time was automatically rolled into the

EPO plan.

And really there wasn't a lot of -- we setup the plan. So there weren't a lot of differences. The plan design was very similar, and so there was not a lot of change in the enrollment as far as migration goes.

In -- so if you look at the table, the total HMO rate, I think it's on -- it's not numbered, but it's the first table that is titled total HMO rate. You can see that if you compare the plan year 2018 rates versus plan year 2019 rates, pretty much every tier with the exception of two that really had very insignificant increases, everything else decreased. The overall rates were up to $22 less depending on that tier of coverage. That's for -- that's on the state side.

So on the participant side, the next -- the next table down, you can see that members also saved money. So if you look at their premiums, that rate change in every tier was lower than it would have been on the HMO. So there was a savings there to the membership as well.

If PEBP would have chosen to continue with Hometown Health, as I said, the rates would have increased dramatically with Hometown Health requiring a 13 percent rate increase and Health Plan of Nevada requiring a 15 percent rate increase.

What ended up happening is replacing that plan, the Northern HMO plan with the EPO, Health Plan Nevada at the time came back and said, okay, if you're going to do this then we will agree to ultimately decrease rates by eight percent instead of the increase of 15 percent. So we were able to lower rates dramatically that way.

The next page shows, so this is the 2019, the second year, you can see that the rates, there was a savings again to the state, and there was a savings to the member as well. So you can see that members saved quite a bit of money on their premiums but overall the state saved 14.7 million that year.

So additionally if you look at the state subsidy, so any rate changes to PEBP plan have a direct effect on the contributions, so that's the subsidy. That's provided to the state, and the subsidy that the state provide in the 2019 was about 276,000,000. If PEBP had not implemented the EPO plan and approved the HMO rate increases that would have actually been 291,000,000 so that's where we got that 14.7 million dollars in savings.

Moving on to utilization and cost, I don't want to go over this part too much because, again, it's first year utilization. It's not fully mature data. So it's just not something that, you know, we'll see better data years to come.

Again, so plan benefits, as I said, basically the plan was set up very similar. We did not want to change the plan too much. We wanted people to continue with what they were used to, and so really the only thing we changed there were benefits essentially. We lowered the specialty prescription cost of the co-insurance from 40 percent to 30 percent. So that was a benefit to the member, and then we also added Doctor On Demand and Healthcare Blue Book, but essentially those were the biggest changes in that plan.

So in 2020 we experienced very similar numbers, right. So we had the total HMO rate. There was a savings in those rate changes. It was we saved in every single one of those tiers every category. And, again, on the participant side we also saw quite a bit of savings as well. The premium rates were a lot less expensive than if we would have stayed with the HMO.

In 2020, in plan year 2020 we saved 10.9 million dollars to the state. So PEBP by staying with the EPO and not having that HMO we saved 10.9 million. So really to put it in a nutshell, the members on the EPO plan really saw little change. There was not a lot of difference in the plan design in the benefits, but they were able to experience pretty significant savings at least from the premium perspective. And from the State perspective PEBP saved the state about 25.6 million in those first two years of the EPO.

And I will take any questions.

MEMBER SMITH: Thank you. David Smith for the record.

Since they are both self-funded have you compared what the cost per member per month is in relation to the other because since they are both self-funded is one costing more because of adverse selection?

MS. RICH: For the record Laura Rich.

That number is also lower as well. I don't have it right in front of me but it is lower as well. Again, we're looking at, you know, the first two years it's very premature data. The first year of a plan is typically not great, as a great comparison, right. So utilization, it's, you don't want to use that as your base. So we're still going to continue to look at that but, yes, it's on a permanent basis, yes, it is.

MEMBER SMITH: For the providers in the network are the contractual rates for the providers the same as the self-funded?

MS. RICH: Yes.

MEMBER SMITH: Okay.

MS. RICH: Yes. For the record Laura Rich.

We use the same network, Hometown Health.

CHAIRMAN LONG: Any other questions?

Thank you.

Let's move on to Item Number Eight, discussion and possible action on budget enhancement options for fiscal year '22 and '23 budget.

MS. RICH: All right. For the record Laura Rich.

This report covers the budget enhancement options for fiscal years '22 and '23. Basically, what we're doing in this report is teeing up the budget-building process for PEBP staff. It's to give PEBP staff direction as to what the Board would like to analyze so that we can then bring it back to the Board in May with cost and more information so that the Board can make a decision and also prioritize what it would like to be included in that budget.

At that point staff then spends the summer essentially building a budget. In August that budget request is submitted to the Governor's Finance Office, and at that point the Governor's Finance Office makes their adjustments and in the end it is then submitted and included as part of the final Governor's recommended budget that is presented in January.

So what this report does is basically we're outlining some items that have been brought to the Board's attention as far as what should be included and what should not be included and where we want to go.

The way that we have broken this out is in three sections. So the first section is the advocate benefit enhancement request. You heard a little bit about it at public comment.

The second -- the second part is the PEBP budget enhancement recommendation. So this is recommendations coming from staff.

And then the third one is budget savings recommendations. So we'll go over piece by piece, and I think I'll stop at each, at the end of each section and that way it will give the Board an opportunity to discuss.

So the first part, I think Mr. Ervin did a great good job of kind of going over each one of these sections, but the advocate benefit enhancement request, what they have requested is they have a series of requests, and a lot of this PEBP has actually done a lot of the analysis already. So it's not a lot of work to go back and do the analysis. It's just a matter of what is the Board interested in seeing so that if they do want that included in the final budget request it can be included.

So the first one is increasing the dental -- dental benefit maximum. The request is to increase it from

1,500 to a max of 2,000. It's a 500 dollar increase. We're also looking at reducing the out-of-pocket maximums. The request is to reduce the out-of-pocket maximum by $400. So changing that from 39 and 7,800 to 3,500 and 7,400 so 3,900 to the individual and 7,800 is family.

The CDHP, HSA and HRA funding, the request is to increase that base dependent amount that we fund from 200 max three dependent to 300 max three dependents. So we have about 19,000 dependents on the CDHP that would be the impact on that.

There's also the request to eliminate the 25 dollar co-pay for annual vision exams. Several years ago we actually added that 25 dollar co-pay. The request is to now eliminate it.

Increase life insurance benefit, the request is just an increase, and I think coming back with different tiers of increases is fairly simple.

And then you heard a little bit about the independent actuarial review. I think in order to get pricing and specifics on this we're going to have to conduct an RFI. I think that's probably the best avenue to get this information. So I think an RFI should be performed if this option is something that we want to look at.

I do want to -- I want to add to this a little bit that the independent actuarial review, I think the request is less to do about -- less to do with the accuracy of the actuaries, more to do with the Board policies, the established Board policies and if -- if they make sense, right. So I think that's more the request rather than I don't think they are questioning the accuracy of Aon. I think they are, what they are questioning is does it make sense to maybe have, change those reserve levels, the 95 competence level and things like that.

So that is -- I'll stop there. The recommendation is basically for the Board to determine which advocate enhancement request they would like staff to do an analysis on to be considered as part of the final budget enhancement option which will be presented to the Board in May. So I'll stop there.

CHAIRMAN LONG: Questions, discussion by the Board?

MEMBER BAILEY: For the record --

MEMBER MITCHELL: For the record Jet Mitchell.

MEMBER BAILEY: Go ahead. Let her go.

MEMBER MITCHELL: Thank you. For the record Jet Mitchell. I love the delay of technology. For the record Jet Mitchell.

Thank you to the advocates who have spoken eloquently about their enhancement requests. My comment on the order of priority of pursuing them would be slightly different than what's been presented. I think that reducing the out-of-pocket maximums which is the point B could be priority one because every participant that's in the plan would be either receiving a direct benefit or knowing that that safety net would be available to them. So that reduction of out-of-pocket maximum would be piece of mind for those that don't use it and a very direct benefit. So it could potentially benefit every individual covered as opposed to the increased -- increased dental benefit annual maximum does affect several participants but would not directly affect every covered participant on the plan.

So I -- I would like to have PEBP pursue the reduction of out-of-pocket maximums, increasing the dental benefit annual maximum and co-pay elimination of vision and life insurance benefit, those benefit enhancements.

I echo Laura Rich's statement that the established Board policies would be what would want to be pursued with the independent actuarial review.

CHAIRMAN LONG: Peter Long for the record.

Just so I understand, I think this is a somewhat ranked list but not necessarily a completely ranked and what we may be being asked today is whether or not we want to have

PEBP put together some figures on what each of these requests might -- might cost, and at that point in the next meeting that could be presented as well as, you know, which ones based on cost or based on demand the Board might want to pursue in the budget building process.

As far as the independent actuarial review, if -- on my limited knowledge on this, if the current actuaries projections are not in question but just the Board policy on the percentages that are applied to those and how we fund the various accounts I guess we could direct it. We ask for an RFI, but I don't think paying an actuary is going to be inexpensive. And do we need, necessarily need to have another actuary come in if it's just really based on Board policy as to what we set, whether it's 90 or 95 percent.

So I would just throw that out there possibly for further discussion. If PEBP has already put together a lot of these figures I would -- I would suggest if it's not overly burdensome to them that they could provide the figures at the next meeting for A through E and then the Board could discuss where they want to go from there.

MEMBER BAILEY: For the record Don Bailey.

I concur with your statement, Mr. Chair. I would like to at least voice my opinion on the increase in life insurance and dropping and eliminating that 25 dollar co-pay.

I don't think anyone was in favor of that anyway. So there's several things in there that are personal. But on the other hand, I think you're right cause the cost factors in each one of these because we have limited amount of dollars I can see coming up. So just for the record. Thank you.

CHAIRMAN LONG: Thank you.

So, Laura, would it -- would it be appropriate to move on to number two or should we take a motion on 4.1 or 4.2 or what would be your recommendation?

Mr. Verducci?

MEMBER VERDUCCI: Thank you very much. Tom Verducci for the record.

You know, I wanted to point out that all of these items are important. I think the most important independent actuarial review because we need to know the big question if, if the money is there, and if the money is there we have a list that keeps coming up here from the -- from the advocacy groups. So we have an important list from Nevada Faculty Reliance, RPEN, AFSCME and the UNLV Faculty, and I think the important thing is we need to have in my opinion an independent actuarial review in terms of an RFI for cost and services and also to incorporate if the confidence level went from 95 percent to 90 percent how that would leave the additional funding.

MS. RICH: For the record Laura Rich. So I just want to emphasize that this is essentially just gathering information on cost and services. That actuarial review has to be paid somehow and a -- and if it's not included in our budget we have no mechanism to pay for it, and so it's to be included in our budget so later on down the road we can pursue that. So we're -- right now we're just analyzing what it's going to cost and what that service is going to provide.

MEMBER VERDUCCI: Thank you. So my suggestion would be that we include in the budget the independent actuarial review.

CHAIRMAN LONG: So, Mr. Verducci, to put you on the spot, was that a motion to have PEBP provide information at the next meeting on Item One, all those noted A, B, C, D, E and F, which includes the cost to perform an independent actuarial review?

MEMBER VERDUCCI: Tom Verducci for the record.

That would be my motion.

CHAIRMAN LONG: Thank you. Is there a second?

MEMBER BAILEY: I second the motion. Donald Bailey.

CHAIRMAN LONG: It's been moved and seconded that Item One A, B, C, D, E and F be approved and a report provided on those. All those in favor say aye.

(The vote was unanimously in favor of the motion.)

CHAIRMAN LONG: Opposed? It passes unanimously.

Move on to Number Two, Ms. Rich.

MS. RICH: Okay. I wanted to start off with saying this is not all inconclusive. If there's anything that Board members want to add to this list this is the opportunity to do so. This is just what is being presented by staff as opportunities that have been brought to our attention and things that we have come up with. So if there's anything else the Board members would like to include to this list this is the time.

So the first one is the eligibility and enrollment system replacement. The reason this is in here is because basically a contingency plan, if the Board recalls back in 2018 the Board approved an amendment to the current contract with our voluntary eligibility system provider Morneau Shepell to provide an upgrade to the member portal and provide that voluntary benefit platform at no cost to PEBP. And in return there was a two-year contract extension to their current contract. However, they did not meet the deliverables of that contract amendment. And, therefore, you'll see in a separate agenda item they are now providing a corrective action plan and the intent was to have Morneau

Shepell come back and fix what needed to be fixed and corrected so that this next open enrollment period it was a new open enrollment period and everything that needed to be corrected had been corrected.

At that point the Board would make a decision in July after open enrollment to either -- to decide to either honor that contract amendment or cancel that contract amendment, because by July it will be too late. We have to have a contingency plan. If that contract amendment is cancelled then we go back to the expiration date of the previous contract which is in 2021, and so that puts us in a situation to where we now need to plan for a system replacement which may include higher PNPB's or implementation cost or anything like that.

So this is basically a contingency plan that we need to build into the budget just in case in July the Board comes back and says we are not going to honor that amendment.

The second one is a Las Vegas location. So about 18,000 members reside in the Las Vegas area, yet PEBP does not have a presence down there. We don't have a physical presence down there. We try to -- like I said, we go down there and we do meetings. We put on presentations. We do what we can, but we don't have a physical presence to where members can come into the office and seek assistance like we do in the north.

So what PEBP is considering is researching the feasibility and cost of establishing a location and that way we can expand the outreach and that physical presence to -- to the southern population. My thought is that we're not going to open up an office. I think we can start out small and expand from there. I think there's opportunities to maybe just start out with one or two staff members asking for an additional staff to staff down in the south and finding a -- a space down in the south, an existing space that we may be able to cost share.

So there's different state agencies that already have spaces down in the south. So for example, you know, maybe the division of human service management has extra office space that we can cost share, have a PEBP person in that space and provide that day-to-day assistance and outreach and things like that that we need to list in the south. Maybe PERS has an office space down in the south that, you know, could accommodate one or two extra PEBP staff. So that's just something that we want to look into as maybe, you know, an opportunity for us to provide that extra presence to the south.

And the last one, it's kind of housekeeping. It's supplemental HSA/HRA funding. This is something we typically include if there's any excess reserves we want the ability to use those excess reserves to look at supplemental HSA and HRA funding as well and build that into the budget. So I will stop there.

CHAIRMAN LONG: Thank you.

Discussion from the Board on possible PEBP budget enhancement recommendations?

MEMBER MITCHELL: For the record Jet Mitchell.

For the Las Vegas location having staff members or one to two staff members in existing space and/or presence would seem to be definitely enhancement to those represented here in Southern Nevada and for the 18,000 participants to have even more resources on the ground here which could end up enhancing member satisfaction and increase education and have substantial benefits to PEBP and the members covered.

MEMBER SMITH: David Smith for the record.

Are you planning to bring something to the Board on these items and you're just asking us to say whether we want them or not want them?

MS. RICH: Right. So for the record Laura Rich.

Yes. This is a request if this is something the Board is interested in pursuing then staff would then, for example the eligibility enrollment system, we would probably do an RFI to get a better understanding of what the cost associated with a system replacement would be. In case we use that we have to use that later on down the road.

A Las Vegas location, we would look, you know what is -- what does it look like to -- what kind of staff person would we want to staff down there and what are the costs associated with it, if there's any office space, any availability, look into options, things like that. So it's really just giving PEBP the direction that, yes, this is something we're interested in, and we would like staff to move forward with it with a more in-depth analysis on it.

MEMBER SMITH: David Smith for the record.

I don't have any objection to those being explored by the PEBP staff. Obviously, to approve anything I definitely want to know what the costs are.

MEMBER VERDUCCI: Tom Verducci for the record.

In terms of all three of these items, I think we need a better presence to serve Southern Nevada in Las Vegas. That membership is just as important as Northern Nevada, and I think even if it's just a small cubicle in the PERS office down there, the retirees and the members need a place to go where they can turn in their paperwork and speak with somebody.

In terms of the Morneau Shepell failing to meet their deliverable deadlines I think we do need to address that and that's something that should resurface.

And last item comes back to if the money is there on the supplemental HSA/HRA funding, and I think an independent actuarial review will lead us in the right direction there.

MEMBER MITCHELL: Jet Mitchell for the record.

MEMBER BAILEY: Go ahead.

MEMBER MITCHELL: I recommend that staff pursue the additional analysis on the recommendations including the three options that we're discussing to present to the Board.

CHAIRMAN LONG: Peter Long for the record.

Is that a motion?

MEMBER MITCHELL: For the record Jet Mitchell. Yes.

CHAIRMAN LONG: Thank you. We have a motion. Do we have a second?

MEMBER BAILEY: For the record Don Bailey. I second that motion.

CHAIRMAN LONG: Discussion? All those in favor say aye.

(The vote was unanimously in favor of the motion.)

CHAIRMAN LONG: Any opposed? Passes unanimously. Thank you.

MS. RICH: Okay. For the record Laura Rich.

The last section is the budget saving recommendations. So you heard a little bit about the Save-On program, and you heard that there was through public comment there's been a little bit of negative impact on members. Back in July of 2019, so that the Board, I know we have some new Board members. Back in July of 2019 PEBP implemented the Board approved policy change to disallow co-pay assistance from applying to accumulators. This is a common practice that has been implemented by many large employers throughout the nation, but it has been challenged, and it's currently being addressed on the federal level. And although the final rule has not yet been released PEBP anticipates having to make changes to this policy sooner rather than later when this rule is released, when the final rule is released.

The plan has realized some savings from this implementation, but it has not been popular among members who utilize the co-pay assistance and are not accustomed to having to meet these out-of-pocket assistance. So the Save-On program is designed to work in conjunction with or replace the regulations depending on the final regulation from HHS, the PEBP's current co-pay assistance policy, but it -- although it doesn't -- it increases the cost savings to the plan but it reduces the patient responsibility back to zero.

So we're not just enhancing our ability to, you know, to get those savings but we're also going back to providing the members the basically zero out-of-pocket like they used to be familiar with.

I have Amy Daly here from Express Scripts who I think will do a much better job at explaining this program and how it works and discuss the different aspects and details of this. So she's coming up to the table now.

MS. DALY: Amy Daly for record with Express Scripts.

I'm going to give you the high level version of the program and then happy to answer any questions you have.

Basically, just to give you a landscape, there is a -- we're going to focus on specialty drugs only for this conversation. So Save-On and co-pay assistance only applies to specialty drugs, not your traditional drugs, allergy medications, diabetes medications.

The co-pay assistance is available through pharmaceutical companies. So they offer money for members to use to pay, help them pay down their costs, their co-pays, their deductibles. Traditionally those dollars have only really benefitted the members.

So what we wanted to do with this type of a program, with the Save-On program is still allow the members access to those dollars but also ensure the plans benefit from the dollars available from pharmaceutical companies.

So what this program does and you heard the term essential, nonessential earlier, and I want to make sure I clarify that. We're not saying that these drugs are not essential to these members. What we're trying to use is official legal terminology that is used in the Affordable Care Act so that we can classify drugs. The Affordable Care Act you said that you had to have so many drugs on your formularies covered labeled as essential, and those essential drugs had to apply to the deductibles and the out-of-pockets.

What we want to do is take certain drugs out of the deductible and out-of-pockets so that we can maximize the assistance available from these pharmaceutical companies and we're not capped at an out-of-pocket amount. That benefits the member and that benefits the plan.

So we do go through and classify drugs as essential or nonessential but by classifying them as nonessential it actually benefits the members in this case because we're able to have these drugs not apply to the deducible and out-of-pocket and apply consistent co-pay assistance dollars throughout the year such that the member will always have a zero co-pay, and we're estimating that this program would save Nevada 1.9 million dollars a year.

So basically how that works is we work with these members to enroll them in the co-pay assistance programs available. Many of them are already in the program, but we do need to get their authorization to go through Save-On because what we do is actually increase the co-pays in the system.

So for a simple example, let's say you have $12,000 in co-pay assistance available from a manufacturer, we would increase the co-pay for that drug to $1,000 every month. So 12,000 divided by 12. What that allows us to do, again, is keep the member cost zero throughout the year. So we're not going over the allowed amount for the co-pay assistance. So the member gets zero but the plan saves on the differential between that $1,000 and what the typical co-pay could be.

And for PEBP that that was sometimes zero. You were picking up the entire cost of the drug because the member had already reached their out-of-pocket after so many fills, typically four with their deductible and out-of-pocket amounts. They were getting zero cost for the rest of the year. So this allows that to shift. The member is now going to get zero dollars for the 150 drugs targeted through this program. So because of the Affordable Care Act and the essential and nonessential labeling, we can't do this for all specialty drugs. Some of them have to be labeled as essential. But for those that we can label as nonessential, we're able to save you money and the member money. So it is an improved benefit from the out-of-pocket protection program we have running today.

Any questions I can help answer?

MEMBER FOX: Linda Fox for the record.

Can you explain again why some have to be labeled essential and some do not.

MS. DALY: So through the Affordable Care Act they do say you have to have so many drugs available in each category that are part of the essential benefit. So what we're doing is we're going to categorize with many drugs available and say these are the essential drugs in these categories and these are nonessential drugs, and for that reason we're able to label that to ensure they skip the deductible and out-of-pocket. They fall out of that Affordable Care Act label.

CHAIRMAN LONG: Peter Long for the record.

I was listening and trying to understand what you were saying.

MS. DALY: Sure.

CHAIRMAN LONG: But I was also thinking about what the person said during public comment at the beginning of the meeting, and I was trying to put the two together where they -- I believe they indicated that this program was costing them money, and you've indicated it would save both the employee and PEBP, the state money.

MS. DALY: This is a new program that would layer onto a program that she was discussing. So basically it could either layer on or replace the program that is currently running with this program. So this would be better for that member than the program currently in place.

So basically the way the program currently works, if there is pharmaceutical dollars available that the member is taking advantage of, the out-of-pocket protection program, which is what she was referencing earlier, does not allow those dollars to apply to the deductible or out-of-pocket because the member isn't paying them. The pharmaceutical manufacturer is paying those dollars.

And so the idea is you really truly want what the member is paying to apply to the deductible and out-of-pocket so that it's a true deductible and out-of-pocket across all your members, whether a member can get assistance from the manufacturer or not. So that's kind of the philosophy that went into putting that program into place.

What this program does is that, again, is all centered around the member and what applies and doesn't apply and what they are paying into the plan. This program goes in and changes the co-pay design for these drugs and allows you to benefit from the cost of differentials. So now PEBP is getting involved in the savings related to the pharmaceutical co-pay assistance available, and then the member no longer -- with the out-of-pocket protection program they can go through their out-of-pocket and still have to pay in, right. So the co-pay assistance could run out.

What Save-On allows for the member is that assistance to run consistently across the year so they are never hit with that high ticket deductible or out-of-pocket for these drugs later in the year.

CHAIRMAN LONG: Thank you.

So what we're being asked today to consider is further analysis of the program that, the new program that you just described; is that correct?

MS. RICH: For the record, yes. So we would come back in May with a cost savings and details on the impact and volume of those that will be impacted by this.

MEMBER SMITH: Thank you, Mr. Chair. David Smith for the record.

I was actually very confused by the proposal, and then I was trying to figure out exactly how the accumulators were working, and I actually went back to the 2018 meeting where the Board reviewed it and approved it, and I'm still not entirely clear. So I would like to kind of go back to look at what we're looking at now -- what doing now, particularly in light of the comments this morning.

But is it only -- in the 2018 meeting it said that the co-pay accumulator would only apply to 358 people with agreeing to a specialty pharmacy. So if I go to my doctor and he gives a sample of the coupon and I take it to my retail pharmacy and they apply that coupon after they run it through my deductible, that's not applying to this co-pay accumulator, only the specialty drugs, right?

MS. RICH: For the record Laura Rich.

So today the way it works is since we implemented this policy is if you get that co-pay assistance, a coupon from the manufacturer and you pay for your drugs or you get your drugs that way, you're still on the hook for your out-of-pock expenses. So those -- that amount that you're getting from the drug manufacturer is not applied to your out-of-pocket max, and so you're still having to just like everybody else meet those deductibles and out-of-pocket max amounts.

What this is doing is kind of overturning that, and what we're doing is so PEBP in the plan is still realizing savings because of the way that the dollars are applied. We're still going to get the savings that we're getting today without impacting the member because now the member is instead of having to pay that out-of-pocket or get to their deductible and out-of-pocket max, it's now back to zero.

MEMBER SMITH: Okay. But for clarification, because you only referenced 358 people in the 2018 meeting, was it only applying -- does the co-pay accumulator only apply to specialty drugs today or does it apply for allergy medicine I buy at the pharmacy?

MS. RICH: Right. And you can correct me if I'm wrong, but it's anyone receiving that -- no?

MS. DALY: So Amy Daly for record.

Co-pay assistance is purely for specialty drugs. So when we use that terminology co-pay assistance, we're only talking about specialty medications.

MEMBER SMITH: Okay. So, and this is where I was trying to make sure because I know -- I remember years ago getting a card and going to the pharmacy. They run it through my prescription and they applied the $35, whatever. So I saved $35 and that's the manufacturer coupon against it, but I got credit for that $35 against my deductible. So but that is not the case what's happening today.

So we are actually -- this is where my concern is.

MS. DALY: Well --

MEMBER SMITH: Well, let me just finish. This is what my concern is is that we've -- we are taking a very specialized segment of the population and carving them out, so to speak, and it's based on their health status because they have a health condition that is unique to them, but all of the other people that might get manufacturer coupons for less expensive drugs aren't effected, and I don't know if that is the type of discrimination that we should be doing in the plan because you're specifically targeting somebody that has a health -- it's based on their health condition because of the prescription that they need, and that's my concern about what's happening today.

So then looking at this, I don't understand how this change, well number one, the federal rule that you're talking about, I don't know if that's a challenge to the PEBP plan or is it a, you know, overall, you know, to all of the plans that are doing it and whether or not if they don't uphold it or they don't, you know, deny it, either one, are they still looking at maintaining this plan for the next plan year or are we talking about getting rid of that completely and looking at an alternative, either doing this Save-On SP program or not having a co-pay accumulator at all.

MS. RICH: For the record Laura Rich.

So I'll take this in chunks I think. So the Board policy was approved. It's something that we're -- we are -- we have implemented and we're carrying out. The Board has the ability to change that policy, prefer right now. This is an approved policy. This is in the MPT. This is what we're doing.

This is essentially -- we do know that this is that Board policy that was approved and that is something that a lot of other health plans are doing as well, that's being challenged on a federal level. So there may be changes. There is probably going to be changes to that which will undo that policy or may undo that policy depending on what the feds come down with.

So in anticipation of that, we still want to realize the cost savings that we're getting from this policy, and this is essentially an alternative to that. So if the feds overturn the current Board policy that we have we lose all of that savings that we accrued in this last plan year. This is a way to retain those cost savings and additionally help out those members who have those high cost drugs, who are currently now having to meet their out-of-pocket expenses because the manufacturer assistance is not going towards the accumulators.

MEMBER SMITH: Okay. I still -- well, if the feds overturn it, and now I'm assuming that it's a lawsuit against this plan regarding -- you're just saying overall.

Do the people who have not, who have been effected by it, will they be recouping their money from the plan?

MS. DALY: Sorry. Amy Daly for the record.

It's not a lawsuit. It's health and human services. CMS it's just coming out with new rules that would regulate this policy. So it's not a lawsuit of any kind. Basically, pharmaceutical companies are upset and lobbying CMS because through these programs members may change drugs midyear. So they provide these dollars to make sure people are adherent on their medication. Essentially it's a marketing tactic, but it also helps members afford the medications.

So they are upset with these types of programs. Midyear they could run out of co-pay assistance, and then the member may change from say Enbrel to Humara, and then they have lost all of those dollars and not retained the member on that prescription. So that's why HHS is considering making new rules surrounding this type of policy. So that's what is happening on the federal front. We were expecting to hear something from. They actually put out changes, recommendations for the policy, revoked them and we are expecting to hear new rules and policies around this between Thanksgiving and Christmas and they still haven't heard anything.

So we're waiting to hear what is that going to look like. It may not change the program at all. Chances are there may be some changes. The last proposal basically said you can continue to do this but only for drugs where generics are available which in this specialty space is very few drugs. So it drastically changed the scope of the program, but they weren't saying that the program was, you know, you couldn't run that type of program. They were limiting the number of drugs that could apply.

MEMBER SMITH: David Smith for the record.

I think we should explore but I think we should also look at considering eliminating the current policy and have discussion on that particular after hearing from people.

My biggest concern is, you know, where people get the money. I realize the pharmaceuticals use this as an incentive to use their drug. It's -- it's a marketing tactic and it can look unfair, particularly if the person is -- has their deductible paid for by somebody else, but we have people who if you go to the hospital on an emergency and the hospital says we're -- if you pay in the first month we're going to cut, you know, 25 percent off your bill so they are getting that benefit where other people don't. If somebody gives somebody the money they are getting that money from somewhere.

So where they get the money, I think the whole pharmaceutical industry is an issue that has to be managed by laws, but if we're doing stuff that is actually creating hardships for people on the plan, we're trying to take advantage of the system that congress has let occur, it's not really doing us any good. And, again, my comment is that or my concern that it's a small segment of the population in the plan who have specific health issues that are being targeted or discriminated against and that's where my concern is.

MEMBER FOX: Linda Fox for the record. Can I make a comment as well?

So I think this is very difficult to understand. I think I do now understand it. I'm also a pharmacist in my real job. I think if we were to implement something like this we would have to go to a lot of effort to explain it to members because I think -- I think it's difficult to understand, and I think the carveout makes sense for specialty meds because they're so much more expensive than other things, and I know not, so maybe like an inhaler that's like three or $400, I know that matters. I know that's expensive, but it still is a significant difference from like a Humara or something that's like $500 a month. So I think the carveout of the specialty meds does make sense. So I think it's worth exploring, and I think it's actually a good idea, and I think Jet has comments as well.

MEMBER MITCHELL: For the record Jet Mitchell.

I know a couple of comments were made that it's 318 people I believe it is or 300 something people. And I would make a note on a personal note. I am one of those 318, and I have received oral chemotherapy that cost $1,000 per week and am very familiar with Express Scripts Pharmacy from a patient perspective.

So full disclosure, in addition to being a licensed attorney, I'm a metastatic cancer patient that is currently in chemotherapy that is included specialty drugs. So I believe the reason the Board has a strong obligation to look at those 318 patients is because those 318 are high cost, including myself are high cost patients and those specialty drugs would not be the equivalent of discussing a 25 dollar prescription that a general practitioner gives to a patient.

So this is a carved out segment for a reason because of the substantial cost that the 318 patients would be incurring. To the comment of patient with a chronic, excuse me, chronic days, that would be an example of someone that would be receiving ongoing care and ongoing -- needing ongoing pharmacy support that would be maxing out her out-of-pock every year. So this kind of program would be applicable to the 318 because we're discussing very large claims and very large amounts, and it is confusing.

I'm a licensed attorney and a college professor and I don't understand. Sometimes I've been confused on what my co-pays were and what was being paid and what was going on. It's another job to manage a chronic condition. So rest assured, if I'm asking questions, I'm doing this also as a patient and also having received this benefit and it still can be quite confusing.

CHAIRMAN LONG: Thank you.

Peter Long for the record.

So, Ms. Mitchell, would that be a motion to approve at least a further analysis by PEBP and to bring that information back to the May meeting?

MEMBER MITCHELL: For the record Jet Mitchell.

Chair, that would be correct. That would be a motion.

CHAIRMAN LONG: Thank you.

We have a motion. Do we have a second?

MEMBER BAILEY: For the record Don Bailey. I second that motion with a little addition.

CHAIRMAN LONG: Absolutely.

MEMBER BAILEY: That staff provide us with a lot more information about the program instead of just a paragraph because it's not enough for us to digest but second the motion.

CHAIRMAN LONG: Okay. Motion and a second with much more detail at the March meeting on what exactly this program does and with that, further discussion?

MEMBER SMITH: David Smith for the record.

If it's going to be placed on the agenda I would also like to see the option to eliminate it completely when it's being examined.

CHAIRMAN LONG: Thank you. So -- so the direction would be that at the appropriate time of whether or not consideration would be for a new program it also would be placed on the agenda, consideration of revision or elimination of the existing program. Is that -- did I get that right? Okay. So with all of that, I have a motion and a second.

MEMBER MITCHELL: Chair, for the record.

CHAIRMAN LONG: Please.

MEMBER MITCHELL: Chair, for the record, I want to understand the last comment of if it would be eliminated completely then we would go back to that standard plan that the feds may be weighing if on anyway? I want to understand that last comment in more detail.

CHAIRMAN LONG: I think my understanding of that was that at the -- at the appropriate meeting it would be agendized to when like -- I can't think of the word, plan benefits are being considered that you would consider whether or not this new plan would be appropriate, the existing plan would be appropriate or?

MEMBER SMITH: David Smith for the record.

Consider eliminating the co-pay accumulator entirely from the policy.

CHAIRMAN LONG: Did that help?

MEMBER MITCHELL: Jet Mitchell for the record.

So you're talking about eliminating the co-pay accumulator entirely?

CHAIRMAN LONG: Not right now. Just to put it on an agenda in the future for consideration, not as part of this.

MEMBER MITCHELL: Oh, okay.

CHAIRMAN LONG: So the motion right now and the second would be to just allow the PEBP Board to do further analysis on the Save-On program.

MEMBER MITCHELL: Yes. Chair, Jet Mitchell for the record.

Which is for analysis. I understand, yes. Okay.

CHAIRMAN LONG: So all those in favor of the motion please say aye.

(The vote was unanimously in favor of the motion.)

CHAIRMAN LONG: Opposed? It carries unanimously. Thank you.

If it's all right with everyone, I would like to suggest we take a quick -- I'm sorry. Was there an opposition in the south on the vote? Okay. So we just weren't quite sure with the delay.

So if I could suggest a ten-minute break and everybody be back at 1:15. Thank you.

(Whereupon, a brief recess was taken.)

CHAIRMAN LONG: We're on Item Number Nine, update on Morneau Shepell performance improvement plan.

MR. PANDEA: Good afternoon everyone. Bruce Borges actually had a family emergency and had to step out. So I'm just going to reading his notes here.

All right. For the record I'm Jay Pandea (phonetic). I'm with Morneau Shepell.

I'm here to present a progress report on the performance improvement plan we previously provided for the Board in September and November which addressed a number of system and service issues. You have the larger report in your handouts.

Since our last update we have made solid progress in a number of areas. We have closed approximately 75 percent of the internal service ticket backlog and closed an additional 61 percent of the service tickets originating from the PEBP staff.

We have completed all testing cycles of the employer portal that agency reps will be using going to automate data collection. This is on target for delivery to PEBP next month.

We continue to put the necessary pieces in place to move the enrollment of the majority of voluntary benefits from the Morneau portal to Corestream for this year's open enrollment and beyond. The notable exception being the voluntary life product offered by the standard. That product is being worked on a separate plan and we are targeting a September 1, 2020 completion date.

Regarding another followup from the last Board meeting, after numerous discussions between Morneau Shepell, Corestream and Unum, the decision was made that it would be impractical to integrate Unum's long-term care product with

Corestream. There is simply no way to do the technical work with a standard that follows the rest of the voluntary products being offered.

The net result here is that Unum will be unable to meet the necessary requirements to integrate onto the voluntary benefit platform by the time their existing contract terminates on June 30th. Those members who have enforced policies will have the ability to port their policies and continue their benefit through an individual policy.

In all, we expect that both the transition of the voluntary products to the Corestream platform, as well as core benefit process improvements will remain on track for completion by April 1st.

We will have a further update on our progress in March, and I'm happy to take any questions you have.

CHAIRMAN LONG: Questions, discussions from the Board? Yes, sir?

MEMBER VERDUCCI: Yes. Thank you. Tom Verducci for the record.

I wanted to ask how the trend is going in terms of effecting staff member time and membership time. Are the improvements that you're putting in place reducing time that the staff is spending on the administration or are you saving time?

MR. PANDEA: Yeah, for the record this is Jay Pandea.

We're saving time. We're bringing in more knowledgeable experts on the process that have experience, and I know firsthand that there have been a lot of auditing that we've been putting in place and to lead to the improvements.

MS RICH: For the record Laura Rich.

I just wanted to add that, yes, what Morneau Shepell is implementing will hopefully be introduced efficiencies within, you know, all of the administrative side for staff, also a better member experience.

I do have to say though that at this point from an administrative side there is still a lot of frustration from staff as far as issues that are going on in the background and issues that come up everyday.

Morneau Shepell does typically address these issues pretty quickly, but I've been in constant communication with their leadership and expressed some concern over the fact that these issues, although they do get resolved, are constantly coming in. There's something new everyday, and I know that from a PEBP perspective, staff is pretty frustrated right now.

MEMBER VERDUCCI: So are the issues revolving technology or are they service? And what do you see in terms of being able to provide a solution for better service?

MS. RICH: For the record Laura Rich.

They are a little bit of both. I'll just give you one example. We were having issues where our call center, they have to access account information for those members who call in, and when they were accessing the member account they were actually looking at a different member account information, and so the call center staff, there was frustration. They couldn't help our members because what was coming up on the screen was not what was supposed to come up on the screen, and so there was frustration there.

There's also on the member side some -- currently there's issues with deductions, voluntary benefits that are deducted for services that were not or products that were not purchased by members so we're having to work through that. There's definitely issues that are out there that we're working through. It does -- we're hoping that it eventually does result in a better experience and a better staff experience as well, but there's still some challenges for sure.

MEMBER VERDUCCI: Did we somewhat recently approve a contract extension based on approved services?

MS. RICH: For the record Laura Rich.

Yes. That contract extension was approved back in 2018, and that contract amendment basically said Morneau Shepell will provide an upgrade eligibility and enrollment platform, better user member experience, as well as implementing the voluntary benefit platform. It did have the condition that they had to meet certain deliverables within the open enrollment time frame, and that all of those deliverables had to have been met by open enrollment of last year.

And as I explained earlier there was agreement between PEBP and Morneau that those conditions were not met and so at this point Morneau is this is why they are presenting this plan. There's a corrective action plan, and the decision will be brought back to the Board in July as to whether or not we want to honor that contract amendment or we want to or if we don't want to honor that contract amendment at that point. We don't have the -- we do have that choice because they did not make the deliverables as outlined in that contract. So this is why they are presenting what they are presenting to the Board on a bimonthly basis.

MEMBER VERDUCCI: So this is a work in progress here, and I believe what we're hearing is we're trying to see the service level improve and it looks like we have a meeting coming up in July, and at that point what would happen? Would there be an RFP issued?

MS. RICH: So the -- the agreement was that Morneau Shepell would -- for the record Laura Rich.

That Morneau Shepell would present a corrective action plan as they have been doing to the Board and after open enrollment, this coming open enrollment the Board will assess their performance. Did they meet their deliverables? Do they -- did they produce a better member experience? Is there -- are there improvements made on an administrative level, efficiencies, things like that have -- that will improve our program as a whole and their services as well.

So this will be assessed in July because open enrollment is in May. Obviously, that rolls into June. There's work that goes into open enrollment post May, and so this would be brought back to the Board in July to really assess the performance and decide whether or not we want to honor that contract extension and extend that contract or not.

MEMBER VERDUCCI: So it appears that the results from May are going to be very very important and something we'll be looking at in July.

MR. PANDEA: Yep.

MEMBER BAILEY: Mr. Chair, for the record Don

Bailey.

Your organization was given quite a bit of time to improve, and I see it as you have not. I take a harder stand. I think definitely by the next meeting, in the May meeting you must improve. Otherwise, an extension, you can call it an extension. You can call it a new contract, whatever you call it, there's probably going to be a few people that won't be in favor of it. So you really need to get on this one. We've had this discussion with your organization before.

MR. PANDEA: Uh-huh.

MEMBER BAILEY: Some of the new members may not remember, but I sure do, and I'm not in favor of extensions with two weeks notice anyway, and a lot of the Board members I don't think are. We should be given plenty of notice on whether we're going to extend or whether we're going to run a new contract, what we're going to do, and we're always coming up with short notices. That's not your problem. That's our problem. Your problem is getting your performance together. Thank you.

CHAIRMAN LONG: Thank you.

Any discussion in the south? Okay. Thank you.

MR. PANDEA: Thank you.

CHAIRMAN LONG: We'll move on to Item Ten, interim officer report.

MS. RICH: For the record Laura Rich.

This report will provide the Board, participants, public and other stakeholders information on the overall activities of PEBP.

The first subject that I want to touch on is the Legislative Counsel Bureau audit. So the Legislative Counsel or the LCB audit division supports the legislature by performing periodic independent audits of state agencies. These audits provide an independent and unbiased evaluation of government operations with the goal of improving accountability and effectiveness in state government.

So about a year ago PEBP was notified that the LCB would be performing in an information, technology and security audit on the agency. And then in March that a separate audit was initiated to include finance and operation.

So throughout the course of the last year PEBP staff have had a lot of -- a lot of auditors sitting in our office, and so we've had to work with those auditors and provide information and formulate responses to any questions and requests that they had.

So just to give the Board a little -- an update on how this is going to rollout. The LCB, eventually we are looking at these audits to be completed within -- the first audit is actually almost completed within the next couple of months.

The information technology audit, we have met with the audit team, and they have provided findings, and those findings will be presented to the legislative audit subcommittee on I believe February 18th. Until that time those findings are confidential so I can't share those findings at the time -- at this time but we will have at that point 60 days, PEBP will have 60 days to formulate a correction action plan, and that corrective action plan will then be brought to the Board for approval. So at the next Board meeting this will be an agenda item to discuss the findings of that.

The second audit has not been completed. I anticipate that being done within the next month or so, but we don't know where that's at yet. It sounds like it's coming soon, but we have not met with the auditors for a final findings meeting.

The next item is the Interim Retirement and Benefits Committee. So on February 5th, 2020, PEBP is scheduled to testify at the Interim Retirement Benefits Committee or IRBC. The IRBC meets biannually between sessions to review the operations of the Public Employees

Benefits Program, the Public Employees Retirement System and Judicial Retirement System, and at that point the committee can make recommendations based on the information that's being presented.

We have a variety of reports that we are presenting to the IRBC. One of them was that EPO report, and at that point the ledge -- legislators on that committee have the opportunity to ask questions, and PEBP has the opportunity to kind of get a sense of where the legislature -- where the legislators are. What they're interested in and where their stance is on certain things for this upcoming session. So that is scheduled on February 5th. We'll be down in Las Vegas to do that.

I also wanted to bring up to the Board that there are a lot of upcoming contracts that will be expiring. So they will be expiring in 2021, and while that does sound like it's a ways off, due to the long runway that is needed if the decision is to go out to bid for these contracts, then PEBP will need to bring each of these up for discussion fairly early so we can develop a solicitation and move forward on that.

Some of these will require a -- the replacement of an existing vendor and will require substantial planning and significant implementation time. So it's crucial that we begin this process early to reduce the risks of disruption to the program and membership. So there's a list there of contracts that we're going to have to look at and bring back to the Board fairly soon that we can look at probably going out to developing some solicitations on that.

Then there's operational changes within PEBP. We've been, as you heard, we've been working very closely with Morneau Shepell to move towards a more paperless efficient enrollment system. Currently employers from agencies are required to complete and mail in forms whenever there's an employee status change.

So if for example when someone at UNLV is hired, a representative at UNLV fills out by pen and paper a form and sends it into PEBP. And as you can imagine this creates some operational inefficiencies. There's, you know, things that are lost in the process in the mail. It's not a good system and it -- it was a good time to upgrade that. So we are looking at developing, and we're actually in the process of developing and testing an employer portal.

So what this is is an electronic mechanism for agencies to report on their employees versus using that paper process. Not only is this easier for agencies, it's more timely. Members -- PEBP knows about members earlier, and so members have that opportunity to select their benefit. We know that they exist. If there's someone that starts for example at UNLV, if they start on January 1st, we may not even know they exist until January 20th, and we're not able to give that employee access to the system until that time.

This way gives those employers an opportunity to do this in a more timely manner and to also view what they have done and the status of their employees. So I think that this is, really I'm excited about this. I hope it rolls out well, and I think it will be something that our employers, the agency reps are going to appreciate as well.

The next one is partnering with Public Employees Retirement System or PERS. I touched on this a little bit earlier. About 40 percent of our population, our overall population are retirees, and recently there were some leadership changes over at PERS and they -- they have a new operations officer. We invited them over to PEBP, and so PEBP staff and PERS staff got together and we identified many opportunities that I think we can work together on to leverage our resources, leverage the -- the opportunities that we have with members to provide.

Like I said, with retirees, that when an employee retires there's a lot of steps that they need to complete in order to retain their retirement benefits and their medical benefits as well, and so we're looking at opportunities to leverage those resources between PERS and PEBP and coordinate more closely so we can better serve that population.

Both organizations have committed to incorporating the other retiree related communications and presentations and outreach and things like that. So I'm excited about that as well.

Conclusion, PEBP has had or PEBP has a busy year ahead. In addition to several public presentations, contract decisions, potential RFP's and operational and system changes PEBP staff will also be working very closely with the Board and the Governor's Finance Office to prepare for the fiscal year '22 and '23 budget building as well.

CHAIRMAN LONG: Discussion on the presentation?

MEMBER VERDUCCI: Yes. Tom Verducci for the record.

Laura, I wanted to ask you which contract here is going to effect hospitals that are available in the CDHP program? I know we had discussion over the last couple of years in terms of opening up to allow Saint Mary's and Northern Nevada Medical Group and Banner and various hospitals additional access into the program. Do any of these contracts specifically address that?

MS. RICH: For the record Laura Rich.

Yes. The in-state PPO, EPO or Hometown Health, that expires and it says July 30th of '21. I believe that's actually June 30th of '21. I would have to go back and check but it stands out to me as being incorrect. But yes, Tom, you're right. That is -- that is the big discussion on what, how the Board is going to want to pursue access and cost.

MEMBER VERDUCCI: So will there be discussion on plan design in terms of what we're looking for in terms of just, you know, putting it out and hoping for the best response if it's exclusive or open up for competition? I suggest that we do have some input from the Board to see how we want to end up with an RFP before it actually hits the street.

MS. RICH: For the record Laura Rich.

That is -- you're right on point. That is exactly what we'll be doing. Likely at the May Board meeting we'll bring this back and this will be an agenda item that is discussed so that PEBP has some direction and guidance on how the Board would like to proceed with that RFP.

MEMBER VERDUCCI: And as a follow-up, I really like your idea of partnering up with PERS. As you know, in my former life I worked with Hartford and Mass Mutual and many many years, a couple of decades I worked on the State of Nevada program and whenever we tagged up -- tag teamed with PERS it would create an incredible draw from the membership.

We would have better attendance at the meetings, and I'm not personally involved in the State of Nevada deferred comp right now, but if you could team up with newsletters and activities that the deferred comp is doing, they cover several thousands of your retiree memberships and I think with all three working together, it would be a huge success in partnership.

CHAIRMAN LONG: Any additional discussion?

MEMBER MITCHELL: For the record Jet Mitchell.

I wanted to clarify as to the upcoming expiring contracts. As far as for when the appropriate discussions or more discussions would in your opinion would need to be begun and/or continued. So your wording was that substantial planning on significant implementation time frame. So what makes most sense as far as those pathways for these contracts and is it the same for each of them or do you see different pathways?

MS. RICH: For the record Laura Rich.

Some of these are going to require a much longer runway than others. Obviously, website hosting is going to be a pretty -- pretty simple RFP. Whereas, the PPO and EPO network is going to be -- is going to require a lot more discussion, a lot more analysis. So these are items that will probably be brought to the Board earlier. Like I said, I'm thinking May is probably an appropriate Board meeting date for that one.

Also, the management system, Morneau Shepell, I explained the contract situation. If the decision is made in July to not honor the contract extension or that amendment then the original contract expiration date is December 31st of '21. That one will require not just an RFP as solicitation but it will also require very significant implementation time and so this is one that, you know, if we are going to look at that, it's going to have to come earlier rather than later.

CHAIRMAN LONG: Additional discussion?

Thank you.

Moving on to Item 11, discussion and possible action regarding the permanent appointment or recruitment of the executive officer. It's got me that's supposed to talk about this one.

So the Board would have several options on this. One would be to make the recommendation to the Governor's Office that Laura Rich be appointed permanently to the executive officer position. The second would be that we, the Board direct their HR representative, agency HR services within the division of human resource management to open a recruitment, collect the resumes, screen those and then provide those back to the Board at which point interviews would be conducted in an open meeting.

The third, and I know this was brought up by I think the last meeting and this meeting about a national search. I don't believe from the information I received that PEBP has any funding to pay for that. Typically that would -- could be 40 to $50,000 or more for a search like that.

I would suggest, having been in a former life three months ago, the administrator of HR and will be returning to that role on Monday, that an open competitive job announcement through HR can and probably will reach as many people as a search from. It may not be as targeted but we have the ability to put it on dozens of websites, and I think that -- I would suggest that that might be the best option to start to see what comes in, and that could then be presented to the Board or the Board could be made aware to whether they wanted to agendize it at the March meeting and conduct interviews based on the applications that come in or if there weren't a good number of applications then you could consider further what you may want to do.

But as you've seen today there are a lot of things coming up, and I think you want to get a permanent executive officer appointed as soon as possible. So open for discussion.

MEMBER ZACK: Chairman Long, this is Christine Zack on the phone.

CHAIRMAN LONG: Excuse me?

MEMBER ZACK: Chairman Long, this is Christine Zack on the phone.

CHAIRMAN LONG: Yes.

MEMBER ZACK: Hi. I was unable to attend the December meeting, but I did read the transcript and I listened to the public comments this morning, and I don't understand why we're discussing any search, and I guess I just don't subscribe to the concept that we need to do a search or interview a certain number of candidates for an open position unless it's required somewhere.

You know, my best hires over the years which included attorneys, a CFO, an HR officer, they were the only candidates I interviewed for a position. And conducting a search at executive levels is never quick. As you pointed out, it leads to instability and uncertainty for staff.

I reviewed Ms. Rich's professional accomplishments after her Linkden profile. Personally I think she's overqualified for the role. She served as PEBP's COO for a couple of years and she's previously worked with the Health Exchange and GHS. Additionally, she has an MBA.

I as an outsider to the state, who moved here in 2012, I can say that relationships matter in this state, perhaps even more so than in other states, and an outside candidate would not have the relationships or credibility that Ms. Rich has. And if we're interested in gaining the perspectives and innovative ideas from other states I anticipate that Ms. Rich would continue as Damon Haycock's participation in national organizations for best practices are shared.

So unless it's required somewhere that we interview a certain number of candidate or do a search, I'm opposed to that and believe we should simply appoint Ms. Rich to the executive director position. Thank you.

CHAIRMAN LONG: Thank you. When I made my first option, I don't even know if Ms. Rich is interested in the permanent appointment. So that may be something that would have to be addressed. All I was -- all I would suggest is that, and I don't disagree with you. I mean, you all have worked with her and know what her abilities and skills are. If that was your interest you could still open a competitive recruitment for a short period of time, a couple of weeks and see what comes in and then you can certainly have that on the next meeting for it.

I think you're probably going to be pretty busy at the next meeting with possible rate settings and everything else, but that doesn't mean that you couldn't limit the interviews to, you know, two or three people. You don't have to interview dozens. I doubt we'll get dozens but, you know, we can always hope. So, again, just my two cents worth.

MS. RICH: For the record Laura Rich. This is -- go ahead, Linda. Go ahead.

MEMBER FOX: I'm sorry. That delay. I wanted to add that I agree with Christine Zack. I think we should do what is most efficient and appointing is more efficient than recruiting. I also think if we recruit we might get somebody that has experience in that particular world but it wouldn't be experience specific to us here in Nevada. So I think it makes more sense to appoint Laura Rich. I also think it's the right thing to do.

So I also work in state government, and I've seen many times where we put somebody in an acting role sometimes for a very long period of time. They do the job enthusiastically. They do it well, and then we replace them, and I think that's a terrible thing to do. I don't think it's the right way to treat somebody. So I think the simplest, most efficient thing and also the right thing to do is simply appoint Laura and not do a recruitment. Thank you.

CHAIRMAN LONG: Thank you. Peter Long for the record.

May I suggest that if that's what the Board chooses to do, and I'll take a motion is that we have an option in there that -- that the motion would be that and I'm -- I'll still have more discussion but for you to ponder this. That you make a recommendation to the Governor and the Governor makes the appointment.

So the motion could be something to the effect of the Board recommends that Ms. Rich, if she's interested and we need to find that out, be appointed and we probably need to get some input from our DAG and should the Governor -- if, you know, the Governor should not permanently appoint then you're directing that a recruitment be conducted, something to that effect. So you're not waiting two months to do this again should the Governor, and I have no information at all if the Governor should choose not to appoint Ms. Rich. So, again, more discussion, please.

MS. MOONEYHAN: Mr. Chair?

MEMBER MITCHELL: For the record Jet Mitchell.

CHAIRMAN LONG: Yes.

MEMBER MITCHELL: I heard you give the three potential courses of action which was, number one, appointment, number two, open recruitment and number three, a national search. I advocate the open enrollment with a very limited window of recruited candidates being accepted. My former life is in recruitment and specifically in the technology sector but headhunting and recruitment, and an open search that allows any candidate to apply could then allow the Board to look at all candidates and if the candidate that is chosen is the interim, which she is imminently qualified to serve in that role in my personal opinion, but it allows every candidate that maybe have potential interest to apply.

And there could be a very closed or very short-term recruitment, but it does then give the opportunity for all candidates to apply and then additionally PEBP the opportunity for every candidate that is interested to come forward. It does not incur that 40 to 50,000 dollar cost is my understanding from your comments but would be just that short -- that short open recruitment period.

CHAIRMAN LONG: Thank you. You are correct in your understanding. There would be no cost if the division of human resource management conducted that recruitment. That's part of what you all pay for.

But further comment?

MEMBER SMITH: David Smith for the record.

I don't have the advantage of having worked with

Laura. So but I have worked with people in the past, and I've always believed promoting somebody within when they particularly have a knowledge is generally a good practice if they're capable to do it, but I also know this is not just a regular promotion. It's a major -- it's overseeing a department and it's very political.

And I think that when it comes to appointments that you -- we should be doing our due diligence and going through a process so it doesn't look like we're just, you know, not really looking at who else is available and no disrespect whatsoever. I just think it's a better practice to see what's there. This way it doesn't -- when the best person is picked, and if it's Laura, then she went through the process just like anybody else and she showed that she was the best qualified candidate and so that's my two cents.

CHAIRMAN LONG: Thank you.

Ms. Mooneyhan, do you have any input on this?

MS. MOONEYHAN: Thank you, Mr. Chair.

I had just interjected to comment that I do not believe that it would be appropriate to appoint somebody today because it was not agendized that way. If the Board decides that they want to appoint a specific person, that will need to be put on a future agenda.

CHAIRMAN LONG: Thank you for saving us from the open meeting law.

So you've heard our -- our legal counsel's advice. So further discussion?

MEMBER MITCHELL: Jet Mitchell for the record.

CHAIRMAN LONG: Please.

MEMBER MITCHELL: I have a question for -- I have a question for Brandee. Is there any potential conflicts with the Board discussing a potential recruitment when one of the candidates is in the room? Is there any potential conflict with that because on a personal note I want to endorse Laura and do endorse Laura and did very specifically endorse her in an interim role. Is there any specific conflicts with us having this discussion here while we're discussing a potential recruitment for which she may be a candidate and in my opinion should be a strong candidate?

MS. MOONEYHAN: No, there's no conflict and that should be appropriate.

CHAIRMAN LONG: Mr. Verducci?

MEMBER VERDUCCI: Tom Verducci for the record.

So then based on what Jet just said I want to tell you when I was asked to step in here from the private sector back in four years ago, three and a half years ago the culture was not that good at PEBP. I've seen a huge improvement in the last three and a half, four years, and I can tell you from what I know, the PEBP staff members really like Laura.

Sometimes you seek the market and you end up getting something that you weren't really expecting, but I also think that we've heard some good testimony from the advocate groups today about transparency, fairness. Someone mentioned to me that, you know, maybe we have a tough negotiator out there who can come in. But from what I've seen Laura is very very capable of doing the position. She did a very good job of putting today's meeting material together.

I had a question on Friday when I was done working. I was actually communicating with her on Friday 7:00 o'clock. She flew back from a vacation she was on on a Friday to provide testimony on a Monday, and I think that we have a loyal and dedicated staff person that could fill the shoes of a very good person we had before, Damon Haycock. Not to go on too long here, but I do think that Laura is very very capable for doing the position here and provide good culture with the staff within PEBP.

CHAIRMAN LONG: Further discussion?

Okay. Then I think based on input from our legal and the discussions that have been had today, an appropriate motion would be to request agency HR services within the division of human resource management to open a recruitment for at your discretion, you said a short time. That would typically be two to three weeks, but I'm not making that motion. I'm just suggesting what I thought I heard, so.

MEMBER BAILEY: Mr. Chair, for the record Don Bailey.

The only thing I question is should we not hear from our partners? We heard some today in comments but they may have further comments on how we're going to handle this, some kind of guidance, how they feel about a change or not a change, but I think their input is important.

CHAIRMAN LONG: Thank you. I agree with that. And since we're almost to public comment, I can table Item 11 and ask if there's any additional public comment and then we can come back to Number 11. If that works for our legal counsel.

MS. MOONEYHAN: Yes.

CHAIRMAN LONG: Okay. So we're going to table Item 11 and ask for any public comment under Item 12, if anyone would like to provide that.

MR. ERVIN: Kent Ervin, Nevada Faculty Alliance.

You know, our position about having a recruitment and I didn't mean an expensive headhunter search is a very general one and a general policy what we found that, you know, at the university level works well, and it has nothing to do about our preference of a candidate. We've been very pleased with Laura Rich's outreach to us and handling this meeting and handling all issues, and so that's not it. You know, that's not the question.

But I would echo David Smith's point of view, if you do this, allow others to come in, then you know what was out there and can defend it and it gives broader, not legitimacy but that's not quite the word I'm looking for, but kind of power to the person who does get the job.

And I also agree that often the internal people are the best qualified and the ones you ought to go with, but that's a choice that can be made. It is awkward in an open meeting that you have to, you know, look at your choices and do it in an open meeting but that's -- that's how it works, and I just think that doing this short-term open recruitment, see what's out there but let whoever want to apply apply because as somebody said we don't know for sure who's going to apply but I can guess. I just think it's a better process. So it's more about the process than -- certainly more about the process. It's not about the outcome.

CHAIRMAN LONG: Thank you.

Next?

MS. LOCKARD: Thank you. My name is Marlene

Lockard representing the Retired Public Employees of Nevada.

I would like to echo Dr. Ervin's comments. I agree 100 percent. It has nothing to do with our interim executive director. She is very highly thought of, and we think the process should just be an open recruitment for the reasons previously stated.

I did want to clarify. When I said a national search I in no way meant a national search that would require 40 or $50,000. Mr. Chair, you're the HR expert, and so I appreciate you outlining the difference between a recruitment and a national search and the cost, but I was not advocating for the headhunter type search at all.

And then are we done with public comment or can I comment on a different issue?

CHAIRMAN LONG: We're open. Public comment is open under Item Number 12. So you can comment on anything you would like at this point. Please keep it to three minutes or less.

MS. LOCKARD: Yes, of course. I did want to clarify how I think the majority of us feels about excess reserves and a request for an audit. In my view it's not about Board policy. We have had double digit million dollar excess reserves since 2011. That's nine years that we have had millions of dollars in excess reserves, and I have advocated for many years that at some point you have to true that up. Why do we consistently have those amounts?

So the intervening years I have argued that we restore some benefits that were cut in 2011 on a permanent basis and that has happened. They started out being one shot. We'll increase your benefit X but just for this fiscal year and so they were one shot allocations.

And then over time those were put back. Some were put back in the base budget for PEBP and so they are permanent. There was even I believe it was $11,000,000 that was advocated to provide the reserve for the EOP when that was developed to replace the HMO that we had. So our contention is that if you consistently have that amount of excess there's something with our projections that isn't happening correctly.

And so it's not an issue of what to do with excess reserves or Board policy. It's why do we consistently have those. And I know in discussions with Ms. Rich that utilization is up and some of the reserves may not be as high as they have been in the past, but we have had wild fluctuations of estimates of only being 3,000,000, $2,000,000 only to end the year again in double digit millions of dollars. So I think there needs some real analysis of that. So I just wanted to make that clarification. Thank you.

CHAIRMAN LONG: Thank you.

Next?

MS. MALONE: Good afternoon. Pricilla Malone with the AFSCME Retirees.

And I am also in the position of this would be my public comment even after Item 11 is decided because I just echo on Item 11 what my colleagues, Dr. Ervin and Ms. Lockard have said.

I want to go back real quickly, and I'm keeping that three minutes in mind to several things I highlighted during today's meeting. So first on item -- Agenda Item Five, which was Aon Hewitt's presentation at page six, where Aon Hewitt did give a shout out to a positive. And normally in trending when we seek claim dollar amounts go down, that's a positive, but I would caution the Board this is specifically on the retirees, the teal color, where she said it was a negative. I'm looking at the slide myself. It's page six on this Item Number Five.

Just be careful when we're doing analytics about trending downward, what we saw in 2011 where we had literally this huge overhaul of PEBP, and we moved to a consumer driven healthcare, high deductible healthcare plan. We saw a huge dip in claims in the regular column but an increase in catastrophic claims I believe between 2011 and 2013, and I recall very vividly in the 2013 legislative session that several of our legislators who have been on these assembly and senate committees for healthcare and health services were concerned what was really happening. This is what they were getting anecdotally from their constituents is the high deductibles and the out-of-pocket were killing them. They were used to those flat PPO type co-pay arrangements in the past, and they were under-utilizing our services.

So I'm saying, yay, that's always good to see trending going downward, but just keep in the back of your mind we want to make sure that utilization rates are baked into analysis when we see from Aon or whoever is doing an analysis of the program's trends, that a downward trend is not indicative of people saying, hey, this is too expensive.

And that gets me to my next item number comment which would be Item Number Seven, and this is on the budget enhancement concepts. I've said this before on the record, but we do have a couple of new members. So I'll say it again. We have done our own internal crude, if you will, data point analysis on our membership's demographics at AFSCME Retirees and we believe, we believe that at least for right now the majority of our members are Medicare Exchange Retirees.

So as a practical matter, these things that are listed under, I had the slide up here. I'm sorry. So this would be on Item Number Eight on page two, we don't have a ranking. We have it surveyed. We've talked about doing survey in our membership with these enhancements which would have the most popular votes, but we haven't done it yet.

CHAIRMAN LONG: Three minutes.

MS. MALONE: I know. I know. I'm sorry. So I'll talk faster.

Just keep that in mind anecdotally again the life insurance premiums are important, and the dental increase in premium is important, and I've heard anecdotally vision important.

And then finally, and this is important to, well, it's all important, but going to Board Member Smith's comments on Item Number Nine on the Save-On program, I have in my hard drive luckily a document which was a benefit -- I'm sorry, a PEBP legislative session, this happens I think almost monthly we get together. There's a chart that the executive director puts together of all the pending bills and what the impact will be towards PEBP.

So there was a bill, Senate Bill 226 that specifically addressed for all insurers, not just self-insured, not just public insurers, all insurers in Nevada. What we could overlay on top of the Affordable Care

Act to deal with this specific issue on the coupons, the manufacturer coupons and then who actually gets the savings. Does it apply to the deductible, the out-of-pocket, whatever. So that bill was analyzed. It's in one of the earlier, Ms. Spinelli, if you're looking for it, it's one of the first ones Damon put out. So I would look back in like February or March. That's where it was. That bill never -- it never got any legs. It just died. Although, it was exempt.

So finally my TSA is next week on the 30th. There is an interim study. This is from Senate Bill 276 concerning the cost of prescription drugs and if you're not --

CHAIRMAN LONG: No. No. We're --

MS. MALONE: You're good. Okay. I just want to make sure you were aware of that because I think this issue is still very much on their radar.

CHAIRMAN LONG: Thank you.

MS. MALONE: All right. And that's it. I swear. Bye.

CHAIRMAN LONG: Anyone else in the north? In the south? We'll take the south and go back to the north. Go ahead. You can sit down.

MR. UNGER: All right. Doug Unger. I represent the Employee Benefits Advisory Committee at UNLV, UNLV

Faculty Senate and we also report to our President's Advisory Council.

I just want to say that our group unanimously supports Interim Executive Officer Rich in her position and made a strong statement to the Board that she should be appointed in November -- in December, and we would strongly encourage her to apply for any position that would open up.

I want to say that in preface to agreeing with my colleagues at NFA and AFSCME and RPEN that we believe that some kind of open search process is better, and it's probably better because whoever then is appointed will speak with more authority and be able to have a stronger negotiating position with state agencies after having gone through a search process rather than just the internal appointment.

So we would suggest that you undergo a search process of some kind in order to increase the authority in negotiating power of the executive officer when such an executive officer is appointed.

The second point I would like to make is that I don't know when the last time the PEBP Board did an analysis of the salary of the executive officer, but anecdotally I know that the salary of the executive officer compared to similar positions in the private sector is very very low. The question is if you do a big national search how are you going to attract a good candidate if you're offering a salary much below private sector amounts. So it becomes the problem with most state agencies in Nevada that we have a retention problem because of our salary scales.

So once we find a good person who is willing to do the service for the state, you know, we advise that you try to hang onto that good person. Thank you very much.

CHAIRMAN LONG: Thank you.

It looks like the last person in the north.

MS. BOWEN: Good afternoon. My name and my words for the record, my name Peggy, P-e-g-g-y Lear, L-e-a-r. Last name Bowen, B-o-w-e-n. Thank you all for your time, energy and efforts today.

Some important things to remind you about and that is monies and controlling monies and search and, quite frankly, Ms. Rich came in and filled the role that we desperately needed. We were at a crunch time then that we put out for a search for people to come in and -- and -- and hers was the only -- she came in and filled the role when no one else would. You said find a person who can do this, that and the other thing.

You're looking right now for legislative session that thinks this Board is important and it is our voice. We hope that you do anything and everything you possibly can to maintain PEBP as an entity and not have it erased from existence.

When -- when -- when Mr. Haycock was here he had a good relationship with the legislature, and you haven't mentioned much about legislative relationship. They are the people with the pursestrings. That's the control they have over PEBP, and Ms. Rich was given some indication where she changed her location, tore her family out of where they lived, brought them all here, moved, lock, stock and barrel to come in for a position that she thought, and I could be speaking out of order, and I apologize if I am and you will surely correct me. She came here thinking this was a permanent position to be had and that -- and she has done an excellent job in every single -- what things have you asked of her that she hasn't done? Name it because that's your responsibility right now.

We're getting into a time where PEBP has to look like it is back in control of itself. You're right. She came in in tough times. Please consider doing that. When it comes to the meetings, she's the one who made access available and she improved the open meeting law.

You'll remember that we had people who actually used PEBP and because there was an auditor, an outside auditor that actually was going to be arrested for stealing funds and embezzling from PEBP and it was -- and Damon Haycock worked very hard to open this up and made sure that all members of PEBP were evaluated. You have not mentioned once that in looking for somebody. You also need to have an evaluation in place by which you're going to evaluate people when it comes to the end of their contract or the end of their time or time for evaluation.

You have to have -- you have to know what, when you have a person come in to this position they have to know what the responsibilities are. If you don't have a job description, an evaluation type form in place to do those things ahead of time, you're putting carts before the horses maybe, and maybe by this conversation today that you'll keep that in mind.

And -- and most importantly, take a look at what you've got right now. An interim search, if that's -- if that's what you want to do, I consider that almost a betrayal of what you have. What are you looking for that you're not getting now? That's my personal opinion and -- and I can support having a very short period, but make it extremely short and give the person, whoever it may be, the right and nobody has yet to ask her if -- she obviously wants the job or she wouldn't have come in the first place. She wouldn't have moved. She wouldn't have upset her life. She wouldn't upset her kids' lives. She wouldn't have changed schools and come do this job.

CHAIRMAN LONG: Thank you.

MS. BOWEN: Thank you.

CHAIRMAN LONG: I appreciate it.

MS. BOWEN: And please have a very very -- I hope you had a good Martin Luther King Day and looking forward to a great whatever you practice whatever you believe in in your next celebration.

CHAIRMAN LONG: Thank you.

MS. BOWEN: And go Wolf Pack.

CHAIRMAN LONG: So we'll close Item Number 12 and come back to Item Number 11 and I don't know the right term so we're just going to reopen Number 11. All right. See if we can get a motion on what we need to do regarding a recruitment for the executive officer.

Go ahead.

MEMBER SMITH: David Smith for the record.

I'll make a motion, and I know we have a lot of different options, but this is my personal feeling, that we do a short-term open competitive recruitment, 14 days. I think that should be enough time and then interview based on the candidates who apply and are qualified.

CHAIRMAN LONG: Okay. I have a motion that we do an open competitive recruitment for 14 days and interview the qualified candidates. Might I suggest that you condense that down a little bit and say something, interview the top three or top five qualified candidates?

MEMBER SMITH: As amended.

CHAIRMAN LONG: Do I have a second for that?

MEMBER MITCHELL: Chair, Jet Mitchell for the record.

As part of the motion would the interviewing be in the March meeting, the interview of potential candidates?

CHAIRMAN LONG: That should be part of the motion. Yes.

MS. MOONEYHAN: Mr. Chair, just for clarification who would make the decision on the top three or five candidates? Does the Board want to consider that and make that clear for the record?

CHAIRMAN LONG: Agency HR services who would be accepting resumes would determine who is qualified and then could consult with the general recruiting section to see who is the most qualified based on who has the highest level of minimum qualifications or we can -- we can bring those back to the next meeting and the Board can decide who they want to interview and then push that out to the meeting after that.

MEMBER SMITH: David Smith for the record.

Can I ask a question regarding this? Can you have a small subcommittee review and make a recommendation or would that have to be handled at an open meeting as well?

CHAIRMAN LONG: I would defer to our DAG on that.

MS. MOONEYHAN: Thank you, Mr. Chair. The Board could delegate that to a subcommittee, and subcommittees are subject to the open meeting law requirements. So you can delegate it to a subcommittee but you would also need to agendize its choices and do it in an open meeting.

CHAIRMAN LONG: So from my understanding, I didn't quite hear your last. Would it have to be on the agenda for the March meeting for the Board to select a subcommittee to evaluate the applications or can they -- could they do that as part of this agenda item?

MS. MOONEYHAN: Mr. Chair, you can appoint a subcommittee today. That is encompassed in the agenda item as it was written today, but that subcommittee, any meetings it had, it doesn't have to be in March. They can set a meeting next week. They need to make sure they apply -- comply with the open meeting law requirements again of at least three days notice and all of the other requirements of the law.

CHAIRMAN LONG: Okay. So let me get this straight. We have a motion for, to conduct an open competitive recruitment for 14 days and if I could get an amendment to the amended motion that the Chair appoint a subcommittee to review the qualified applications and determine which ones would then be put on the next agenda to be interviewed for the position.

MEMBER SMITH: I'll accept that amendment.

MEMBER VERDUCCI: Mr. Chair, just one item of discussion. Where we say 14 days we're kind of putting ourself down to the 14 days. Can we put a comma and within a reasonable time frame, 14 days or a reasonable time frame?

CHAIRMAN LONG: I guess I would be more comfortable for saying 21 or I don't know what -- I don't know what your definition of reasonable is.

MEMBER VERDUCCI: Mr. Chair, 21 days I think is a little better than the 14 just so we're not up against any last minute deadline. That would be my suggestion.

MEMBER SMITH: No objection to amend it to 21 days.

CHAIRMAN LONG: Okay. So we have --

MEMBER MITCHELL: For the record Jet Mitchell.

CHAIRMAN LONG: Go ahead.

MEMBER MITCHELL: For the record Jet Mitchell.

I wanted to clarify if it's a subcommittee, is the subcommittee made up of Board members, PEBP Board members that you would appoint? What would be the subcommittee versus just using the resources that are already available through human resources?

CHAIRMAN LONG: It would be my understanding that the subcommittee would be a subset of the Board based on their expertise and experience on what they expect of the executive officer. The agency HR services would conduct the recruitment and provide all of the applicants who met the minimum qualifications.

MEMBER MITCHELL: Chair, Jet Mitchell for the record.

So the agency HR services would provide this subcommittee the top, all of the candidates and then that subcommittee would narrow that down to the top three or five or would the agency services just be providing that subcommittee the top five? I guess the reason -- let me just -- the reason I'm asking is it seems that agency HR services could perform agency HR services to provide the Board with the top three or five candidates for interviews in the March meeting without need for a subcommittee unless I missed something.

CHAIRMAN LONG: No. Peter Long for the record.

I think we -- I don't think you missed anything. I think we came in a circle where we started out with agency

HR services providing the top three to five and then a suggestion was made that perhaps a subcommittee could do a better job or could do a job of picking those three to five, so.

MEMBER SMITH: Mr. Chairman, I'm going to withdraw my motion in its entirety so we can --

CHAIRMAN LONG: Thank you so much.

MEMBER SMITH: -- work out a better one.

MEMBER ZACK: Mr. Chair, this is Christine Zack for the record.

I -- I just want to clarify. Was the amendment withdrawn to hold open 21 days the ability for applicants to submit their interest because I'm opposed to that. What we're talking about is going to draw this out until the June meeting it will seem like. I think we should have a really short period of time for potential applicants to submit their interest. And then, obviously, it will require additional time after that whether we refer to HR services, whether we form a subcommittee, but I'm opposed to holding open the interim period for 21 days. By the time it gets posted it's going to be another month.

CHAIRMAN LONG: Okay.

MEMBER ZACK: Just for that process.

CHAIRMAN LONG: Peter Long for the record.

Before we get the input on how it was done in the past, I will say that a typical standard recruitment would be for 14 days. Anything less would be considered a shorter recruitment. Anything longer would be considered where you don't think it would typically be longer because you think you may have difficulty tracking qualified applicants.

So my recommendation for a, if -- the recruitment should be for ten to 14 days and that's calendar days, not business days, so.

MEMBER ZACK: Thank you.

CHAIRMAN LONG: Anything less than ten you could have the perception that people didn't have the opportunity to see the job announcement is all is where I'm getting.

MEMBER ZACK: Thank you, Chair. Again, Christine Zack for the record.

You heard me earlier. I'm a person who goes with my gut and hires people without going through this process but in the interest of compromise I think that I, you know, would be willing to endorse 14 days but not 21.

CHAIRMAN LONG: Okay. And if we can get on how it was done in the past.

MEMBER MITCHELL: Mr. Chair, Jet Mitchell for the record.

CHAIRMAN LONG: Yes.

MEMBER MITCHELL: I have a question about what we were discussing earlier. If the HR services would then narrow down candidates it would then -- are we going to be discussing the role that HR services would take, whether they would narrow down the candidates and then the Board would interview them as a whole or whether we would have a subcommittee? Are we discussing that?

CHAIRMAN LONG: We were getting ready to actually. My thought would be that, and I could be totally wrong, but I think if a recruitment was open for ten days and based on my understanding of what the number of applications that were received about four years ago and when Executive Director Haycock was hired and as was pointed out by some in public comment, the salary of the position in comparison to private sector, I don't expect it to be a large volume recruitment, and you can probably -- without a subcommittee you could probably interview all of the qualified applicants. I don't anticipate it's going to be a large number and if I'm wrong, I apologize, but my guess would be you would get four to five qualified applicants but if you want to provide some input on what happened last time that would be great.

MS. SPINELLI: Thank you, Mr. Chair. Nancy Spinelli for the record.

The last two executive officers that have been appointed by PEBP, we held the recruitment in two different ways. When Mr. Wells was appointed we held an open -- I believe that was a national recruitment as I recall. And all of the resumes went to -- they were submitted to our agency and we had a subcommittee of a few Board members who reviewed those resumes and decided who they wanted to interview, and then they conducted those interviews and appointed from the applicants.

And this next recruitment was for Mr. Haycock, and in that recruitment the interim executive officer at that time came back out of retirement just to fulfill that position until a permanent position was recruited, and so they opened the recruitment and then both the Board Chair and interim executive officer at that time reviewed the applications and they decided who they wanted to interview, and that's how the last two recruitments went from my recollection.

CHAIRMAN LONG: Thank you.

So there you go. So that provides -- I mean, if you want rather than have agency HR services collect the resumes they could come to the PEBP itself. But I guess my recommendation or suggestion would be that to just make sure that there's no perceived conflicts, that the recruitment would be conducted by agency HR services. The resumes would go to them and then if you want, and they could -- they could review for the minimum qualifications. And then if you want the Chair and a couple of members of the Board to review those to see which ones you would like to interview that would be fine. That takes out the -- this is not -- that takes out the possibility of misinterpretation of minimum qualifications by someone who's not typically not used to reviewing those type of things.

So yes?

MEMBER SMITH: Okay. So basically if we were to do a ten-day recruitment and the Chair designates two or three Board members that would sit as a subcommittee if there are more than five qualified applicants as determined by human resources. If not there's no need for a subcommittee to meet. They can just go to the next meeting for interviews. If there is, then the subcommittee can meet and pick the top three or five, whatever it is and then schedule those for the next meeting.

CHAIRMAN LONG: So I have a motion. Do I have a second? The motion was that I think that -- than an open competitive recruitment be open for ten days. The resumes would be submitted to agency HR services. They would be reviewed for minimum qualifications. If there are five or less that meet the minimum qualifications they would all --

all be interviewed by the Board when at the meeting where that was determined to happen.

If there's more than five then the Chair -- let me ask the DAG, does the Chair have to designate that subcommittee now or could it be done offline?

MS. MOONEYHAN: The Board should decide who's going to act on the subcommittee today.

CHAIRMAN LONG: Okay.

MS. MOONEYHAN: If there's going to be a subcommittee.

CHAIRMAN LONG: So the motion was that, and then if there's a second then -- then I can designate three people that would review the resumes if there are five or more, more than five.

MEMBER MITCHELL: Chair Long, Jet Mitchell for record.

I think the time frame, Tom had mentioned the 21 days and then you mentioned standard was the 14 calendar days. So I think that I would propose to amend that motion to a 14-day, as four days won't make much of a difference logistically, but it would be more in line of what you had said was standard for this type of search. So I think that the time frame should be that 14 day time frame.

MEMBER SMITH: I'll accept that amendment.

CHAIRMAN LONG: An amendment has been accepted. So we have a motion for a 14-day open competitive recruitment to be conducted by agency HR services. Should there be five or more qualified applicants, subcommittee which will -- which will be appointed will recommend which five come to the Board. If there are less than five, five or less they will all come to the Board. Do I have a second on that?

MEMBER MITCHELL: Jet Mitchell. I second the motion.

CHAIRMAN LONG: It's been moved and seconded. Discussion? All those in favor please say aye.

(The majority of the vote was in favor of the motion.)

CHAIRMAN LONG: Opposed?

MEMBER FOX: No.

CHAIRMAN LONG: So we have one in opposition. Motion passes.

So now as part of Item Number Ten and please correct me if I'm wrong, I would ask if there's anyone who would like to participate in the subcommittee if it's required to review the resumes to make a recommendation which one should move forward if there are more than five. I'll commit the Chair to being part of that subcommittee. Is there anyone else that would like to participate in that or do you want me to just like --

MEMBER MITCHELL: Chair Long, Jet Mitchell.

I would like to participate.

CHAIRMAN LONG: Okay. So that's two.

MEMBER BAILEY: Mr. Chair, I'll go with it.

CHAIRMAN LONG: Thank you, Mr. Bailey. So make sure with our DAG is the Chair and two members enough for the subcommittee to evaluate the resumes?

MR. MOONEYHAN: Mr. Chair, yes. The Board can delegate to any number of people they want. So if you make a subcommittee of three that's perfectly acceptable.

CHAIRMAN LONG: Thank you. So it will be the Chair, Mr. Bailey and Ms. Mitchell that will participate in the subcommittee if necessary. I think that takes care of Number 11.

MEMBER MITCHELL: Chair Long?

CHAIRMAN LONG: Yes.

MEMBER MITCHELL: Jet Mitchell for the record.

Just to clarify, you did say that the interviews of those qualified candidates would be in the March meeting, that is correct, right?

CHAIRMAN LONG: I think. Yes, it will -- let me check and see if -- yeah, it will be at the March meeting. So I'm going to make a commitment for my boss to be coming

Monday since there will be a new Chair starting Monday. But, yes, the meeting will -- the interviews will be in March.

So at this point we're on Item Number 13, adjournment. Do I have a motion to adjourn?

MEMBER BAILEY: So moved.

CHAIRMAN LONG: Second?

MEMBER VERDUCCI: So moved.

CHAIRMAN LONG: All those in favor say aye.

(The motion was unanimously in favor of the motion.)

CHAIRMAN LONG: Thank you everyone.

STATE OF NEVADA,)
) ss.
CARSON CITY.)

I, KATHY JACKSON, Official Court Reporter for the State of Nevada, Public Employees' Benefits Program Board, do hereby certify:

That on Thursday, the 23rd day of January, 2020, I was present for the Public Employees' Benefits Program, Carson City, Nevada, for the purpose of reporting in verbatim stenotype notes the within-entitled public meeting;

That the foregoing transcript, consisting of pages 1 through 140, is a full, true and correct transcription of my stenotype notes of said public meeting.

Dated at Carson City, Nevada, this 3rd day of February, 2020.

KATHY JACKSON, CCR
Nevada CCR #402

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