

In The Matter Of:
PUBLIC EMPLOYEES' BENEFITS PROGRAM BOARD
TRANSCRIPT OF PROCEEDINGS

TELECONFERENCED OPEN MEETING
April 27, 2020

Capitol Reporters
123 W. Nye Lane, Ste 107

Carson City, Nevada 89706

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PUBLIC EMPLOYEES' BENEFITS PROGRAM BOARD

TRANSCRIPT OF PROCEEDINGS

TELECONFERENCED OPEN MEETING

MONDAY, APRIL 27, 2020

CARSON CITY AND LAS VEGAS, NEVADA

The Board:

**LAURA FREED, Chair
LINDA FOX, Vice Chair
DON BAILEY, Member
LEAH LAMBORN, Member
DAVID SMITH, Member
TOM VERDUCCI, Member
JET MITCHELL, Member
MARSHA URBAN, Member**

For the Board:

**BRANDEE MOONEYHAN, Deputy
Attorney General**

For Staff:

**LAURA RICH
Executive Officer
NIK PROPER
Operations Officer
CARI EATON
Chief Financial Officer
NANCY SPINELLI
Quality Control Officer
BRETT HARVEY
Chief Information Officer
WENDI LUNZ
Executive Assistant**

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1 MONDAY, APRIL 27, 2020, 9:03 A.M.

2 ---o0o---

3 CHAIRMAN FREED: I will call the board meeting of
4 the Public Employees' Benefits Program to order. And I will
5 start with Agenda Item Number 1, and I will take roll,
6 thereby stealing Wendi's thunder yet again.

7 Don Bailey.

8 MEMBER BAILEY: Here.

9 CHAIRMAN FREED: Linda Fox.

10 MEMBER FOX: Here.

11 CHAIRMAN FREED: Heather Korbolic. Okay. I was
12 told Heather is excused today.

13 Leah Lamborn.

14 MEMBER LAMBORN: Here.

15 CHAIRMAN FREED: Jet Mitchell.

16 MEMBER MITCHELL: Here.

17 CHAIRMAN FREED: David Smith.

18 MEMBER SMITH: Here.

19 CHAIRMAN FREED: Tom Verducci.

20 MEMBER VERDUCCI: Here.

21 CHAIRMAN FREED: Dr. Marsha Urban.

22 MEMBER URBAN: Here.

23 CHAIRMAN FREED: We have a quorum. All right.

24 Agenda Item 2 is public comment. So I will turn it back over
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1 to our operator, Brad, and let him tell us how public comment
2 is going to roll.

3 OPERATOR BRAD: Hi, Ladies and Gentlemen. If you
4 wish to ask a question or make a comment, please press one
5 and zero on your telephone key pad. You may withdraw your
6 question at any time by repeating the one and the zero
7 command. Once again, if there are any comments at this time,
8 please press one and then zero on your telephone key pad.
9 And one moment please for your first question or comment.
10 Once again, if there are any comments at this time, please
11 press one and then zero.

12 It does appear at this time there are no comments
13 from the phone lines.

14 CHAIRMAN FREED: Oh, wow. Okay. Then I guess I
15 would remind everyone who is listening that we will have a
16 second public comment period under Agenda Item 5.

17 So, with that, we'll move to Agenda Item 3, PEBP
18 board disclosures for board meeting agenda items. And I will
19 turn it over to Deputy Attorney General Brandee Mooneyhan.

20 MS. MOONEYHAN: Thank you, Madam Chair. Good
21 morning, everyone. Again, this is Brandee Mooneyhan, deputy
22 attorney general, counsel to the board. I'm making this
23 disclosure on behalf of all members of the board who are
24 eligible for PEBP benefits, which includes everybody except
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1 Mr. Verducci. That means all other members are eligible for
2 PEBP, including their family members, and are currently
3 eligible for PEBP benefits. And that eligibility may trigger
4 disclosure requirements under NRS 281A.420 as these members
5 spoke on items that may affect those benefits.

6 And Agenda Item Number 4 does cause various
7 changes to program detail including funding and premiums. So
8 I make this disclosure on behalf of those board members. And
9 I would like to note that the statute does not preclude them
10 from voting on these items as long as they are in the same
11 position as other members who are affected by these changes.

12 And, with that, I will invite anyone who has
13 anything to add in terms of disclosure to do so now. Thank
14 you.

15 CHAIRMAN FREED: All right. Again, this is Laura
16 Freed. Why don't -- If none of the board members have
17 disclosures, then we'll move to Agenda Item 4, discussion and
18 possible action to present fiscal year 2021 budget reserves
19 options.

20 And, before I turn it over to the executive
21 officer, I'll just take a moment as a chair to kind of set
22 the table. I know all the board members and everyone
23 listening in the public has had a chance to read the power
24 point with the options in it. And I just want to say that

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1 we're here today because the executive officer and her staff
2 have been asked to provide a scenario for budget reactions
3 equal to six percent or 24 and a half million dollars.

4 Our job as a board here is to help the executive
5 officer choose the least worst option, because none of these
6 are good or positive or make any of us as participants or
7 board members happy. But she has to do this by the
8 instruction of the governor's finance office. And so let's
9 try and make the best of the bad choices that we possibly
10 can. And what happens after that we really don't know.

11 So, with that, I will turn it over to Laura Rich.

12 MS. RICH: All right. Good morning. So just for
13 the record, Laura Rich. As Laura Freed just mentioned, all
14 agencies were directed as a result of the expected decline in
15 revenues to come up with proposed budget reserves for fiscal
16 year 21. I will have to say that all other agencies were
17 asked to come up with a six, ten, and 14 percent plan. We as
18 PEBP were just asked to come up with that six percent, which
19 equals approximately 24.5 million dollars.

20 We are starting with actually an 18.1 million
21 dollar target. Because, at the March 31st board meeting, the
22 PEBP board approved that ESI Market Check contract approved
23 amount and that was four and a half million dollars, and the
24 implementation of the SaveOn program, which was 1.9 million

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1 dollars. So, out of that 24 and a half million dollars,
2 we're down to about an 18.1 million dollar target.

3 So I think what I'll do is go over each one of
4 the options and then pause in case there's any questions, if
5 that works for everybody.

6 So there was a series of about nine options
7 presented. There's obviously many, many more options. But I
8 think it just becomes overwhelming to, you know, come to the
9 board with 25 different things to choose from. So what PEBP
10 did was we put together what made the most sense.

11 Option one is reducing the base HSA and HRA
12 funding. So this affects the -- If you look at that slide --
13 Every one of these slides is going to have an impact chart,
14 who this impacts and how significant that impact is. The
15 decreasing the HSA and HRA funding does have quite a
16 significant impact on those numbers that are on the CDHP
17 because it's -- those funds are meant for that first dollar
18 payment to help with that deductible and to help with the
19 out-of-pocket expenses.

20 So you can see that today we offer a base HSA and
21 HRA contribution of \$700 per employee and \$200 per dependent
22 up to three. So today a member with three dependants could
23 potentially get about \$1300. That's if we reduce it. There
24 are savings, depending on which level and which option you
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1 choose, you're saving up to anywhere from 1.7 to 1.8 million
2 dollars, depending on if you reduce that base, if you reduce
3 the dependent contribution, et cetera, et cetera. So I'll
4 stop right there and see if there's any questions.

5 OPERATOR BRAD: We do have a question or a
6 comment on the line.

7 CHAIRMAN FREED: This is Laura Freed. This is
8 not public comment. This is questions from board members.

9 OPERATOR BRAD: My apologies.

10 MS. RICH: This is Laura Rich. Laura Freed, do
11 you want to pause? It sounds like there were some public
12 comments. Do you want to pause and go back to public comment
13 before we start this?

14 CHAIRMAN FREED: Yeah, why don't we do that. If
15 there were actually people on the line for public comment,
16 this would be the first time in history that -- I've never
17 seen public comment at the beginning of a PEBP board meeting.
18 So why don't we go back then to Agenda Item 2, briefly, get
19 through the public comment, and then I will let Laura Rich
20 continue with discussing the options before the board.

21 OPERATOR BRAD: My apologies. We did have a
22 question or a comment on the line from Priscilla Maloney.
23 Please go ahead.

24 MS. MALONEY: Good morning, Madam Chair and the
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1 Board. Can everybody hear me all right?

2 UNIDENTIFIED SPEAKER: Yep.

3 MS. MALONEY: The purpose of having public
4 comment at the beginning of the meeting is a pro forma part
5 that we've had in the past. But, in this instance it's
6 especially critical, because of all the hard work Ms. Rich
7 has done. She met with the advocates, all of them, and I
8 only speak for the AFSCME retirees this morning. But she met
9 with all of us on Friday to go over these options. And I
10 wanted to cut to the chase and simply put on the record that
11 having felt that I am thoroughly versed in what the choices
12 are and I recognize the situation that the State of Nevada is
13 in, I have consulted with my board members on this. And we
14 will be supporting. So I'm going to -- Spoiler alert. We
15 are going to be supporting the staff recommendation.

16 There's just a couple of quick things I need to
17 say about that. If the life insurance option is not part of
18 the PEBP recommendation -- That's option number seven -- I
19 want to put on the record right now that my retiree group is
20 vehemently opposed to any kind of reduction in the life
21 reduction benefit. It is a modest benefit to begin with. We
22 have fought for that for years. There is times when it's
23 been reduced due to budget constraints and then bumped back
24 up in the next biennium. And this is a modest amount that

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1 will not even most likely cover most funerals these days.
2 But for my members to go out and try to procure some kind of
3 life insurance in their age demographic is nearly impossible.
4 And so they really wanted me to put on the record that they
5 are vehemently opposed to any combination of recommendations
6 that puts that option number seven, life insurance reduction
7 benefits, on the table.

8 And then just real quickly following up with what
9 was discussed in the meeting and then some follow up e-mails
10 on Friday, it's our understanding on option three, which is
11 the reduction of -- Well, it's a cap on the rollover amount
12 for the HRA for the Medicare Exchange retirees. It's our
13 understanding that people carrying large balances as of
14 today -- And maybe during the board discussion this can be
15 clarified with Ms. Rich -- but our understanding after our
16 discussions with her on Friday were that anyone with a
17 balance that would be affected because their balance has been
18 rolled over for years and perhaps they haven't claimed an
19 out-of-pocket expense after their Medicare premium is taking
20 care of their expenses for the last few years.

21 Anyone who has -- If the board approves this
22 option -- This is option three, which is part of the staff,
23 support staff, recommendation. If you have anybody who has a
24 balance that would be affected, somebody with a balance of
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1 more than 8,000 as it were on the books, will be notified
2 this June, June of 2020, so that they can utilize those
3 funds. It's a use it or lose it kind of idea. They have
4 some time to utilize this fund, depending on what date, which
5 date, the board chooses to have this go in to effect in 2021.

6 So those are my comments. And if there's any
7 question about my comments, please feel free. But,
8 otherwise, that's all we need to say to start off the
9 discussion this morning for the AFSCME retirees. Thank you.

10 CHAIRMAN FREED: Okay. Brad, are there other
11 people in the comment cue?

12 OPERATOR BRAD: We do have a comment on the line
13 of Kent Ervin.

14 CHAIRMAN FREED: Okay. Go ahead.

15 MR. ERVIN: Hi. Thank you. This is Kent Ervin.
16 And I know Doug Unger was also trying to get in. This is
17 Kent Ervin, E-r-v-i-n, for the Nevada Faculty Alliance, the
18 statement association of faculty at NSHE institution.

19 I would like to thank PEBP staff and Executive
20 Director Laura Rich for your hard work in coming up with
21 options, difficult options, to address the governor's request
22 for budget reductions and for working with all of us.

23 This is a hard time for the nation, for Nevada,
24 state employees, and people in general. As state employees,
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1 we are fortunate that furloughs and layoffs have not
2 occurred, but we do fear for the future. PEBP benefits or
3 reserves do not directly impact the state general fund
4 budget. State hiring freezes are already cutting enrollment
5 to PEBP, which will reduce the size to PEBP's budget. Any
6 savings that PEBP makes now will not benefit the state budget
7 unless the legislature acts in the future to reduce the
8 funding in to PEBP.

9 Also, at this point, our understanding is that
10 the governor has not yet announced any decision on where cuts
11 will be made in the various state agencies. So while PEBP
12 needs to act now on any plan design options, because open
13 enrollment is just around the corner, there is great
14 uncertainty. For that reason, the options that are
15 reversible are the best.

16 In that vain, we find that options six, seven,
17 eight, and nine that directly cut plan benefits are the worst
18 options in our view, but because they affect people with
19 health care now, including the COVID-19, and they just affect
20 different groups of participants.

21 We also don't like option one, reduction of base
22 HSA contributions for the CDHP, although HSA amounts have
23 been variable because of supplemental contributions from
24 excess reserves, so participants might expect cuts there.

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1 That base amount is essential to the stature of the
2 consumer-driven high deductible plan, for the high first
3 dollar cost.

4 Option four, the surcharge in all participants,
5 is more fair if we really had to go there, because at least
6 it affects all active employees the same across the CDHP,
7 HMO, and EPO plans, however, it could be seen as a tax on
8 state employees to make up the state revenue shortfall.

9 So, the bottom line is that NSA supports the
10 staff-recommended options, two, three, and five, on the last
11 page of the presentation. These are the least painful
12 options for participants.

13 Down in to the details, we would ask that the HRA
14 caps in options three not be implemented until the later May
15 30, 2021 date in order to allow time for educating
16 participants and time for those retirees in the Medicare
17 Exchange to arrange for reimbursement.

18 For option five, the reduction of catastrophic
19 reserves to 50 days, we strongly recommend that it be
20 approved for fiscal year 2021 only at this time, with later
21 action required to extend it when more is known about the
22 budget situation and the potential impact of COVID-19 on
23 expenditures.

24 So, with that, thank you for your time and thank
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1 you for working through these hard decisions.

2 CHAIRMAN FREED: Okay. Thank you.

3 Next public comment.

4 OPERATOR BRAD: Yeah. We have a comment from the
5 line of Douglas Unger.

6 MR. UNGER: Yes. Good morning and thanks to all
7 on the board and to Laura Rich, especially, for reaching out
8 to state advocates. My name is Douglas Unger. I represent
9 the UNLV Employees Benefits Advisory Committee and the
10 Executive Committee of the UNLV Faculty Senate.

11 Our constituents have asked me to make a case for
12 not reducing plan benefits or considering those options only
13 in the most extreme emergency. The reason for not reducing
14 plan benefits is that if one reduces plan benefits it will
15 hit the 50 percent of plan members who use the deductible and
16 the 12 percent. We get the out-of-pocket maximum and that's
17 disproportionately affects the sickest plan members.

18 We are in favor of options two, three, and five
19 recommended by the executive officer to address this budget
20 reserve necessity. We would like to emphasize that we hope
21 that the board and all in the state understand that these
22 measures should be temporary only to carry us through this
23 budget crisis being suffered by the state.

24 We are, again, not entirely against a surcharge
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1 if it becomes necessary in the future or at some future
2 meeting. We would prefer that over cutting plan benefits.

3 Looking ahead, we would hope that the board would
4 start investigating also a lower deductible PPO plan to
5 replace the EPO and HMO plan. It's our understanding that
6 those contracts come up in 2021 and we really need a better
7 solution than the very, very high cost HMO EPO plans.

8 We thank the board for the service. Again, we
9 recommend option two, three, and five, and item number four
10 for the budget reserve necessity. Thanks very much.

11 CHAIRMAN FREED: All right. Thank you.

12 Do we have any others for public comment in the
13 cue?

14 OPERATOR BRAD: We do have a comment from the
15 like of -- One moment.

16 (The court reporter interrupts because the line went
17 completely silent)

18 OPERATOR BRAD: Kevin Ranft. Line is open.
19 Please go ahead with your comment.

20 MR. RANFT: Good morning. Can you hear me? Good
21 morning, Respective Chair and Committee Members. My name is
22 Kevin Ranft representing AFSCME Local 4041. State employees
23 often what really happens is they bear the cost in these type
24 of crisis and budget just falls on the state employees. And
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1 in this case there's no difference.

2 But at this point we truly appreciate the hard
3 work Laura Rich and her staff has done for these options. We
4 never like spending of large reserves or really digging down
5 in to benefit reduction for state employees. Again, her
6 staff on options two, three, and five seem to bear the
7 minimum the state employees would have to face and to reduce
8 that burden. And, therefore, we do recommend to really look
9 at those options two, three, and five as a board and to
10 really understand that we hope these are not forever.

11 We hope that things change and ultimately -- As
12 we know, this is not easy for any board member, for Laura
13 Rich, and her staff to -- They're impacted as well. But at
14 the same time we have to stop looking at -- And this is not
15 for PEBP board, but this is for overall in general, you know,
16 for just simply public comment.

17 State employees are not the fallback to the
18 state's budget crisis. They're really not. They are
19 hard-working employees who have families, who are trying to
20 make a living. And every time there's no diversified revenue
21 coming in, the state employees get hit. Enough is enough.
22 And we have to figure out ways in the state when a crisis
23 hits, which they will again, how to deal with the economic
24 fallout. And that's a bigger broad picture for other people
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1 to answer. But it should not fall on the state employees'
2 backs.

3 For those reasons, we thank the board for their
4 hard work today. And, again, we recommend options two,
5 three, and five. And I appreciate your time. Thank you.

6 CHAIRMAN FREED: Thank you.

7 All right. Anybody else in the cue for public
8 comment?

9 OPERATOR BRAD: There are no further comments in
10 the cue.

11 CHAIRMAN FREED: All right. Thanks.

12 Okay. So with that, why don't we return to
13 Agenda Item 4. And Ms. Rich was -- had finished her
14 presentation, I think, of option one and had asked for
15 questions from the board members. And so if there are any, I
16 will go back to Ms. Rich again.

17 MS. RICH: All right. Sounds good. For the
18 record, Laura Rich. So we'll move on to option two. This is
19 the HRA required reserved funding level option. So we know
20 that we have a few required reserves at PEBP. One of them is
21 the HRA required reserve. And that basically is funded at a
22 hundred percent. So, all HRA funding that we contribute to
23 either on the exchange or on the CDHP -- So there's two
24 different buckets there -- we fund it at a hundred percent.

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1 Now, the reality is it really doesn't need to be
2 funded at a hundred percent. We're not going to have a
3 hundred percent of members go out and ask for, especially on
4 the exchange, where they must submit a reimbursement request.
5 It is very unlikely that a hundred percent of these funds
6 will be used. So the recommendation here is to fund it at a
7 lower level. The recommendation, as you can see at the end,
8 would be at that 80 percent mark, which does come with an
9 eight million dollar -- eight million dollars in savings.

10 Now, in red there it says, note that choosing
11 option three will change savings amounts for option two
12 because option three will inherently reduce the overall
13 reserve levels. So option three will go in to it. But it
14 cuts the balance, the overall balance. So when you reduce
15 that overall balance, those funding levels, the savings
16 changes. So we'll talk about that when we talk about option
17 three. But I'll go ahead and pause there for any questions
18 from the board members.

19 CHAIRMAN FREED: Board members, any questions?
20 Sounds like no.

21 MS. RICH: Good. Okay. So we're going to go --
22 We're going to skip that slide for the HRA reserves funding
23 levels of chosen with option three. We're going to skip that
24 and go directly to option three, which is the Medicare
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1 Exchange HRA rollover tax.

2 So, let's talk about HRAs. HRAs, it's different
3 whether you are on the CDHP versus you are on the Medicare
4 Exchange. On the CDHP you get HRA funding similar to that
5 HSA funding. And you use it in a similar manner as well.
6 Those on the Medicare Exchange are funded differently. That
7 HRA funding is different than on the CDHP.

8 So the way it works is HRA for those Medicare
9 Exchange members are funded by a years of service subsidy.
10 So, for example, if you are a retiree with 20 years of
11 service, you get \$260. That's \$13 per year of service. And
12 that is where it tops out. \$260 a month is what one would
13 get on the Medicare Exchange.

14 That HRA subsidy was intended when it was
15 implemented to assist with the Medicare plan premiums. Those
16 on Medicare Exchange can use their HRA to pay for those
17 premiums. That was the intent of it. They can also use
18 their HRA funds to pay for any out-of-pocket expenses.

19 Now, what has been happening is that Medicare
20 Exchange HRA has been accruing. And if you look at option
21 two on that chart on option two, you can see that the reserve
22 funding levels have continued to increase and increase and
23 increase. And so that bucket of HRA balances has just
24 increased throughout the years. People are not using their
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1 HRA funding. Those on the Medicare Exchange are not using
2 it. And the reason why is because some people do not have a
3 reason to use it based on if you're on Medicare Plan B. And
4 so they don't have a monthly expense to get reimbursed for.
5 And then their out-of-pocket expenses are, you know, if they
6 do accrue them, they're pretty minimal. You're talking, you
7 know, about a \$20 a month fee premium. You're talking if you
8 go to the -- to a primary care doctor or a specialist, it's
9 either five dollars or \$25. And so those out-of-pocket
10 expenses on the Medicare Exchange are pretty minimal. And so
11 you've get members on that Medicare Exchange that have these
12 very fundings that don't use it.

13 You've got about 117 accounts that have a total
14 cash balance of over two million dollars, but it has zero
15 activity in the last five years. Some of them have over a --
16 almost a \$25,000 or even over that balance who have never
17 ever touched their HRA and probably won't. And so those
18 balances will continue to accrue. And PEBP has to fund those
19 balances. We've got that required reserve level.

20 And so what we are recommending here in option
21 three and what RPEN and through the other advocacy groups,
22 which I do appreciate they are -- they have listened and they
23 do support this option of rolling -- of capping that rollover
24 amount. So, as you can see, if you cap at that \$10,000 mark,
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1 we're saving about 3.8 million dollars. To cap at the \$8,000
2 mark, we're saving about 3.4 million dollars. There's about
3 944 accounts that have over \$8,000. Many of them, as I said,
4 117 of those have not touched their balances in the last five
5 years. And so, again, the impact here is very minimal
6 because the ones that you are impacting probably either don't
7 use it or don't need it. And an \$8,000 dollar cap or a
8 \$10,000 cap is plenty when you're dealing with the fairly
9 minimal out-of-pocket expenses that come with the Medicare
10 Exchange. So with that I'll pause here and take any
11 questions.

12 MEMBER VERDUCCI: Madam Chair, Tom Verducci for
13 the record.

14 CHAIRMAN FREED: Okay. Go ahead.

15 MEMBER VERDUCCI: Okay. So my question is the
16 members are not using these HRA balances and a notice goes
17 out. When would this take effect to allow them time to make
18 a decision if they're going to be using the HRA balances and
19 also when -- would this affect the 2021 plan year savings in
20 terms of the 24 and a half million dollars that we are
21 required to save?

22 MS. RICH: For the record, Laura Rich. Tom, this
23 is in the ordinary case considerations. That would be
24 something that the board would want to consider. Do we want
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1 to make this effective January 1st, 2021. Do we want to make
2 it effective May 30th, 2021. So either one of these options
3 give members some time to spend down their HRA balances.

4 Now, remember, they've got to have qualified
5 medical expenses. If they have premiums, they're most likely
6 are reusing it and do not fall in to over 8,000 or over
7 10,000 bucket. They're using their HRA to pay for their
8 premiums. That's usually done automatically. So this is
9 typically anything that we would incur if they have an
10 out-of-pocket expense such as, let's say, they went and got
11 hearing aids or something like that.

12 So if we made it effective January 1st, 2021, it
13 would give them about seven months to spend that down. If we
14 gave them until May 30th, then it gives us some time to reach
15 out to do some communications and ensure that members are
16 fully aware. Now, they do get reminder notices every year.
17 I think, I believe it's at least once a year, but maybe twice
18 a year. I would have to verify that. But I know it's at
19 least once a year when they do get reminder notices that they
20 do have a balance.

21 So the reason that the consideration is effective
22 either January 1st or May 30th and not a July 1st is because
23 it's more for accounting purposes. Our CFO, Cari, needs it
24 to be able to project the next fiscal year. And so doing

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1 that on May 30th makes it a little easier on the fiscal side
2 versus on July 1st.

3 MEMBER MITCHELL: So, Laura, Jet Mitchell for the
4 record. Is there a projection that's been done of any
5 differences between an effective date of January 1st, 2021,
6 versus a date of May 30th, 2021? Has there been a
7 substantial Delta on those two days?

8 MS. RICH: It's not about the impact dollar wise.
9 It's more about the communication, the time that you have to
10 communicate to these members. I highly doubt the fiscal
11 impact is going to be that significant, because, like I said,
12 you can't just pull, you know, expenses out of a hat. You
13 have to actually incur them. Members do have up to a year to
14 submit a reimbursement request. So anything that was -- that
15 falls under that eligible expense, they do have up to a year
16 to submit it.

17 And, the other thing that I wanted to add to that
18 too is that while we're capping those balances -- Let's say
19 we choose the \$8,000 cap, which is what's being recommended,
20 let's say that we, you know, on July 1st -- in this situation
21 it would be June 1st. But those caps are reset at \$8,000.
22 So someone that is getting \$260 a month would continue, let's
23 say for math purposes so it's easy let's just say they're
24 getting a hundred dollars a month, so they would continue to

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1 get that hundred dollars. And so in the following month they
2 would have 8100, the next month they have 8200. So the
3 following year they would have 9200. They could still go
4 over that \$8,000. It's just taxed. It will be reset at the
5 end of the next fiscal year, right. So then it would go back
6 from 9200 back to 8,000 if that's what was chosen. So they
7 can still go above the 8,000. It's just that at a certain
8 time during the year it then gets reset.

9 MEMBER MITCHELL: So it's more of a notice and
10 communication impact as opposed to a fiscal impact? Jet
11 Mitchell for the record.

12 MS. RICH: Correct. And it's also a matter of
13 when these funds become available to, you know, get them
14 however -- When legislative action is taken, it's a matter of
15 when those funds become available, right. So if they're not
16 available until May 30th, then at some point then that --
17 those funds would then not be able to be reverted back to the
18 state until May 30th.

19 CHAIRMAN FREED: This is Laura Freed. Board
20 members, any other clarifying questions?

21 Okay. Hearing none, shall we move on to option
22 four?

23 MS. RICH: Okay. Option four. For the record,
24 Laura Rich. This is the premium surcharge. This is actually
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1 a suggestion brought forth, not back, has been brought forth
2 by some of the advocacy groups as an option, not because it's
3 something that anyone wants, but arguably, it's one of the
4 easier things to eliminate as economic conditions improve.

5 So this is essentially adding a premium
6 surcharge. There's two options here. One is by tier. So
7 the five dollars would be added to the employee premiums.
8 Ten for employee plus spouse. Ten for employee plus
9 children. And \$15 for employee plus family. So that equals
10 a 2.9 million dollar savings. Or there's an across-the-board
11 premium surcharge. Across the board everybody would get a
12 five dollar premium surcharge, ten dollars, or \$15. And so
13 those also bring in savings.

14 The impact of this would be pretty much everybody
15 except for the Medicare retirees, obviously, because it would
16 affect everyone either on the CDHP or on the HMO and EPO. So
17 I'll pause there.

18 CHAIRMAN FREED: No questions? Okay.

19 MS. RICH: So the next one is -- this is one of
20 the recommended options, reducing catastrophic reserves. So
21 back on April 9th the board voted to approve a very, very
22 slight reduction to catastrophic reserves. We went from 62
23 days down to 60 days. So this option reduces that
24 catastrophic reserve even further reducing one-time funds.

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1 The recommendation here is to reduce it down to 50 days,
2 which would bring in a seven million dollar savings. The
3 other option is 45 days, which is 10.5 million dollars in
4 savings. This does not have a member impact. All we're
5 doing is reducing those catastrophic reserves.

6 Remember that, you know, catastrophic reserves
7 are -- that is what they're used for, that's what they're
8 intended for is a catastrophe. And I would say that this is
9 as good as what I would define a catastrophe situation. And
10 so I think it's very appropriate to use these catastrophic
11 reserves for this purpose. I'll pause there.

12 MEMBER LAMBORN: Madam Chair, this is Leah
13 Lamborn. I have a question.

14 CHAIRMAN FREED: Sure. Go ahead.

15 MEMBER LAMBORN: So on this particular option
16 it's listed as a seven million dollar savings reduced to 50
17 days, but on the back page on the recommendation when I look
18 at option five, it's listed as 5.4. Can you explain the
19 difference or is that a typo?

20 MS. RICH: That must be a -- I think -- You know
21 what, those two are transposed. I'm sorry. Good catch. So
22 that was the seven million should be on option five. And the
23 5.4 should be on option three. So those were transposed.

24 MEMBER LAMBORN: Okay. Thank you.
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1 CHAIRMAN FREED: Okay. Any other questions?

2 MEMBER VERDUCCI: Madam Chair, Tom Verducci.

3 CHAIRMAN FREED: Please go ahead.

4 MEMBER VERDUCCI: Okay. My question is that the
5 50 days, is this going to be for just one year, this is a
6 temporary plan and then our policy, permanent policy, would
7 be 60 days and then in one year we'll be revisiting this to
8 decide if we're going to return back to the 60 days? Is this
9 just for one year?

10 MS. RICH: For the record Laura Rich. This would
11 be changing catastrophic reserves, the policy. Now,
12 remember, if we do this for one year, and we can do this for
13 one year, but if that is -- Let's say we go back to -- back
14 to, let's say, the 62 days or the 60 days, then we're going
15 to have to come up with several million dollars to fund that
16 again. So it's something that we can do for a year if that's
17 the way the board would like to go. But, you know, a year
18 from now, if that expires and it does not -- it doesn't
19 remain at the 50 days, then we're going to have to come up
20 with seven, eight, nine, ten million dollars to bring that
21 back up to the required reserve levels.

22 MEMBER VERDUCCI: So would the 50 days be
23 sustainable going forward? Is that too aggressive or is it
24 something that should be revisited? I just don't want to be
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1 going too conservative where we're jeopardizing the safety of
2 the program.

3 MS. RICH: For the record, Laura Rich. You have
4 heard Aon come to the table and talk about reserve levels.
5 And you have heard that in comparison to other states we are
6 funded pretty conservatively. We have -- We have those
7 catastrophic reserves that are there. They're intended for
8 those situations where, you know, unforeseen situations.
9 Reducing them even further is, I wouldn't feel too
10 comfortable with that, because at this point we have no
11 excess reserves. And if we end up with shortfalls like we
12 are actually facing today in one of our categories, then
13 there's no other mechanism to fund those shortfalls other
14 than going to the legislature and asking for more money,
15 which I don't think anyone wants to do. So we want to make
16 sure that we've got that cushion, catastrophic reserves to
17 save us if there are any unforeseen circumstances or
18 situation. COVID is a great example of that.

19 So I think that 50 days we're good and it's
20 still -- We've heard in Aon repeatedly that, you know, we are
21 funded pretty conservatively when it comes to reserves. I
22 think we're good with those 50 days. But I would caution
23 from at least at this point going any lower than that.

24 MEMBER VERDUCCI: Very good. Because we are
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1 definitely in a catastrophe. And this option I think has the
2 least impact to the members in the program from what I can
3 see here. Thank you.

4 MEMBER MITCHELL: Jet Mitchell for the record.
5 If we did say that the 50-day catastrophic reserve amount was
6 just for one fiscal year then particularly then the board
7 would just be revisiting this again to determine a new
8 catastrophic reserve level, whether it's back to the original
9 or a slight amount lower. Is that a correct assumption?

10 MS. RICH: For the record Laura Rich. You are
11 correct. We can either do this for just one fiscal year and
12 bring it back up a year from now or we can just put it in to
13 board policy and we can still bring it up a year from now if
14 that's something that the board would like to do.

15 MEMBER MITCHELL: Jet Mitchell for the record. I
16 echo the sentiments. If this isn't a catastrophe, I don't
17 know what is. And balancing the fiscal responsibility very
18 seriously with needing to not only cut but use, potentially
19 use reserves in a crisis time like this. That's what I'm
20 weighing as we're talking about this.

21 CHAIRMAN FREED: All right. This is Laura Freed.
22 Any other comments or clarifying questions from the board on
23 option five?

24 Okay. I don't hear any, so why don't we go to
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1 option six.

2 MS. RICH: Okay. Option six is the concept of
3 adding a deductible to the HMO and EPO plans. So if we would
4 implement a hundred dollar individual or \$300 family
5 deductible similar to what we have on the CDHP just at much
6 lower levels, obviously, it brings in about \$700,000 in
7 savings to do this.

8 Now, in the orange there, I have the
9 consideration with savings are only real life on the EPO. No
10 change to the HMO. I actually spoke to Health Plan of
11 Nevada, communicated with them over the weekend, and they are
12 able to make these changes. Because there's a small amount
13 of savings that are realized, it's somewhere in the hundred
14 thousand dollar range, that they would be able to implement
15 should this change go in to effect on the HMO too. So
16 there's a little bit more in savings than what is actually
17 highlighted here on this option.

18 But, again, the impact is pretty significant for
19 those members on the HMO and EPO if we were to go this
20 direction. So I'll pause there for any questions.

21 CHAIRMAN FREED: It doesn't sound like there's
22 any.

23 MS. RICH: Okay. So I'll move to option seven.
24 This is reduction to the basic life insurance that is offered
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1 through the program. So today we offer \$25,000 for active
2 employees and \$12,000 -- \$12,500 for retirees. Reducing
3 those levels to 20,000 and 10,000 would bring about 2.1
4 million dollars in savings or even further from down to
5 10,000 and \$5,000 would bring 3.1 million dollars in savings.

6 I will say that the retiree groups are -- you've
7 heard them at public comment. They do not like this option.
8 This is not something that they are supporting. But if you
9 look at, you know, the impact because the impact for actives
10 is relatively low, you see that there's not a lot of life
11 insurance claims in plan year 18 or 19 for active. It is
12 quite a low impact for those active employees. However, for
13 free Medicare and Medicare retirees it's a little bit more
14 significant of an impact.

15 There's also some considerations here as well.
16 PEBP does offer voluntary life policies through the same
17 company, through the standard on our voluntary benefit
18 portal. So that is an option. There's a lot of people, 1300
19 retirees and over 3,000 active PEBP purchased those voluntary
20 life policies as well. So I'll pause for questions.

21 MEMBER BAILEY: Madam Chair.

22 CHAIRMAN FREED: Yes. Mr. Bailey, is that you?

23 MEMBER BAILEY: Yes. Our advocates have strongly
24 recommended or suggested to the board and PEBP staff too not
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1 to do anything with the life insurance program. And I would
2 advocate that we support that thinking. So that's my
3 comment. Thank you.

4 CHAIRMAN FREED: Okay. Thank you.

5 Board members, any other questions, reactions?
6 Okay. Sounds good.

7 MS. RICH: All right. So option eight. For the
8 record, Laura Rich. This would be increasing the CDHP
9 out-of-pocket max. So today it's \$3900 for an individual and
10 \$7800 for a family member. This option increases it to 4500
11 and \$9,000. This would bring about 2.1 million dollars in
12 savings. And, as you can see on the chart below, you can see
13 that there's the percentage of people that have met their
14 out-of-pocket max right here. You can see it's pretty low.
15 Every year you don't have a lot of people that are meeting
16 that out-of-pocket max. So it's not -- it's only going to
17 impact those that are needing it, which it would be impacting
18 those who are utilizing the plan the most.

19 So, again, this does not impact our HMO or EPO
20 members at all. It really just impacts those on the CDHP and
21 also excludes the impact from Medicare retirees as well here.

22 If there's no questions, I'll move on to nine.
23 And that is increasing the specialty RX co-insurance on the
24 HMO and EPO. So for those of you who have been on the board
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1 for a while, you have seen that we used to have the specialty
2 RX, the specialty drug co-insurance on the HMO and EPO at 40
3 percent. And throughout the year it's gone down to 30 and
4 then back to 20, which is where it's at today.

5 This option would revert that and continue to
6 bring it back to even 30 percent or 40 percent where it used
7 to be. And so the 30 percent option would bring in about
8 \$450,000 and the 40 percent option would bring about \$815,000
9 in savings.

10 Again, the impact here would just be on the HMO
11 and EPO participants. It would not necessarily -- It would
12 not affect the CDHP or Medicare retirees.

13 So the recommendations here are to approve option
14 two, option three, and option five. The reason for those
15 recommendations is option two and option five do not have an
16 impact whatsoever on members. We are -- All we're doing is
17 looking at our required reserve funding and adjusting it to
18 free up some revenue so that we can get to that 24.5 million
19 dollar mark.

20 Option three, as I said, capping at \$8,000, it
21 will have a minor impact on some Medicare Exchange retirees.
22 But, again, it's going to be pretty insignificant given
23 that those people with that high of a balance probably don't
24 have a need to use it and they're still going to have a

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1 fairly significant balance. That \$8,000 is a pretty
2 significant chunk of money to help when you've got fairly
3 minimal, you know, in relation to, you know, those expenses
4 for those people on the CDHP. You've got high out-of-pocket
5 expenses versus on the Medicare Exchange. They're fairly
6 minimal in relation to that.

7 So option three, while it does have an impact --
8 I can't say it doesn't have any impact. It has a very
9 minimal impact and is probably the least painful of all of
10 these options.

11 And so those options combined with the ESI
12 Market Check savings and the SaveOn program that we've
13 already approved come down to the -- over the 24.5 million
14 dollar mark at about 25.7.

15 So, with that, I will open it up for questions.

16 CHAIRMAN FREED: Thank you, Ms. Rich. This is
17 Laura Freed. Just one clarification based on, if I
18 understood Ms. Lamborn's earlier question about option five
19 on that slide, reduction to 50 days is seven million, but on
20 the recommendation it's 5.4. So I had crossed out 5.4 and
21 written seven. Is that correct?

22 MS. RICH: Right. So those are just transposed.

23 CHAIRMAN FREED: If my arithmetic is correct,
24 that brings us to 27.3 million. Do I have that right?

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1 MS. RICH: No. So, let's see. So -- And I
2 apologize for that. I thought -- I didn't mean to transpose
3 those. So if you look at option for the HRA required for
4 option is chosen with option three, right. So if we go to
5 that 80 percent mark, it's 7.2 million; is that right?

6 CHAIRMAN FREED: Hang on a second. Let me flip
7 my pages back. Okay. So savings is capped at 8,000 at the
8 80 percent mark is 6.9.

9 MS. RICH: Oh, I'm sorry. Yes. I was looking at
10 the ten. So, yeah, 6.9 million, right. So I apologize.
11 I've got these -- I think when we were doing the math here we
12 had -- we were looking at the other chart. So I apologize.
13 So that would be the 80 percent would be 7.2 million, right.
14 So that's option two. Or 6.9. I'm sorry. 6.9 is option
15 two.

16 CHAIRMAN FREED: Right.

17 MS. RICH: And then option three is the -- if
18 we're going at 8,000 it's 5.4.

19 CHAIRMAN FREED: 5.4. Okay. So I'll write 5.4.

20 MS. RICH: And then option five is seven, right?

21 CHAIRMAN FREED: Okay. So it's exactly the same.
22 You're absolutely right. This just got flipped over.

23 MS. RICH: I'm sorry about that. I apologize for
24 that.

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1 CHAIRMAN FREED: Okay. Again, this is Laura
2 Freed. Board members, it is time to discuss our options. So
3 I wanted to start with how does everybody feel about staff's
4 recommendation. And, tangential to that, how does everybody
5 feel about catastrophic reserves, that option five, being a
6 policy change in board policies and procedures, as opposed to
7 a one-year, a one-year savings that we would have to rebuild
8 in subsequent plan years?

9 MEMBER FOX: Madam Chair, Linda Fox for the
10 record. I like the recommendation of two, three, and five
11 and with the suggestions that that catastrophic reserve
12 change be permanent. And it also follows the recommendation
13 from the governor today that whatever we do have a minimal
14 impact on members.

15 CHAIRMAN FREED: Thank you, Ms. Fox. I would
16 agree with that.

17 Other comments?

18 MEMBER LAMBORN: Madam Chair, Leah Lamborn.

19 CHAIRMAN FREED: All right. Go ahead.

20 MEMBER LAMBORN: I agree with Member Fox and
21 PEBP's recommendation. I think two, three, five, I think
22 they have the least amount of impact to the members. And as
23 far as just approving the catastrophic reserve for one year,
24 I just don't think that's realistic. I think it should be a
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1 permanent change and at some point if we want to relook at
2 it -- I don't think we're going to be through this crisis,
3 budget shortfall crisis, within a year. This should be
4 permanent.

5 CHAIRMAN FREED: Okay. Thank you.

6 MEMBER VERDUCCI: Yes, Madam Chair, Tom Verducci.

7 CHAIRMAN FREED: Please go ahead.

8 MEMBER VERDUCCI: Thank you. I do like the
9 suggestions here on option two, three, and five. And I like
10 the idea that we're not affecting life insurance, no premium
11 surcharge, and this won't be an impact on the members. The
12 one question I have is on option three. Would that be
13 effective January 1 of '21 or May 30th of '21? It seems
14 better in my opinion to make it May 30th.

15 CHAIRMAN FREED: Thank you, Mr. Verducci, for
16 that question. I had meant to go back to that. I'm going to
17 ask PEBP staff if they have a preference about how the timing
18 of that plays in to their accounting of the savings.

19 MS. RICH: For the record, this is Laura Rich. I
20 am looking at our CFO here to see what her preference is.
21 Her preference would be January. And I don't know, Cari, if
22 you want to chime in.

23 MS. EATON: This is Cari Eaton for the record.
24 Just from a fiscal perspective, January would be better for
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1 the plan, I believe. Because if we're rolling everyone's
2 balances back, it's probably better to do that in the middle
3 of the year and let them grow. Because starting our balances
4 low and having them accrue the entire year, we're
5 underestimating our actual reserves because we don't
6 necessarily change it budgetarily every month or every year,
7 so we just start off at that one level. But from a member
8 perspective maybe for the first go-around, I don't know if
9 March(sic) 30th would be the way to go to make it easier on
10 members. So either way we can work with it.

11 CHAIRMAN FREED: Okay. Thank you for that.

12 Go ahead, Mr. Verducci.

13 MEMBER VERDUCCI: Yes. Thank you. Tom Verducci.
14 So it would appear that May 30th would really provide the
15 members more flexibility. I kind of like the May 30th date
16 if other members are supportive with that suggestion.

17 CHAIRMAN FREED: This is Laura Freed. I assume
18 they're all still mulling it over.

19 MEMBER FOX: This is Linda Fox for the record. I
20 agree with that. I agree with Tom.

21 CHAIRMAN FREED: Okay. Thanks.

22 MEMBER MITCHELL: Jet Mitchell for the record. I
23 also agree with Tom.

24 CHAIRMAN FREED: Okay. Great. I'm not hearing a
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1 lot of reaction from the members. So I sort of take that to
2 mean that everyone is pretty comfortable with the staff
3 recommendations and including making option three effective
4 May 30th, 2021, and option five would be a permanent change
5 to the reserve policy. Is that a fair statement?

6 MEMBER URBAN: Madam Chair, this is Marsha Urban.
7 It is for me.

8 CHAIRMAN FREED: All right. Thank you.

9 MEMBER BAILEY: Madam Chair, Don Bailey. It is
10 for me also.

11 CHAIRMAN FREED: Great. Thank you.

12 MEMBER MITCHELL: Madam Chair, Jet Mitchell for
13 the record. If we did make that a permanent policy, just in
14 light of the critical nature of what's happening in our state
15 and our country, would we be revisiting that again next year?
16 Because I would imagine that we would be just in light of
17 what's happening.

18 CHAIRMAN FREED: The board can always revisit any
19 policy. It just takes a board member coming to myself or
20 Ms. Rich and asking to do so.

21 MEMBER SMITH: Madam Chair, this is David Smith.
22 I'm in agreement with the statements.

23 CHAIRMAN FREED: Okay. Thanks.

24 Well, that seems to simplify the discussion quite
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1 a bit. Does everyone feel ready to act on this matter? And,
2 if so, I would accept a motion to take the staff
3 recommendation with the parameters that I just outlined.

4 MEMBER MITCHELL: Jet Mitchell for the record.
5 Before we do a motion, I want to add a thank you to Laura
6 Rich, Laura Freed, and everybody at PEBP who has been working
7 behind the scenes, because during this time I know it's been
8 difficult for so many. And I wanted to express a thank you
9 to those individuals, particularly the PEBP staff and Chair
10 Freed, for the extra work that all of this has entailed.

11 CHAIRMAN FREED: That is very kind. I would
12 agree with those comments. Not thanking me. But thanking
13 Laura Rich and her staff. Thank you very much to the PEBP
14 staff for everything that they have done. I quite agree.

15 MEMBER BAILEY: Madam Chair. Madam Chair, Don
16 Bailey. I also would like to put a thank you to the staff,
17 the PEBP staff, and you as a leader. And I would like to on
18 behalf of the board pass on a thank you for the letter that
19 the governor supplied.

20 CHAIRMAN FREED: Oh, great. Thank you for that.
21 All right, board members, like I said, I'm happy
22 to accept a motion, whenever any of you feel moved to state
23 one.

24 MEMBER LAMBORN: Madam Chair, Leah Lamborn for
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1 the record.

2 CHAIRMAN FREED: Please go ahead.

3 MEMBER LAMBORN: I would like to make a motion to
4 approve PEBP's recommendation for option two, option three,
5 and option five, making five a permanent policy.

6 MEMBER BAILEY: Second.

7 CHAIRMAN FREED: I'm sorry. Did I hear a second?

8 MEMBER BAILEY: This is Don.

9 MEMBER VERDUCCI: Discussion. Tom Verducci for
10 the record, Madam Chair.

11 CHAIRMAN FREED: Go ahead.

12 MEMBER VERDUCCI: It would seem in option three
13 that we would have the effective date May 30th as part of the
14 motion, May 30th of '21.

15 MS. RICH: And this is Laura Rich for the record.
16 Can we change that? It just came to my attention that May
17 has 31 days. So May 31st.

18 CHAIRMAN FREED: All right. So, to be clear, let
19 me see if I can clarify what everyone has just said.

20 Ms. Lamborn moved to accept option two, option three with an
21 effective date of May 31st, 2021, option five to make it a
22 permanent policy change. And then take the ESI Market Check
23 savings and the SaveOn projected savings?

24 MEMBER MITCHELL: Jet Mitchell. I second.
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1 MEMBER BAILEY: We got a second.

2 CHAIRMAN FREED: Okay. So Mr. Bailey beat
3 Ms. Mitchell to the punch. So we do have a second from
4 Mr. Bailey.

5 Thank you, Mr. Verducci, on that, by the way.

6 MEMBER VERDUCCI: Yes. Thank you.

7 CHAIRMAN FREED: Okay. Hearing no discussion,
8 all of those in favor signify by saying aye.

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

10 CHAIRMAN FREED: Any opposed, no. Hearing none,
11 the motion passes unanimously. So that's that. Thank you,
12 everyone.

13 Now, moving on to Agenda Item 5, which is our
14 second period of public comment. I will again turn it over
15 to our operator, Brad, to let us know who is in the cue for
16 public comment.

17 OPERATOR BRAD: And, once again, if there are any
18 comments at this time, please press one and then zero on your
19 telephone key pad. And our first public comment is from the
20 line of Kevin Ranft.

21 MR. RANFT: Yes. Good morning. This is Kevin
22 Ranft representing AFSCME Local 4041 active state employees.
23 I just want to thank each and every board member for their
24 vote today. And I understand this is never easy. And,
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1 again, I appreciate the work and the input you received. I
2 would just ask that the governor's letter that was discussed
3 can that be posted on your guys' PEBP website? And, again, I
4 want to thank the staff and Laura Rich for all they've done.
5 I appreciate your time. Thank you.

6 OPERATOR BRAD: We do have a comment from the
7 line of Priscilla Maloney.

8 MS. MALONEY: All right. Just echoing --
9 Priscilla Maloney with the AFSCME retirees -- echoing again a
10 huge thank you to all the efforts from Ms. Rich, PEBP staff,
11 and the board in trying to navigate these very difficult
12 waters.

13 And I wanted to just real quickly go back to
14 option three, because it's at least possible that there's
15 some misapprehension about the benefit that is appropriated
16 every biennium to the Medicare retirees that are on the
17 exchange. In preparation for this meeting, I looked at the
18 quarterly update from Towers Watson, who runs the exchange.
19 I looked at the fall of 2019, their fourth quarter and their
20 first quarter, which was agendized for your January meeting.
21 And, just to be clear, this isn't a rampant situation where
22 somebody is pocketing anywhere from 200 to 260, if you need
23 those casts, in to their pocket.

24 The way the system works, as Ms. Rich said, is
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1 most of the benefit is paid out to different premiums and
2 it's not just -- it's not just for their basic Medicare
3 supplement or Medicare advantage plan. The advantage plans
4 are cheaper. Some of them literally do have a zero premium.

5 And getting information from the Towers Watson
6 report of the minimum for a Medicare supplement plan is \$22 a
7 month but the maximum is 411. And each individual retiree
8 exchange member's situation is tailored to their medical
9 situation. And the cost for the Medicare advantage plans,
10 again, start at zero but go up to a maximum of 223.

11 Using data from those two reports, we have over
12 1200 -- 12,500 retirees on the Medicare Exchange. So what
13 we're really talking about is this very small data universe
14 of less than 1100 accounts, 1100 lives, where they're
15 either -- We had some questions too. We had our AFSCME
16 international research department look at these, these facts,
17 and try and figure out what's going on. Are these people
18 just needing more education as to what they can pay for out
19 of pocket?

20 As Ms. Rich explained, the premium amounts are
21 automatically deducted by Towers Watson, so the member
22 doesn't get that money as it were in their pocket. They
23 can't go down the street, for example, and buy a policy from
24 a broker. They must go through the exchange.

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1 But for this small universe of 1100 people, we
2 don't know if it's our job as an employee union to do a
3 better job of educating folks, can they get their hearing aid
4 covered, things like that. Or if they have a Medicare
5 advantage plan, some of those plans are amazingly generous.
6 They're not for the critically ill. They are for healthy
7 retirees. But they do cover a lot of stuff and there is no
8 out of pocket.

9 So we're trying -- We will do our best to figure
10 out why that number out of the 12,000 is not utilizing
11 perhaps correctly and see what we can do for education,
12 educational purposes, going forward.

13 But I don't want the board to get the idea today
14 that this is an overly generous benefit for the Medicare
15 Exchange retirees. And, again, they also purchase through
16 the exchange down insurance, they could purchase Medicare
17 part D insurance as a separate -- That does not include the
18 numbers I just referenced. That's a whole separate thing.

19 But, again, they are spending those, probably the
20 bulk of the money, that 12,500 plus people, they're spending
21 the bulk of that benefit on their policy through the exchange
22 and it's just, again, a small number. But it does make a
23 difference in the big picture. And I'm glad that Ms. Rich
24 came up with a creative solution to finding some money there,
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1 some savings there. And, you know, maybe we can do a better
2 job on education of our members going forward. Thank you.

3 OPERATOR BRAD: And we do have a comment from the
4 line of Terri Laird. Please go ahead.

5 MS. LAIRD: Thank you very much. This is Terry
6 Laird. I'm the executive director of RPEN, the Retired
7 Public Employees of Nevada, and we represent all public
8 employees in Nevada. We have about 8,000 members statewide
9 active as well as retirees, the bulk of our members being
10 retirees.

11 So, we would like to be on record in support of
12 the staff recommendation here today of options two, three,
13 and five, for all the reasons that were mentioned during the
14 earlier rounds of public comment about our other advocacy
15 group representatives.

16 We also thank PEBP's new executive officer, Laura
17 Rich, for working with us in the last week to fully vet all
18 of these options and are happy none of the more draconian
19 recommendations were considered.

20 And we also thank the board today for making a
21 decision especially leaving the life insurance as it is. And
22 we're thankful that the lines of communication continue to be
23 kept open, allowing us to talk through the challenges that
24 face the state and its health care plan going forward. Thank
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1 you again.

2 OPERATOR BRAD: And then we do have a comment
3 from the line of Kent Ervin. Please go ahead.

4 MR. ERVIN: This is Kent Ervin for the Nevada
5 Faculty Alliance. I would just like to give a big ditto for
6 the thanks to board members for making these difficult
7 decisions and to Laura Rich and PEBP staff for vetting all of
8 the options with us and with the board.

9 I would like to say that, you know, we're still
10 in a period of great uncertainty going forward with the
11 COVID-19 situation and the impact on the budget. And, as
12 Douglas Unger mentioned earlier, PEBP is going to have to
13 look at plan design more proudly, look at the high
14 subsidization right now of the EPO and HMO plans and whether
15 that's sustainable and whether we could go to some sort of
16 different plan design, a low deductible plan design, with
17 co-pays that might serve us in the future and as well as the
18 long-term reserve levels and other reserve levels fiscally
19 conservative responsible for those will have to be discussed
20 by the board in the future. So there's a lot of work ahead.

21 And I know from Ms. Rich that we're also -- PEBP
22 is facing lots of RFP's, contracts, coming due in the next
23 year or two. So the board has a lot to do. And, as
24 advocates, we'll be there to help as we can. So thank you
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1 very much.

2 OPERATOR BRAD: If there are any additional
3 comments at this time, please press star. I'm sorry. One
4 and then zero. Once again, if there are any further
5 comments, please press one and then zero. And it does appear
6 there are no further comments from the phone lines. Please
7 continue.

8 CHAIRMAN FREED: Thank you.

9 So, again, this is Laura Freed for the record. I
10 think we have reached the end of our work today. Thank you,
11 board members, for being here. And I will call us adjourned
12 at the time of 10:21 a.m. Thank you so much, everybody.

13 (Hearing concluded at 10:21 a.m.)
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1 STATE OF NEVADA)
2 CARSON CITY) ss.
3

4 I, CHRISTY Y. JOYCE, Official Court Reporter for
5 the State of Nevada, Public Employees' Benefits Program
6 Board, do hereby certify:

7 That on Monday, the 27th day of April, 2020, I was
8 present via teleconference, in Reno, Nevada, for the purpose
9 of reporting in verbatim stenotype notes the within-entitled
10 public meeting;

11 That the foregoing transcript, consisting of pages
12 1 through 48, inclusive, includes a full, true and correct
13 transcription of my stenotype notes of said public meeting.

14
15 Dated at Reno, Nevada, this 29th day of April,
16 2020.

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CHRISTY Y. JOYCE, CCR
Nevada CCR #625

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**PUBLIC EMPLOYEES' BENEFITS PROGRAM BOARD
TRANSCRIPT OF PROCEEDINGS**

**TELECONFERENCED OPEN MEETING
April 27, 2020**

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