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In The Matter Of:

*PUBLIC EMPLOYEES' BENEFITS PROGRAM BOARD
TRANSCRIPT OF PROCEEDINGS*

January 27, 2022

*Capitol Reporters
628 E. John St # 3
Carson City, Nevada 89706
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PUBLIC EMPLOYEES' BENEFITS PROGRAM BOARD
TRANSCRIPT OF PROCEEDINGS
ZOOM/TELEPHONIC MEETING NOTICE AND AGENDA
THURSDAY, JANUARY 27, 2022
CARSON CITY AND LAS VEGAS, NEVADA

The Board: LAURA FREED - Chair
LINDA FOX - Vice Chair
JIM BARNES - Member
LESLIE BITTLESTON - Member
APRIL CAUGHRON - Member
TOM VERDUCCI - Member
MICHELLE KELLEY - Member
BETSY AIELLO - Member
JENNIFER MCCLENDON - Member

For the Board: MICHELLE BRIGGS
Deputy Attorney General

For Staff: LAURA RICH
Executive Officer
WENDI LUNZ
Executive Assistant
TIM LINDLEY
Quality Control Officer
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1 THURSDAY, JANUARY 27, 2022, CARSON CITY, NEVADA

2 -oOo-

3 CHAIRWOMAN FREED: Good morning, everybody. It
4 is 9:02 a.m. And I'm going to call the meeting of the Public
5 Employees' Benefits Program Board to order. And I will ask
6 PEBP staff to call the roll.

7 MS. LUNZ: Thank you.

8 Laura Freed?

9 CHAIRWOMAN FREED: Here.

10 MS. LUNZ: Linda Fox?

11 VICE CHAIR FOX: Here.

12 MS. LUNZ: Betsy Aiello?

13 MEMBER AIELLO: Here.

14 MS. LUNZ: Jim Barnes?

15 MEMBER BARNES: Here.

16 MS. LUNZ: April Caughron?

17 MEMBER CAUGHRON: Here.

18 MS. LUNZ: Michelle Kelley?

19 MEMBER KELLEY: Here.

20 CHAIRWOMAN FREED: Leslie Bittleston.

21 MEMBER BITTLESTON: Here.

22 MS. LUNZ: Jennifer McClendon?

23 MEMBER MCCLENDON: Here.

24 MS. LUNZ: Tom Verducci?

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1 MEMBER VERDUCCI: Here.

2 MS. LUNZ: Thank you. We have a quorum.

3 CHAIRWOMAN FREED: Thank you very much.

4 All right. Agenda Item Two, public comment. I
5 will limit public commenters to three minutes per. And with
6 that I will turn it over once again to PEBP staff.

7 MR. HOPKINS: Okay. One minute, Madam Chair. As
8 a reminder, Zoom is used for public only. This meeting is
9 streaming live on YouTube. If want to just listen to the
10 PEBP Board meeting, the YouTube link is located on the
11 agenda.

12 For those who have joined for public comment,
13 your name and the last four digits of your phone number will
14 be announced. You'll be advised you've been unmuted.

15 Okay. So, Kent Ervin or Ervin, you have
16 permission to talk. Please unmute your mic.

17 MR. ERVIN: There we go. Kent Ervin, K-e-n-t
18 E-r-v-i-n. Can you hear me now?

19 MR. HOPKINS: Yes, we can, sir. Thank you so
20 much.

21 MR. ERVIN: Kent Ervin, State President of the
22 Nevada Faculty Alliance, the Independent Association of
23 Faculty of Nevada's Public Colleges and Universities. We
24 work to empower faculty members to be fully engaged in our
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1 mission to help students succeed.

2 Full engagement means having a health care
3 package that keeps employees and their families healthy and
4 free from catastrophic expenses. A strong benefits program
5 is essential to recruiting and obtaining the highest quality
6 employees but with recent and longer term cuts to our
7 benefits PEBP is not meeting that requirement.

8 PEBP is now a half year into the establishment of
9 the new low deductible co-pay option. It's time to start
10 evaluating whether it is accomplishing its goal as a middle
11 plan option between the high deductible plan and the EPO
12 plan.

13 While the utilization report in Agenda Item 4.2.2
14 includes lots of interesting details, it does not clearly lay
15 out the metrics that would show how much each of the three
16 self-funded plans are working. For example, what are the
17 medical and pharmacy payouts for employees for each plan both
18 by PEBP and by the participants. What are the differences in
19 utilization and access to medical treatment for each plan.
20 Are they priced fairly?

21 In Item Seven you will be awarding the contract
22 for the Pharmacy Benefits Manager. The Board information was
23 cause as one of the determining factors for staying with
24 Express Scripts. How much will be saved by participants

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1 versus saved by the program. And how would those savings be
2 converted into better benefits for state employees.

3 We are concerned that savings will just accrue to
4 excess reserves which increased again to 47,000,000 as of the
5 beginning of FY2022, not including the additional 8.6 million
6 in CARES Act reimbursements.

7 Excessive excess reserves could again be swept by
8 the legislature. Please make sure that cost savings are
9 translated into better benefits or lower premiums for
10 employees. Thank you.

11 MR. HOPKINS: Okay. Thank you, Mr. Ervin.

12 Kurt Kemp, you have now -- you have permission to
13 talk. Please unmute your mic.

14 MR. KEMP: No comment.

15 MR. HOPKINS: Thank you so much.

16 Matthew Parker, you now have permission to speak.
17 Please unmute your mic.

18 MR. PARKER: Can everyone hear me?

19 MR. HOPKINS: Yes, we can. You may speak.

20 MR. PARKER: Okay, great. Ladies and gentlemen
21 of the Board, I am an unvaccinated state employee who will be
22 subject to the vaccination surcharge going into effect this
23 July. In the last two years I've weathered furloughs and
24 seen inflation effect my take-home pay. And now I face a
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1 surcharge.

2 I'm here to tell you that I and many others like
3 me can't afford this and my family cannot afford this. I
4 read the December 2nd agenda to better understand this
5 Board's reasoning for the surcharge. And what I found was
6 that a lot hinged on the Biden's administration mandate which
7 was shot down by the Supreme Court on January 13th. A lot of
8 what was written here also hinges on the misconception of the
9 vaccine is the only way out of this pandemic which is a good
10 oversimplification of what is -- that is not reflective of
11 the realities of this pandemic.

12 Because what I didn't see in the agenda was no
13 consideration of natural immunity. No mention that COVID
14 hospitalization hinges more on age and comorbidities than it
15 does on vaccination status. No mention of the flu vaccinated
16 can also transmit COVID and be hospitalized for it.

17 Will you also be surcharging fully vaccinated
18 employees due to their age and health? What if a fully
19 vaccinated person is hospitalized for COVID, will they then
20 have to pay a surcharge? It shouldn't be a surprise to
21 anyone here that the State is struggling with recruitment and
22 retention. Morale in the workforce is very low. This
23 surcharge will worsen recruitment, worsen retention. It's
24 already corroding morale.

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1 Right now around the country public agencies that
2 have used force of methods of punishment on their
3 unvaccinated employees are now facing staff shortages. The
4 State of Washington for example lost 151 winter operation
5 workers who did not want to comply with the state's vaccine
6 mandate which has tripled their ability to keep roads open
7 and safe for travelers this winter.

8 These are the consequences of these strategies
9 that punish employees who remain unvaccinated. They leave.
10 I can tell you right now that many of the unvaccinated I work
11 with are actively looking for other jobs right now. Others
12 may be fortunate to get on another insurance plan. Those who
13 can't will likely fall back into a corner and get vaccinated
14 not because they want to but because they have no other
15 choice. This will leave them bitter, disgruntled and feel
16 victimized by their employer.

17 Are these the outcomes the Board wants? Do you
18 want this to be a part of your legacy on this Board? I have
19 no doubt the surcharge will be very effective in getting
20 vaccination rates up. But it will come at a heavy cost. In
21 your effort to fix one problem you'll be creating many more
22 in its place.

23 As this Board has said, the situation is fluid.
24 And since January 13th the number of private corporations and
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1 public agencies dropping their mandates and surcharges has
2 grown everyday. So it is with respect that I strongly
3 encourage this Board to do the same. It's the morally right
4 thing to do for the people of the great State of Nevada.
5 Thank you for your time and consideration.

6 MR. HOPKINS: Thank you so much for your comment.

7 Will the caller of the last four digits of 1100
8 please press star six to unmute. You have permission to
9 talk. Caller with the last four 1100, please press star six
10 on your phone. You have permission to speak. Okay. We'll
11 come back to you.

12 Would the caller of the last four digits of 7832,
13 will you please press star six. You have permission to
14 speak.

15 MS. LAIRD: Thank you. Can you hear me okay?

16 MR. HOPKINS: Yes, we can.

17 MS. LAIRD: Thank you. Good morning, Chair Freed
18 and fellow Board Members, and also, Executive Officer Rich
19 and her staff. My name for the record is Terri Laird,
20 spelled T-e-r-r-i L-a-i-r-d, the executive director at the
21 Retired Public Employees of Nevada, RPEN. We were formed in
22 1976 with the sole purpose of protecting the pension and
23 health care benefits earned by all public employees.

24 We currently have nearly 8,000 dues paying
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1 members, many of whom are retired and on the PEBP Medicare
2 Exchange. Although, we also represent some active members
3 who are participants in PEBP.

4 In December I did express our concern about the
5 pending COVID surcharge said to take effect in July for those
6 non vaccinated public PEBP participants. And we see the
7 Board has several letters from those participants for your
8 consideration today who were not heard in December when this
9 surcharge was approved.

10 We do recognize the need for PEBP to cover the
11 testing costs these non vaccinated employees incur and
12 understand the seriousness of the pandemic. However, more
13 fees on top of already high health care premiums and
14 deductibles could prove a problem for some of the lower paid
15 employees in your program. Affordable health care seems to
16 get less and less affordable as the years go by.

17 We are also still hopeful PEBP can benefit from
18 some of the millions in federal funding made available to
19 states last year and hope to see some of those benefits cut
20 last year at PEBP restored with some of that aid.

21 It looks like the pandemic is not over yet. So
22 we hope the Governor who informed PEBP they would not get any
23 additional funds might perhaps change his decision in the
24 coming months.

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1 A last concern of ours relates to the health
2 reimbursement arrangement, HRA's for some retirees after we
3 got word earlier this month that some of our members were
4 having concerns with PEBP's enrollment platform. We do
5 understand from Ms. Rich it's a glitch in the system but we
6 hope that can be taken care of before it goes on too much
7 longer. Until then we do thank the PEBP Board and staff for
8 your difficult work during these trying months. Thank you.

9 MR. HOPKINS: Thank you so much.

10 Will the caller with the last four digits of 8673
11 please press star six on your phone. You do have permission
12 to speak.

13 MS. MAYLATH: Good morning. Thank you for the
14 opportunity to be able to speak to you again. For the record
15 my name is Brooke Maylath. I would like to, again, call your
16 attention to the discriminatory language in some of the plan
17 documents, specifically the PEBP Consumer Driven Health Plan
18 which mandates that precertification requirement applies to
19 medical treatment related to hormone therapy and prescription
20 drug therapy by the Pharmacy Benefit Manager for treating
21 gender dysphoria. This is really the same kind of issue that
22 menopausal women have in being able to get hormone
23 replacement therapy to be able to treat the symptoms that
24 come about during menopause.

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1 They go in. The doctor, you know, makes the
2 diagnosis. The doctor prescribes the medicine. There's no
3 precertification that is necessary. Whether you're a trans
4 man or a trans woman being able to have the dependence on an
5 outside agency that's never laid eyes on you for a diagnosis
6 and to have to be able to jump through those hoops because of
7 administrative barriers is, in fact, discriminatory. This is
8 an easy fix that can be made immediately in a self-funded
9 plan and that's what we've been asking for for months.

10 The plan also goes on to say that the utilization
11 management company may refer to guidelines published by
12 organizations such as the World Professional Associations for
13 Transgender Health, also known as WPAT and a few other
14 insurance companies.

15 I will tell you right now that the WPAT standards
16 and the Aetna standards are for the ability for prescribers
17 to write those prescriptions without having to go through a
18 utilization manager or a psychological review, that it is a
19 self-informed -- informed consent model. And this plan
20 should reflect that kind of model and those professional
21 organizations have already adopted and as already exists in
22 the other self-funded plans, you know, presented by PEBP.

23 This plan needs to be changed because it is, in
24 fact, discriminatory. And we don't want to be putting the
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1 state in a place where a lawsuit can challenge that kind of
2 language and you can and will be held liable and have to pay
3 not just the cost of the prescription but additional costs
4 and penalties, lawyers fees, et cetera.

5 So please just do the right thing and eliminate
6 this as quickly as possible. It's a simple fix and it's one
7 that has to be done in order to meet the requirements of the
8 law. So thank you for your time. And I look forward to
9 action happening and not just silence. Thank you.

10 MR. HOPKINS: Thank you so much. It looks like
11 we don't have anymore public comment on the line currently.
12 For those who had technical issues and didn't get a chance to
13 comment we will have another public comment session at the
14 end of this meeting.

15 Madam Chair, the public comment has been
16 completed.

17 CHAIRWOMAN FREED: Okay. Disclosure for
18 applicable Board meeting agenda items and I'll toss it over
19 to the Chief Deputy Attorney General, Ms. Briggs.

20 MS. BRIGGS: Thank you, Madam Chair. This is
21 Michelle Briggs for the record. This agenda item is to allow
22 me to make a disclosure regarding conflicts of interest on
23 behalf of the Board Members who are eligible for PEBP
24 benefits pursuant to NRS 281A.420.

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1 On behalf the Board Members who are eligible for
2 PEBP benefits or whose family members are eligible for PEBP
3 benefits I offer this disclosure that they will be voting on
4 those items that may affect the benefits available to them or
5 their family members. The law does not require abstention
6 from voting merely because the Board Member or their family
7 member is eligible for PEBP benefits.

8 At this time I invite any member of the Board who
9 has any other additional disclosures to make them now.

10 CHAIRWOMAN FREED: Thank you, Ms. Briggs. And I
11 had no disclosures. I just want to say how much I appreciate
12 the cat tail in the background.

13 MS. BRIGGS: He does that.

14 CHAIRWOMAN FREED: They have a tendency to. They
15 crash.

16 All right. So with that, let's go on to Agenda
17 Item Four, the consent agenda. All of these are action
18 items. As you know, Board Members, and as is our habit, I
19 will ask you if you would like to pull any of these for
20 discussion.

21 MEMBER AIELLO: This is Betsy. I have a couple
22 of questions on 4.6.

23 CHAIRWOMAN FREED: All right. 4.6.

24 Board Members, any others you would like to pull?
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1 MEMBER VERDUCCI: Yes. Tom Verducci for the
2 record. I would like to pull 4.2.1.

3 CHAIRWOMAN FREED: Okay.

4 MEMBER VERDUCCI: 4.3.5.

5 CHAIRWOMAN FREED: 4.3.5, okay.

6 MEMBER VERDUCCI: 4.3.6.

7 CHAIRWOMAN FREED: All right.

8 MEMBER VERDUCCI: And lastly 4.5.

9 CHAIRWOMAN FREED: Oh, good, me too, on 4.5.

10 Okay. Any others? Okay. Hearing none, I'll
11 accept a motion to approve everything in Item Four save for
12 4.2.1, 4.3.5, 4.3.6 and 4.5 and 4.6 we'll hold those for
13 discussion in a separate motion.

14 MR. GARRISON: So real quick. My name is Dylan
15 Garrison. I am the external auditor, the manager on 4.6, the
16 Clifton Larson Allen audited financial statements. I just
17 want to clarify that the statements we have today, I don't
18 know if everyone has a copy of them, but they are draft of
19 financial statements. So they still remain unaudited at this
20 point in time. We're still working through required auditing
21 procedures and going through that --

22 CHAIRWOMAN FREED: Okay.

23 MR. GARRISON: -- review process over those. So
24 I just want to make sure that's clearly identified that these
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1 are still unaudited at this point, and we will be presenting
2 the final audited financial statements along with the results
3 of the audit at the March meeting. Thank you.

4 CHAIRWOMAN FREED: Thank you, Mr. Garrison.

5 Executive Officer Rich, with that in mind, do we
6 want to shelve 4.6 until March or is it important that you
7 have us accept this draft report?

8 MS. RICH: So we can shelve it. The reason that
9 this was submitted or included in this packet is because
10 these are -- these are typically included in the November
11 packet.

12 CHAIRWOMAN FREED: Okay.

13 MS. RICH: They are presented to legislative
14 committees.

15 CHAIRWOMAN FREED: Okay.

16 MS. RICH: And so before that gets presented
17 publicly anywhere else we wanted to make sure that the Board
18 had an opportunity to at least review it. So we will
19 definitely be bringing the final results back in March, but
20 we didn't want to -- we wanted the Board to at least be able
21 to preview these before they became public elsewhere.

22 CHAIRWOMAN FREED: Right. Understood. It has to
23 go to the interim retirement benefits committee. So I
24 appreciate the consideration shown to the Board in giving it
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1 to us first even if it was a draft.

2 All right. Okay. Then that's fine. I'll leave
3 it for now. So anyway, back to the motion for everything on
4 Item Four except what I previously called out. Do I have a
5 motion for approval?

6 MEMBER BITTLESTON: This is Leslie, so moved.

7 CHAIRWOMAN FREED: Thank you.

8 Do I have a second?

9 MEMBER CAUGHRON: This is April. Second.

10 CHAIRWOMAN FREED: Thank you. All in favor say
11 aye.

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

14 CHAIRWOMAN FREED: Any opposed say no. Okay.
15 The motion carries. All right. With that, let's go to
16 4.2.1, the budget report.

17 MEMBER VERDUCCI: Yes, Tom Verducci for the
18 record. In reading through the report I just wanted to see
19 if we could address the differential cash that was available.
20 I read 37,000,000. I heard in public testimony -- public
21 comment that 47,000,000, and I just want to see if we can get
22 an accurate reading on the differential cash that's available
23 on the current budget.

24 MS. EATON: This is Cari Eaton for the record. I
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1 am unsure of where the number from public comment came from.
2 As this report reflects it is 38.1 million as of this time.

3 CHAIRWOMAN FREED: And this is Laura Freed. And
4 I want to note that at the last meeting we chose to set aside
5 26,000,000 of that for future plan years benefit enrichment.
6 So 38 minus 26 leaves us about 12,000,000 at this point,
7 knowing that that's always fluid, is that correct, Ms. Eaton
8 or correct enough?

9 MS. EATON: Cari Eaton for the record. That is
10 correct enough at this point in time.

11 CHAIRWOMAN FREED: All right. Thank you.

12 Mr. Verducci, any other questions about the
13 budget report?

14 MEMBER VERDUCCI: No. That was the only question
15 I had. Thank you very much.

16 CHAIRWOMAN FREED: All right. You're welcome.

17 4.3.5, again, Mr. Verducci I believe you had
18 questions about this.

19 MEMBER VERDUCCI: You know, I sure do. I see
20 that there's been a performance guarantee that was missed on
21 4.3.5. You know, I also noticed on 4.5, I know we're not
22 there yet, but that had audit findings relating to Willis
23 Towers Watson guarantee. And I'm not sure if we have a
24 representative from Willis Towers Watson here. Maybe we can

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1 perhaps have a discussion on the performance guarantee and,
2 you know, why those measures are being missed or if indeed
3 they are being missed.

4 MR. GARCIA: Hi, Mr. Verducci. This is Chris
5 Garcia with Towers Watson. I'm here for you.

6 MEMBER VERDUCCI: Oh, hi, Chris.

7 MR. GARCIA: So going to the quarterly report,
8 which measure are you referring to? I'm looking at page five
9 of that report or I'm sorry, page six, and I'm not seeing
10 that there was a missed measure for that quarter.

11 MEMBER VERDUCCI: Okay. So going to page number
12 four, page number four, under the category of benefitted
13 administration customer service abandonment rate, and I know
14 the commitment is less than five percent. When I tie it into
15 the audit report at 4.5 it looks like the findings were
16 closer to nine percent. And it, you know, the performance
17 guarantee which, you know, I think is either yes or no, the
18 response is NA. I don't know if that's not applicable or not
19 available but --

20 MR. GARCIA: Sure.

21 MEMBER VERDUCCI: -- that's the item I wanted to
22 discuss.

23 MR. GARCIA: Thank you. I appreciate that
24 clarity. Again, Chris Garcia for the record. So that is
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1 listed as NA because that is not a quarterly measure. That
2 is an annual measure. So this report is providing
3 information on a quarterly basis. The -- and you're correct,
4 the audit report from Claims Technologies, that would be
5 where we would capture the annual measure. So hopefully that
6 explains why that's listed as NA in the quarterly report.

7 And then if we're ready we can go over and look
8 at the Claims Technology audit report if you would like. I
9 don't know if we have to close out this particular item first
10 before we can move on to the next.

11 CHAIRWOMAN FREED: We don't necessarily, but I
12 think I would prefer to go in numeric order. So if you would
13 hold for a second, Mr. Garcia, I'll go to 4.3.6 unless
14 Mr. Verducci has more questions on 4.3.5.

15 MEMBER VERDUCCI: No. Thank you very much,
16 Chair.

17 CHAIRWOMAN FREED: Okay. All right. Then I'm
18 going to throw it back to you for 4.3.6, Aetna Signature
19 Administrators.

20 MS. LUNZ: Madame Chair, Erin Keller from Aetna
21 was having some technical difficulties and we're trying to
22 get her in.

23 CHAIRWOMAN FREED: Oh, okay. Well, then I take
24 it back. Mr. Garcia, you're up again, 4.5. In fact, I think
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1 I'll start this one off. Hold on. Let me get to the right
2 page in my packet. So -- so Claim Technologies has, you
3 know, on page nine of its audit, it's got some
4 recommendations. It asks Via Benefits to, you know, specify
5 the reason for overpayments, train its examiners to combat
6 claims processing errors, track turnaround time, all these
7 things.

8 And then in the Willis Towers Watson response it
9 was curiously devoid of responses to those recommendations.
10 It just talks about the, more or like the procedural way
11 that, you know, CTI did the audit. So I would like to hear
12 from Willis Towers Watson what its reaction to the
13 recommendations are. And I would also like to hear about,
14 hold on, find the page, they talk about assessing a penalty
15 of, on page three of the audit, claims processing payment
16 precision annual review, it was not met, and the penalty is
17 \$10,000. So would Willis please respond to that.

18 MR. GARCIA: Absolutely. Again, Chris Garcia for
19 the record. So to respond to the first part of your question
20 regarding the recommendations from Claims Technologies and
21 why the response letter in the report doesn't address that.
22 This response letter was provided to a draft version of the
23 report that our auditing team had received. In that draft
24 version there were no recommendations listed in there. So
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1 that's why the letter itself that Kara Smouse from our claims
2 auditing team did not provide any additional information
3 related to those recommendations. But I'm happy to respond
4 to many of those recommendation during this call if you would
5 like to.

6 CHAIRWOMAN FREED: Well, actually what I would
7 like is if that was a draft, now that this is final, will we
8 be getting another response letter from Willis directly
9 responding to the recommendations? And you can preview that
10 for me if you want.

11 MR. GARCIA: We certainly can. That was not a
12 request that we received. We did not get the final draft or
13 final report until it was made public.

14 CHAIRWOMAN FREED: Okay.

15 MR. GARCIA: Through PEBP posting it.

16 CHAIRWOMAN FREED: Through the packet.

17 MR. GARCIA: Correct. So when we requested the
18 report from Claims Technologies, I was advised by our
19 auditing team that we were told we would need to get it from
20 PEBP.

21 CHAIRWOMAN FREED: Oh, all right.

22 MR. GARCIA: So we're happy to provide a formal
23 response or I can go ahead and talk through that information
24 if you prefer.

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1 CHAIRWOMAN FREED: Actually I prefer both. I
2 would like --

3 MR. GARCIA: Okay, great. I'm happy to do that.
4 So looking at the recommendations, the first recommendation
5 is regarding the overpayment report and the request for
6 additional details to be added to that report. Currently the
7 report that we have available does identify the type of
8 overpayment that was created. The two categories are, we'll
9 be calling negative account balance overpayment. And the
10 second one is a claims overpayment and they are very generic.
11 And I understand how that can be a little concerning from an
12 auditing perspective or from an auditor perspective.

13 To simplify this as much as possible, a negative
14 account balance overpayment is typically tied to a reversal
15 of funding that was provided to an account. For example, if
16 we receive a late notification that somebody has passed away
17 we will, because PEBP provides monthly allocations we will go
18 back and remove any of those monthly allocations that the
19 person should not have received during that time period from
20 when, you know, before we were notified that they were passed
21 away. If we remove those allocations and there was claims
22 paid from those funds that would potentially cause an
23 overpayment to be created on the account. That's the first
24 category.

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1 The second category, as I mentioned, is claims
2 overpayment. Those are typically going to be tied to claims
3 that were originally approved and then later determined to be
4 ineligible expense. A common example of that would be a
5 claim that was approved and then later identified as a
6 duplicate claim. And we do see that every once in a while,
7 in particular with premium claims that we can receive.

8 So while our current overpayment report does not
9 provide the more detailed information on why specific
10 overpayment occurred on account, you know, we would have to
11 do manual research on each individual claim item to identify
12 the specific reason why a claim isn't currently in
13 overpayment.

14 I do want to advise PEBP that we are working on
15 reviewing improvements of the reports that we make available
16 to clients through what we call our benefit view site which
17 is where the overpayment report is housed. There's actually,
18 coincidentally there's a meeting later today that's happening
19 regarding those types of improvements. One of those reports
20 under review overpayment report.

21 However, I'm currently unable to confirm that
22 additional detail can be provided to the report at this time.
23 It has to be fully vetted and reviewed. This is something
24 that's been building up not specifically based off of this
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1 request but actually over the last year as we received
2 feedback from other clients related to the reports that we
3 have available, specifically to the reports available on our
4 benefit review site tied to the HRA.

5 So certainly something we want to look at and
6 make improvements on, but it's got to be reviewed to see how
7 we can add additional detail as to why the overpayment was
8 created on the account.

9 Did you have any questions on any of that
10 information?

11 CHAIRWOMAN FREED: No.

12 Mr. Verducci, I see you're unmuted. Did you have
13 questions about that or were your questions different than
14 mine?

15 MEMBER VERDUCCI: I believe they are probably a
16 little different.

17 CHAIRWOMAN FREED: Okay. Go ahead.

18 MEMBER VERDUCCI: I wanted to go ahead and ask
19 about the number of the HRA accounts that I read. 13,462
20 accounts are out there but 7,315 don't have any balance. I'm
21 just trying to account for the over 7,000 accounts with no
22 balance.

23 MR. GARCIA: Sure.

24 MEMBER VERDUCCI: It seems like a billing must be
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1 there.

2 MR. GARCIA: And that's actually a really good
3 thing, to be honest with you, Mr. Verducci. Chris Garcia for
4 the record. So PEBP provides monthly allocations. We're
5 paying out claims on a daily basis. For most clients or most
6 participants they want to utilize as much as of their HRA as
7 possible. So as we have claims come in and we have new
8 allocations added each month we will process those
9 allocations, those balances against the claims that are being
10 submitted. There's different ways that participants can
11 submit claims against their account.

12 So as we pay out those claims it exhausts the
13 balance, and so we will use up as much of that funding as
14 possible to, so that the participant can receive
15 reimbursement for their eligible expenses they submit against
16 their accounts.

17 So we would honestly prefer to see that be a
18 higher amount on a regular basis, more than the 7,000 just to
19 show that participants are utilizing as much of their HRA as
20 possible, in particular because as you may recall, last year
21 the Board implemented a cap of \$8,000 on the HRA. So at the
22 end of May of each year, any amount over \$8,000 is removed
23 from the account and is no longer available to the retiree.

24 So we do want to see as many of those retirees
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1 use as much of that, you know, as much of those allocations
2 in the balance as possible so they don't go over the \$8,000
3 and lose their funding.

4 MEMBER VERDUCCI: I see. And thank you, Chris.
5 So those would be zero balance accounts. Accounts that did
6 have balances at one point but they were closed out. And is
7 that something that is just held on the books indefinitely
8 going forward, even if an account was closed out perhaps
9 several years ago?

10 MR. GARCIA: They don't close out unless the
11 person either loses their eligibility or they become
12 deceased. So those are really the only times that an account
13 is quote unquote closed. When we mean they have a zero
14 balance it means at the end of that reporting period the
15 person, the account had exhausted their funding. But then at
16 the start of the next month they would have additional
17 funding added to the account.

18 So to kind of give you a simple example, let's
19 say a participant is receiving \$260 per month which is the
20 most they can receive based off of receiving 20 plus years of
21 service at \$13 per year. If they receive the \$260 per month
22 and then they have premium claims for their Medigap and maybe
23 their Medicare part B premium, dental premium, et cetera that
24 exceeds the 260 dollar amount, we will load the \$260 to their
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1 HRA, make it available to them and then pay out claims as
2 they come in. And so by the end of the month they have
3 already exhausted that \$260 as we've reimbursed them for
4 their expenses. So every month they are exhausting their
5 funding but they are getting new funding the following month.
6 That's the most common scenario that we'll see that applies
7 to those 7,000 accounts that we mentioned.

8 MEMBER VERDUCCI: Thank you for the detailed
9 explanations. I appreciate it very much.

10 MR. GARCIA: You're welcome. Again, Chris Garcia
11 for the record. Ms. Freed, did you want me to continue on
12 with the questions -- with the recommendation?

13 CHAIRWOMAN FREED: Yes, please.

14 MR. GARCIA: And responses.

15 CHAIRWOMAN FREED: We don't need to spend too
16 much time.

17 MR. GARCIA: Sure.

18 CHAIRWOMAN FREED: And I don't want to put you on
19 the spot for like a half an hour. So what I think I'm going
20 to do is have you do it briefly.

21 MR. GARCIA: Sure.

22 CHAIRWOMAN FREED: And then ask you to formally
23 respond whether it's, you know, from you or from Cara Smouse
24 or whomever in your organization needs to respond to CTI and
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1 us officially.

2 MR. GARCIA: Absolutely. And I will go as
3 briefly as I can. So Item Number Two in the recommendations
4 was regarding how Via Benefits and Life Works needs to work
5 together to determine how to best update eligibility in a
6 timely manner.

7 So just to confirm we are now working with
8 Benefit Focus as of 2022. And one of the things that we've
9 been focused on working Benefit Focus as your data
10 eligibility vendor is improving the timing of the eligibility
11 files that we will be receiving. We're still working on
12 that. But our goal is to expedite that timing and improve it
13 compared to what we were receiving, the timing that we were
14 receiving files from Life Works, your prior data eligibility
15 vendor.

16 So we are excited to be working with Benefit
17 Focus and hope that the improved timing of those files will
18 minimize the number of late notification that we receive,
19 especially related to a deceased participant.

20 I do want to add one item of note, that we are
21 currently working on a tool that will be available to clients
22 as well as authorized third party eligibility administrators
23 that would allow the client or that third party administrator
24 to actually access our system and their participant accounts
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1 and manually update information in that account.

2 We can see that being used to help correct an
3 account or potentially I can see it being used to update,
4 adjust that as rather than waiting on the next file that
5 would have to be sent over. That tool is called One View and
6 we plan on rolling it out by the end of this year. So I'll
7 share that information with PEBP as it becomes available as
8 well as with Benefit Focus. But one thing I wanted to bring
9 to your attention is that is something that could come into
10 play here. Moving on -- do you have any questions related to
11 that?

12 Okay. Moving on to Item Three, which is
13 regarding how Via Benefits should coach our examiners on the
14 claim they are processing. Our claims manager did confirm
15 with me that they do coach processors on all identified
16 errors. And they actually did share the report that Claims
17 Technologies has provided with the processing team. So that
18 item has been addressed.

19 The next item is that Via Benefits should develop
20 a process attract what we call claims turnaround time which
21 is how quickly we process a claim from when it is received.
22 Again, our claims manager has confirmed that we do a process
23 to track turnaround time. They have several controls to
24 monitor aging inventory on a daily and weekly basis through
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1 reporting and dashboards, and we receive reports monthly to
2 determine what we call service level agreements on a
3 quarterly basis. So usually SLA's or service level
4 agreements are tied to a quarter. So we use those reports,
5 those monthly reports to do that.

6 I think what Claims Technologies may be asking
7 for is like a turnaround time on demand report, which is not
8 a report we have in place because the previous controls that
9 were mentioned would eliminate the need for that type of
10 report. Again, we'll provide more detail in the written
11 response.

12 The Item Five is an item related to performance
13 guarantees, metrics or service level agreements and being
14 able to measure those outside of the -- to allow for outside
15 validation. I actually had some questions on this one. I
16 don't think we have a response ready. We wanted to ask
17 Claims Technologies for additional clarification on this item
18 and then we would be able to provide a response. So we can
19 certainly do that.

20 And then the last item where it says PEBP should
21 verify that misperformance goals of having creditor back.
22 Unfortunately I cannot provide a response there. We would
23 need PEBP to respond to that item or provide information.

24 CHAIRWOMAN FREED: Okay, great.
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1 MR. GARCIA: Any other questions that you might
2 have?

3 CHAIRWOMAN FREED: No, sir. None from me.

4 MR. GARCIA: Okay.

5 CHAIRWOMAN FREED: I think with that we can move
6 on.

7 MS. RICH: Can I just add something to that
8 really quick. You know, first of all, this was as the Board
9 is aware, we -- we switched auditors and we have a long time
10 auditor I think. And so we had after entire leads switched
11 to a new auditor. This was the first audit that we've had so
12 this is -- can you hear me?

13 MR. HOPKINS: We can, Laura. It is just very
14 muffled. There's like some feedback.

15 CHAIRWOMAN FREED: There is a lot of feedback on
16 yours. It's weird.

17 MS. RICH: Can you hear me now better?

18 CHAIRWOMAN FREED: No.

19 MS. RICH: Let me see what I can do here.

20 CHAIRWOMAN FREED: Okay, everybody, thank you for
21 your patience. Board Members, vendors, people listening on
22 the internet, we've had some audio difficulties with
23 Executive Officer Rich. So while they get that sorted out I
24 think we will move on to 4.6. I believe Member Aiello wanted
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1 to ask about this one.

2 MEMBER AIELLO: Yes, it was me that asked to pull
3 this one. I think it's not so much about the audit report
4 but a couple of things within it that I don't quite
5 understand, and maybe we've seen them before and it was in a
6 different presentation so it made sense.

7 But on the fund 625, on page four, it talks about
8 bank overdraft. And later in the report I read that there
9 are some outstanding checks that made sense to me that that's
10 part of the overdraft when things have been paid and need to
11 be brought back. But it was a smaller amount so I'm just
12 wondering what bank overdraft is. And I don't know if
13 that's, someone can answer that for me but that -- this
14 report brought that up.

15 CHAIRWOMAN FREED: I will ask the auditors to
16 ring in if they can answer that question for you.

17 MEMBER AIELLO: I can go through my other
18 questions if they are having trouble getting on while they
19 are working maybe.

20 CHAIRWOMAN FREED: We are just riddled with
21 technology issues today. I'm not even seeing the auditor on
22 and he was here previously.

23 MS. EATON: This is Cari Eaton for the record. I
24 can take a stab at it.

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1 MEMBER AIELLO: Okay.

2 MS. EATON: Maybe I am wrong.

3 MEMBER AIELLO: I just don't, in my own accounts
4 I wouldn't want to see bank overdraft.

5 MS. EATON: And I don't know if that is what they
6 are calling our stale dated checks or if that is something
7 different. But I'm not sure if you might also be seeing our
8 collections because there's a collections amount that we have
9 participants who are overdue on payments and we send them to
10 collections and part of that becomes uncollectible. And I
11 don't remember where in the report they go over that. But I
12 know they go over both of those.

13 MEMBER AIELLO: Okay.

14 MS. EATON: That's the area that was coming to
15 mind.

16 MEMBER AIELLO: Yeah, because it was over
17 \$2,000,000 so it just seemed like a lot. On page five, my
18 question was just in the transfer section, it says transfers
19 in. Where do transfers come from? Because in 2020 we
20 transferred in 400,000. And then we in '21 we transferred in
21 over 9,000,000. So I was just curious where that money came
22 from or that's another question I had, just trying to
23 understand.

24 CHAIRWOMAN FREED: Okay. So thank you, Betsy.
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1 So I think what we're going to do is take a break because we
2 seem to have tech problems and we're missing an auditor
3 somewhere. So, Board Members, vendors and the public, I
4 apologize this is happening, but I think we are going to
5 pause the meeting for about -- until about 10:00 o'clock so
6 Executive Officer Rich can get her mic back to where it needs
7 to be and we can maybe find some people to answer these
8 questions. So with that, everybody take five and get a
9 beverage or something.

10 (Whereupon, a brief recess was taken.)

11 CHAIRWOMAN FREED: It's 10:00 a.m. I will call
12 the meeting back to order. And we were on Item 4.6 which is
13 the financial audits of the two funds that PEBP has. Member
14 Aiello, we have the Clifton Larson Allen auditor on. So if
15 you would like to pose your questions once again we'll let
16 Mr. Garrison answer them if he can.

17 MEMBER AIELLO: Thank you. For the record, this
18 is Betsy Aiello. And, Mr. Garrison, I was just trying to
19 understand what I was reading. And on page four of your 6-25
20 audit report it indicated under current liabilities, bank
21 overdraft. And I was trying to understand what that was.

22 CHAIRWOMAN FREED: Mr. Garrison, before you
23 testify, if you would identify yourself for the record.

24 MR. GARRISON: Yeah. My name is Dylan Garrison.
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1 And, again, I apologize. I thought you didn't have questions
2 on these documents or else I wouldn't have jumped off. I
3 apologize on that one.

4 So the bank overdraft, what that is it's is three
5 checking accounts that are helping that third party. So
6 really it's those outstanding overdrafts where those checks
7 get cut to the claim participants that are filing the claim
8 with the State of Nevada, you know, the PEBP funds are liable
9 for those claim payments up to six years. So those are the
10 three checking accounts helping the third party that are
11 constantly getting cleared out. And so those bank
12 overdrafts, if you will, are still those outstanding claim
13 payments related to those three zero balance accounts
14 administered through a third party.

15 MEMBER AIELLO: Oh, okay. Thank you. I thought
16 I saw that in a note lower. But I thought I read a different
17 amount than those amounts though.

18 MR. GARRISON: And that's a great point, Betsy,
19 and you're right. So that footnote was, and I'm assuming
20 you're talking about either number three or number eight
21 probably. But in that batch of what's listed on the basic
22 statements it does contain these amounts that are disclosed
23 but it also just has additional just activity report in that
24 bucket, if you would, for liability.

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1 MEMBER AIELLO: Okay. I appreciate that. And
2 then I just had another question on the next page, on page
3 five.

4 MR. GARRISON: Sure.

5 MEMBER AIELLO: Where do transfers come from
6 because apparently in 2020 we only had to transfer in
7 400,000. But this year we had to transfer nine and a half
8 million.

9 MR. GARRISON: Yes. So it's kind of, it's a hard
10 picture to see, right, because you're just seeing the two
11 funds that we're reporting on versus seeing the whole
12 statewide annual financial report. So those transfers in are
13 coming from the general fund. And so I believe a good
14 portion of that money was related to the federal grant money
15 that came in I believe in terms that transfer of funds
16 because this is a transfer in from the general fund. So this
17 is money that the general fund has transferred into the --

18 MEMBER AIELLO: With their bills or --

19 MR. GARRISON: Correct. And just another item
20 and I don't know if anyone has really noticed it or kind of
21 caught everyone's attention, but you'll notice the operating
22 income is a lot lower this year, and the reason that is is
23 because the month of June the state had a subsidy holiday is
24 what it's termed as.

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1 And so what ended up happening is those employers
2 that would typically contribute to these two funds that we're
3 looking at here which can be recorded as revenue, that June
4 contribution amount got absorbed by state dollars, like a
5 state subsidy holiday. So really that 2021 column is only
6 reflecting 11 months of revenue because that month of June
7 was absorbed by the state as a subsidy holiday that it
8 offered all the employers. So that was another one of the
9 biggest -- I'm sorry. Go ahead.

10 MEMBER AIELLO: I'm sorry. I interrupted you.
11 But which then was backfilled from the general fund, probably
12 from federal funds but from whatever.

13 MR. GARRISON: Exactly.

14 MEMBER AIELLO: That was part of the reason the
15 9,000,000 was maybe needed.

16 MR. GARRISON: Correct.

17 MEMBER AIELLO: I'm assuming, okay.

18 And then I have a question on page six, and this
19 one is an easy one. There's only 2020, is that a live
20 report? Is that why there's not 20201?

21 MR. GARRISON: Not at all. That's just because
22 these are drafts and we didn't quite get that column updated
23 for this Board meeting. We were kind of pressing the
24 deadline working with the finance department and we wanted to
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1 get drafts available for the state so there should be a 2021
2 column there for the cash flows for this month. So great
3 point. There will be another column there when you see the
4 final payment.

5 MEMBER AIELLO: Okay. And I just have a question
6 on the, one question only on the 680 report because my eyes
7 were going a little crazy just trying to figure out what I
8 was reading. But in that also is I'm scrolling to it, sorry,
9 on page four.

10 MR. GARRISON: Sure.

11 MEMBER AIELLO: And this is the retiree stuff.

12 MR. GARRISON: Uh-huh.

13 MEMBER AIELLO: And I'm wondering why, let's see
14 what I wrote. There's such a decrease in assets from
15 6,000,000 to 2,000,000. What would -- or maybe you don't --
16 because we've got a whole bunch due from other funds that
17 they're blank this year or investment at fair value, yeah.

18 MR. GARRISON: Yeah. No. Great questions. So
19 there's a couple of circumstances there that are taking
20 place. So the investments at fair value, that was an
21 investment account that last year had a balance that was
22 essentially swept in March of 2021. So those investments
23 were moved to another fund at the state level so that's why
24 that has been decreased. So it's essentially removed from
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1 fund 680 and then the due from component units was related to
2 NSHE, the Higher Education and so that kind of ties into the
3 June holiday amount. So I think in the past the due from
4 component units related to June retiree contributions from
5 NSHE. And so with this year being a state holiday for the
6 month of June and that getting absorbed in the general fund
7 we didn't have revenue or receivable to report related to the
8 component unit at the statewide level and that's why that
9 went from 1.4 million to zero this year just because of that
10 state subsidy holiday was very unique but because there was
11 no activity for the month of June there was no receivable to
12 put on the books for that June amount.

13 CHAIRWOMAN FREED: Okay. Wait a second. This is
14 Laura Freed. Mr. Garrison, I want to clarify something.

15 MR. GARRISON: Yeah.

16 CHAIRWOMAN FREED: Betsy asked earlier about the
17 transfer of 408,891 in 2020 as compared to 9,467,584 in
18 transfers in. You mentioned they were from the general fund.
19 That would be true in 2020 because that was a transfer that
20 was general fund to support the non-state retirees
21 remediation budget.

22 MR. GARRISON: Uh-huh.

23 CHAIRWOMAN FREED: But that law expired by
24 limitation. So the transfers in from 2021 I believe would be
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1 coronavirus relief fund for claims offset, not general fund.
2 This is not a fund that gets direct general fund
3 appropriations.

4 MR. GARRISON: And I'm sorry. Let me clarify my
5 words. I was just meaning that I think it came from the
6 general fund because the grant funding was initially recorded
7 the general fund so this is just a transfer.

8 CHAIRWOMAN FREED: Oh, good. We're talking about
9 fund accounting.

10 MR. GARRISON: Yeah. Yeah. Yes. Again, my
11 apologies. I'm like mixing in my terms with may be different
12 terms that you guys will be using. But you're 100 percent
13 correct, Laura, that's exactly what it related to.

14 CHAIRWOMAN FREED: Okay. Thank you.

15 MEMBER AIELLO: And then on this same page then,
16 obviously our net position this year is almost 10,000,000
17 negative. And that just means we drop that much with money
18 or is this fund like in a negative position or?

19 MR. GARRISON: Yes, I think if you go to page
20 five you'll see last year it was like at a negative 5.6.

21 MEMBER AIELLO: Yeah.

22 MR. GARRISON: That position. And now it's at
23 9.9. So I think really what the reason that is, it's going
24 to relate to the June revenue that would typically get

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1 reported in that contribution bucket up there. So where you
2 see it says contribution and employer contributions you can
3 see how that went down by about the exact number, probably
4 4.3 million roughly, maybe, just quickly doing back of the
5 neck in math, but that's all related to that June month of
6 contributions that this fund is not collecting revenue for it
7 because the State is going to essentially absorb that cost.

8 So that's why now we have a kind of a similar
9 change in that position. I can't speak to exactly why the
10 5.8 million was there in prior year as this was the first
11 year we were the auditors. But that's why we have change
12 this year of negative 4.3, it's because the revenue for the
13 month of June did not come through for that contribution
14 bucket.

15 MEMBER AIELLO: But so what I'm reading is that
16 in this fund.

17 MR. GARRISON: Uh-huh.

18 MEMBER AIELLO: We use more money than gets put
19 in because there was a negative at the end of last year
20 five -- about five and a half million. And the net position
21 beginning of the year was a negative five and a half million.
22 We had money put in. And then we obviously paid more than we
23 had put in, and we were already negative so we're negative
24 even more. So the retiree fund is kind of negative. And

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1 maybe this is something that PEBP people can help me
2 understand or -- I don't know just from my own accounts, if
3 it was me I would be really upset if my bank looked like
4 that. But that's not the auditor's issue. It's something
5 else I think.

6 MS. EATON: This is Cari Eaton. I can sort of
7 address that. This is -- so this is our REGI state subsidy
8 funding, and REGI has historically been a little bit unfunded
9 while AGIS is over-funded and we can't combine the two. It's
10 a budgeting legislatively how we set rates issue. So there's
11 no real easy solve for this. And we do need to look into a
12 way to maybe try to lessen this issue. But the way we
13 currently set rates and budget, this issue is going to
14 continue.

15 MEMBER AIELLO: It's to keep the retirees' rate
16 the same. And I think we might have had a similar
17 conversation last year. And I'll plead that since I'm a
18 retiree maybe that's why it didn't fully stick with me or
19 maybe because I'm looking at it just once a year because some
20 of this is -- but I think as that amount gets higher and
21 higher, it looks a little more concerning too, but I
22 appreciate that. Thank you.

23 MS. EATON: I 100 percent agree.

24 MEMBER AIELLO: Thank you for answering my
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1 questions.

2 CHAIRWOMAN FREED: Okay. If no one else has any
3 other questions about the draft audit, then I will thank
4 Mr. Garrison for his testimony.

5 Welcome to the PEBP Board, Mr. Garrison.

6 And I will accept a motion to accept Items 4.2.1,
7 4.3.5, 4.3.6, 4.5 and 4.6.

8 MEMBER VERDUCCI: Tom Verducci for the record. I
9 just want to clarify on 4.3.6, on the performance guarantee
10 rate. The reason I pulled this item here was the -- I wanted
11 to discuss the pre-pricing accuracy. It appears that there
12 was a performance guarantee that was missed. And I just want
13 to see if I can gain a better understanding of that reporting
14 category.

15 MS. RICH: We have Erin now.

16 MS. KELLER: I do. Thank you, Laura. And for
17 the record this is Erin Keller from Aetna Signature
18 Administrators. And, Board Member Verducci, thank you so
19 much for your question. And thank you all for your patience
20 as I work through the technical issues.

21 I believe we're looking at a report that has what
22 we would refer to as quarter three. There might not be for
23 the claims repricing accuracy, it says our standard is
24 97 percent and there may not be anything listed with regard
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1 to the result, if I have the right report that you're looking
2 at, Board Member Verducci. And we actually, our repricing
3 accuracy amount for that quarter was 99 percent so we did
4 exceed that 97 percent.

5 MEMBER VERDUCCI: Okay. That answers the
6 question. I was reading 97. It was a very short report with
7 three items on here. And it was stated here at 97 which I
8 believe is not a pass. But if indeed that is 99 percent it
9 appears to be a pass.

10 MS. KELLER: Yes, absolutely. So the 97 for the
11 accuracy, the claims turnaround for three days is 97. And
12 the five days is 99. Those are the standard metrics. And
13 then on the right-hand side those are what we have achieved.

14 MEMBER VERDUCCI: That answered my question.
15 Okay. Thank you very much.

16 MS. KELLER: Thank you so much.

17 CHAIRWOMAN FREED: Thank you, Mr. Verducci.
18 Thank you, Ms. Keller. I apologize that I completely forgot
19 that we had trouble having Ms. Keller on the line.

20 Okay. With that, do I have a motion to accept
21 these remaining items?

22 MEMBER AIELLO: This is Betsy. I'll move so.

23 CHAIRWOMAN FREED: Thank you. Do I have a
24 second?

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1 MEMBER KELLEY: Michelle Kelley for the record.
2 I'll second.

3 CHAIRWOMAN FREED: Thank you so much. Thank you,
4 Ms. Fox.

5 Okay. All in favor say aye. Any opposed say no.
6 (The vote was unanimously in favor of the
7 motion.)

8 CHAIRWOMAN FREED: Okay. Motion carries. That
9 gets us through Agenda Item Four.

10 Let's go to Agenda Item Five, Executive Officer
11 Report.

12 MS. RICH: Sure. For the record Laura Rich. So
13 the executive officer report is a lot of things COVID. We
14 will start with the COVID update which begins with the
15 emergency declaration. Nothing unexpected here. On
16 January 14th the feds did extend the emergency, the national
17 public health emergency and that was extended through
18 April 15th through 2022. So that means that, you know,
19 certain benefits are extended as well. That's that cost
20 sharing for the COVID-19 testing and test related visits as
21 well as the vaccine administration.

22 The next one is the OSHA mandate. So the OSHA
23 mandate was -- it actually made it to the Supreme Court that
24 emergency temporary standard which imposed testing

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1 requirements on large employers was blocked by the Supreme
2 Court on January 13th. However, and I know this has come up
3 in public comment quite a bit. This does not -- this outcome
4 does not affect the Governor's policy of mandating weekly
5 testing of unvaccinated employees. So this would not affect
6 the surcharges or, you know, the cost associated with that,
7 with the weekly vaccine requirements of unvaccinated
8 employees for the State.

9 The next one is the insure mandate. This is kind
10 of a complicated one. It's fairly new. We're still working
11 through a lot of the details. So, you know, I did -- I made
12 our best attempt here to provide some information on where we
13 are today on the insure mandate.

14 So on January 10th, the departments of health and
15 human services, labor and treasury, they all released
16 guidance outlining a new policy requiring insurers and health
17 plans to cover and -- and/or reimburse covered members for up
18 to eight at-home over-the-counter COVID tests per 30-day
19 period, so that's eight per person per month.

20 The requirement began on January 15th. So, you
21 know, there wasn't a whole lot of time to get this
22 implemented. Insurers nationwide were scrambling and still
23 are. So this -- this requirement does go through the end of
24 the public health emergency period. So under this policy,

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1 insurers, they are incentivized. They are incentivized by
2 that 12 dollar cap and by capping it at \$12 because if
3 insurers can't make arrangements with a network of pharmacies
4 that allow members to go to the -- to that pharmacy and
5 purchase, and when I say purchase it means that you can go
6 and get your eight tests over-the-counter without having to
7 pay anything out-of-pocket. And so without having to go
8 through that reimbursement process, et cetera, et cetera.
9 The motivating factor here for insurers to do that is that
10 test is capped at \$12, right, so that they can cap that
11 reimbursement at \$12.

12 Should insurers not take this approach and just
13 use the reimbursement process completely then that cap does
14 not exist. And then you're paying -- you're reimbursing at
15 the actual price. So, you know, there was -- there was short
16 notice obviously. We had a whole lobbying really four days
17 to put this into effect. And so PEBP worked with, mainly
18 with ESI because this was going to be a pharmacy benefit
19 versus a medical benefit since it is eventually going to flow
20 through the pharmacies.

21 So we worked with ESI to come up with a game
22 plan. And so ESI today, I know that and we do have
23 representatives from ESI if there's any questions, but I know
24 that they're still working through some of the processes.

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1 There are no -- there's -- there's not an option to do this
2 through that network of pharmacies where people can go to
3 the -- to the pharmacy and get something -- get their
4 over-the-counter test at no cost. Right now we do have to
5 use that reimbursement process. It's somewhat manual, but
6 ESI is working to put these all into place. We expect this
7 to be happening here quickly, within the next 30 days.

8 In the meantime those on our self-funded plans
9 are able to be reimbursed through a manual reimbursement
10 process. They will have to complete a form and submit the
11 receipts and receive reimbursement for those -- for those
12 tests.

13 PEBP has put out communication. And
14 unfortunately, you know, things change and so there are --
15 will be updated communication. But the original
16 communication said that members had to go to the pharmacy to
17 purchase these over-the-counter tests. It turns out that
18 Amazon and other retailers are covered as well. So we plan
19 to put out more communication as this is worked through and,
20 you know, the details get worked out.

21 So that is for our self-funded plans. The HMO
22 plan through HPN that their situation is a little bit
23 different. Members can purchase over-the-counter tests at
24 any Walmart pharmacy with no up front cost. So they are able

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1 to -- they have got that network in place through Walmart,
2 and they can also submit receipts through their on-line
3 member center as well to get that reimbursement if they
4 choose to purchase their test elsewhere.

5 So the impact of this mandate, this is largely
6 going to be dependent on COVID and what happens with COVID,
7 right, because right now it is difficult to get your hands on
8 tests. There is low supply. And so it's -- the likelihood
9 that members are going to go out and purchase a test per
10 person that are covered is pretty minimal, right, because you
11 can't find those tests. It is very difficult to get your
12 hands on those tests right now.

13 Should supplies become available and infection
14 rates and perhaps future surcharges or sorry, surges. I've
15 got surcharges on my brain. Future surges occur we could see
16 a spike in claims because you're going to see similar to, you
17 know, the toilet paper scenario that happened at the
18 beginning of the pandemic. People will stockpile, right. So
19 there's a significant chance that in that kind of situation
20 that we'll see a spike in claims because these claims or
21 these costs do come at a cost to the plan.

22 On the flip side you do have the argument that
23 they will be -- that these tests at \$12 a piece are still
24 cheaper than a PCR test. And so a PCR test can cost

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1 anywhere, just say about \$130. It's average, right. That's
2 a Medicare reimbursement rate. So that is -- there's the
3 chance that those PCR tests won't be billed to the plan and
4 instead the new cost of the over-the-counter test will
5 replace the old cost of the PCR.

6 The only caveat to that is that PCR test, many of
7 them have not been charged to the plan to begin with. PCR
8 tests have been charged either to the feds or there's, you
9 know, grant funding. Many places that you go to don't even
10 ask for insurance. And so when you go and get tested,
11 insurance information isn't collected and, therefore, it is
12 not charged to the plan.

13 So there's a pretty high chance that the PCR --
14 that this is not replacing a -- the over-the-counter cost is
15 not replacing the PCR test in all cases. So there's a whole
16 lot of factors that play here. We're going to be watching
17 this very closely, but this is definitely an unfunded mandate
18 that does have the ability to impact the plan.

19 So additionally so let's get into the surcharges
20 a little bit. There's not a whole lot of movement here with
21 the focus on the testing rollout. We've been working on
22 that. And the implementation of the new enrollment system,
23 there's not any substantial updates to provide on the
24 implementation of the surcharges into the system. We want to

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1 make sure the system is working right before we start working
2 the new implementation of how to handle the surcharge in the
3 enrollment and eligibility system.

4 However, some discussions have begun with the
5 Governor's Office. And we are working by getting these
6 details lined out so that we are in a situation where we can
7 roll this out here quickly.

8 We've also been working with Benefit Focus to
9 make sure that this is a function that can be turned on
10 fairly quickly. And we're going to continue to work with Aon
11 to monitor and ensure that, you know, we're looking and
12 tracking these COVID costs and surcharges to ensure that the
13 surcharges that were, those amounts that were approved at the
14 December 2nd meeting still remain accurate and valid.

15 So before I get into staffing and all of the
16 other stuff, I'll just stop there and we can address all
17 things COVID first.

18 MEMBER AIELLO: This is Betsy. I do have a
19 question. Some of the public comment has indicated that they
20 are already looking for the religious medical exemption
21 process. And I know I hear you guys working with the
22 government office on developing it. Is anyone getting back
23 to folks letting them know there will be one but it hasn't
24 been developed yet. It's in process, but so that they know
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1 at least there will be one because some of them looked like
2 they were questioning whether there would be one.

3 MS. RICH: So there's -- no information has gone
4 out on this yet just because of the lack of details that are
5 available yet. However, we haven't put out our January
6 newsletter yet, we will be very very soon, hopefully by the
7 end of January and that does include some information on it.

8 So we'll make sure to add maybe a little line
9 about the exemptions and that there will be a process for
10 that, and details will be -- will come out once those -- once
11 that process is identified.

12 MEMBER AIELLO: I think that's -- this is Betsy
13 again. I think that's worthwhile because it may set some
14 people's minds at ease. They may not qualify or they may.
15 But it may, you know.

16 MS. RICH: Any other questions on COVID before I
17 move on?

18 MEMBER VERDUCCI: Yes. Tom Verducci for the
19 record. You know, just in terms of the surcharge, everything
20 is a beginning and a middle and an end to it. And I know
21 this is a fluid situation and we're about oh, you know, by
22 the time the surcharge starts would be two and a half years
23 into the pandemic.

24 And my comment or question would be as far as the
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1 exit strategy, what would trigger us to be looking into
2 discontinuing the surcharge. What would we be looking into.
3 I mean, is this going to be indefinite and what sort of
4 triggers would lead us as a Board to discuss discontinuing
5 the surcharge?

6 MS. RICH: So Laura Rich for the record. At this
7 point the surcharge was approved for the upcoming plan year
8 and it was only approved for one plan year. So at that point
9 moving forward, you know, the following plan year we have to
10 have those discussions again.

11 MEMBER VERDUCCI: Thank you, Executive Officer
12 Rich.

13 CHAIRWOMAN FREED: Okay. Any other questions?
14 If not we'll move on to I believe staffing.

15 MS. RICH: To staffing. PEBP unfortunately has
16 not been immune to the staffing issues that have plagued I
17 think just everybody nationally, not just labor shortages but
18 also because of COVID as well, people being out with COVID
19 and being sick and not being able to come into work.

20 PEBP currently has eight of 34 positions vacant.
21 We're likely going to have nine due to a retirement, and
22 getting those open positions filled has been very
23 challenging. So the first obstacle, and this is not at all
24 the fault of the division of human resource management. They
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1 are also going through the same painful transitions with
2 their new system as well. But there's, you know, longer
3 processing times associated with just, you know, getting
4 through that process.

5 And then once a candidate list is finally
6 received, many of the best candidates are no longer
7 interested. And so we have had to in some cases repost jobs
8 several times or even consider an underfilled position. So,
9 you know, it's definitely been challenging on that side.

10 Then additionally, COVID infections and exposure
11 have led to absenteeism. This has had very significant
12 impact on our member services unit which is our call center
13 because they are already understaffed. And the positions are
14 unable to work remotely because of just the nature of what
15 they do.

16 And so if anybody has been exposed or if they
17 come down with COVID or any kind of absentee issue on top of
18 already being understaffed they definitely feel the pain on
19 that. I know we've been really proud that in the past we
20 would answer calls very very quickly. The whole time was
21 very short, if at all, and that is not the case these days.
22 We are -- it's taking a lot longer for members to get
23 through. For our, for members to get, you know, service at
24 all because of the issues that we're having. And so our

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1 staff is, especially in that call center, are working hard
2 and frustrated at times as well.

3 And with that, you know, I do want to say that
4 the additional volume of just work in general that is
5 happening at PEBP as well as the numerous implementations and
6 changes that are, you know, taking place staff have been
7 overwhelmed. It has been -- it has been a huge undertaking.
8 And I just want to, you know, publicly thank all of the staff
9 because everyone is putting in 100 percent effort here. And
10 from the top to the bottom, you know, they are putting in
11 100 percent effort and, you know, despite all of the
12 challenges, not just staff but our vendors as well.

13 I know some of our vendors with all of these
14 changes that are happening they are also impacted by this as
15 well so we've got a lot of -- a lot of our vendors are
16 working really really hard to make sure that PEBP is
17 successful as well and they are also handling COVID
18 infections and staffing shortages as well.

19 So, you know, I just want to make sure that
20 that's emphasized because the team here is working really
21 really hard to do what we can do and to ensure our mission is
22 accomplished.

23 The last thing is legislative committee meetings.
24 I did want to bring to the attention of the Board that we do
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1 have two pretty big important meetings coming up. On
2 February 8th PEBP is scheduled to present at the Interim
3 Retirement and Benefits Committee which is IRBC. This is
4 statutory -- statutory requirement of PEBP. We present a
5 series of reports regarding the prior years' performance.
6 But in, I believe last year we started doing this where even
7 though it's not a statutory requirement we have also
8 presented the committee with information on what PEBP is
9 doing this upcoming, the upcoming plan year as well.

10 So I think that helps. I think it helps the
11 legislators understand what is coming to them in the next
12 session and what they're going to be dealing with and keeping
13 up with all things PEBP. But it also helps I think staff
14 understand the appetite of legislators as well on certain
15 issues.

16 And then also on the 9th, the following day, PEBP
17 is scheduled, we are on the agenda for Interim Finance
18 Committee and this is where IFC will be reviewing the 8.7
19 million dollar work program to use those funds from excess
20 reserves to restore the plan benefits as was approved by the
21 Board in December. So any questions there?

22 CHAIRWOMAN FREED: All right. Thank you very
23 much. If there are no questions from the Board Members, this
24 is an info item so we can just move on to Agenda Item Six,
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1 enrollment and eligibility system implementation update for
2 Mr. Proper, the operations officer.

3 MR. PROPER: Thank you Chair Freed. Can you all
4 hear me?

5 CHAIRWOMAN FREED: Yes, we can. Thank you.

6 MR. PROPER: Nik Proper for the record. I will
7 be presenting the enrollment and eligibility system update.
8 PEBP's new enrollment and eligibility system is called
9 Benefit Place which is managed by Benefit Focus went live
10 this month. And although PEBP's contract is with LSI, the
11 bulk of the work is being subcontracted to Benefit Focus.

12 And as with implementations and system changes
13 there will be successes, challenges, and things needing to be
14 fine tuned after going live. So I will first present the
15 successes. So Benefit Place, the admin and member portal
16 worked successfully on day one with members and admin staff
17 able to successfully log in.

18 And if you remember in November, we had a
19 voluntary benefit special enrollment period, and those
20 elections were also processed correctly. And health and
21 correct health coverages and elections processed correctly
22 and displayed for most members.

23 With the creation of demographic file
24 integrations with the state's two biggest pay centers,
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1 Central Payroll and NSHE, employees with demographic changes
2 and HRA representatives handling those changes not only make
3 those changes in their respective systems as opposed to also
4 in PEBP system which was prior they had to do it in two
5 places, now just one. So ideally this should increase
6 efficiency and reduce administrative errors in the long run.

7 And before I get to the challenges, I just want
8 to emphasize that over 90 percent of PEBP's members have had
9 no coverage issues or discrepancies or problems from this
10 implementation.

11 So now to the extensive list of challenges. The
12 first being member data discrepancies. So with system
13 changes, data integrity and reconciliations are part of
14 system go lives and with this there have been some
15 discrepancies on member accounts, including a very small
16 number of members missing in the system, status or coverages
17 incorrect from the prior month, incorrect HSA contributions
18 and incorrect subsidies apply on some retirees' accounts.

19 Many of these have -- at the time of writing this
20 many of these have already been corrected as of today. But
21 there is still some that were being worked out. So PEBP
22 staff and Benefit Focus staff are doing their best to
23 reconcile these accounts and resolve the issues immediately,
24 including performing urgent updates with the carriers, with

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1 the vendors so members can access services.

2 But at this time we do not have access to prior
3 historical information. That will be coming in the next
4 week. So PEBP must rely on Benefit Focus to investigate and
5 help resolve the bulk of these issues by auditing and
6 reconciling data from PEBP's previous vendor and with the
7 integration of demographic files with Central Payroll and
8 NSHE. This should improve many of these discrepancies
9 shortly. But the downstream effects on the accounting and
10 billing side will continue until these issues are resolved.

11 Continuing with demographic data, as I stated,
12 this implementation focused heavily on demographic file fees
13 with those two centers, meaning Central Payroll and NSHE,
14 with the idea was that those agencies would know what
15 statuses their employees are supposed to be in.

16 And while we hope in the long run this will be a
17 benefit this has contributed to some discrepancies as the new
18 system does not allow staff to manually make certain changes
19 on members' accounts directly because any information coming
20 over on demographic file feeds will override any of these
21 manual changes. So we're currently fine tuning some
22 categories on demographic files to make sure this is not a
23 long-term problem.

24 Now to the biggest issue which is related to
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1 accounting and billing processes.

2 Currently PEBP staff and PEBP members do not have
3 access to the billing platform to view or even make payments.
4 We have -- we had to produce January invoices based off of
5 December data for direct billed members and direct billed
6 groups to send payments to which can potentially miss newly
7 direct billed members for this month. And PEBP uses
8 enrollment reports to pay vendors, make tax payments, project
9 budget revenue expenditures and build budgets. And without
10 accurate and timely enrollment reports, those functions are
11 affected causing heavy reconciliation efforts by agencies,
12 accounting staff and vendors.

13 And I just want to call another issue is premiums
14 and deductions are also inaccurate on some members' accounts
15 due to these discrepancies. And PEBP premiums are always
16 not, not always an even number. So deductions for many
17 Central Payroll and NSHE employees are going to be off by one
18 cent due to Benefit Focus having to round to the nearest cent
19 because of their system functionality only being able to
20 split deductions 50/50.

21 And so with these billing and accounting issues,
22 it's causing, again, heavy reconciliation efforts with the
23 frustration on staff, DHRM, NSHE members and just agencies
24 across the board. And so Benefit Focus is working to address
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1 the rounding issue on adjustment files and possibly with the
2 new plan year in July reverting all deductions being taken
3 out in one lump sum which is how we did it prior to January.
4 And they are also working internally to solve and finalize
5 the rest of the billing processes and then report back to us
6 in the upcoming days for status updates.

7 As I stated earlier, Benefit Place is the name of
8 the new portal for members and admin staff. And so on the
9 admin side we're not really looking at it as a true CRM
10 system in that staff are accustomed to more user friendly
11 functionality that this system currently lacks.

12 Basic functionality such as creating notes on a
13 member's account, responding to messages and processing
14 eligibility events all now take much longer to accomplish in
15 the system. And so because of this internal operation
16 processes and procedures take longer which means coverages
17 take longer to process and also means staff being on calls
18 longer, contributing to longer call times and people having
19 to wait in the queue longer.

20 There are some future development and process
21 changes that are addressing some of these issues. Some will
22 also remain just due to the way the functionality of the
23 system is built.

24 And with those issues it could cause potentially
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1 other downstream affects which we're hoping to avoid. One
2 includes the July 1st Smart 21 integration go live with DHRM.
3 And LSI has been in communication with OPM to address these
4 concerns and a possible other issue with how the previous
5 delays and issues is this could cause challenges and
6 appropriately implementing the Board approved COVID surcharge
7 on unvaccinated member accounts beginning in July. And we're
8 working diligently to address all of these implementations
9 and we're beginning open enrollment discussions to get ahead
10 of this already.

11 So with everything I already stated, the
12 enrollment eligibility contract with LSI includes performance
13 guarantees related to implementation as a result of the
14 missing functionality and data discrepancies that impact
15 member accounts and staff's ability to perform the mission of
16 the agency, PEBP is considering the assessment of penalties
17 with the maximum penalty being 10,000 for each of the two
18 performance guarantees.

19 We have a recommendation on this report to assess
20 performance penalties or to assess the proposed service
21 credits that they will be presenting right after I am. And
22 because of this, PEBP has discussed the various concerns and
23 issues with leadership at LSI and as a result LSI has offered
24 to propose alternative service credits and will be presenting

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1 a report.

2 And so with that we have Scott Muir and Amy
3 Winters with LSI and Benefit Focus on hand to present their
4 status report, including updates, mitigation and those
5 proposed service credits. So I can either pass the
6 presentation off to them.

7 CHAIRWOMAN FREED: Yes.

8 MR. PROPER: Okay.

9 CHAIRWOMAN FREED: No, I'm sorry. I'm thinking
10 out loud, Mr. Proper. I apologize. This is Laura Freed for
11 the record. I think what I would like to do is open it up to
12 Board Members if they have questions on your staff report
13 first. So, Board Members, are there -- I see a couple of
14 people unmuting themselves. Member Aiello?

15 MEMBER AIELLO: Hi. This is Betsy Aiello for the
16 record. And, Nik, I would like if you could address if a
17 service credit or a penalty is more advantageous or is the
18 bottom dollar line is what should be looked at. I mean,
19 we'll listen to both reports. But if we're going to have
20 option A and option B I wouldn't know if they are apples to
21 apples.

22 MR. PROPER: Right. So the amount that will be
23 in the report from LSI on the service credits is a lot more
24 than the performance guarantees. So that amount is much

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1 higher, if that's your question, Betsy.

2 MEMBER AIELLO: The bottom line is because it was
3 something like 80,000 something. I can't remember. And if
4 we have two penalties of 10,000 each that's 20,000. Does
5 it -- but is the 20,000 penalty actually more advantageous
6 because it can be used different than a service credit
7 or that's the kind of thing for final decisions I would like
8 to know versus if it's dollar for dollar even then it would
9 make sense which way to go but I don't know.

10 MR. PROPER: Nik Proper for the record.

11 MS. RICH: This is Laura Rich for the record.
12 Betsy, it's irrelevant, either one. It's -- it is applied
13 the same.

14 CHAIRWOMAN FREED: Okay. I have a question
15 for -- for Nik, okay. So you talk about, in this report you
16 talk about member data discrepancies. And then under impact
17 volume unknown, because staff only finds out when members
18 contact PEBP, reported cases are around 100.

19 But it seems like the data file errors have led
20 directly to the accounting and billing errors which are
21 numerous. Do I have that right? Am I reading this
22 correctly?

23 MR. PROPER: Nik Proper for the record. Yes, you
24 are.

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1 CHAIRWOMAN FREED: Okay.

2 MR. PROPER: So that amount that I listed as 100,
3 those are self-reported issues of members calling in.

4 CHAIRWOMAN FREED: Okay.

5 MR. PROPER: Yes. But there are other buckets of
6 people experience different issues such as subsidies on
7 retiree accounts which that number was much higher.

8 CHAIRWOMAN FREED: Okay.

9 MR. PROPER: That was roughly 1,000 and that
10 issue was resolved --

11 CHAIRWOMAN FREED: Okay.

12 MR. PROPER: -- a couple of weeks ago.

13 CHAIRWOMAN FREED: Okay. So retirees are not
14 having their entire premium deducted from their PERS checks
15 anymore. They are now getting their subsidy credit.

16 MR. PROPER: Nik Proper for the record. That is
17 correct.

18 CHAIRWOMAN FREED: Okay. That's a relief. Okay.
19 Just this morning I received an e-mail from the Central
20 Payroll staff indicating about 60 percent of the total people
21 who participated in voluntary benefit deduction have problems
22 with their voluntary benefit deductions. What is the
23 remediation plan for that issue?

24 MR. PROPER: Nik Proper for the record. LSI and
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1 Benefit Focus is still working how to mitigate that. But
2 what caused that was I'm going to try to answer this
3 delicately.

4 CHAIRWOMAN FREED: All right.

5 MR. PROPER: Was a lack of just communication
6 with prior vendors on what was needed for DHRM to stop those
7 deductions moving forward with Benefit Focus.

8 CHAIRWOMAN FREED: Okay. All right. And, okay,
9 I'll probably ask LSI and Benefit Focus to answer that. But
10 I see that Member Kelley has her hand raised. Please go
11 ahead, Member Kelley.

12 MEMBER KELLEY: Thank you. I guess I have along
13 the same lines just a bit of a detail question, Mr. Proper.
14 Michelle Kelley for the record. You mentioned that the
15 system is not as user friendly for PEBP staff. And in the
16 past because some of the family premiums are so high and, you
17 know, how we end up in arrears when new hires come onboard
18 because, you know, they are essentially eligible, at NSHE we
19 usually hire on the first of the month so they are eligible
20 immediately. So we end up a couple of months in arrears just
21 with the processing enrollment and in submitting PEBP
22 actually charging participants.

23 So some participants end up, you know, thousands
24 of dollars in arrears or at least 1,000. So I'm just
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1 wondering does that mean that, and PEBP has worked with
2 employees too so they can catch up in a fiscally responsible
3 manner rather than having to pay the full arrears in one
4 month. Is that going, the new system, the difficulty PEBP
5 staff having, making notes and things, is that going to
6 impact your ability to do those incremental catchup charges?
7 Sorry for the long winded introduction.

8 MR. PROPER: Nik Proper for the record.
9 Unfortunately that's really hard to answer because we have no
10 visibility into the billing platform at all right now. So I
11 would love to give a direct answer, but we can't even see
12 that information yet. So that will contribute and is
13 contributing to balancing affects and reconciliation efforts,
14 absolutely.

15 MEMBER KELLEY: Okay. So just as a follow-up
16 then. Is that issue already on your radar to be monitoring
17 so that we can continue to be a bit user friendly for our
18 participants who do end up in arrears but catch up amounts?
19 Because I think from NSHE's perspective, you know, I'm sure
20 the state as well, you know, and especially now that we're
21 adding subsidies on top of that for some employees, you know,
22 these catch up arrears can be really difficult for employees
23 to navigate.

24 So I would just ask if it's not already on your
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1 radar to make sure you have the ability to do that to -- to
2 really put a priority on that because I know we utilize that
3 service a lot.

4 MR. PROPER: Nik Proper for the record. Yeah,
5 billing is the concern and priority right now, absolutely,
6 Michelle.

7 MS. EATON: This is Cari Eaton for the record. I
8 would just like to add a little bit. So because NSHE and the
9 Higher Education and Central Payroll are integrated through
10 their files right now, even though we can't see into this
11 system, our understanding is those are being generated
12 properly. So there should not be a lag on those ones. It's
13 the members who are directly billed who are not receiving
14 anything.

15 So we've had to ask them to pay their December
16 bills again and in hopes that it hasn't changed.

17 MR. PROPER: And Nik Proper for the --

18 MS. EATON: Hopefully that helps.

19 MR. PROPER: Nik Proper for the record. To
20 continue on what Cari said, those members that are direct
21 billed are a small population compared to the bulk of the
22 employees that are under Central Payroll and NSHE.

23 CHAIRWOMAN FREED: Ms. Caughron?

24 MS. CAUGHRON: Yes, April Caughron for the
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1 record. Just curious how we're handling this proactively.
2 Are we reaching out to members that could possibly be
3 impacted? What kind of outreach is happening? You know,
4 from a project perspective, the last thing you want is for
5 your members to bring it to your attention. You want to be
6 able to bring it to their attention and show them that you
7 are aware of it rather than waiting for it to escalate. So
8 what kind of plan is in place for that?

9 MR. PROPER: Nik Proper for the record. I
10 definitely understand the frustration because PEBP staff is
11 very frustrated that we can't just run a report and just pull
12 all of these members. We don't have information from last
13 month, meaning December, yet. And we're going off of data
14 that Benefit Focus has conveyed to us. And so if there is an
15 issue, we have to reach out to agencies because they are
16 typically the system of record on their employee statuses,
17 and so it's just causing a lot of manual work.

18 I understand that we should be reaching out, but
19 we don't have a report on who to reach out to with what
20 problem because there's various problems all across the
21 board. So we're having to rely on LSI and Benefit Focus to
22 assist in these efforts.

23 CHAIRWOMAN FREED: Ms. Bittleston, unless
24 Ms. Caughron has a follow-up.

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1 MEMBER CAUGHRON: No follow-up.

2 CHAIRWOMAN FREED: Okay.

3 MEMBER BITTLESTON: Leslie Bittleston for the
4 record. I think a couple of things are pretty shocking in
5 Mr. Proper's report. And one of the things that really
6 stands out to me is that staff do not have a -- a way to go
7 in and, you know, look at, you know, an administrative portal
8 so to speak. And to me this should have been ready upon day
9 one.

10 So I'm -- I guess what I'm doing is I'm making a
11 comment, a proposal, so to speak, that I think there should
12 be some penalties. Maybe put LSI on a corrective action plan
13 with some really strong firm timelines. And if they -- you
14 know, penalties up front for, you know, not having some of
15 these things ready but a corrective action plan to -- to get
16 them into compliance because this seems to be -- I mean,
17 this -- this is so important, you know, especially when Laura
18 Freed, our wonderful Chair, mentioned that 60 percent of
19 folks are having problems.

20 I mean, if it was less than ten percent or two
21 percent I don't think, you know, I would be making this
22 strong of a statement. But when it is so high, 60 percent, I
23 think we need to start assessing, put them on a corrective
24 action plan, starting assessing some penalties for especially
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1 things that weren't even ready on day one. Thank you.

2 MR. PROPER: Nik Proper for the record. I want
3 to clarify that 60 percent is not 60 percent of PEBP's
4 population. That 60 percent is 60 percent of people with
5 voluntary benefit elections which is much smaller than the
6 entire state population.

7 CHAIRWOMAN FREED: Right. Yes, that's true.
8 That's about 6,000 participants, if I'm not mistaken,
9 Mr. Proper.

10 MR. PROPER: Nik proper for the record. Yes,
11 that's correct.

12 CHAIRWOMAN FREED: I mean, still, you know, 100
13 participants having problems is too many.

14 MEMBER BITTLESTON: It's too many. I amend my
15 statement. My apologies for my misunderstanding. But,
16 again, I still think that it is extremely problematic that we
17 do not have an administrative log in on day one. And, you
18 know, and do I think that some penalties need to be assessed.

19 MR. PROPER: Nik Proper for the record. I also
20 want to clarify. We did have access to the admin portal on
21 day one. We did. It's just we're going by the data that's
22 in that system as the source of record and relying on
23 feedback to say no, this is incorrect. My account is
24 incorrect, right.

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1 So we're looking at a member's account in the new
2 system hoping that that is correct given the prior data
3 transition and data files being sent from a prior vendor
4 assuming that that was correct data as well. So we do have
5 access to the system. We just can't tell if it is incorrect
6 or not hence Benefit Focus and LSI doing heavy reconciliation
7 efforts with all of the data fades.

8 MEMBER BITTLESTON: Follow-up to that, Leslie
9 Bittleston for the record, is there was no like quality
10 assurance review of the data transfer or something like that.
11 I'm just trying to understand where the problem is I guess.

12 MR. PROPER: Nik Proper for the record. Some of
13 these were a timing issue for new hires or status changes in
14 December and January. For employees that had no status
15 changes prior to December there were no issues on those
16 members' accounts, just timing issues from sending data from
17 the previous vendor to Benefit Focus, things were not
18 necessarily accurate coming from the prior vendor.

19 MEMBER BITTLESTON: So to follow-up we did a good
20 job with longstanding members that had no changes. That was
21 all fine but it was these folks that had some changes. Maybe
22 they -- could it be because they selected a different plan or
23 they were new members. All of those folks are what we're
24 talking about.

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1 MR. PROPER: Nik Proper for the record. Yes,
2 you're correct.

3 MEMBER BITTLESTON: Okay. Thank you.

4 MR. PROPER: Like new hires, newly retirees,
5 people electing COBRA or having a qualifying life event that
6 changed their plan or tier. So in December or early January
7 some of those is what caused some issues, yes.

8 MEMBER BITTLESTON: Okay. Thank you.

9 CHAIRWOMAN FREED: All right. Board Members
10 additional questions for the staff?

11 Okay. So, Mr. Proper, is the staff's
12 recommendation then to accept the credit to PEBP of
13 \$87,618.50 as presented in the LSI Benefit Focus report as of
14 January 21st?

15 MR. PROPER: Nik Proper for the record. Yes,
16 that is correct.

17 CHAIRWOMAN FREED: Okay. All right. And that
18 represents -- that represents one month of per member per
19 cost for this contract. And we would forego the \$20,000 in
20 penalties.

21 MR. PROPER: Nik Proper for the record. Yes.

22 CHAIRWOMAN FREED: Okay. All right. Well, I
23 guess -- I guess the thing that I want to know and I think
24 that, and if I can, you know, getting the sense of the
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1 frustration of the Board and getting a sense of the
2 frustration of the participants and including those that have
3 contacted the Governor's office is, you know, when will all
4 of this be worked out. And it says -- and maybe we have
5 current statuses as of January 21st, only six days ago. How
6 confident that, is PEBP staff that this -- these issues,
7 including the voluntary benefits one that I was made aware of
8 this morning will be actually settled, you know, the tickets
9 handled and by the end of February as this report seems to
10 contemplate?

11 It's one thing I guess to, you know, accept
12 \$87,000 from the vendor and credit. It's another thing
13 entirely to -- you know, but that doesn't mean anything for
14 the people on the end who are having, you know, their PERS
15 checks messed with or the employees who don't have the right
16 voluntary benefit. Like, you know, it's more important to me
17 and to the Board and to you guys on the staff that this
18 actually gets fixed. So how confident are you guys that this
19 is going to get fixed in the next month?

20 MR. PROPER: Nik Proper for the record. I would
21 love to say we're feeling confident but we're not.

22 CHAIRWOMAN FREED: Okay.

23 MR. PROPER: That's the unfortunate reality. And
24 the challenges that we had last week are no longer the same
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1 challenges --

2 CHAIRWOMAN FREED: Right.

3 MR. PROPER: -- we're facing this week.

4 CHAIRWOMAN FREED: Okay.

5 MR. PROPER: And next week there's going to be
6 new challenges we didn't foresee. Just, we're in a bad spot,
7 Chair Freed.

8 CHAIRWOMAN FREED: All right. You know what, I
9 appreciate the candor. That's -- it's most important.

10 Ms. Caughron.

11 MEMBER CAUGHRON: Yes, April Caughron for the
12 record. So to that point I do question then the status of
13 yellow for your project status report. I'm looking at it
14 here. It shows that you're yellow. Everything I'm hearing
15 really points to red.

16 You know, we have data validation issues, data
17 qualify issues, billing issues, visibility issues. I just --
18 you know, maybe perhaps you could give us a little bit of
19 background as to why a decision was made to go yellow with
20 this, but I'm just having a hard time understanding that.

21 MR. PROPER: Nik Proper for the record. PEBP
22 staff was not involved in the decision of green, yellow or
23 red. But to be clear, 90 percent of the entire PEBP's
24 population is having no issues.

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1 CHAIRWOMAN FREED: Okay. I guess that's a
2 question for LSI to respond to then, and I'll let Mr. Muir
3 chime in.

4 MR. MUIR: So thank you, Chairman Freed, and
5 thank you to the, Board, for allowing me to present and talk
6 to you guys today.

7 For the record, Scott Muir. I am the program
8 director for both on the LSI side for both the PEBP project
9 as well as the Smart 21 project. And I appreciate the
10 comments that have been given today. I want to speak to all
11 of those and take your questions to make sure that when we
12 leave this you all feel comfortable about the sense of
13 urgency, about the resolutions being put in place, about the
14 specifics around some of these items that have been
15 mentioned.

16 To start off with, the question was just
17 mentioned about yellow and red, this is a call that we made
18 to Nik's point. We really have two parts of this. We have
19 46,115 members of the State of Nevada in the system right
20 now, and we're processing benefits for those. We did meet
21 the go live dates. Although, there were challenges around
22 that which I will speak to.

23 So to your point there are aspects of this no
24 doubt that are in the red zone, and I'll speak to that.

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1 There are aspects in the green zone as Nik has mentioned
2 that, you know, we try to take a balance. And we could have
3 moved it more to the orange or but I think the meter really
4 is more about how we're handling all of these and
5 categorizing all of these issues.

6 Let me, I think these fall into three areas. And
7 I don't know if the Board -- I believe you've all read the
8 report, and I appreciate the opportunity to submit the report
9 to the Board. So I won't read through all of those. I'm
10 happy to speak to along with my partner from the Benefit
11 Focus side, Amy Winters, any of your questions.

12 But I just want to kind of take these down the
13 line and just kind of set the tone first of all and let Nik
14 to agree or disagree with me. I think we've had enough
15 conversations with the leadership team and PEBP that we're
16 really in a stabilization, a project of this nature we're in
17 a stabilization and maturity period in transitioning from a
18 previous legacy vendor and technology over to this new
19 Benefit marketplace. While we want to make that time period
20 as short as possible there are going to be issues like this.

21 So having said that there's three buckets. Data,
22 so based on what I showed you in the report, I'm confident
23 and Amy can tag on here as well, there has been an entire
24 triage team on the Benefit Focus side dedicated to going

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1 through the reconciliation between the data we got from the
2 previous vendor and what we're putting into the system right.
3 And I'm not trying to throw the previous vendor under the bus
4 or anything. It's just the way these projects go, the
5 quality of the data and the responsiveness of that previous
6 vendor was problematic. We all tried to work around that.
7 But in a project of this nature, to get the data into the
8 system you have to take the latest production based data
9 which is at the very end of the chain prior to go live.

10 When we got that data there were certainly
11 mismatches of that. And we have been working through that
12 process diligently everyday, night and day in some cases to
13 try to help to figure out where all of these mismatches are
14 coming from.

15 I'll ask Amy to comment because she just has the
16 latest as of last night. And by the way, we get a status
17 report everyday on this from the Benefit Focus team about
18 what they're finding and what they're correcting.

19 And, Amy, I believe we're in the final period of
20 being able to go back to PEBP and say from the data that we
21 had both in the HealthSCOPE system which was the previous
22 vendor as well as the HSB system. We're fairly
23 99 percentish, almost 100 percent into the mode of full
24 reconciliation. Amy, would you agree? I don't know if Amy
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1 can talk. Amy, are you there. Okay. I will follow-up with
2 the Board, but that was the last of last night.

3 So I believe the next iteration of a status
4 report back to the PEBP leadership team is that we are at
5 the, almost at the end of the chain of the data
6 reconciliation issues.

7 By the way, if you noticed in the report, as part
8 of our engagement in this project we are meeting with PEBP on
9 a daily basis. We have a one hour triage both from an
10 operational tactical perspective and now we're implementing a
11 more daily call with leadership around these big
12 implementation challenges. So that's the data part of it and
13 hopefully -- I'll stop there because you may have questions
14 on that before I go to the billing.

15 MS. WINTERS: Hi, Scott. Can you guys hear me?
16 This is Amy Winters.

17 MR. MUIR: Yep. Amy, now we can hear you.

18 MS. WINTERS: Okay. Apologies for the technical
19 difficulties. And thank you for the opportunity to share
20 some of this information and answer questions.

21 Chairman Freed, thank you for the opportunity and
22 the rest of the PEBP Board as well.

23 Scott, I wanted to go back to your question.

24 Yes, that's correct, we are at the tail end of trying to
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1 actually reconcile and make the corrections in the system.

2 MR. MUIR: Great. Thank you, Amy.

3 To the Board, any questions relative to the data
4 piece of this?

5 MEMBER BITTLESTON: This is Leslie. May I ask a
6 question.

7 MR. MUIR: Sure.

8 MEMBER BITTLESTON: So having gone through this
9 myself but I guess we call it a data migration.

10 MR. MUIR: Uh-huh.

11 MEMBER BITTLESTON: From one system to the next,
12 one of the lessons that I learned in doing that myself with
13 the case management system is the vendor. The old vendor and
14 the new vendor didn't really have a one for one data match.
15 And what I think was a lesson learned is that was not fixed
16 prior to the data migration. They knew it existed but they
17 did not fix it prior to the data migration. So that's when
18 I'm hearing you say is that, you know, once the data
19 migration was made there were errors in the system or bad
20 data or dirty data.

21 So my question or comment, maybe it's more of a
22 comment that as a new vendor may be a lesson learned would be
23 to fix some of that stuff up front so we have less data
24 errors or to have the old vendor go back and, you know, do
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1 some data cleanup, things like that. Because, like I said,
2 it is extremely, extremely frustrating when you've got that
3 issue where you say, well, the data -- the data migration was
4 unsuccessful.

5 So I think that -- I understand it. But I think
6 there's fixes and I think we can do better. That's all I
7 wanted to say. Thank you.

8 MR. MUIR: Yep. Thank you, Leslie. And I agree
9 with you. We did a run with them prior to production where
10 we did test some of this. As you probably in your
11 experience, when you get to the final end and you're in
12 dealing with production based data and now you're having to
13 reconcile what's in one system that should be in another,
14 that's kind of where this has fallen out.

15 The good news, and I would ask Nik too to confirm
16 for me, is that we're dealing with the exceptions, not the
17 masses. And while that's very troublesome or problematic for
18 members because this does affect them, I would also say to
19 you that any -- and, again, I've asked the PEBP leadership
20 team to confirm for the Board, any time that this has been
21 brought up to our attention it's an immediate all hands-on
22 deck. Let's go figure out why this is occurring. Let's go
23 do the manual corrections for that member. Let's
24 re-communicate back to them that this is fixed.

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1 So there's a sensitivity that, you know, we
2 understand what the downstream affects of this and we're
3 trying to jump on it as fast as we can. We're trying to
4 minimize those events and I think we're getting to the end of
5 the road. And we will keep the PEBP leadership updated and
6 certainly that item will flow to you as the Board.

7 Is there any questions before I move on beyond
8 data?

9 Okay. Billing, absolutely on behalf of Benefit
10 Focus this is a miss for us. Billing was originally supposed
11 to be tested and fully vetted in, back in the November and
12 December time frame prior to go live to provide PEBP and Cari
13 and her accounting team the visibility for what they needed
14 to do on paying vendors, the accounting and charges and that
15 type of thing.

16 In full transparency, we've run into issues
17 around the logic configuration of the subsidies that tried
18 billing. And there's been a lot of detail to go back and
19 figure out do we have all of the subsidies matched? Do we --
20 are we sure we're all in line with the logic that needs --
21 because it's a very complex very -- because it drives
22 eligibility around the whole billing piece of this.

23 So absolutely in transparency this was a miss for
24 us. To Nik's point and up until recently we've had to as a
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1 workaround suggest to PEBP to use December billing. As of
2 today I can report to the Board and to PEBP I haven't --
3 sorry, PEBP leadership, I haven't gotten to you this morning.
4 And I believe it's today, Amy, that we're going to, we have a
5 meeting on the calendar this afternoon to demonstrate to Cari
6 and team the member report so that she has complete
7 visibility to the member enrollment and that will be a big
8 first step in this whole, you know, being able to reconcile
9 the billing until the full billing platform is up.

10 Amy, I'll stop there. Is that correct?

11 MS. WINTERS: Yes. Amy Winters for the record.
12 That is correct. We're planning to share the head count
13 report and review that with Cari. We sent that over to her
14 this morning. So looking forward to feedback on that.

15 MR. MUIR: Now that's just one step of the
16 contract. Amy has been great on her side of the Benefit
17 Focus to create a very dedicated triage team for this. And
18 as you see in the report, we're working toward a resolution
19 to get the full billing platform reviewed by PEBP staff,
20 approved by PEBP staff and launched in February. I think
21 February 14th is the current target date for that.

22 And our really end goal is we have to be able to
23 get Cari and team the billing platform functionality by the
24 25th, Cari, if I'm not mistaken because that's the next cycle
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1 period for the next billing that will come out.

2 So we're all marching toward that. And I think
3 that was one of the biggest proactive issues on my part to
4 say, yes, we can go by the contract. And, yes, it's \$20,000.
5 But this was a miss by LSI and Benefit Focus. And so we know
6 the sensitivity to this. We want to own up for our
7 responsibilities and that's one of the reasons you saw the
8 credit that we proposed in the report. I'll stop there.

9 Any questions on the billing piece?

10 Okay. Last is, and we really put this in the
11 bucket of usability. I think Nik referred to this as the
12 additional lack of proficiency or somewhat burden on the PEBP
13 staff from an operational perspective. We believe the
14 functionality is there.

15 I think when Amy and I have inspected this there
16 needs to be a lot more training and knowledge transfer and
17 enablement we do need to do with the PEBP staff. So we've
18 owned up to that. I think, you know, we're trying to take
19 care of the big buckets, the data and the billing right now.
20 But we certainly communicated to Laura, Cari and Nik the
21 commitment, if you will, to start a more in-depth knowledge
22 transfer training program for the administrators of their
23 team to get to where they can do true case management, have
24 the data in their possession and work through the process,

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1 right, because it will be a big miss on our side if that
2 can't happen or at least we can't facilitate that.

3 So full acknowledge the frustrations on that
4 piece, I think with everything else going on it kind of got
5 dropped in the back end. But we want to bring that back up
6 to the front end because when we get these other two fixed we
7 should be able to get to that piece.

8 With that said, my final I guess summary is we're
9 trying to make the stabilization and maturity period as short
10 as possible. And we're fully, and Amy can correct me if I'm
11 wrong, both teams are trying to get through this next month
12 at most to get all of these issues fully addressed and
13 resolved so that by the time we get to the end of February we
14 can confidently say that the new benefit place system is
15 effectively working for all members. The data is correct and
16 the PEBP administration staff is being able to use it
17 effectively.

18 With that I'll turn it back to the Board.

19 CHAIRWOMAN FREED: Okay. Thank you. Well, this
20 is Laura Freed for the record. Gosh, I don't know that we
21 have much to do here except for accepting LSI's offer for the
22 credit and just reemphasizing to everyone how concerned the
23 Board is that this actually get on track and completed by the
24 end of February.

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1 So if there's other discussion for the Board
2 Members I'm happy to hear it. Otherwise, I would accept a
3 motion to accept the credit to PEBP as specified, the
4 \$87,618.50.

5 MS. RICH: Chair Freed, is there an appetite for
6 the Board, for this to come back at each Board meeting an
7 update.

8 CHAIRWOMAN FREED: Oh, yeah.

9 MS. RICH: LSI to, okay.

10 CHAIRWOMAN FREED: Yes, definitely. I mean, our
11 next -- we don't have a February meeting. We have a March
12 meeting. So I would love to know at the March meeting that
13 this has all been resolved and that we don't have anymore
14 unhappy participants.

15 Oh, Ms. Bittleston, please.

16 MEMBER BITTLESTON: Yes. So first of all, I want
17 to thank Mr. Muir for taking ownership of the misses. And I
18 agree with Ms. Caughron that we seem to be more towards the
19 red.

20 With that being said, I do want to make I guess
21 two motions or maybe one big motion that we accept the
22 request of repayment or credit, however we want to say that
23 and have LSI report to us at the next Board meeting with the
24 thought that if some of these things are not fixed or

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1 everything is fixed that we request credit again. So I guess
2 I'm trying to throw all of that into one motion.

3 CHAIRWOMAN FREED: Thank you. That sounds good.
4 Before I ask Mr. Muir to weigh in, I'll ask if there is a
5 second on the Board for that motion.

6 VICE CHAIR FOX: Linda Fox for the record. I'll
7 second the motion.

8 CHAIRWOMAN FREED: Thank you, Vice Chair Fox.
9 Mr. Muir?

10 MR. MUIR: Yes. Ms. Chairman, I totally agree
11 with that motion and support that. If you will indulge me, I
12 forgot one critical item that you brought up and others which
13 was the voluntary benefit missed deductions that were
14 reported through Central Payroll. And I just wanted to give
15 you all kind of a clarity on that because that's being fixed
16 as well.

17 Specifically for everybody that is the deductions
18 that were being taken out prior to the system going live in
19 the old system which was the Liberty Mutual deduction for
20 insurance for voluntary benefits. And as Nik has mentioned
21 what was the transition between the old system and the new
22 system the stop deductions did not get taken out which we --
23 it's not in our system so we didn't have visibility on it.

24 Now having said that, we're happy -- we're trying
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1 to work with Central Payroll because what happened is those
2 deductions were taken out. The money was sent to Benefit
3 Focus by mistake. And now we're trying to work with Central
4 Payroll to help find the refund method back to the employees
5 and find the refund method that works for the state to get
6 the money back to you all because it should have never come
7 to us.

8 I sent out an e-mail to Tina this morning at
9 Central Payroll and said we were going to have a meeting. We
10 need to get everybody on the same page. How do we do this.
11 Let's go do this. We're on. Everybody on board to do this.
12 So I just wanted to report back to you as well.

13 CHAIRWOMAN FREED: Okay. Thank you. Okay.
14 Board Members, it has been moved and seconded to accept the
15 credit to PEBP in the amount of \$87,618.50 as well as require
16 a report back at the next Board meeting on the status of all
17 of this.

18 Is there any discussion on the motion? Okay
19 hearing none, all in favor signify by saying aye. Any
20 opposed no.

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

23 CHAIRWOMAN FREED: Okay. Thank you very much.
24 With that I think we can take a little break if the Board
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1 would like to before Agenda Item Seven, maybe a five-minute
2 break or something. Okay. Why don't we do this, why don't
3 we come back at 11:30 to tackle Agenda Item Seven. Thanks,
4 everybody.

5 (Whereupon, a brief recess was taken.)

6 CHAIRWOMAN FREED: And I will call on Cari Eaton,
7 the chief financial officer, to discuss contracts.

8 MS. EATON: Thank you. Cari Eaton for the
9 record. Item Number Seven addresses the status of contracts.
10 So if Chair Freed agrees, I would actually like to address
11 Item 7.2 last in this report as we need to close down the
12 meeting to address the new contracts. So would it be okay
13 for me to proceed out of order?

14 CHAIRWOMAN FREED: It would be fine to do 7.1,
15 7.3, 7.4, 7.5 and then we'll go back to 7.2. That sounds
16 great, but thank you.

17 MS. EATON: 7.1 is an overview of the current
18 active PEBP contracts and no action is necessary.

19 So I will move on to Item 7.3. And Item 7.3 is
20 requesting the PEBP Board approve a contract amendment to the
21 Express Scripts contracts. PEBP contracted with Express
22 Script or PBM services which became effective April 12th,
23 2016 and has a termination date of June 30th, of this year.

24 This amendment increases the contract max from
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1 291,000,000 to 303,000,000. This increase adds additional
2 authority to pay claims since claims costs have gone up
3 through the remainder of the contract.

4 In addition to adding authority to implement the
5 optional Medicaid Subrogation program. That was included in
6 the original RFP response. The Medicaid Subrogation program
7 is required pursuant to the state status. State status is
8 implementing provisions of the Federal Deficit Reduction Act
9 of 2005 pertaining to Medicaid third party liability.

10 Third party insurers and their pharmacy benefit
11 managers are required to furnish state Medicaid departments
12 where they're contracted agents with enrollment and
13 eligibility information sufficient to enable Medicaid to
14 identify instances in which an individual is covered by both
15 Medicaid and by a private insurance such as PEBP. So,
16 therefore, those insurers may have third party liability for
17 Medicaid claim.

18 So PEBP recommends the Board authorize staff to
19 amend the contract between PEBP and Express Scripts to add
20 the Medicaid Subrogation program and update the fee schedule
21 and increase the contract maximum.

22 CHAIRWOMAN FREED: Okay. Thank you.

23 Board Members, any questions on 7.3.1? Okay.

24 Hearing none I will accept a motion to approve the staff
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1 recommendation.

2 MEMBER AIELLO: This is Betsy Aiello.

3 MEMBER KELLEY: Michelle Kelley for the record.

4 CHAIRWOMAN FREED: All right. Great. Do I have
5 a second?

6 MEMBER AIELLO: Second.

7 CHAIRWOMAN FREED: Sounds good. All right. It's
8 been moved and seconded to authorize Board staff to amend the
9 contract between PEBP and Express Scripts, Contract 17715 to
10 add Medicaid Subrogation program, update the fee schedule and
11 increase the contract maximum. All in favor signify by
12 saying aye. Any opposed say nay.

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

15 CHAIRWOMAN FREED: Okay. Motion carries.

16 Let's move on to 7.4, 7.5.

17 MS. EATON: Thank you. Cari Eaton for the
18 record. Item 7.4 contract solicitation for ratification.
19 And 7.5 is an overview of our current in progress contract
20 solicitations and no action is necessary.

21 CHAIRWOMAN FREED: Okay. Thank you very much.
22 With that, we'll go back to new contracts and pursuant to NRS
23 333.475 because we're going to be discussing financial offers
24 submitted by bidders we have to close the meeting.

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1 So, Board Members, staff, deputy attorney
2 general, purchasing staff and vendors if you've received the
3 credentials to log into the other Zoom meeting that is the
4 closed meeting then go ahead and log off of here and log into
5 that one. I'll give you about five minutes to do that. And
6 you can -- and everybody who is listening from the public you
7 can see the closed session is not expected to return to this
8 meeting until after 12:00 noon. So with that I will see you
9 all over there.

10 (Whereupon, after the closed session was had, the
11 following proceedings were had in open session.)

12 CHAIRWOMAN FREED: Okay. It is 1:00 o'clock and
13 we are calling the public portion of the meeting back to
14 order. We were in closed session. We have finished that.
15 And we will go, again, to Item 7.2, new contracts.

16 And so the question before the Board is selection
17 of Pharmacy Benefit Manager between Express Scripts pursuant
18 to RFP 95PEBP-71711 and Northwest Drug Consortium pursuant to
19 NRS 333.475.

20 So Board Members heard a presentation from our
21 actuary. Once again, thank you to Aon for that. And now I
22 will turn it over to the Board Members to make their choice.

23 Mr. Verducci?

24 MEMBER VERDUCCI: Yes. Thank you, Chair Freed.
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1 I would like to make a motion to approve E Scripts, ESI to
2 provide pharmacy services beginning July 1 of 2022, including
3 their best and final offer and modified performance
4 guarantee.

5 CHAIRWOMAN FREED: Do I have a second for that
6 motion?

7 MEMBER BITTLESTON: Leslie Bittleston, I'll
8 second.

9 CHAIRWOMAN FREED: Okay. All right. It's been
10 moved and seconded to approve a contract for pharmacy
11 services beginning July 1st, 2022 with Express Scripts
12 incorporated. All those in favor signify by saying aye. Any
13 opposed nay.

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

16 CHAIRWOMAN FREED: Okay. Motion carries. Thank
17 you very much.

18 Ms. Eaton, and, Ms. Rich, did we already do 7.5?

19 MS. EATON: This is Cari Eaton for the record.
20 Yes, I believe we did.

21 CHAIRWOMAN FREED: Okay. Okay. Then it looks
22 like we are a done with Agenda Item Seven and we can move on
23 to Agenda Item Eight. This is the second public comment
24 period. Again, comments are limited to three minutes per
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1 person and I will turn it over to PEBP staff.

2 MR. HOPKINS: Thank you, Madam Chair. For those
3 who have joined for public comment your name and last four
4 digits of your phone number will be announced. You'll be
5 advised you've been unmuted.

6 As a reminder, those on the phone, please press
7 star six to unmute. And please slowly state and spell your
8 name for record and proceed with your comments.

9 Last name with Gutierrez, you have permission to
10 speak. Please unmute your mic.

11 MR. GUTIERREZ: Hello. Can you hear me?

12 MR. HOPKINS: Yes, we can.

13 MR. GUTIERREZ: All right. For the record my
14 name is Tony Gutierrez, G-u-t-i-e-r-r-e-z. I'll start my
15 comment with reminding everyone listening and the Board as
16 well that COVID happened to all of us. It didn't happen to
17 some of us and it wasn't caused by your neighbor.

18 The next comment I would have to make would be to
19 remind the Board as well that all current vaccines and as
20 well as tests for COVID are authorized only under emergency
21 use authorization. Having stated that, I would like to read
22 to the Board some language of that emergency use
23 authorization statute.

24 Each individual must be informed of the option to
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1 accept or refuse administration of the product of the
2 consequences, if any, refusing administration of the product
3 and the alternatives to the product that are available and of
4 their benefits and risks.

5 Since no Court has ruled on this, the prevailing
6 interpretation of the term consequences if interpreted
7 through the spirit of the law suggest that the consequences
8 means health related consequences, not workplace mandates or
9 surcharges or punitive measures with the obvious goal of
10 mandating the use of those products.

11 I would also like to mention that with in regards
12 to the Supreme Court ruling, while they did not directly
13 address whether this Board has the authority to do what they
14 are doing, they did reinforce constitutionally that the
15 intention is not for non elected bureaucrats or Board Members
16 to address or enforce their public health goals on the public
17 as a whole or employers.

18 I don't believe that the Board has the authority
19 or justification to use coercion while interjecting
20 themselves into the personal choice to accept an experimental
21 vaccine. A question to the Board, we all change the
22 definition of fully vaccinated. Is that going to be a moving
23 goalpost? The Board justifies the use of surcharges for
24 historical use of surcharges in alcohol or tobacco use. I

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1 would like to illustrate a large difference between that and
2 this subject.

3 In those cases you're trying to discourage an
4 existing behavior in an attempt to negate possible injury
5 that happens from that behavior. And the case you're trying
6 to make now is you're demanding an action or use of an
7 experimental drug in order to avoid coercive or punitive
8 policy.

9 I also would like to -- I have a question for the
10 Board. Will you acknowledge natural immunity? The CDC
11 recently acknowledged that in regards to Delta. As the
12 numbers are coming in it proves to be equal to or greater
13 than effectiveness of avoiding major illness, sickness or
14 death. Will you acknowledge that to avoid surcharges?

15 You use the Governor's Declaration of Emergency
16 to justify your actions. Well, that we've been operating
17 under an emergency condition for more than two years.
18 There's been plenty of time for the Governor to consult and
19 utilize the legislative process to, when attempting to apply
20 a controversial mandate.

21 CHAIRWOMAN FREED: Mr. Gutierrez? Mr. Gutierrez,
22 you need to wrap up your comments.

23 MR. GUTIERREZ: Yes, ma'am. I guess my final
24 statement is you're willing to participate in politics as
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1 Board Members is troubling. I hope more than a vote by
2 unelected panel members will be needed in the future to apply
3 punitive tactics to force me to accept an experimental drug.
4 Thank you for your time.

5 MR. HOPKINS: Okay. So the next public comment
6 is Kent Ervin. You have permission to speak.

7 MR. ERVIN: Kent Ervin, K-e-n-t E-r-v-i-n, State
8 President of the Nevada Faculty Alliance. Good afternoon,
9 Chair Freed, Executive Officer Rich and Committee Members.
10 Thank you for your service today and your dedication to the
11 program.

12 Because my statement of the \$47,000,000 in excess
13 reserves as of the beginning of fiscal year 2022 in earlier
14 public comment was questioned, I would like to put the values
15 on the record.

16 We have been told repeatedly that excess reserves
17 amount are only meaningful as of the turn of the fiscal year
18 so those are the numbers I am quoting. The first quarter
19 budget report with the fiscal year closing is being presented
20 for the first time today instead of in November as usual.

21 According to the first quarter budget report in
22 Agenda Item 4.2.1, the beginning cash balance for FY2022 was
23 \$159,011,280. The mandatory reserves for FY2022 total
24 112,000,217,030. That amount is the sum of the 52.3 million
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1 in incurred but not reported liability. 34.9 in catastrophic
2 reserves and 25.1 in HRA reserves for FY2022.

3 The difference between the 159,000,000 beginning
4 balance and the 112,000,000 in mandatory reserves is
5 \$46,794,250 or about the 47,000,000 in excess reserves as of
6 the beginning of the current fiscal year. In addition, 8.6
7 million in CARES Act reimbursements, that was not known at
8 the rate setting time is being received in FY2022. That
9 raises the total available to 55,000,000 for new expenditures
10 in fiscal year 2022.

11 According to e-mail correspondence with Chief
12 Financial Officer Eaton this week, the final cash balance for
13 the close of fiscal year 2021, last fiscal year in the budget
14 report should be 159,011,280 instead of the 154.7 million
15 listed in the table on page two of the report. That revises
16 the excess reserves as of the close of fiscal year 2021 to
17 \$42,111,629. That is up by 9,000,000 from the 33,000,000
18 that was projected as of the May 7, 2021 legislative budget
19 closing for PEBP.

20 The mandatory reserves were reduced from FY2021
21 to FY22 which accounts for another 4.6 million increase in
22 available excess reserves as of the beginning of this fiscal
23 year.

24 As discussed at the September meeting, the new
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1 mandatory reserves were calculated by Aon back in August.
2 Although, the explanation letter from Aon has yet to be
3 shared with the PEBP Board despite the request by Chair Freed
4 at that time or to the public.

5 Regarding the table on page three of the budget
6 report is not clear to me which items allocated to spending
7 down the excess reserves have been included in the budgeted
8 or projected expenses.

9 But only a net 8.2 million of the excess reserves
10 is projected to be spent down this year. Over the past
11 decade those spend down projections have been greatly
12 overestimated nearly every year. Thank you.

13 CHAIRWOMAN FREED: Mr. Ervin, okay, cool. Thank
14 you, Mr. Ervin. Just on the three-minute mark. Good job.

15 MR. HOPKINS: Chair Freed, that was it for public
16 comment. I did start the slide a little bit later. So if we
17 can maybe just wait a few minutes just to make sure anyone
18 else wants to dial in.

19 CHAIRWOMAN FREED: Okay. We will hold for a
20 couple of minutes to see if anybody else has public comment.
21 Also the slide is showing closed meeting happening right now.
22 You probably want to change that.

23 MR. HOPKINS: My apologies for that. We have no
24 one else in the waiting area for public comment.

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1 CHAIRWOMAN FREED: Okay. Thank you. That takes
2 care of Agenda Item Eight.

3 Agenda Item Nine is adjournment. And it is
4 1:13 p.m. and so we are adjourned. Thank you very much,
5 Board Members, staff, vendors, everybody. Have a good
6 afternoon.

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1 STATE OF NEVADA,)
2 CARSON CITY.) ss.
3

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

7 That on Thursday, the 27th day of January, 2022, I was
8 present on a teleconference for the Public Employees'
9 Benefits Program, Carson City, Nevada, for the purpose of
10 reporting in verbatim stenotype notes the within-entitled
11 public meeting;

12 That the foregoing transcript, consisting of pages 1
13 through 104, is a full, true and correct transcription of my
14 stenotype notes of said public meeting.

15
16 Dated at Carson City, Nevada, this 10th day
17 of February, 2022.

18
19
20
21
22
23
24

KATHY JACKSON, CCR
Nevada CCR #402

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