

## NSHE PEBP Benefits Task Force

### Summary Notes from Meeting – March 26, 2014

1. **Review of April 3, 2014 PEBP Board Meeting Agenda** and discussion of any issues for public comment. Potential items of interest include the following:

\***Agenda Item #3:** Changes in certain co-payments for the Northern and Southern Nevada HMO plan designs. This issue is also covered in the proposed options for agenda item #5.

\***Agenda Item #4:** Increasing the basic group life insurance amount from the current \$10k for employees and \$5k for retirees to \$20k for employees and \$10k for retirees (part of agenda item #5 in terms of use of excess reserve funding). **The NSHE Benefits Task Force strongly recommends this change in life insurance, and would ask the PEBP Board to find a way to make this on-going, and not just a one-time adjustment.**

\***Agenda Item #5:** FY15 rates. The rate information included assumptions based on reserves. The projected excess reserves are listed at about \$83M. These reserves are then adjusted down by the decisions made last fall relative to consuming some of these reserves (as opposed to just addressing the premium amounts), as follows:

Additional Medicare HRA contributions	\$4.4M
Additional \$400 HSA/HRA primary contribution	\$7.6M
Additional \$100/dependent HSA/HRA contribution	\$1.4M
Wellness Incentives	\$5.9M
Part B Premium Credits	\$1.1M
Increasing CDHP co insurance to 80% (from 75%)	\$1.5M
Increasing Dental maximum to \$1,500 (from \$1,000)	\$3.2M
Adding CDHP annual vision exam	\$1.3M
Reducing CDHP deductible to \$1,500/\$3,000	\$2.1M

\*Down from \$1,900/\$3,800 for individual/family)

This leaves a projected excess reserve of **\$54.6M**. The level of excess reserve in the CDHP continues to be very significant and it continues to rise. **The NSHE PEBP Task Force recommends to the PEBP Board that they consider planning for the FY16 plan year using what appear to be more realistic financial figures, and arriving at base health care program plan designs that take into account these annually available excess reserves.**

#### **HSA/HRA Contributions Summary:**

	Participant	Dependent	Net with Deductible (single)
FY14 Base	\$700	\$200 (max of 3)	
FY14 1-time	\$697	\$215 (max of 3)	
FY14 Total	\$1,397	\$415 (max of 3)	\$503 (at \$1,900)
FY15 Base	\$700	\$200	
FY15 1-time	\$400	\$100	
FY15 Total	\$1,100	\$300	\$400 (at \$1,500)

With the discussion at the PEBP meeting of even increasing these levels for FY15 (an additional for participant and for dependent). If an additional HSA/HRA allocation was made it would further reduce the net deductible down from \$400.

**CDHP rates** are projected to go down even with the approved plan changes from November. PEBP staff is presenting three options for the Board's consideration:

- \*Option 1 - use the current trends projected by the actuaries, which will still result in a 12% reduction in rates
- \*Option 2 - use a portion of the excess reserves (\$6.1M) to further reduce the premiums. This will result in a 15.7% rate reduction.
- \*Option 3 - use a portion of the excess reserves (11.9M) to further reduce the premiums. This will result in a 17% rate reduction.

**The NSHE PEBP Task Force recommends the PEBP Board go with option #1 above, and drive as much additional resources into the HSA/HRA; further reducing the deductible; and reducing the overall maximum out of pocket costs.**

**HMO rates** are going up by about 5%. PEBP staff indicated that to keep the rates flat and the benefits the same for the HMO plan; it will cost \$9.6M. PEBP staff is recommending the following changes to help limit the premium increase for the HMO plans:

HPN (Southern HMO) - only one option is being presented to help reduce the increase in premiums.

- \*increase the co-pay for specialist visits from \$15 to \$25
- \*increase the co-pay for urgent care visits from \$15 to \$30
- \*increase the co-pay for emergency room visits from \$75 to \$150
- \*increase the co-pay for in-patient hospitalization from \$200 to \$300

HHP (Northern HMO) - PEBP staff is presenting four options with varying increase in the co-pay for out-patient surgery and in-patient hospitalization.

PEBP staff is asking the board to make a decision regarding the rate methodology for the HMO plans - should it continue to be blended or not. Based on the PEBP information, the rate differences between the north and south for the HMO program are 79% higher for participant and participant + spouse (north vs south); 33% higher for participant + child (north vs south); and 50% higher for Participant + family (north vs south). The PEBP is also suggesting that some of the excess reserve funds may be used to decrease the premiums for the HMO program, even though none of the reserves would have come from the HMO program (and this is something the PEBP has not been willing to consider in the past).

**The NSHE PEBP Task Force recommends the following to the PEBP Board relative to the HMO program:**

- \*Continue with the blended rate (the CDHP program is on a blended rate).**
- \*Increase the co-pays as suggested by staff (and noted above).**
- \*Use some amount of the excess reserve to decrease the rise in the overall premium.**
- \*At least for the southern HMO, identify ways to increase the network of physicians in the program, and/or improve the process steps to get access to a specialist. These may not be the same level of problem issues with the northern HMO program. We also understand this may not something that could be fully addressed at the PEBP meeting next week.**

#### **ADDITIONAL PLAN CHANGE OPTIONS:**

- \*Use \$2.2M of excess reserves to increase the basic life insurance for active employees from \$10,000 to \$20,000 and for retirees from \$5,000 to \$10,000. This will bring this benefit back up to pre-2011 levels. **The NSHE PEBP Task Force supports this recommendation, and would ask PEBP to find a way to make this a more permanent change.**

\*Additional increase the HSA/HRA contributions for those in the CDHP plan. Costs for increases in HSA/HRA are as follows:

-Primary Participant - \$1.9M per \$100 (total cost to provide an additional \$400 will be \$7.6M)

-For dependents - \$0.7M per \$50 (total cost to provide an additional \$100 per dependent to a maximum of 3 dependents will be \$1.4M)

\*Increase HRA contributions to Medicare retirees by \$2/month/year of service. Total cost would be \$4.4M

**As noted above, the NSHE PEBP Task Force supports additional allocation to the HSA/HRA accounts for employees and retirees, along with looking at further reductions in the deductible and reducing the maximum out of pocket maximum.**

**The PEBP NSHE Task Force also provides the following suggestions to the PEBP Board:**

\*Continue to work closely with the legislature to help assure we do not have another reduction in the employer contribution for PEBP health care for the 2015-2017 biennium. The continued and increasing excess reserves could be incorrectly thought of as funding not needed for the health care program for employees.

\*Review the current policy (or assumed to be policy) that individuals on the Wellness program who miss their goals would have to repay premium savings.

\*Review the overall structure of the wellness program and try to identify any/all ways to increase its effectiveness and utilization. In order to help with this issue, NSHE will ask all HR offices to submit comments/suggestions/ideas for such an improvement in the PEBP Wellness program no later than April 30, 2014, so that we can provide these ideas to the PEBP in advance of their May Board meeting.

**RATES: Base rates without any additional reduction**

PLAN YEAR 2015 RATES						
Effective July 1, 2014 to June 30, 2015	SELF FUNDED PLAN			HMO PLAN		
	CURRENT PREMIUM	PREMIUM AS OF 7/1/14	AMOUNT CHANGE	CURRENT PREMIUM	PREMIUM AS OF 7/1/14	AMOUNT CHANGE
Participant Only	\$44.93	\$40.53	(\$4.40)	\$134.75	\$155.64	\$20.89
Participant + Spouse	\$206.96	\$162.77	(\$44.19)	\$391.99	\$429.01	\$37.02
Participant + Child(ren)	\$96.31	\$89.08	(\$7.23)	\$246.59	\$284.35	\$37.76
Participant + Family	\$258.34	\$211.08	(\$47.26)	\$503.83	\$557.73	\$53.90

2. **Quarterly Meeting with PEBP Administration.** Given that Leo Drozdoff was at our meeting and Jim Wells was on the phone, we conducted the quarterly meeting discussion as part of the Task Force Meeting, and reviewed the items below in item #3.

3. **Status of follow-up items from last quarterly meeting with PEBP staff, and schedule for next quarterly meeting.** The following items remain on our listing for quarterly discussions with PEBP staff. The most recent quarterly meeting prior to this was held on November 20, 2013.

\*Provide read access to E-PEBP system for NSHE employees by some key NSHE HR staff.

Concern was expressed about how long NSHE would stay with PEBP. Apparently PEBP will prepare a memo outlining the plan and costs for such an approach and send it to us in the near future. Additionally, this was noted at the last PEBP Board meeting and the impression was that PEBP was not pursuing this at all – we need to follow-up to check on status. Most recent update: PEBP is back to asking if there are HIPAA issues that prevent such access. PEBP is also now expressing concerns that all questions should go directly to PEBP vs.

being handled by trained NSHE HR individuals. As of early September 2012 we did hear from PEBP staff about the specific data elements that we needed access to. We hope this means that this item is back under consideration and that we will have access to the system in the near future. October 2012 update: PEBP does not appear inclined to grant any such access. March 2013 update: We still want to push this issue, but we should also discuss the broader issue of PEBP having an effective communications program with key contacts in each agency they support (for NSHE this would be the HR contacts at the institutions). By using the HR offices at each institution these individuals can have a better sense of what is happening with PEBP and they can better support (and communicate) that information to their employees. NOTE: Interest expressed in strongly pursuing this item with PEBP, as it would help our employees. ***NO RECENT UPDATE.***

\*Address the current delays in new NSHE hires receiving their information from PEBP. A new form was created that we think will be helpful, in addition to the plans for NSHE to add some language/information to the standard offer letters. October update: PEBP is testing a new FAX process. March 2013 update: For the faxing of forms for new hires – PEBP was going to get in touch with NSHE benefits staff once they have their end set up to test our fax system for quality of the transmission. To date we have not been contacted by anyone from PEBP. May 2013 update: Leo indicated he would assist us in getting a response on this item. ***March 2014 update: We are initiating the testing of the PEBP solution.***

\*Status of HSA/HRA changes that impacted NSHE distribution of W-2's. PEBP is going to make some schedule changes to help with this issue in future years, but noted they expect additional tax year 2011 adjustments to come forward in the near future – this will cause a problem for NSHE relative to manually issuing revised W-2's (and the fact some employees likely already completed their tax filing) and the potential for additional fines. In fact, NSHE received another round of corrections impacting the W-2's in April. We would like to recommend to PEBP that NSHE handle employee contributions to these accounts like all others we already handle, and then feed these deductions to HealthScope. This would eliminate this as a problem for the future. Update: PEBP staff is now indicating that they are considering allowing NSHE to push the data to HealthScope for the HSA voluntary deductions. The recent issues with HealthScope and the June (now paid in July) payroll and failure to capture voluntary HAS contributions also were a problem for many NSHE employees. There were also comments on problems accessing the full funding in the HSA accounts early in the calendar year. October update: PEBP indicates that the NSHE process for working with HealthScope is different/unique from other state entities and they will help us push our data directly to HealthScope; otherwise they are opposed to this option. PEBP staff indicated they were not aware of these more recent issues with HealthScope files with errors in it to NSHE but will address them with HealthScope. It was also noted that NSHE could create HSA accounts for its employees as a substitute for, or in addition to, what PEBP has – we will review this to see if there are any viable options for us to consider. March 2013 update: Relative to direct access to HealthScope, at the last quarterly meeting Jim Wells indicated that he needed additional information from HealthScope before making a decision. We have not received any updates since. However, we also noted that tax year 2012 has seen additional problems with issuing corrections to W-2's and we still have not fixed all the problems, or perhaps even identified all of them. To date PEBP has their IT staff focused on this issue, when in fact we believe this is not just an IT issue but an issue of proper accounting for the benefits so the W-2 can be issued by NSHE and NSHE can communicate to its employees with confidence that the information is complete and accurate. May 2013 update: Leo also indicated he would assist us in getting a response on this item. November 2013 update: Pat noted that NSHE is working with the PEBP to try and eliminate the errors that have occurred in the past; however our request to get data directly from HealthScope has never been responded to by PEBP. January 2014 update: We still have not received permission from PEBP to get the data directly from

HealthScope. On a separate note, we did receive the updated data files from PEBP with less than 30 errors, which the benefits offices were able to research and clear. The corrected reports were submitted to payroll prior to winter break and we should be good to go with the W-2 runs. However, we will continue to ask PEBP for a direct feed on the data from HealthScope. **March 2014 update: We continue to receive the files from PEBP vs. directly from HealthScope. SCS has made some programming changes that would allow us to identify potential issues prior to year end.**

**\*Health Care Concierge program.** We would like to see PEBP move forward to issue an RFP to bring on such a vendor, or allow NSHE to pilot this program for PEBP. PEBP was indicating that there are legal reasons why they cannot enter into such a program and the same reasons prevent us from running a pilot. We are trying to get more specific information from PEBP on the legal interpretation. October update: PEBP in the midst of negotiations with Jack London group for a 6-month pilot program (July 2013 – Dec 2013); if the pilot can be worked out and shows benefit compared to their current vendor programs they will consider extending it, or decide if this is a unique service or not and whether they go out to bid. January 2013 update: This item was on the 12/10/12 PEBP Board agenda for discussion and PEBP has since executed a contract with Jack London for a pilot program effective 1/1/13 through 6/30/13. However, it was noted that we had not seen information going out from PEBP to inform participants of this program. Given the short time period of the “pilot” it seems as though an opportunity to communicate this no-cost program to participants was not taken. Michelle Kelley did get an e-mail about this program earlier this month and will share that e-mail with the Task Force and all NSHE campus HR contacts, so we can at least help get appropriate information out about this pilot program. We will also need to follow-up with PEBP in the future about the lack of adequate communications on the roll-out of this pilot program, and perhaps the next to extend the pilot as soon as possible so that they can have valid results. March 2013 update: The Jack London pilot is underway at this time but we have not seen any report on what activity they have had to date. It would be nice to see this information and to be able to work with PEBP to get out better communications about programs like this to our employees. We also will want to discuss with PEBP, after we see some of the initial information, about extending the pilot for all of CY13, as a six month pilot on a program that was not well communicated with employees probably is not a long enough period to evaluate its impact. June 2013 update: The pilot has been extended to 9/30/13 and the PEBP Board will review it again in the fall. We discussed getting out more information on this program to NSHE employees. Sept. 2013 update: Pilot discontinued. Although PEBP elected to continue services until Sept. 30th, Jack Landon elected to end the relationship with PEBP effective June 30th. The Task Force strongly recommends that PEBP consider going out to bid to allow similar services to be offered in the future, under a longer term engagement and with better communications that the services are available to PEBP participants. ***NO RECENT UPDATE***

**\*Status of PEBP Data Warehouse Program.** *September 2013 update:* Jim Wells indicated that this project is moving forward and they have focused on the CDHP first. They expect to have this part of the project completed in the near future. Following that, in next calendar year, they will focus on the HMO data. **March 2014 update: CDHP data warehouse is done and being updated. HMO is still being worked on and has more challenges and there should be an update on the schedule in July.**

**\*Non-discrimination testing.** September 2013 update: PEBP is waiting on an opinion from the Attorney General's office regarding who is considered an employer for this purpose. They indicated that they would prefer to conduct one test for the whole state including NSHE because the regulations require that you use the same set of data when conducting the non-discrimination test for the Dependent Care FSA, the Medical FSA, and the Health Plan. Currently NSHE runs its own Flexible Spending Account and we have done Dependent Care non-discrimination testing in the past. The regulation now requires that this test be run each year. This

test is run by our FSA vendor ASI Flex and we are scheduled to provide them with data around November so that the testing can be completed by January. Testing on the Medical FSA and the Health Plan is currently waiting additional guidance and is currently on hold. Jim Wells suggested that NSHE may want to consider having PEBP administer the FSA plan since they are using the same vendor that handles their HSA (HealthScope) and that it makes it easier to coordinate benefits for the FSA and the HSA. The Task Force did not support this PEBP recommendation, as we would prefer to maintain our own FSA. January 2014 update: We have not received any updates from PEBP. The last word was that they were still waiting on the AG's opinion. **March 2014 update: Still waiting to hear from the AG's office.**

**\*Financial Reconciliation of Payments to PEBP for Domestic Partners who have Submitted Evidence of Marriage in another State.** This may be impacted by the premium reduction for those participating in the Wellness program. BCS and BCN will work together to get details for all individuals in NSHE with such a situation and share the state with PEBP staff to determine if we can identify the problem and therefore the solution.

**\*Increased Reporting Effective January 2015 Based on Federal Health Care Law.** There are new monthly reporting requirements that will come on next calendar year. Not only are these ones we will need to get ready for, but depending on the outcome of the AG's review of whether PEBP is one employer or not, it will determine who has final responsibility for submitting the data.

4. **Next Task Force Meeting.** The next PEBP Board meeting is May 15, 2014. We will schedule our next Task Force meeting in early May.

5. **Potential Future Agenda Items:**

\*Priority items to highlight at future Board of Regents meetings.

\*Status of follow-up items from last quarterly meeting with PEBP staff, and schedule for next quarterly meeting.

\*Review Next PEBP Board agenda for possible comments during public comment.

\*Work with PEBP on what they anticipate to be their 2015-2017 biennial budget submission, and in specific how to not further reduce the employer contribution and true up the PEBP program with historically available resources.

\*Review feedback from all NSHE HR offices on ways to improve the Wellness program of PEBP (suggestions due in by April 30, 2014).

\*Discuss Plan Year options for Fiscal Year vs Calendar Year.

\* Review/discuss the 2011 action by the Legislature to eliminate any/all health care subsidy for state/NSHE employees hired after 1/1/12.

\*Invite SDM and UNSOM representatives to discuss options for providing services to NSHE SCS Employees.