

PUBLIC EMPLOYEES' BENEFITS PROGRAM (PEBP) BOARD MEETING

MARCH 22, 2018

NOTES BY TERRI LAIRD

The relatively small board room inside the Richard Bryan Building in Carson City where the PEBP Board meets was packed for the March 22 meeting where rates for Plan Year 2019 (July 1, 2018 – June 30, 2019) were considered. PEBP Executive Director Damon Haycock explained to the board that PEBP had experienced year-over-year cost savings creating excess reserves leading him to recommend a reduction in member premiums for ALL groups on ALL tiers for the first time since the inception of the Consumer Driven High Deductible Plan (CDHP) and the Medicare Exchange (created in 2011). This recommendation meant a one-time supplemental Health Reimbursement Arrangement (HRA) funding retirees on the Medicare Exchange (now known as Via Benefits) of \$2.00 per month, per year of service effective July 1. This is important because following the 2017 Legislative Session, RPEN's Legislative Advocate Marlene Lockard expressed her disappointment often that while other participants in PEBP saw cost savings, but retiree's did not, so it is good to see that retirees will see another, one-time enhancement. Haycock said based on the current (March 22) projected Medicare retiree population, this measure equates to approximately \$5.4 million of PEBP's existing excess reserves, leaving \$4.6-\$9.6 million left to cover uncertain EPO implementation (PEBP's own plan in No. Nevada that replaces the HMO in the north, as approved by the board in November).

This item was welcomed by those attending the meeting (which included several Medicare Exchange participants). However, there was some controversy facing the board as it also considered two pilot programs designed to offer choice and a stabilization of medical costs for State Workers, one with Carson-Tahoe Health and another with St. Mary's Hospital in Reno. Both programs were approved by the board, but not unanimously. Three voted against each program, including Members Chris Cochran, Linda Fox and Glenn Shippey, while Leah Lamborn (one of two retiree representatives on the board) asked to be recused from voting due to her work with a charitable group that is associated with Renown.

But before the vote finally came, there was a lot of very spirited discussion, specifically regarding the St. Mary's program, mostly coming from the two Executives there from Renown, who has had a long-time exclusive contract with PEBP. Renown's Hometown Health CEO Ty Windfeldt told the board this program was directly in conflict with their exclusive contract and put their relationship with PEBP in jeopardy. However PEBP's Deputy Attorney General Dennis Belcourt disagreed, saying PEBP was within their right to move ahead with the pilot programs. Renown CEO Dr. Anthony Slonim also told the board he was "disappointed that PEBP was looking for loopholes to violate their 20 year association, adding he felt "backed into a corner". He also discussed a meeting he'd had in late February with Haycock where he said Haycock was condescending, disrespectful and used bullying tactics relating to the proposed pilot programs. Haycock later issued an apology to Slonim but said he was not a lawyer, but said he had been informed by the state's Purchasing Administrator that what PEBP was doing was within the law. In the end, as previously mentioned, both pilot programs were accepted and during public comment, Lockard testified that choice and competition is an easy decision, however this plan opens up what folks try to avoid, uncertainty, and that the board should be aware of unintended consequences as a result.

Under the final item on the agenda, discussion and possible Board direction for staff regarding the program's 2019 Legislative Platform, (required by April 13), Haycock presented a proposal calling for Staff Salary adjustments, to bring them more in line with another agency similar to PEBP, the Public Employees' Retirement System (PERS). He laid out the many similarities between PEBP and PERS, while noting the major difference between Executive salaries at both agencies, with PEBP on the lower spectrum of salaries when comparing the two. No action was taken on the issue, though any action would have to be included with PEBP's policy or budgetary requests for the 2019 session.

PEBP's next meeting will be May 24.