

**INTERIM RETIREMENT AND BENEFITS COMMITTEE  
FEBRUARY 22, 2018/MEETING NOTES BY TERRI LAIRD**

Retirement benefits and State Health Insurance were debated during a day-long meeting of the Nevada State Legislature's Interim and Retirement Benefits Committee February 22. There were 14 RPEN members in the audience from four Southern Nevada Chapters of RPEN at the meeting, and 5 RPEN members representing three Northern NV Chapters at the videoconference of the meeting held in Carson City.

Chaired by Nevada State Assemblywoman Maggie Carlton, the meeting began with Tina Leiss, Executive Officer of the Public Employees' Retirement System (PERS) providing an update on how NV PERS is faring since the end of the last fiscal year. She said the average pension benefit for service retirees was \$2,899/month while the average for Police/Fire service retirees was \$5,407. Leiss also reported that PERS' payroll continues to grow, with has a positive impact on the agency's much talked about "unfunded liability". She also noted that the CPI (Consumer Price Index) continues to march higher as inflation grows, rising by 2.1% in January, the first increase in 16 years.

More good news for PERS was shared by their Chief Investment Officer Steve Edmundson who said since inception, PERS is among the top 1-2 funds in the U-S, adding Nevada PERS' success is used by other systems as a model system. He said their secret is simple, avoid risk and complicated funds. Assemblywoman Carlton testified that "we've all heard the horror stories across the country, cities filing for bankruptcy, etc." and she went on the express thanks to PERS for doing such a good job for "our retirees".

The discussion then moved to the Public Employees' Benefits Program (PEBP) as their Executive Officer Damon Haycock took a seat at the table for the next 3 ½ to 4 hours. Haycock started out mentioning the fact that PEBP has faced negative trends the last couple of years in medical and pharmaceutical benefits. Assemblywoman Carlton told him she still had concerns about PEBPs projections being off a little and cited additional concerns with too much money in PEBP's reserves. RPEN's Legislative Advocate Marlene Lockard has long been a critic of PEBP having such high reserves, at the cost of Medicare Exchange retirees who left a lot of money on the table when they were moved out of PEBP and to the Medicare Exchange. Haycock reiterated PEBP's Mission, to provide the highest quality and access to health care at the most affordable cost. There was a lot of discussion about active participants (those still working) leaving the HMO (Health Maintenance Organization) for the CDHP (Consumer Driven High Deductible Plan). There was a lot of discussion that followed later in the meeting about the new, self-funded plan PEBP will be administering that takes the place of Hometown Health in the North. While the IRBC has no control over the PEBP Board's decision to form a self-funded plan (which saw PEBP set aside over \$10 million of reserves into a catastrophic fund for this new plan) many on the committee voiced concerns and issues about the self-funded proposal. Haycock said if they find it doesn't work, they will figure out a better alternative then, but he added the self-funded plan will operate basically the same as the Hometown Health HMO operated. He says participants will keep their same doctors. He also offered to his critics that PEBP's CDHP is a self-funded plan that they've been operating since 2011 and said they aren't trying to invent a new program. But Senator Julia Ratti reiterated that the state would be absorbing the risk and asked about the size of the pool that would be on the new plan. Haycock said they wouldn't know the size of the pool until the plan is rolled out. He spoke a bit more about a customer satisfaction survey PEBP completed late last year that asked six basic questions leading to an average 7 rating for the agency among all six questions and that most participants wanted access and affordable healthcare as well as more communication.

Under public comment, Lockard thanked the Legislature and PEBP for assisting RPEN in settling the orphan issue (non-state retirees in PEBP who were facing escalating healthcare due to a dwindling pool). She said she too had concerns with the new self-funded HMO plan, but would take a "wait and see" attitude and she said RPEN would like to see healthcare benefits restored for state employees hired since 2011 because of legislation taking away retiree healthcare subsidies to new hires. She says it's not fair that those employees contribute to retiree healthcare benefits for those already retired, but they'll never benefit from it when they retire. She added it also makes it hard to recruit new employees when they realize they won't get retiree healthcare benefits.

The meeting that began at 10:00 a.m., concluded around 3:30 p.m.