



MINUTES OF THE WASHOE COUNTY SCHOOL DISTRICT GROUP INSURANCE COMMITTEE

July 18, 2018

1. Opening Items

1.01 Call to Order

The meeting of the Washoe County School District Group Insurance Committee was called to order at 9:00 a.m. at the WCSD Central Administration Building Board Room, 425 East 9th Street, Reno, Nevada 89512.

1.02 Roll Call

Chair Don McHenry and Members Kathy Howard, Robert Munson, Dawn Miller, Sheryl Bennett, Toni Maresjo, Eric Diamond, Danny Kitts, Diane Lyon, and Gail Carson were present at roll call. Member Jordan Howell was absent. WCSD representative Jackie James, Risk Manager, and staff were also present.

1.03 Public Comment

Natha Anderson representing the Washoe Education Association spoke on behalf of staff and reminded the members of the Committee of the potential impact of a change in insurance rates and benefits.

Chris Harris made comment about the distribution of information about the potential insurance changes at the end of the school year through email and his concern that many staff and retirees may not have seen the communication.

1.04 Action to Adopt the Agenda

It was moved by Diane Lyon, second by Toni Maresjo, that the Insurance Committee adopt the agenda, with the removal of item 2.03, "Presentation, Discussion, and Possible Action to recommend to the Board of Trustees a Pharmacy Benefit Program through RX Benefits for an effective date of January 1, 2019 through December 31, 2021. Current Prescription Drug Program is approximately \$13 Million and proposed savings through 6 different pharmacy program options range from \$946,730 to \$3,541,101" (Yea: Don McHenry, Kathy Howard, Robert Munson, Dawn Miller, Sheryl Bennett, Toni Maresjo, Eric Diamond, Danny Kitts, Diane Lyon, and Gail Carson). Final Resolution: Motion Carried 10-0.

2. Items For Discussion, Presentation and/or Action

2.01 Approval of Minutes of the June 13, 2018 Meeting of the Insurance Committee

There were no comments or suggested changes to the minutes.

It was moved by Robert Munson, second by Dawn Miller, that the Insurance Committee approve the Minutes from the June 13, 2018 Regular Meeting of the Insurance Committee (Yea: Don McHenry, Kathy Howard, Robert Munson, Dawn Miller, Sheryl Bennett, Toni Maresjo, Eric Diamond, Danny Kitts, Diane Lyon, and Gail Carson). Final Resolution: Motion Carried 10-0.

2.02 Presentation, Discussion and Possible Action to recommend to the Board of Trustees the following recommendations: (1) to participate in the contract negotiated by Nevada Health Partners for provision of Group Hospital Insurance benefits for the District's enrolled Health Insurance members through hospitals and related facilities operated by subsidiaries of Renown Health, from January 1, 2019 through December 31, 2021 for approximately \$19,687,687; and (2) to approve the related contract with Hometown Health to provide Third Party Administrator (TPA) services, to expire on December 31, 2021 for approximately \$1,070,880

Emily Ellison, Chief Human Resources Officer, presented the following recommendations to the members of the Insurance Committee:; and to approve the related contract with Hometown Health to provide Third Party Administrator (TPA) services, to expire on December 31, 2021 for approximately \$1,070,880. Ms. Ellison explained that the District is a member of the Nevada Business Group on Health, a consortium of local self-insured employers that purchase health insurance through the contracting arm of the business group, Nevada Health Partners. Renown became the primary hospital three years ago. The Group sought renewal for the primary provider. The rates provided to the committee were the rates obtained during that renewal process.

Ms. Ellison explained that of the two options originally considered, it is staff's recommendation that the committee recommend to the Board of Trustees the District participate in the contract negotiated by Nevada Health Partners for provision of Group Hospital Insurance benefits for the District's enrolled Health Insurance members through hospitals and related facilities operated by subsidiaries of Renown Health, from January 1, 2019 through December 31, 2021 for approximately \$19,687,687.

Mr. Munson inquired about the market rate and renewal rates. Jackie James, WCSD Risk Manager, responded that the market rate can be anywhere between \$25-30 per employee per month and the District is substantially below that rate. The renewal is \$11.50 per member per month.

Mr. Diamond inquired about the membership of Nevada Health Partners. Ms. James responded that the Nevada Health Partners include Washoe County, City of Reno, City of Sparks, and Douglas County School District.

The committee requested to hear the presentation on the proposed benefit changes (Item 2.04 on the agenda) prior to taking action on this item.

2.03 Presentation, Discussion, and Possible Action to recommend to the Board of Trustees a Pharmacy Benefit Program through RX Benefits for an effective date of January 1, 2019 through December 31, 2021. Current Prescription Drug Program is approximately \$13 Million and proposed savings through 6 different pharmacy program options range from \$946,730 to \$3,541,101

This item was removed from the agenda.

2.04 Discussion and Possible Action to recommend to the Board of Trustees the Washoe County School District's health insurance rate increase and/or a combination of rate increase and benefit changes up to 14.3% for the 2019 calendar year. Possible benefit changes being discussed are: out-of-pocket Max, Deductibles, Primary Care Physician Visits Co-Pay, Specialist Office Visit Co-Pay, Emergency Room Co-Pay, Urgent Care Co-Pay, Carryover Deductible, Generic and Brand Retail Prescription Co-pay, Generic and Brand Mail Order Prescription Co-Pay and Co-Pays for 90 Day Retail Prescriptions, presented by LP Insurance. (For Possible Action)

Public comment:

- Melissa Sewell, President of the Washoe Retired Education Association, spoke in support of retirees and expressed concerns about potential increases in insurance rates and benefits costs.
- DeeAnn Roberts, a retiree of the District, expressed concerns about potential increases in insurance rates and benefits costs.
- Laurie Harris, a retiree of the District, expressed concerns about Renown being the sole provider being considered and asked that St. Mary's be considered as well.

- David Shocket, a retiree of the District, expressed concerns about potential increases in insurance rates and benefits costs and suggested that non-essential programs be cut.

Tom Marshall of LP Insurance presented the committee with information related to the potential health insurance rate increase and/or a combination of rate increase and benefit changes up to 14.3% for the 2019 calendar year. He explained that the rate projection, based on June data, has dropped to 12.96%. However, the drop in rate would be dependent upon approval of the Renown hospital contract as presented in item 2.02.

Mr. Marshall also presented information related to potential changes to benefits if a rate increase of 10% is recommended by the committee. Additionally, rates for retirees were presented. The plan design changes presented include PPO Plan – out-of-pocket max, deductible, primary physician, specialist/UC office visit, emergency room, and carryover deductible; EPO Plan - out-of-pocket max, deductible, primary physician, specialist/UC office visit; and prescription – retail, mail, and 90-day retail.

There was discussion between the committee related to several areas of the potential changes to include raising co-pays; the GAP plan; the impact of large claims on the overall plan; and the possibility of changing or removing certain benefits or preventative screenings to create savings. Additionally, proposed increases presented were based on a 12.96% increase and based on a 10% rate increase. Retiree premiums based on the two percentages were presented as well.

Chair McHenry summarized the discussion and reminded the committee that there is a suggested increase in front of the committee that must be addressed as a budget reality. He asked the Committee to re-address item 2.02 and if there was discussion and/or a motion on the item.

CONTINUED: 2.02, Presentation, Discussion and Possible Action to recommend to the Board of Trustees the following recommendations: (1) to participate in the contract negotiated by Nevada Health Partners for provision of Group Hospital Insurance benefits for the District's enrolled Health Insurance members through hospitals and related facilities operated by subsidiaries of Renown Health, from January 1, 2019 through December 31, 2021 for approximately \$19,687,687; and (2) to approve the related contract with Hometown Health to provide Third Party Administrator (TPA) services, to expire on December 31, 2021 for approximately \$1,070,880

There was discussion about whether or not the District would have the ability over the three-year life of the agreement to exit the agreement and, if so, would there be a financial penalty for doing so. Ms. James responded that if the need arose for the District to exit the agreement, an out-clause does exist and other options could be explored.

Mr. Munson suggested that over the course of the agreement, the District should continue to look at other options for employees, to include hospital contracts, remaining self-funded, and more. Ms. Kitts added, for the record, that committee has had several discussions about options, to include keeping Renown as the provider, and as a result consideration of the contract would be done following proper due diligence.

Ms. James reminded the committee this item is for an agreement to participate in a contract negotiated by Nevada Health Partners.

Mr. Diamond inquired if the District would be facing a higher cost if the committee did not recommend entering into the agreement and seeking other options instead. Ms. James responded that she could answer that question but that open enrollment for employees/retirees begins in early Autumn and failing to move forward could create problems for the employee benefit renewal process.

Public Comment:

Ty Winfeldt, Chief Executive Officer for Hometown Health. He expressed support for a continued partnership with the District.

Toni Maresjo confirmed that the committee was only voting on the motion in Item 2.02 not any insurance rate changes.

It was moved by Robert Munson, second by Danny Kitts, that the Insurance Committee recommend to the Board of Trustees: (1) to participate in the contract negotiated by Nevada Health Partners for provision of Group Hospital Insurance benefits for the District's enrolled Health Insurance members through hospitals and related facilities operated by subsidiaries of Renown Health, from January 1, 2019 through December 31, 2021 for approximately \$19,687,687; and (2) to approve the related contract with Hometown Health to provide Third Party Administrator (TPA) services, to expire on December 31, 2021 for approximately \$1,070,880 (Yea: Don McHenry, Kathy Howard, Robert Munson, Dawn Miller, Sheryl Bennett, Toni Maresjo, Eric Diamond, Danny Kitts, Diane Lyon, and Gail Carson). Final Resolution: Motion Carried 10-0.

CONTINUED: 2.04, Discussion and Possible Action to recommend to the Board of Trustees the Washoe County School District's health insurance rate increase and/or a combination of rate increase and benefit changes up to 14.3% for the 2019 calendar year. Possible benefit changes being discussed are: out-of-pocket Max, Deductibles, Primary Care Physician Visits Co-Pay, Specialist Office Visit Co-Pay, Emergency Room Co-Pay, Urgent Care Co-Pay, Carryover Deductible, Generic and Brand Retail Prescription Co-pay, Generic and Brand Mail Order Prescription Co-Pay and Co-Pays for 90 Day Retail Prescriptions, presented by LP Insurance. (For Possible Action)

2:31

There was discussion among the committee as to how to move a motion forward: either by recommending a percentage rate increase or by addressing individual items within the package that make-up the 12.9% proposed increase.

Danny Kitts suggested that the prescriptions item not be changed as it is vital, especially to retirees.

Chair McHenry proposed the committee consider a health insurance rate increase of 7% for the 2019 calendar year. Gail Carson suggested that the committee consider an increase of 10%, which is the increase the District has budgeted, and include the changes to the plan that have been discussed which would bring the committee close to the 13% increase.

It was moved by Don McHenry, seconded by Kathy Howard, that the Insurance Committee recommend that the Board of Trustees accept an increase to the Washoe County School District's health insurance rate of 8% and accept the following Plan Design Changes: proposed increase of out of pocket maximum for PPO, proposed increase of out of pocket maximum for EPO, and the generic retail (prescription) co-pay increase from \$10 to \$15.

Member Miller suggested that if the committee recommends a 10% increase with no plan design changes, the money is approximately the same. Chair McHenry responded that his recommendation would result in fewer employees being impacted as only those employees who reach the out-of-pocket maximum would be subjected to that part of the increase.

Member Maresjo inquired how the Chair McHenry's motion would impact the retirees.

Final Resolution: Motion Fails 4-6 (Yea: Don McHenry, Kathy Howard, Sheryl Bennett, and Danny Kitts. Nay: Robert Munson, Dawn Miller, Toni Maresjo, Eric Diamond, Diane Lyon, and Gail Carson.)

It was moved by Robert Munson, seconded by Eric Diamond, that the Insurance Committee recommend that the Board of Trustees accept an increase to the Washoe County School District's health insurance rate of 10% with no Plan Design Changes. Final Resolution: Motion Carried 10-0. (Yea: Don McHenry, Toni Maresjo, Eric Diamond, Robert Munson, Diane Lyon, Dawn Miller, Sheryl Bennett, Danny Kitts. Nay: Kathy Howard and Gail Carson).

3. Closing Items

3.01 Announcement of Next Meeting

The next meeting of the Washoe County School District Insurance Committee is scheduled for 9:00 a.m. Ms. James announced that there will be no need for that meeting. The next meeting will be held on August 30, 2018, at the WCSD Central Administration Building Board Room, 425 East 9th Street, Reno, Nevada 89512.

3.02 Public Comment

There was no public comment at this time.

3.03 Adjourn Meeting

There being no more business, the meeting was adjourned at 11:45 a.m.