In The Matter Of:

PUBLIC EMPLOYEES' BENEFITS PROGRAM BOARD
TRANSCRIPT OF PROCEEDINGS

TELEPHONIC OPEN MEETING
April 09, 2020

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TRANSCRIPT OF PROCEEDINGS

TELEPHONIC OPEN MEETING

THURSDAY, APRIL 9, 2020

CARSON CITY AND LAS VEGAS, NEVADA

The Board:	LAURA FREED - Chair LINDA FOX - Vice Chair LEAH LAMBORN- Member DAVID SMITH - Member TOM VERDUCCI - Member JET MITCHELL - Member MARSHA URBAN - Member DON BAILEY - Member HEATHER KORBULIC - Member
For the Board:	BRANDEE MOONEYHAN Deputy Attorney General
For Staff:	LAURA RICH Executive Officer WENDI LUNZ Executive Assistant BRETT HARVEY Chief Information Officer CARI EATON Chief Financial Officer NANCY SPINELLI Quality Control Officer NIK PROPER Operations Officer
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THURSDAY, APRIL 9, 2020, TELECONFERENCE

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THE OPERATOR: Ladies and gentlemen, thank you for standing by. Welcome to the PEBP Board meeting. At this time we have all participants in a listen only mode, and now I would like to turn the meeting over to Laura Freed, Board Chairman. Please go ahead.

CHAIRWOMAN FREED: Thank you. I will call the role to begin. Don Bailey?

MEMBER BAILEY: Here.

CHAIRWOMAN FREED: Linda Fox?

MEMBER FOX: Here.

CHAIRWOMAN FREED: Heather Korbulic?

MEMBER KORBULIC: Present.

CHAIRWOMAN FREED: Leah Lamborn?

MEMBER LAMBORN: Here.

CHAIRWOMAN FREED: Jet Mitchell?

MEMBER MITCHELL: Here.

CHAIRWOMAN FREED: David Smith, okay.

Tom Verducci?

MEMBER VERDUCCI: Here.

CHAIRWOMAN FREED: Dr. Marsha Urban.

MEMBER URBAN: Here.

CHAIRWOMAN FREED: All right. We have a quorum.

So we'll move to Agenda Item Two, which is public comment. So I will turn it back over to the AT&T operator.

THE OPERATOR: Thank you. If you do have public comment please press one and then zero on your telephone keypad. If you are using a speaker phone please pick up the handset before pressing the numbers. Again, for public comment you will press one then zero.

We have several people in our queue for public comment. It will be just one moment. We're going to get their name. One moment, please. Thank you. We have public comment from Kevin Rand, and we have the line open.

MR. RAND: Yes, good morning. Can you hear me?

MEMBER BAILEY: Yes.

CHAIRWOMAN FREED: Good morning, respective Chair and committee Board members. My name is Kevin Rand with AFSCME Local 4041 representing state employees.

You know, I just have a few concerns and, you know, really I thought that the specific question at the last meeting was raised that the claims experience used in the March 31st meeting was going to be the same option in proposed today's rates. It appears that the request back in March 31st was supposed to be apples to apples comparison but that also appears that these options have updated claims, experience built in. So that's just one concern that I noticed on -- on it appears at least some of the options.

Clearly, this is not going to be a win win situation. We are very thankful for all of the hard work PEBP staff and the executive officer put in. There are a lot of, you know, unanswered and unknown, but at the same time it goes for state employees and their livelihoods as well.

In regards to option one recommended by the executive officer, you know, we just barely seen a last minute change. It's very difficult to make any type of recommendations or even say we support anything at this point with all of these different changes and not being able to talk with our members throughout the state. We just received this yesterday and then, of course, changes this morning.

We -- however, PEBP in general in option one is very problematic as how is PEBP going to be able to tell each employee plus family, potentially unemployed spouse with CDHP especially EPO/HMO that they are going to subsidize a significant increase of other tiers within their rates and now they will have to choose to be able to pay rent, buy medications or put food on the table. These are some unknowns here.

Many current state employees are left in, employee of children or employee only, they may enroll in plan year '21 as employee plus family, as their spouse no longer has health insurance because they were recently laid off. Has that been brought into perspective? Do we have potential members and what that looks like. The question is there's too many unknowns, too many variables, but that could be a large impact. And now what are they going to be facing? They are going to be facing these significant family rate increases that will likely leave them no choice but to keep their spouse uninsured. Option one would ultimately devastate families.

Due to the recent state of affairs we are facing, AFSCME Local 4041 still holds the same position that all current tiers within their set rates for both CDHP, HMO and EPO remain close up plat for the upcoming plan year '21. Then between now and plan year 2022, discussions experience and all other information and solutions can be taken into consideration to do what is proper. We'll have a better picture of what is going on, not just 30 minutes, not just one day.

It's my understanding that the Governor's Finance Office when presented with the March 31st rate proposals, they also said we can keep rates flat for fiscal year '21. Then changed their mind after being told rates would even be higher in the plan year 2022. Respectfully, which is it? Do we actually have the funds today projected to keep rates flat for this upcoming fiscal year? I believe that is the case. I believe other decisions can be made for the upcoming rates not to have such a dramatic increase on the current premiums.

As the options being proposed today aren't displayed on the agenda today, we specifically ask the Board to look at their authority. Can they edit and revise a proposed option in front of them. Can they decide to keep rates flat? I think that potentially using some of option one and mixing some of the different things together provided in the option and using the 3.5 million that's available to lower some of those family plus employee rates, along with trying to get in spite as possible is something that state employees would be able to understand and at the same time PEBP could be able to make a determination on a later date on what is going to happen for future plan years.

Where was all of the concern when setting past years rates with the current contracts? Ultimately now the point we're saying, you know, nobody screamed and nobody said if we don't do something, you know, a few years ago, even last year, that the rates are going to skyrocket in 2021. It seems to us that communication was not proper and -- and, of course, we're facing a crisis, but this health insurance plan and these proposed rates are really separate from what the crisis we're facing. These were built in the contracts knowing that it was going to be built up and not a lot of communication was presented to state employees.

State employees, they work hard for the state. They sacrifice. They are the front lines, especially in today's crisis. State employees need and deserve affordable healthcare insurance. I urge respective Board members to explore all avenues to do just that.

With that being said, I thank you for your time.

THE OPERATOR: Thank you.

We have public comment from Priscilla Malone. Priscilla, your line is open.

MS. MALONE: Thank you. Can everyone hear me all right? Can everyone hear me okay?

MEMBER BAILEY: Yes.

MS. MALONE: All right. Thank you. This morning to the Board, Priscilla Malone, representing the AFSCME Retiree Chapter.

As I have stated in so many different context in PEBP Board meetings before and I'll put it on the record again. Our analysis of our membership roster is that most of our members are most likely on the Medicare Exchange. However, we do have some non Medicare retirees that this will profoundly effect.

I would echo everything that Mr. Rand said about the timing, especially that this is difficult. We need to do some analytics here on these five different options while acknowledging that we appreciate all of the work that PEBP staff put into creating five different options.

Some of my concerns are going to be found at page five of Aon's presentation or I'm sorry, staff's presentation. Page five, where we have a variety of different percentages of change where the non-state and state non-Medicare retirees in one of these three plans.

And then if you look at another option, option three, again, as Mr. Rand pointed out, it's the desire to equalize the percentage of rate change across the board for effected PEBP members is admirable, but it errs more looking at for instance how many employees in the non-medicare retirees do we have? How many are employee and spouse? How many are employee and children? These are different groups with different concerns right now looking ahead, and there's a lot of unknown, as you all know, with this crisis. And, again, I respect that everybody is trying to do their best here to come up with an equitable solution, but that's part of my concern.

So I was looking at page seven just now where, again, the -- the percentage of rate changes is equalized to 15 percent across the board, and looking at all five options is clear that the main concern is plan year 2021. So all of this bears very serious scrutiny which is getting.

But I did raise the issue meeting in March, on March 31st that we do need to have some input on exactly what many, it may be none, under the existing package that's been signed by the president, the CARES Act of there is, again, billions of dollars of relief for all states and local governments in there, but that needs to be quantified.

The first question is what, if any, of those funds could go to alleviating some of this pressure to raise rates at this time have no clue whether that is, you know, is designated in the CARES Act as money that could be appropriate for this specific problem. So that answer would be helpful. And then if so how much?

Anyway, thank you very much for all of the hard work you're doing. I know we're all struggling to, as I keep repeating, build the plane while we're flying it. Anyway, thank you very much, and I'll just listen carefully now. Thank you.

THE OPERATOR: Thank you. And we have public comment from Shaun Franklin-Sewell. Your line is open.

MR. SEWELL: Hi. My name is Shaun Franklin-Sewell, and I'm the chair of the UNLV Employee Benefits Advisory Committee.

The advisory committee reviewed these documents early this morning, and we were quite shocked, to be frank, that the -- that the staff would recommend option one. We think option three is the best option. Additionally, I would just like to point out that the percentage change rates are still incorrect in option one. They did change from yesterday to this morning, but the percentage change rate for employee plus spouse, and that's the only one that I looked at frankly, is not 20 percent. It's 60 percent. It looks as if the percentage change rate for employee plus family is actually in option one is actually also significantly lower than what it should be, but I can't tell that just from looking at it.

In any case, right off the bat, in any case we recommend option three to keep rates similar across, to keep the person change rate similar across the plan. We recognize the problematic nature of using reserves to -- to ameliorate increases. But if we're going to increase we think we should increase based on the same percentage across all employee groups versus increasing in this odd way in option one. Thanks very much.

THE OPERATOR: Thank you.

And we have public comment from Kent Ervin. The line is open.

MR. ERVIN: Hello. This is Kent Ervin, E-r-v-i-n representing the Nevada Faculty Alliance. Can you hear me?

MEMBER BAILEY: Yes.

MR. ERVIN: Okay. Thank you.

Thank you all for working on these issues during these really extraordinary times. I have provided an analyses of the five options updated with this morning's corrections in written public comment. So I'll try to be brief here.

I note that we have not had time to ask constituents about all of the options. Option one fundamentally shifts cost by effectively decreasing the state contribution for spouses and increasing the state contributions for children. That would be a major policy change at this point.

The sharp $99 per month increase for the CDHP for $260 per month for the HMO/EPO premiums for the employee plus spouse tier compared with FY2020 would be a real hardship for that group of participants. There are other unintended consequences to option one and the policy changes that represent that cannot be addressed at this late stage in the rate setting process. See my written comments for some of those.

Option two is basically the proposal for March 31 with the disparate impacts made worse by the increase rates in Aon.

Option three moderates the differences in increases among the tier levels and percentage terms which smaller increases for the employee only premium offset by decreasing the state contribution for the dependents. Although not ideal, this may be a reasonable compromise given the difficult circumstances that we're faced with right now.

Options four and five use funds from the freed reserves from the policy changes on reserves. That could dip into mandatory reserves if excess reserves are depleted as currently projected. I have to note that reserve projections at March's rates setting times have underestimated in the year excess reserves in all but one of the past eight years, but using reserves at this time would be COVID-19 uncertainty is probably not politically acceptable.

An elephant in the room is the HMO/EPO plans have increased costs rapidly over the years, and now they have a total subsidy that's above the state appropriation per employee per month. The high cost of the HMO/EPO plan needs to be addressed by PEBP in the future. So it may not be sustainable at this point.

We really appreciate the rate changes are difficult decisions for the Board and that the Covid-19 crisis will produce additional challenges in the future. Although, we note that all of this rate setting, March 31 is based on data before COVID-19 and that the catastrophic reserves are really meant for such a crisis. In a phase analyses are offered in the spirit of allowing a better informed decision by the Board.

Thank you for your opportunity for input and good luck in your decision-making.

THE OPERATOR: Thank you. We'll just check once again for public comment. Please press one and then zero on the telephone keypad. We have no public comment at this time. Please continue.

CHAIRWOMAN FREED: Okay. Thank you.

Let's move to Agenda Item Three, PEBP Board disclosures for applicable Board meeting agenda item. So I will turn it over to Deputy Attorney Brandee Mooneyhan.

MS. MOONEYHAN: Thank you, Madam Chair. Again, for the record this is Brandee Mooneyhan, deputy attorney general and counsel to the Board.

This agenda item is to allow me to make a disclosure for the majority of the Board members. All of the current Board members except Mr. Verducci are eligible for PEBP benefits which means that they or their spouses or dependents may access PEBP benefits and pursuant to the

Nevada ethics rules, Nevada ethics law NRS 281A.420 I'm making this disclosures on their behalf that they will be voting today on matters that directly affect those benefits, specifically the rates for the plan year 2021 for all of the PEBP plans.

This does not preclude any Board member from voting on such items as long as the benefits or detriments to them are the same as for other members in a similar situation. So I'm making this disclosure on their behalf, and I would ask if any Board members has something to add that they do so now. Thank you very much.

CHAIRWOMAN FREED: All right. This is Laura.

Board members, do you have anything to add to Ms. Mooneyhan's comments?

Okay. All right. Then let's move to Agenda Item Four, discussion and possible action to include approval of rates for plan year 2021 for both the Consumer Driven Health Plan and the EPO slash HMO. I'll turn it over to Executive Officer Laura Rich and Stephanie Messier of Aon.

MEMBER SMITH: Madam Chair, before you start I just want to let you know this is David Smith.

CHAIRWOMAN FREED: Oh, you're here and present.

MEMBER SMITH: Yeah. I joined right when public comment started.

CHAIRWOMAN FREED: Okay. Gotcha. Thank you.

MEMBER SMITH: Okay.

MS. RICH: Okay. So for the record Laura Rich.

This is Agenda Item Four and it is to go over proposed plan year '21 rates. Before I start out I do want to say that both Aon and PEBP staff have worked very very hard this week on getting the rates, and I apologize, and I know everything was last minute. But unfortunately, you know, when you have to pull the experience and get data and we're having to get it from our third party administrator, from our pharmacy side, there's quite a bit of work that is involved, and condensing it into a one-week period is definitely challenging at best and as I'm sure Stephanie will fill you in later but there were some additional challenges on the Aon side as well. So I do apologize. We were hoping to get this posted much earlier than last night but, you know, it's -- it was challenging as it was.

So the first thing I'm going to do is go over the rate development which in the past we have as staff has -- has presented on rate development and that was something that we failed to do at the March 31st Board meeting. So I included it in this new report just so that, especially the new Board members understand what goes into the rate development process.

So what I have in here is a very very simplified high level explanation of how PEBP develops the rates along with Aon. So step one, we take experience and then projected trend, and so this is all the Aon analysis that goes that takes place. So they are doing their actuarial modeling and they develop. They look at our experience. They look at the projected trend. They develop that projected trend and come up with what is called the base rate.

The base rate is essentially what Aon believes it will cost per member to cover claims in the upcoming year according to their actuarial modeling.

So then step two what we do is PEBP, we take those base rates and we add those admin costs. So what are admin costs? Admin costs are just basically all of the costs that are associated with running the program. So that's operating costs, as well as things like HSA and HRA funding.

The sum of those two is considered the overall rates. So then overall rate minus the employer contribution, so employer contributions are, that's essentially the state subsidy equals the member share. So that is what the member pays. It's important to know that the state subsidy is approved by the legislature during each legislative session and, therefore, on those off years cannot be increased or decreased.

So that means that any increase of the overall rates during the off years, as we are this year, must be 100 percent borne by the members. PEBP has no ability to change what that employer subsidy is during that -- that off year.

Also, one additional piece because this is something that is going to come up in one of the options, one additional piece of the rate development process is tiering those -- the coverage. So currently the tiers of coverage are not developed using actuarial methodology. Instead the Board, it was a Board approved policy that was established back in July of 2011. And so you can see in that Board report this is -- this is the methodology that is used to develop the subsidy between or the subsidization between each of the tiering.

Option one being presented in the rate section of the report uses a different tiering structure. That applies a more accurate determination across -- across all tiers and determines the actual cost that should be applied to each tier to cover the dependent child or spouse.

So the next section is the rate and employer contribution history. We included some tables here to just show the history of, you know, rates and also trend and things like that. I think this is a good, just a really good high level history of the program.

So you can see that if you look at the employee only rates the rates have really uncovered since the inception of this plan in the 40 dollar range. It wasn't until plan year 2019 that rates were aggressively cut and that was in order to, you know, we kept building up excess reserves over and over and over every year, and so those rates were aggressively cut so that those reserves not only were we trying to spend down the reserves but we were trying to reduce the accumulation of those.

So what ended up happening was instead with the higher trend and insufficient employer contributions to cover that trend, we were put into the situation that we're in now. So excess reserves are completed and the rate increases are now necessary to cover the program cost. So you can see that on table one that the rate increases presented at the March 31st Board meeting would have been reasonable had the plan year 2019 and 2020 rates been held flat. We would have been hovering around that 40 dollar range. So those increases are not unreasonable given the situation that we're in today.

So the next section is the -- and let me just stop there. Are there any questions from the Board members that I can address before I go on?

MEMBER SMITH: Laura, this is David Smith. I have a question for you.

MS. RICH: Sure.

MEMBER SMITH: Looking at table one in the rate and trend history, details under 11 shows the spouse at much much higher and the family much lower and is that because when an employee is covering with their spouse and not children they are probably older and more expensive to have the family down there. And then was that change to move the low to the family to bring down the cost of the spouse of the subsequent years?

MS. RICH: For the record Laura Rich.

I can just assume. I wasn't around in 2011, but I can assume that this was the first year of the CDHP or it was -- okay. So it was the last year. Sorry. The first year of the CDHP was 2012. So it was the last year. It was a different plan. It was a different scenario and so -- so you're talking about a much different coverage and in plan in general. So that -- that's kind of why we're looking at that.

In plan year 2012, that was the first year of the CDHP and that was for lack of better terms a guessing game because there was -- it was a new plan. It was a new plan and so you -- you have to, just like kind of what we did with the EPO you have to guess and make projections based on no data essentially. So hopefully that answered your question.

MEMBER SMITH: Thank you.

MEMBER VERDUCCI: Yes. Tom Verducci for the record.

CHAIRWOMAN FREED: Go ahead, Tom.

MEMBER VERDUCCI: Okay. Yeah. This question is for Laura. In looking at the employee contribution for plan year 2018 in the 42 dollar range went down to 32 for plan year 2019. Was that due to the one time reduction of Board draw from the excess reserves?

MS. RICH: So yes and no. For the record Laura Rich.

So from my understanding the rates were -- it was in an effort to curb the constant, you know, we kept trying to send down reserves and we ended up with, you know, reserves over years. So it was in effort to curb the buildup, the constant buildup of excess reserves. And so, you know, that was also predicated on the fact that if you look down at the trend we had had two really good years.

And so, you know, we almost didn't -- you know, we didn't really expect that -- the uptake in trend, and so that's -- that's essentially what ended up happening is that, you know, we -- we priced that plan so low so that we wouldn't buildup reserves, and then on top of that we have that trend of 6.5.

MEMBER VERDUCCI: Yes. If you look at the rates they start off looking at the employee only category or tier. They are 43 and then they drop off in plan year '19 and '20. It almost looks like an aberration there and, you know, the overall trend the last two years has basically been down, and I'm wondering if that's due to just spending down from the reserves or is that coming from, you know, year over year revenue?

CHAIRWOMAN FREED: Tom, this is Laura Freed.

The answer to plan year '19 is absolutely yes. Excess reserves were used to flatten rates or reduce rates artificially. And the 2021 budget was constructed to use up as much of the excess reserve as possible, and so that combined with -- you know, because remember, it's the latter part of plan year '18 that you set '19 rates. At that point trend net rebates is 2.1 percent. And so in '19 we have 6.5 percent trend. So you're eating into reserves to flatten rates or lower them and at the same time price and utilization is going up.

MEMBER VERDUCCI: So it appears those reserves are no longer there from what I see in this report.

MS. RICH: This is Laura Rich.

Yes, Tom, you are right. Those reserves are no longer there, and we'll touch on the budget situation in a few minutes but you're correct. There are no -- there are no reserves, excess reserves to artificially reduce rates and -- and that's essentially what ended up happening.

MEMBER VERDUCCI: Thank you.

MEMBER LAMBORN: Madam Chair, this is Leah Lamborn. I have a question if I may.

CHAIRWOMAN FREED: Sure.

MEMBER LAMBORN: Thank you. So let me just go on the record saying I regret even requesting that we redo the rates basically now that I have more information as it's becoming very apparent that with the Coronavirus that all states are going to have huge budget shortfalls. Revenue projections are going to definitely fall short.

And I suspect, you know, with using the new claims I don't think any of us expected the amount to go up. With that said, I agree with the first public testimony that the March 31st rate should be an option, and I want to know are they still an option and -- and the reason why I would be more willing to consider those even though the claim experience is increased is I really think in the fourth quarter 2020 with everybody doing the social distancing and staying at home that we're going to see claims cost reduce in this last quarter.

Now, it may go up due to the Coronavirus but we have the catastrophic reserve to cover that. And so I just want to know on the March 31st numbers, they should still be an option. Are they still an option?

MS. RICH: So this is Laura Rich for the record.

Brandee can correct me if I'm wrong, but they are not being presented as an option, but I do not see a reason why the Board could not vote on that, but she'll have to correct me. Brandee are you, there?

CHAIRWOMAN FREED: This is Laura Freed. I can quickly e-mail Ms. Mooneyhan to see if she dropped off while you continue your presentation.

MS. RICH: Okay. Sounds good.

Before I continue, are there any other questions from any other Board members?

Okay. So the next section is on the required reserve policy considerations. This was something that was presented on March 31st. However, it was not voted on and so I wanted to elaborate a little bit more on it because I felt like there were some questions that needed to be addressed. So there's three categories of required reserves. We have the incurred but not paid, the IBNP, sometimes referred to as IBNR, catastrophic and HRA reserves.

So the IBNP is, it's basically to pay out claims that have been incurred but we have -- we don't know yet. We don't know that yet. They are not reported. This is required because providers by statute do have up to a year to submit a claim. In this catastrophic reserves those are intended to protect against unforeseen events or even large increases in claims that had not been factored into those actuarial forecast. A good example is COVID-19.

Then there are -- there's the HRA reserve which we're not talking about during this -- this agenda item or today, but there is that HRA reserve that is necessary to cover reimbursements for HRA claims and must be currently funded at 100 percent.

So the November 21st Board meeting Aon presented information regarding PEBP IBNP catastrophic reserves indicating that in compared to the other states and other public entities our required reserves were set very conservatively and offered some possible approaches for PEBP to, you know, reconsider those -- those policies and free us from possible cash.

So at the March 31st, 2020 Board meeting two separate reserve policy considerations were presented and the point of that was to release about eight and a half million dollars. The first option was to move from a very conservative 25 percent to a ten percent which is more standard IBNP margin load and that was released about 7.4 million dollars.

And in the second one is the catastrophic reserves and we would be making a very very modest change. That's at 62 days to a 60-day level and that would release another 1.45 or 1.4 million dollars in additional funds.

Because we have no excess reserves they are projected to be exhausted. This is a one-time release of funds that would be used to cover a shortfall in the state retiree insurance cost and non-state employees insurance cost categories and possibly create a slight cushion moving into plan year '21.

Given the unknown impact of COVID-19 PEBP believes this is an appropriate use of these funds. However, PEBP strongly discourages using required reserves to mitigate the rate increases for the following reasons. First of all, this is a one-time funding force. This is not going to be available next year. If we change the reserve levels it releases this one-time amount of funds and that is it. They will not be available next year.

So by artificially using or by using these rates to artificially or I'm sorry, using these reserves to artificially lower rates which is offsetting the rate increases it will inevitably lead to a much bigger impact on rates next year. So members will be forced to bear the shock of two years of rate increases, the first is just this one, and the only mechanism to lessen the blow next year will be to reduce benefits.

The second reason is that really the purpose of required reserves is to ensure the plan is solvent and that the plan is able to cover unforeseen costs. So using these reserves to lower rates may be perceived as a fiduciary irresponsible move and can result in unintended long term consequences.

The third one is the impact of COVID-19. It's unknown right now. We don't know what kind of impact we are going to have. Not only is there a strong possibility that this pandemic could result in increased claims that the economic impact on the state will surely downstream effects on PEBP.

And before is state agencies have been asked to make significant budget cuts, and I'll just tell you right now PEBP was not excluded from that. So artificially softening the rates at a time economic crisis is in contradiction to this directive.

So I will stop right there and see if there's any questions or comments on this.

MEMBER BAILEY: Madam Chair? Madam Chair?
CHAIRWOMAN FREED: Yes.
MEMBER BAILEY: Madam Chair?
CHAIRWOMAN FREED: Yes.
MEMBER BAILEY: Don Bailey.
CHAIRWOMAN FREED: Okay. Go ahead.
MEMBER BAILEY: This is for Laura to you. What percentage do the administration ask of PEBP to cut? I'm sure it's an overall percentage for everybody, but what percentage did they ask?
MS. RICH: For the record this is Laura Rich.
Don, we don't have that percentage yet. We're still working with the Governor's Finance Office. It's right now we don't have specific numbers that, you know, we're targeting. I mean, the short answer is I don't know yet.
MEMBER BAILEY: Okay.
MS. RICH: But it will be significant.
MEMBER BAILEY: Yeah. I'm figuring. That's why I'm asking. But, no, that's an adequate answer. I can understand the delay with all that's going on. So thank you for responding.
CHAIRWOMAN FREED: This is Laura Freed.
The deputy attorney general is back on the line. So she can respond to Member Lamborn's question.

MS. MOONEYHAN: Thank you, Madam Chair. Brandee Mooneyhan for the record. I apologize. I think in trying to un-mute myself I managed to disconnect myself.

But I did hear Member Lamborn's question and I agree with Laura Rich's analysis that the Board can vote to approve the March 31st rate table based on desire. The design contemplates any rate setting that the Board would like to do today.

MEMBER SMITH: Madam Chair, this is David Smith.

CHAIRWOMAN FREED: Go ahead.

MEMBER SMITH: Regarding the March 31 rates that were presented I -- I think that if we're going to consider those rates we have to look at option four and option five because the rates presented in March 31 did not include the stated experience in the plan and that's why the rates have gone up, and we can't pretend that if we -- the March 31 rates that it's not going to have an impact because we know the March 31 rates based on the current experience of the plan are hard adequate to cover it.

So if we're going to be considering the March 31st rates I think we should be looking more at option four and five because we're going to have to cover the shortfall.

MS. RICH: So for the record this is Laura Rich.

So option four and five and Stephanie will go through this. We're getting ahead of ourselves but Stephanie will go through this. Option four and five uses those reserves to artificially flatten rates.

CHAIRWOMAN FREED: This is Laura Freed.

Yeah, they do and as the director of administration to Mr. Bailey's question what has Ms. Rich been asked to reduce from her budget, I can tell you that internal service fund cuts, and I have the majority of the internal service funds and state government in my department have been asked to make the same cuts as the percentages of the general fund cuts were requested of general fund agencies. So that's six percent in FY20 and then a tiered series of cuts six and then four and then another four for a total of 14 percent.

So when I'm not being the PEBP Board Chair or handling COVID-19 emergent issues in state government as they relate to administration, I've been working pretty much nonstop on my cuts, and I will tell you all that they are significant, and I will tell you all that PEBP was not spared from the significance of the cuts because PEBP is also an internal service fund.

So I have significant reservations about using reserves, again, one-time money for ongoing cost. So that's

all I'll say about that for the moment.
MEMBER SMITH: Madam Chair, David Smith.
I'm just following up. Because of my comment I, what I -- I guess what I'll need is clarification then. On the March 31 rates, wasn't those result in about a 3,000,000 dollar shortfall when you compare to the amount of -- to the rates that are proposed in four and five, options four and five and how much has to come out of the -- the reserves to cover it when you compare it to the March 31.
I guess that's my point is if those rates on March 31 are not adequate, we need to realize there's going to be a shortfall. So, Laura, can you let us know what you think the shortfall would be if we chose the March 31 rates?
MS. RICH: Laura Rich for the record.
I think -- I think Stephanie would be better equipped to answer that question, but I think that since -- I think we should move to the rate option. We should discuss the rate options, and I think at that point we can talk about the rate option that was presented at the March 31st meeting compared to the ones that are being presented today because I do think like, David, what you're saying you can't just ignore the new experience.
That new experience is definitely going to, you know, it changes things and the last two months that we added

to that experience was not favorable for rates at all. And so, you know, again, it's all actuarial math and taking into account, you know, what the projections are and what we think we're going to end up with at the end of the year. We're looking at about the same trend that we had last year. So, you know, we're in that six percent range right now. What we're going to end up with we don't know but that's where we're at today.

So I think let's pass this off to Stephanie. Let her kind of go over some of these rate options and have her address the difference between the rate options she's presenting today versus what was presented on March 31st, if that's okay.

MEMBER MITCHELL: Madam Chair, Jet Mitchell for the record. Could Ms. Laura do that quickly, Laura Rich and Madam Chair, could I get just a little bit of clarification about the Governor's cuts and although, of course, we can't see the future, I wanted to get a little bit more color around Madam Chair's comments.

I spoke with someone from College of Southern Nevada this morning who said that it was the understanding that PEBP was not included in that Governor's cut memo, and I wanted to get just a little bit more color around the previous comments about the cuts. And, again, I am totally understanding that no one has a crystal ball here but just wanted to get a little bit more information about some understanding about those cuts.

MS. RICH: So Laura Rich for the record.

That was actually, you know, I truly had a really good weekend because I thought we were spared as well and -- and then later I found out because the public document that came out did not include PEBP because we were not a general fund agency. However, as the Chair discussed, she, it is -- we are an internal service fund and those -- those agencies are not being spared. We are going to be asked to cut just like every other agency.

Now, and I'll add, you know, there's like the care mentioned there are different levels of cuts. We don't know where we're going to fall into that. I'm still -- I'm working with the Governor's Finance Office and -- and so we still -- there's a lot of unknowns right now. We don't know what -- where we're going to land.

With that being said, we may end up in a situation where we now have to reassess our plan year '21 benefit design because we are going to have to make cuts, and we have only a limited amount of options to make cuts. So this is something that the Board needs to understand and recognize that depending on where we end up landing on those cuts, we may end up having to call an emergency Board meeting to address plan year '21 Benefit Design.

MEMBER MITHCELL: Jet Mitchell again for the record. Was it your understanding that the cuts would be a flat administrative dollar amount? Would they take place from the contributions that were made to each employee for benefits or was there anymore color around how that would look?

MS. RICH: So what I do know is that the employer contributions those are set in -- those are already legislatively set. We are not touching those yet. So that leaves only a limited amount of areas to look at. When you talk about operating costs, PEBP does not have that -- the admin load that we add onto our rates for those operating costs. There's -- it's not significant, right. It's a drop in the bucket when it comes to our overall budget. So you're looking at the only other area to look at are benefit cuts.

And, again, we don't have any information, any specific information. So it's hard to say where we're going to have to cut and when and how much. Unfortunately the -- it's all fluid right now.

MEMBER BAILEY: Madam Chair?

CHAIRWOMAN FREED: Yes.

MEMBER BAILEY: This is Don Bailey.

I -- I'm very concerned about the Governor's cuts because he's in a position he has to. I mean, this is -- we all see that with the state is running and the way the rest of the country is running, but I'm afraid that percentage is going to really skew these options I would think somehow along the line. It's all revenue and that's my question. I -- we don't have that percentage.

So, Laura, I don't know how you and Aon are going to address these options, all four of them.

MS. RICH: For the record Laura Rich.

You are completely right, Don. Usually you set plan designs before you set rates. That's the way that the -- the actuary set rates. They need to understand the plan design before they can set rates accordingly.

Unfortunately, because of the situation we're in and, you know, I don't think anyone expected the, you know, the economic situation that we're faced with today. You know, two months ago this was a much different landscape and much different scenario if, you know, anyone who attended budget and kickoff, basically that's null and void at this point. You know, we're facing a much different scenario.

So it is -- yes, this is a very challenging position that we've been put in. The Governor's Finance Office is very aware. The Governor's Office is aware, and at this point we are just rolling with the punches.

MEMBER VERDUCCI: Madam Chair, Tom Verducci.

CHAIRWOMAN FREED: Okay.

MEMBER VERDUCCI: Wouldn't you be looking at five different options here, and the last two options, four and five do include the excess reserves, and I just don't see in the environment we're in right now we can be taking excess reserves for a one-time relief on rates given the COVID-19 pandemic right now. I think those excess reserves need to be held for an emergency and we're quite clearly in an emergency right now.

CHAIRWOMAN FREED: Okay. Thank you.

Shall we move to Aon's presentation of these options?

MS. MESSIER: I'm ready if the Board is. This is Stephanie Messier with Aon.

CHAIRWOMAN FREED: Okay.

MS. MESSIER: So first I do want to start off with apologizing. We do understand, as Ms. Rich mentioned, that getting these rates out the night before is not ideal. I just want the Board to know Friday is when we got updated medical data and then Tuesday of this week is when we got updated pharmacy data and then unfortunately, as you're lead actuary, I became ill Tuesday evening after our last Board meeting and most likely my medical provider believes I had COVID or still have it actually and I'm still recovering.

So yesterday was my first day back to work in an attempt to review these rates and get them updated and posted. So I do apologize that we had to additionally post another correction this morning. And, again, it's not the way we like to operate. Certainly getting updated numbers a couple of hours before the Board meeting is not our usual motive of operations. So, one, I want to apologize for getting you these rates so last minute.

Okay. Starting off, so we did take two more months of updated data from the rates that we saw at the March 31st Board meeting. And as we have mentioned in prior meetings, the more recent experience have been coming in on PEBP's plan has been higher than in years past. We are still seeing both higher incident of people in the large claim bucket coming through, and so that's why when you'll see when we've updated those rates using February and March payments we did exclude any incurred data in March for the medical plan, but those are payments in March coming through, just to be clear.

You will see in that first table under rate options the base rates and how those change. So I believe the last time we were looking at the state CDHP plan, the total change we were anticipating for plan year '21 over plan year '20 was 8.8 percent and that was because of the increased experience you saw in the payments for February and March of 2020. That total change is now indicating a 10.2 percent increase.

The state EPO plan went up by a smaller percentage. Its experience coming through with more similarly to what we had been trending for. So we were expecting 13.1 percent I believe at the last meeting, and now you're looking at a 13.5 percent figure.

Any questions on that chart before I move on to option one?

MEMBER LAMBORN: Madam Chair, this is Leah Lamborn. Stephanie, if I may.

CHAIRWOMAN FREED: Yes.

MEMBER LAMBORN: So the claims paid in February and March. What's the actual date of service or I mean what I'm getting to is there seasonality? Are we using claims from a date of service that are normally higher in cost because of the season?

MS. MESSIER: Good question, Leah. So, again, this is Stephanie Messier with Aon.

What we're doing is rolling 24 month period so that seasonality is not being overly duly influenced in your claims data. So we are taking a 12-month period and the prior 12 month period and then blending them together, giving a little bit more weight to the more recent experience period.

So basically these are incurred dates of March and February for the prior two years for medical side, and then we're using dates of April through March for the past two years on the pharmacy and the dental side.

MEMBER LAMBORN: Okay. Thank you.

MS. MESSIER: Uh-huh.

Any other questions here?

Okay. So I think maybe before I get into option one, I did want to readdress what we presented on March 31st. So to be clear, when we presented those rates we had data through January. And, again, at the time we submitted rates to PEBP. That was at the very end of February, early in March. There was no impact of COVID recommended or I mean adjusted for, excuse me, in any of those rates.

As Ms. Lamborn has suggested, we do anticipate seeing a decrease in the amount of services being utilized currently at this time as people have been foregoing elective surgeries and, again, have been sheltering in place for the majority of folks. So even just those routine kind of doctor visits have gone down.

But the other thing to keep in mind too is from a fiscal perspective, in terms of your claims payment, any kind of decrease you're seeing towards the end of March and into early April for a decrease of services likely won't start coming through your actual claims payments in terms of what Ms. Eaton is looking at. It's most likely probably the end of May and into June.

I know Laura had mentioned some of the timing of the state retirees funding and that needing to be shortened, and she needs to probably tap into CAT reserve for that funding. So in terms of what Cari is projecting in terms of an excess reserve end of the current plan year, we are still thinking you're going to be about flat. You might be a little bit short in terms of total dollars, but there really does not look to be any excess reserves at the end of this plan year.

So when we provided rates in March we assumed you would not change any of your reserve policies. You would leave the IBNR as it is. You would leave the CAT reserve as it is, and you would leave the HRA reserve as it is, and those are just the rates during our normal actuarial projections and moving it through the normal PEBP process in terms of applying PEBP's policy for tiering PEBP's policy for state subsidies. Does that make sense as to what we presented at the March 31st Board meeting?

Okay. I just want to be super clear. We were not tapping into any of the excess reserves. We were not tapping into any sort of release of reserves when we cut those rates.

Okay. So going into option one, we worked with PEBP staff to come up with five differ scenarios that I believe different Board members had asked of Ms. Rich. So the first one is taking our updated claims experience. It's looking to see how much do the spouses actually cost the plan versus employees. Again, as Ms. Rich mentioned, for PEBP's policy since 2011 has been that spouses will be set equal to the employees.

In order to, it sounded like stability based on Dr. Kent Ervin's earlier comments in public testimony it sounds like your rates had been fluctuating from one year to the next in terms of what you would set the spousal tiers and that plan change was made in 2011 to set spouses equal to the cost of employees, but as most of us know spouses tend to cost more than employees.

So what option one is doing is looking at your actual claims experience for the past three full plan years and saying how much do the spouses actually cost us. And what it's doing is then applying that ratio to the employee plus spouse tier.

Conversely, PEBP has had us relook every year at how much the children are actually costing on the plan. So you'll notice it's going from the 1.37 to a 1.38 just because, again, we went back into the three-year average rather than what we do each year is trying to look at a more recent period in order to adjust that ratio but, again, those children had cost about .38 of what an adult costs the plan.

So this option is really looking to reallocate cost in the plan for the people that are actually driving those costs. So the first table you'll notice is the overall rates before any state subsidies are applied. So that's the total overall rate without the CDHP and EPO, and then we have three different tables, one for the state actives and the state retirees and the non-state retirees.

I did want to call out another public comment was made about the percent change in the premium tables. That title was supposed to save a percent the employee pays. The reason we wanted to show something different on the state active employees for just this option is really trying to get at what is this option trying to do? It's trying to make the people that cost the plan more pay a little bit more of their fair share. Conversely for those people that are out there, single parents, single incomes giving them a little bit of relief because those are not the people that cost the plan more.

So what it's doing is, again, letting them receive the benefit of the fact that they no longer are overpaying for somebody else's spouse on the plan and really just saying how much do kids cost us, and it's applying that ratio accordingly. So that title right there to the percent change is really percent employee pays. It's not trying to say how much we change the rates. Hopefully do that math yourself.

We wanted to show instead that under this scenario how much would the employee be paying of the total cost of the premium. So for the employee only it would be going from the $30.95 today to $40.15 next year. That's $9.20 increase, but it's also seven percent of what that total plainly coverage to cost the plan.

Conversely, for the employee plus spouse, their increase is closer to about $100 and they are picking up 20 percent of the total cost of what an employee plus spouse costs the plan. Then the employee plus child is not as cheap as just covering the employee only, but then those folks are only having to pay nine percent instead of that seven or instead of the 20 or 19 percent if you were the spouse or the family.

We did just go ahead and leave it as a percent change for the retiree in the green bucket but anything in the blue under premiums that percent column was supposed to be a percent employee pays. We apologize that the title is not matching up to what is showing there.

Any questions?

MS. RICH: Stephanie, this is Laura Rich.

I just wanted to add something to your comments too. So keep in mind and I understand, you know, when there was public comment that it does address the fact that this is a pretty big hit on spouses. And as Stephanie said, it's the actual cost of, you know, what a spouse costs versus the policy that the Board approves back in 2011. So it's a more actual correct cost I guess is how you would say.

But I also want to add that the -- that PEBP does not allow spouses to be on the program if they have an offer of coverage elsewhere. So they cannot be covered under the employee if they have a job elsewhere and they have coverage offered through that job, group coverage, and so this is largely based on out of station. There is no way for PEBP to know if your spouse has an offer of coverage elsewhere. It is up to, entirely up to that employee to be honest and say my spouse does not have an offer of coverage elsewhere and -- and then not add them onto the plan.

The problem is that the more favorable you make that spousal coverage the -- that really reduces the chances of PEBP really being able to enforce the spousal coverage rule that we have under our plan. So by making that spousal coverage I guess artificially more favorable then it makes it harder for PEBP to enforce that -- that plan rule because, of course, it's -- it's a better option for those employees to add their spouses onto the plan versus having them go get their own coverage elsewhere through their own employer. So I wanted to highlight that.

MS. MESSIER: Thanks, Laura.

And I think there was also a question as to how much is impacting people in terms of your total membership. So for PEBP on the CDHP plan 58 percent of those enrolled in the CDHP are enrolled in the employee only tier. Ten percent are employee plus spouse tier. 19 percent are in the employee plus child tier. And 13 percent are in the employee plus family tier.

So if you add the two tiers that are impacted by this change together you get about 23 percent of those enrolled state actives in the CDHP plan. That would be more heavily impacted by this change than those that are benefiting from it which is the employee only and the employee plus child tiers which makes that 76 percent of

PEBP's total membership and the CDHP active plan.

Any questions?

MEMBER MITHCELL: Jet Mitchell for the record.

Can you repeat that break down again, please. I would love to hear that one more time. Thank you.

MS. MESSIER: Absolutely. So, again, this is for state active CDHP, 58 percent are singles. Ten percent are employee plus spouse. 19 percent are children coverage. And the remaining 13 percent is in the employee plus family.

Okay. Any questions?

MEMBER VERDUCCI: Yes.

MS. MESSIER: Go ahead.

MEMBER VERDUCCI: Yes. Tom Verducci for the record.

The one thing that I see wrong with this option one is we're taking one group over another. So if we look at the CDHP plan the employee only goes from, you know, roughly 31 to $39 and some change, a nine percent increase. But if you're in the EPO/HMO plan and you have employee plus family, you're going from 554 to 854, a 300 dollar and 33 percent increase. So it seems like it's not quite fair to all of the groups, and we're favoring some, and we're disadvantaging others, and that's my one issue with option one.

MS. MESSIER: This is Stephanie Messier for the record. So I would just caution using the word fair here on this one. I do understand dollar wise that's very hard, right, for someone to look at that change on the employee plus family on the HMO and try to say how are they going to come up with that money.

MEMBER VERDUCCI: Yeah.

MS. MESSIER: I absolutely recognize that. What this plan is doing is how much do those folks cost you. And so whereas the folks on, the spouses on the CDHP plan are a little bit higher than employees by about 15 percent. When we look at the spouses on the HMO and EPO plan they are 25 percent higher.

So you will notice that it was a larger impact on the EPO/HMO plan, and that's simply because as we're looking at the cost of the spouses that are covered for those who have elected that plan they are definitely utilizing more of your services. So when we take a look at it from a claims cost perspective that's what happens in that section.

MEMBER VERDUCCI: Okay. Yes. Thank you, Stephanie. As a follow-up, what time of the year do we look at the state subsidy rates between the CDHP and the EPO? Is that usually during the August planning session or perhaps in a different Board meeting? I think that needs to be readdressed in the future, and I don't think it's the forum for the meeting here today.

But I think essentially what we need to be looking at is if we want to use excess reserves to reduce rates or we hold onto the excess reserves for catastrophe how do we apply those tiers. It looks like option one, two and three make the best sense. I don't know which one yet.

MS. MESSIER: That's --

CHAIRWOMAN FREED: I'm sorry, Stephanie.

MS. MESSIER: Go ahead, Laura.

CHAIRWOMAN FREED: Okay. You know, I agree with you, Mr. Verducci. I think what essentially we're talking about is three policy choices before the Board with, you know, option one being essentially the, changing the historical coverage tier policy to rate folks based on their actuarial -- actuary claim experience from the past three years.

Option two is continue with the existing tiering policy which, you know, gives spouses a bit of a break as we've done for years.

And then option three, you know, that itself is a policy change, just using whatever state subsidy dollars we have available within the bounds of the legislative approved based subsidies to raise everybody's rates equally. You know, I think you summarized it. Those are the three choices before the Board today.

MEMBER VERDUCCI: Thank you.

MS. RICH: And this is Laura Rich for the record.

Tom, you kind of -- you hit on the EPO and HMO situation. And, you know, the subsidization of both of them, and I think that was part of the public comment as well. I know that the subsidization between the CDHP and EPO and HMO was pretty consistent until I believe either 2018 or 2019 and then that changed.

Addressing that it's going to be a much bigger topic and a much bigger discussion because if there's -- if we shift that subsidy away from the HMO, which right now the last couple of years we have actually increased the subsidy to the EPO and HMO away from the CDHP. If we change direction and change that subsidy, shift it over to the CDHP and lower the subsidy level for the HMO and EPO, we're looking at essentially killing the HMO option down in a sense.

Because what's going to happen is you will have those rates will increase to the point where you have migration. Everyone is going to migrate from the HMO down there to the CDHP, and at which point our HMO vendor will likely not want to play. And so this is -- these are all things that we need to consider and it will be a much bigger option or discussion item that we need to look at in the near future because depending on this migration and what happens on our HMO and EPO plan, specifically I'm more concerned with the HMO down in the south then we will -- we're going to have to reassess our situation.

So doing that right now without a contingency plan in place is probably very irresponsible. That is why we did not mess with those -- with those subsidy levels.

MEMBER VERDUCCI: Yes. So that's a very good point. Those are plan design issues and changes that can be addressed as we go through the year. I think today we really need to be focusing on the rate issue, the different tiers, as well as the excess reserves. And thank you.

CHAIRWOMAN FREED: This is Laura Freed.

Mr. Verducci, is that a suggestion that you would like to move -- move to, you know, approve the PEBP's recommendation to pull out those excess reserves as one time money to have as a safety net of some kind and then not touch option one because it represents a change to Board policy with respect to how to rate people in tiers or are you not ready to do that yet?

MEMBER VERDUCCI: No. Madam Chair, you know, my thoughts here is we cannot in good conscience with the COVID-19 spread and we're all being quarantined at home, I don't see how we can take a one-time distribution from the excess reserves and lower rates for one year and artificially deflate them. Then we're going to increase them next year. I think we have to do the prudent thing and hold on to some of these funds. I think we could have an extreme outbreak here with hospitals filling up. You know, we're looking at 70,000 members, and I think we need to be cautious here.

And I think also once this is all done and said we do need to allow Laura the ability to make technical corrections that should be part of the motion. I haven't heard all three options. I do have one option that I -- I think is the best given the choices and I -- but I think option one, two and three is what we should be choosing from. I think if we draw -- draw down reserves right now that is not the fiscally prudent thing to be doing.

CHAIRWOMAN FREED: Thank you, Mr. Verducci. I quite agree, and I would like to take the temperature of the rest of the Board with respect to those comments.

MEMBER BAILEY: Madam Chair?

CHAIRWOMAN FREED: Oh, everybody has something to say. I heard Ms. Mitchell and I think I heard Mr. Smith and maybe a third person.

MEMBER LAMBORN: It was me, Leah Lamborn.

CHAIRWOMAN FREED: Oh, okay. Go ahead,

Ms. Lamborn.
MEMBER LAMBORN: Okay. I agree with Tom Verducci at this point. I think that four and five, drawing on reserves now that we know a little more about the budget issues and the upcoming budget issues which we all want to follow today, we need to focus on setting rates. So I think that those two options should be taken off of, you know, and not voted on. They should be removed as an option.
And there's something that Laura said that I really agree with for option number one that really scares me is by adjusting, and I totally agree with everybody should be paying their share of their cost and I'm not quite sure how we got to this adjusting to minimize, but I think that each category should burden the cost.
However, with that said, I don't think right now is the time to do it. I think that we would have a mass exiting of the HMO and everybody opting to go on the PPO program because of the rate increases, and I don't think that we're ready for the fallout. We aren't prepared for the fallout of that happening. I think that's something that we should move to maybe in the next, the following year but be better prepared for that -- that change because that could have a huge impact for the following year and years after.
So at this point I -- I would vote for option

number two unless there's appetite just to go back to the March 31st rate with the, you know, standing that I really truly believe this, with this last quarter, 2020 we're going to see quite a reduction in cost overall because of the elected surgeries and people aren't going out just getting the common flu. They are doing social distancing. They are staying home. There aren't all of the accidents happening. So I think we're going to see a reduction. I don't think the COVID-19 costs are going to offset the other costs dealings we're going to realize. That's all I had. Thank you.

CHAIRWOMAN FREED: Okay. Any other Board members wish to chime in?

MEMBER VERDUCCI: Tom --

MEMBER BAILEY: Madam Chair, this is Don Bailey.

Tom, hold on a minute.

For the record this is Don Bailey.

I would like to table option four and five if that's not a problem because I agree with Tom and other members that I do not see tapping any reserves at this time. Now, maybe next year could readdress the reserves, see what happens to them when they are up or they are down. But I think we are in the matter of option one, two and three, and I think that's where we have to really land on.

Four and five is touching reserves and this --

this epidemic we got going on now and the Governor is fighting for, which is good, but we don't know how far that's going, and I just don't want to take reserves out that we may need just a few months from now. So that's it. Thank you.

I'm sorry, Tom.

MEMBER VERDUCCI: Oh, no, no. I appreciate your input, Don.

And I want to allow other Board members to chime in, but I did have a few comments I would like to make if I could.

CHAIRWOMAN FREED: Go ahead.

MEMBER VERDUCCI: Okay. Tom Verducci for the record.

In nature to this morning's testimony, looking at the different choices, the one that appears the most equitable to me is option three because it provides the exact same percentage increase for all of the tiers without providing any favoritism to one group or another. And I think that in a different forum, yes, we could be looking at what's more important, employee only, employee plus spouse, employee plus children and employee plus family, and we want to make our plan very family centric.

I think for today's purposes I kind of like the even-steven increase across the board. I think that would have less, the least amount of impact on greater percentage of population group. And in terms of any maximum percentage increases they are all going to be the same under this one large group and one plan. And that's my thoughts there.

MEMBER MITHCELL: Jet Mitchell for the record.

MEMBER FOX: I have -- you go ahead, Jet.

MEMBER MITHCELL: No. That was Linda, right? Go ahead, Linda.

MEMBER FOX: I just want to say I agree with Tom. I think that's fair and I think that will be best accepted by the members, if it's even-steven which is even for all participation.

MEMBER MITHCELL: Jet Mitchell for the record.

I wanted -- I do think that option four and five is -- it's my opinion that we should not go forward with them, but I do want to make a comment as to David Smith's comment which I think is very well noted of what he had said regarding four and five and I do think especially in these critical times. I don't lightly vote or want to not pursue four and five because I think there's very real situation crisis facing us.

I'm leaning toward either option one or three and hearing Linda and Tom's comments about, Tom's words were even-steven, I don't know that I believe in even-steven from an insurance rate policy perspective but I hear his sentiment and acknowledge that.

The reason that option one may be a strong one is because 50 percent of the CDHP participants are in the single group followed by the second largest group of 19 percent children, and those groups are the ones that receive the lowest impact, especially during this time of crisis.

Option one does not equally share increases but I don't know that equal increases, especially now is what is the most prudent.

So the employee only and/or the single parent may be much more financially unable to bear a rate change burden than other groups based on income and where they are financially. So I would not lightly discard options four and five and look at options one and three. I'm discarding option two, and I won't go into detail, but I'm looking into just one and three at this point.

MEMBER SMITH: Madam Chair, David Smith.

And just for the record I do not agree with using the catastrophic reserves to bring down rates. By comparison of those or consideration of those was based on considering the March 31 rates because I think those are understated, and I don't think we should be considering four, five or the March 31 rates at all and only one through three.

I -- my personal preference I think option one is the most equitable because of charges what the actual experience is based on the groups, but I'm not firm on that either. So those are just my comments.

CHAIRWOMAN FREED: All right. I think -- I haven't heard from Ms. Korbulic or Ms. Urban, Dr. Urban, but if they don't we'll go back to Aon to see if they have any, and Ms. Rich, to see if they have any follow-up comments. And then after that, if none, then after that I think I will open up public comment for people who apparently got dropped off during the first public comment period, but I'm going to limit it to three minutes per caller.

So, Ms. Rich, and, Ms. Messier, if you have things to say about these various options one, two and three I would welcome that.

Okay. Hearing none, I will throw it back to our lovely operator to tell us how many people might need to make public comment.

THE OPERATOR: Thank you. I'm going to give instructions again for public comment. Please press one, then zero on your phone keypad. We do have one person in the queue at this time. Let me open their line for public comment and that comes from Douglas Unger. The line is open.

MR. UNGER: Hello. Thank you very much for a allowing me to make public comment. Those were others down here that were dropped by the AT&T operator system which is unfortunate.

But we very much wanted to thank the Board and everyone for your work and advocate for option three. Basically on the principle that now is not the time to change Board policy under these rate increase circumstances which are emergent and sudden and especially under the cloud of the COVID-19 crisis.

So representing the UNLV Benefit Committee and the UNLV Faculty Senate Committee we would like very much for the Board to consider option three as a reasonable compromise that does not change the policies. Furthermore, we would like to encourage the Board to look at how unsustainable the HMO and EPO has, in fact, become because of the costs and the increase state subsidies over that permissible, and we need to consider possibly going back to former Executive Director Haycock's promise last March to build and implement lower deductible PPO plan going into the future. Thank you very much.

THE OPERATOR: Thank you. And we have public comment from Jason Wasdon (phonetic).

MR. WASDON: So I'm sorry. I got dropped and then I got back. So if I repeat something that's already been said I apologize and we can move along, but I'm Jason Wasdon, co-chair of UNLV Employee Benefits Advisory Committee.

None of the options at this time are optimal but option three seems to be the more tolerable. We would like the Board to start considering recitation through other plans to include a traditional low deductible PPO plan. Thank you for all your hard work. We don't envy the difficult decisions that you have to make in these hard times and that's it.

THE OPERATOR: Thank you. And we have public comment from Kent Ervin. The line is open.

MR. ERVIN: Hi. This is Kent Ervin, and I apologize for chiming in.

I just want to make one point and that is back in 2010 and 2011 there was a very very long Board discussion about the policy on the tiering policy and it was implemented the way it is now to address some disparities.

In particular at that time it actually cost less to add a whole family than to add a spouse. And under option one, the incremental cost of adding a family would be less than separately an employee adding a spouse and a family. And this is just a Board policy change that is too big and has too many unintended consequences to try to figure out in less than 24 hours. So that's just my comment on that one. Thank you.

THE OPERATOR: Thank you. And we have public comment from Marlene Lockard.

Marlene, the line is open.

MS. LOCKARD: Thank you. Marlene Lockard representing Retired Public Employees of Nevada.

We know this is a difficult decision but hearing all of the information in your discussion we would support option three. Thank you very much.

THE OPERATOR: Thank you. And we do have a public comment from Priscilla Malone.

Please go ahead.

MS. MALONE: Thank you very much for allowing me another quick shot at this, but thank you very much for all the work that was done. I especially want to thank Stephanie going above and beyond coming out of her recovery from COVID-19, my goodness, and giving the specific breakdowns of which status -- which demographics belong in each group by percentage was hugely helpful.

So the AFSCME Retirees would join with Dr. Ervin and Ms. Lockard with RPEN and Mr. Unger of UNLV and support option three. Thank you.

THE OPERATOR: Thank you. And we'll check once again for public comment. Please press one, then zero on your telephone keypad. I am not seeing any additional public comment. Please continue.

CHAIRWOMAN FREED: Okay. Thank you. This is Laura Freed again.

All right. So what I think is clear among the Board from listening to the discussions thus far is that we have consensus about changing the incurred but not paid margin load from 25 percent to ten percent thereby releasing seven -- just over $7,000,000 as a one-time gain and then lowering catastrophic reserve from 62 days to 60 either by releasing 1.4 million dollars as a one-time gain.

Is that a fair assumption based on what I've heard from the Board thus far? And if so would someone like to make a motion to approve PEBP's recommendations one and two as outlined in the staff report?

MEMBER LAMBORN: Madam Chair, this is Leah Lamborn.

CHAIRWOMAN FREED: Hi, Leah.

MEMBER LAMBORN: Motion moved.

CHAIRWOMAN FREED: Okay. Do I hear a second?

MEMBER VERDUCCI: Tom Verducci. I second.

CHAIRWOMAN FREED: All right. You heard the motion. Any discussion on that motion to approve PEBP

recommendation one and two? Okay. Hearing none, all in
favor signify by saying aye.
(The vote was unanimously in favor of the motion.)
CHAIRWOMAN FREED: Any opposed no. Okay. Motion carries unanimously. All right. So that's one thing.
Now to the -- to the options. So I didn't hear anybody shouting that they loved option four and five and, in fact, Mr. Bailey wanted to table those. So talking about options one, two and three, I have to tell you, yeah, I kind of agree with the public comment that was -- that raised the idea that these are fairly -- to change the tier rating policy is a fairly substantial policy change.
You know, so, again, if you take option one you have changed the rating policy to be strictly determined by which groups generate, you know, the most claims, costliest claims as opposed to which groups are a little bit cheaper to cover.
And then option two continues what we have been doing for a long time now, making sure that spouses are counted with the same value as the employee.
And then option three, again, just uses the money that we have in state subsidies to equalize the rate increase the same for all tiers. That too would be a significant

departure from current Board policy. So if we're not ready to change our Board policy, I would suggest that options one and three are not the way to go.

So that's just a summation of the facts as I understand them. I have to tell you for my own self I'm willing to support option one or option two because they have -- they have a policy nexus. You know, we determine that it was important to provide some -- some rate smoothing for our dependent tiers, you know, a long time ago, basically in plan year 2012 when the CDHP was first introduced.

However, I appreciate the equity argument made for option one in terms of everyone paid in proportion to the cost to the plan that they generate. So that's my rationale and I fully -- I mean, at full disclosure, I'm in the employee only tier. So if I were to support option two I would agree to raising my rates by quite a bit and I get that.

It's real easy to be a PEBP Board member when you get to vote to enrich the plan design, handout supplemental HSA and HRA payments. It's really difficult to be a Board member when we are facing down a recession as I believe we all are. And Ms. Rich is right, I anticipate that we will have another Board meeting sometime in the next couple of months to discuss how to trim the plan design to make the cuts that I suspect PEBP will be asked to make. So I'll leave it there for now.

MEMBER LAMBORN: Madam Chair, Leah Lamborn, if I may.

CHAIRWOMAN FREED: Sure.

MEMBER LAMBORN: I agree with -- with what you said in option two. I think keep things consistent. Right now isn't just a time to be making big policy changes on the tiers and how we do things. So I am actually ready to make a motion to approve option rate setting for 2021.

MEMBER SMITH: Madam Chair, it's David Smith.

MS. RICH: I think she may have gotten dropped. Operator, can you verify that Laura Freed is still on the line.

THE OPERATOR: Let me check. Just a moment.

CHAIRWOMAN FREED: This is Laura Freed.

THE OPERATOR: Okay.

CHAIRWOMAN FREED: I'm still here. I had my mute button on. I don't know why I keep doing that. Sorry.

THE OPERATOR: Okay.

CHAIRWOMAN FREED: Sorry.

MEMBER SMITH: This is David Smith.

I don't know. I'm not ready to vote on one of them because I would rather know -- I mean, is there a way for us to rank them and so we kind of see where everybody is rather than, you know, voting on one. You know what I mean?

CHAIRWOMAN FREED: Sure. Yeah. If the Board members would like to tell me their structure that would be great.

MEMBER VERDUCCI: Yeah, Tom to Verducci for the record.

My preference is strongly towards option three. You know, we just heard from all of our advocacy groups and that's the one that they are in support of, and this is the employees program.

And, number two, you know, option one we're taking the employee plus family for 13 percent in that group and their premiums are going from five to -- hello. Yeah, okay, so they are going from 554 to 854. That's almost a 300 dollar increase, and nobody wants to increase rates right now, but I think that is too much in one group of its employee plus family, and I'm in strong support of option three.

I don't want to see rates going up, and but I think it's the fairest in the membership. I realize it's a change in policy but given the crisis we're going through in trying to be flat but trying to keep the premiums in a reasonable range where most employees can afford it, it seems to me to be the best option.

CHAIRWOMAN FREED: Okay. Other Board members?

MEMBER SMITH: This is David Smith. And I -- I understand the rationale between everybody's preferences on these. I'm going to, you know, my ranking would be two, one, three.

I understand, Tom, what you're saying. It's, you know, across the board, but I don't think it represents what's truly happening. I'm going to say option two because that's what -- that's based on the current policy and the costs, but number one I still like because I think it puts people into group. So my ranking is two, one and three.

CHAIRWOMAN FREED: Okay. Thank you.

MEMBER MITHCELL: Jet Mitchell for the record.

I earlier said that I would support one or three not option two, four and five. I hear the advocates voices very strongly for option three, but I'm still keeping one as an option as well and if I had to rank, I'm extremely close between one and three. Hearing advocates well placed comments about three but also articulating the reasons why I liked one.

CHAIRWOMAN FREED: Okay. Thank you.

MEMBER BAILEY: For the record Don Bailey. Madam Chair?

CHAIRWOMAN FREED: Yes, Mr. Bailey. Go ahead.

MEMBER BAILEY: I would -- I would rank them one and three. I'm still undecided, but I'm hearing what our constituents are saying, and it seems to be that they are heavily favoring option three. So I would ask all Board members to consider that. Thank you.

CHAIRWOMAN FREED: Thanks.

MEMBER LAMBORN: Madam Chair, Leah Lamborn for the record.

CHAIRWOMAN FREED: I'm sorry. Can you repeat that.

MEMBER LAMBORN: Leah Lamborn for the record.

CHAIRWOMAN FREED: Oh, okay. Thanks, Leah.

MEMBER LAMBORN: Just in ranking, of course we all know that two is my preference but if I'm going to rank, then it's two, three and one would be the last option. Again, just very concerned about everybody moving to PPO and what that might do to our HMO and EPO program at this time. We are not three.

CHAIRWOMAN FREED: Right. Right. Okay. Thank you.

MEMBER KORBULIC: Madam Chair, this is Heather Korbulic.

I would agree with Ms. Lamborn and prioritize accordingly and definitely do hear our advocates and feel the same you way but also understand the policy changes that will have much larger implications for the future. So I would go with the two, three, one.

CHAIRWOMAN FREED: Okay.

MEMBER URBAN: Madam Chair?

CHAIRWOMAN FREED: Yes. Go ahead.

MEMBER URBAN: This is Marsha Urban.

CHAIRWOMAN FREED: Okay.

MEMBER URBAN: This is -- I don't see anything that's fair. I mean, fair is not a word we can use in this group I don't think at this point considering everything that's going on. I actually would like to look at the one from last week, but if we can't I would rank them as three, two and one.

CHAIRWOMAN FREED: Okay.

MEMBER VERDUCCI: Madam Chair, Tom Verducci.

I want to give the full ranking. Mine is also three, two, one.

CHAIRWOMAN FREED: Okay. Gotcha. All right. So I've heard from Mr. Bailey. The only -- let's see. I believe I have not heard from Ms. Fox.

MEMBER FOX: Do you need me to rank them in order or can we make a motion or are we going to have to put in?

CHAIRWOMAN FREED: Well, why don't you give us your ranking, and I'll tell you how this unusual ranked choice voting is working out.

MEMBER FOX: Okay. So I think I would say three, two, one as well.

CHAIRWOMAN FREED: Okay. All right. So give me just a second. I'm sure Ms. Rich is doing the same thing as me right now. So hang on for just a second.

MEMBER SMITH: This is David Smith.

CHAIRWOMAN FREED: Yeah.

MEMBER SMITH: I was keeping a tally here, and it looks like the most unfavorable one is one, and so it really comes down between two and three.

CHAIRWOMAN FREED: Yes, it does. That's true. I've got one -- I've got three votes for three and four votes for two.

MEMBER SMITH: I have four votes for three and three votes for two.

CHAIRWOMAN FREED: Oh, okay.

MEMBER SMITH: The opposite. How about -- and I know we have a motion on the table, but if we, you know, make a motion to eliminate one from consideration and then we look at two and three only?

CHAIRWOMAN FREED: Okay. All right. Does

somebody want to make a motion to eliminate option one for consideration?

MEMBER SMITH: This is David Smith. So moved.

CHAIRWOMAN FREED: All right. Does anyone second?

MEMBER URBAN: Madam Chair, this is Marsha Urban. I second that.

CHAIRWOMAN FREED: All right. Any discussion on the -- oh, yes? Any discussion on the motion to eliminate option one from the Board's consideration? Okay. Hearing none, all in favor signify by saying aye.

MEMBER SMITH: Little glitch there. Is everybody back?

MEMBER BAILEY: I'm back. Don.

CHAIRWOMAN FREED: Was that a fax machine?

MEMBER BAILEY: It sounded like it.

MEMBER SMITH: David Smith. I'm back.

Madam Chair, are you on the line?

MS. RICH: This is Laura Rich. I think she got dropped so we'll wait for her for just a second.

THE OPERATOR: This is the AT&T operator. I see that Laura Rich's line is still connected on the call.

MS. RICH: Operator, this is Laura Rich. We're waiting for Laura Freed actually.

THE OPERATOR: Oh, Laura Freed. Okay. Let me check.

MS. RICH: Let me see if I can get a number. If she doesn't dial back in let me see if I can get a number.

THE OPERATOR: Yeah. Otherwise I'll attempt to call but if you got a number.

MS. RICH: All right. Let me get one.

CHAIRWOMAN FREED: Hello. I'm back.

MEMBER BAILEY: Oh, good.

CHAIRWOMAN FREED: Sorry everybody. Something happened and I dropped off. All of a sudden it was a quiet. Did anything happen while I was gone?

MEMBER SMITH: This is David Smith. We waited for you. I think we had a majority to eliminate one.

CHAIRWOMAN FREED: Oh, okay.

MEMBER SMITH: I don't think there were any no's to eliminate.

CHAIRWOMAN FREED: Well, I abstained from that one so I wasn't available to hear everybody say aye so that one passed.

MEMBER MITHCELL: Jet Mitchell. I say no on that motion. So there is a no on that, David Smith.

CHAIRWOMAN FREED: Oh, okay. So we have one, two, three, four, five, six, seven, seven ayes, one nay and one abstention. Okay. The motion passed. Okay. So --

MS. MOONEYHAN: Madam Chair?

CHAIRWOMAN FREED: Yeah.

MS. MOONEYHAN: This is Brandee Mooneyhan.

I just want to make sure, when you left the call there was a really strange noise. It sounded like a fax machine and I was just -- I would just like to confirm maybe we do another role call and make sure everybody is still on the line.

CHAIRWOMAN FREED: Oh, okay. All right. So, Mr. Bailey, are you still here?

MEMBER BAILEY: Yes.

CHAIRWOMAN FREED: Ms. Fox, are you here?

MEMBER FOX: Sorry. Yes, I'm here.

CHAIRWOMAN FREED: All right. Ms. Korbulic, are you here?

MEMBER KORBULIC: Yes, I'm here.

CHAIRWOMAN FREED: Ms. Lamborn?

MEMBER LAMBORN: Yes, here.

CHAIRWOMAN FREED: Ms. Mitchell?

MEMBER MITHCELL: Here.

CHAIRWOMAN FREED: Mr. Smith?

MEMBER SMITH: I'm here.

CHAIRWOMAN FREED: Mr. Verducci?

MEMBER VERDUCCI: Here.

CHAIRWOMAN FREED: Dr. Urban?

MEMBER URBAN: Here.

CHAIRWOMAN FREED: Okay. We're all back here. All right. Got it.

Back to option two and three. So there's still a motion on the floor to approve option two. I think I will ask again for a second on that motion. Okay. Well, Chair can second so I'll second it. The option before the Board is to approve rate table option two which would be the same tiering ratios that we have used as a Board in past years and continue with that and these rates contain the most current claims experience also.

So any discussion on that motion?

MEMBER VERDUCCI: Yes. Tom Verducci for the record.

CHAIRWOMAN FREED: Yes.

MEMBER VERDUCCI: I want to point out option two, employee only CDHP is going to be $52 versus option three. It's closer to 44. Family, employee plus family, option two, will be 174. Option three is going to be 135. I see those two very vulnerable groups. I don't support option two. There's ten Board members. We heard voices from the three advocacy groups. All three of them support option three and

I think their voice should be heard, and I'll be in opposition to option two.

CHAIRWOMAN FREED: Okay. Any other discussion?

MEMBER MITHCELL: Jet Mitchell for the record. Madam Chair?

CHAIRWOMAN FREED: Whoops, okay.

MEMBER MITHCELL: Jet Mitchell for the record.

I echo Mr. Verducci's comments. Also hearing advocate voices and considering the factors in weighing the analysis of the plans I do not support option two. I would support option three and, again, echoing his comments and also restating my earlier comments about it.

CHAIRWOMAN FREED: Okay.

MEMBER LAMBORN: Madam Chair, Leah Lamborn for the record.

CHAIRWOMAN FREED: Go ahead.

MEMBER LAMBORN: I would again like to reiterate we're going to have a lot of unhappy people as it is and to be making a policy change, it's just not as justifiable and provide support on the bad -- on the very difficult decision we have to make in raising the rates as it is.

And I know that we have our advocacy groups here, but what we technically don't hear from are the working employees because they are working and so I -- I appreciate all of the testimony that we do get from our advocates. I just I think that there's a portion that's underrepresented as well.

CHAIRWOMAN FREED: Okay.

MEMBER LAMBORN: And so I just don't think that now is the time to make policy changes when we already have a very unfavorable decision that we're going to have to make either way.

CHAIRWOMAN FREED: Right. I agree. It is -- again, it's not easy to be a Board member or a PEBP staffer when the claims experience is down and or is, sorry, it's more expensive I should say and you have to decide where you spread around the state subsidies.

So, okay, last call for discussion on the motion that is on the floor.

MEMBER MITHCELL: Jet Mitchell for the record.

I hear your comment about the fact that we cannot hear from the people that are actually working, but I would notate that our tireless and fearless advocates are probably speaking for at least 100 people and collective which is when they make their voices heard I hear them not as an individual but as a collective.

So fully appreciate your comments about the fact that we're not hearing directly from the working individuals, but I am relying on when I say advocate voices I say that in plural believing that they are, have a debrief into their constituent base which are the working.

CHAIRWOMAN FREED: Okay. So I think I'm going to call the question and I will do a role call vote, and so I'll start with me. On the motion I vote aye.

Mr. Bailey?

MEMBER BAILEY: Is that on option two?

CHAIRWOMAN FREED: Correct.

MEMBER BAILEY: No.

CHAIRWOMAN FREED: Okay. Ms. Fox?

MEMBER FOX: Is that Fox?

CHAIRWOMAN FREED: Yes.

MEMBER FOX: I'm a no.

CHAIRWOMAN FREED: Okay. Ms. Korbulic?

MEMBER KORBULIC: Aye.

CHAIRWOMAN FREED: Ms. Lamborn?

MEMBER LAMBORN: Aye.

CHAIRWOMAN FREED: Ms. Mitchell?

MEMBER MITHCELL: No.

CHAIRWOMAN FREED: Mr. Smith?

MEMBER SMITH: Aye.

CHAIRWOMAN FREED: Mr. Verducci?

MEMBER VERDUCCI: No.

CHAIRWOMAN FREED: Ms. Urban?

MEMBER URBAN: No.

CHAIRWOMAN FREED: Okay. All right. So the no's have it from five to four.

So, all right, now we are on option three.

MEMBER URBAN: Madam Chair?

CHAIRWOMAN FREED: Yes.

MEMBER URBAN: This is Marsha Urban. We had discussed the possibility of going back to the one that was presented last week, and we never made an actual decision on that, and I was wondering whether that was up for voting as well?

CHAIRWOMAN FREED: I -- yes. What Ms. Rich said is correct. We checked with Ms. Mooneyhan and you could consider the March 31st rate table if you wanted to.

MEMBER SMITH: Madam Chair, this is David Smith.

If we're going to consider the March 31 rate table can Aon provide what the negative impact of using that would be considering the analysis of a claims experience, the most recent claims experience.

MS. MESSIER: This is Stephanie Messier with Aon, Board Chair. I could answer that if you would like.

CHAIRWOMAN FREED: Yes, please.

MS. MESSIER: So using the updated experience and then also trending forward to less months because we had actual experience, it changed our claims projections to the tune of 2.5 million dollars, so that would be the impact of going back to the March 31st rates. Most likely those rates would be 2.5 million dollars short based on what we know today.

MS. RICH: And this is Laura Rich for the record.

I just want to point out that the rates that were presented at the March 31st meeting are essentially an outdated version of option two.

CHAIRWOMAN FREED: Okay. This is Laura Freed.

MEMBER VERDUCCI: Tom Verducci for the record.

CHAIRWOMAN FREED: Go ahead.

MEMBER VERDUCCI: Excuse me, Madam Chair. Can I make a motion?

CHAIRWOMAN FREED: You sure can.

MEMBER VERDUCCI: Okay. I would like to make a motion that we approve option three and allow Laura Rich to make any technical corrections as necessary.

CHAIRWOMAN FREED: Okay. Is there a second to that motion?

MEMBER BAILEY: For the record Don Bailey. I second that motion.

CHAIRWOMAN FREED: All right. Any discussion on the motion? All right. Hearing none, I will do a role call vote on option three. Chair votes no.

Mr. Bailey?

MEMBER BAILEY: Yes.

CHAIRWOMAN FREED: Okay. Ms. Fox?

MEMBER FOX: Yes.

CHAIRWOMAN FREED: Ms. Korbulic?

MEMBER KORBULIC: I'm going to go with aye here.

CHAIRWOMAN FREED: Okay. Ms. Lamborn?

MEMBER LAMBORN: No.

CHAIRWOMAN FREED: Ms. Mitchell?

MEMBER MITHCELL: Yes.

CHAIRWOMAN FREED: Okay. Mr. Smith?

MEMBER SMITH: I vote yes.

CHAIRWOMAN FREED: Mr. Verducci?

MEMBER VERDUCCI: Yes.

CHAIRWOMAN FREED: Ms. Urban?

MEMBER URBAN: Yes.

CHAIRWOMAN FREED: All right. The motion carries seven to two and there we go. We have a rate table I believe.

Ms. Rich, any other comments?

MS. RICH: I do not. Thank you.

CHAIRWOMAN FREED: Okay. All right. So that takes care of Item Four.

Okay. Item Five, back to public comment. So let's turn it back over to the operator for one single public comment period and, again, I will limit the comments to three minutes per speaker.

THE OPERATOR: Ladies and gentlemen, if you do have public comment please press one, then zero on your telephone keypad. If you are using a speaker phone please pick up the handset before pressing the numbers. Again, for public comment please press one, then zero.

We do have public comment from the line of Kent Ervin. Please go ahead. Hi, Kent. You can go ahead.

MR. ERVIN: Which is basically what we're doing on any of these options because the policy was set at 95. Now it's going down. So, but I appreciate all of the hard work and listening to all of voices. Thank you.

THE OPERATOR: And, Kent, we may have not heard the very very beginning of what you said. You may want to just restate that.

MR. ERVIN: This is Kent Ervin, E-r-v-i-n, for the Nevada Faculty Alliance.

I don't know where you missed me, but I'll just reiterate that I appreciate all your hard work.

THE OPERATOR: Okay. Thank you. And we have public comment from the line of Douglas Unger. The line is open.

MR. UNGER: For these deliberations under these very difficult circumstances. I also want to assure the Board that when I speak on behalf of UNLV Employee Benefits Advisory Committee or Shaun Franklin-Sewell or Jason Wasdon does and when I speak on behalf of the UNLV Faculty Senate, we are the designated representatives of almost 3,000 faculty and staff on the UNLV campus. No statement we make is not previously approved by elected representatives from those bodies, and we do everything we can to adequately represent the hard working faculty and staff, UNLV and by extension I believe that Nevada Faculty Alliance and the other advocates are also doing the same.

So I just want to assure the Board that we don't make comments representing ourselves or, you know, near 100 people, but we are the designated representatives of thousands of Nevada state employees. So thanks very much for listening to us and thanks very much for everything you've done today and all the work you're going to do in moving forward. We very much appreciate every member of the Board. Thank you.

THE OPERATOR: Thank you. And we have public comment from the line of Kevin Rand. The line is open.

MR. RAND: Yes. Good afternoon again. This is Kevin Rand with AFSCME Local 4041.

I just want to thank the respective Board members, the Chair and the executive officer, Laura Rich, and all of the staff again, much appreciated. I know these are much appreciated times, difficult decisions. We do feel strongly that the experience for a period of time coming up in the next months that some of the Board members discussed is going to run lower and hopefully that trend will be able to fix some of the issues in regards to comments made earlier.

And, again, this is very difficult. We feel that some of these options should not have used the -- the current rate experience at the tune of 2.5 million to change things dramatically, especially when it was requested last meeting not to do that. It was supposed to be apples to apples. So we're kind of disappointed to see that. I mean, reality is reality, but upcoming experience we strongly feel can be lower.

So with that due respect, again, I appreciate the difficult decisions, and you guys be safe. Thank you.

THE OPERATOR: Thank you. And for additional public comment please press one, then zero on your telephone keypad. I'm not showing any public comment at this time.

Please, continue.

CHAIRWOMAN FREED: All right. The last item is Item Six, adjournment. Do we have motion for adjournment?

MEMBER KORBULIC: Heather Korbulic. Motion to move.

CHAIRWOMAN FREED: Okay. All in favor.

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

CHAIRWOMAN FREED: Okay. Thank you everybody.

MEMBER BAILEY: Take care.

CHAIRWOMAN FREED: Okay. Thanks, guys.

THE OPERATOR: Thank you.

Ladies and gentlemen, this will conclude the teleconference for today. Thank you for your participation and using AT&T conferencing. You may disconnect from the phone.

STATE OF NEVADA,)
) ss.
CARSON CITY.)

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

That on Thursday, the 9th day of April, 2020, I was present on a teleconference for the Public Employees' Benefits Program, Carson City, Nevada, for the purpose of reporting in verbatim stenotype notes the within-entitled public meeting;

That the foregoing transcript, consisting of pages 1 through 84, is a full, true and correct transcription of my stenotype notes of said public meeting.

Dated at Carson City, Nevada, this 22nd day of April, 2020.

KATHY JACKSON, CCR
Nevada CCR #402

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