



Nevada Public Agency Insurance Pool
Public Agency Compensation Trust
201 S. Roop Street, Suite 102
Carson City, NV 89701-4779
Toll Free Phone (877) 883-7665
Telephone (775) 885-7475
Facsimile (775) 883-7398

**Minutes of the Meeting of
the Board of Trustees and of the Executive Committee of
Public Agency Compensation Trust
Place: John Ascuaga's Nugget, Sparks, Nevada
Time: 10:00 a.m. or
Upon adjournment of Joint Board Meeting
Date: April 27, 2012**

AGENDA

1. Introductions and Roll

A sign in sheet was circulated and a quorum determined to be present. Chair Kalt called the meeting to order at 11:17 a.m.

2. Public Comment

Chair Kalt called for public comment and hearing none, closed the public comment period.

**3. For Possible Action: Consent Agenda: Approve as a Whole Unless Moved From
Consent Agenda**

- **Approval of Minutes of Board Meetings:
Board Meeting April 28-29, 2011**
- **Acceptance of Interim Financial Statements for February 29, 2012**

On motion and second to approve the consent agenda, the motion carried.

Chair Kalt then moved to item 8 on the agenda.

4. For Possible Action: Acceptance of Audit for June 30, 2011

Chair Kalt reviewed highlights of the financial statements and notes.

On motion and second to accept the audit, the motion carried.

5. For Possible Action: Acceptance of Reports

- a. **Claims Review Report**
- b. **Large Loss Report**
- c. **Actuarial Update**
- d. **Claims Services Audit Report**

- a. Wayne Carlson reviewed highlights of the claims review report. Mike Livermore added commented on the large loss impact, mostly heart disease.
- b. Doug smith handed out a CRL exhibit of the large losses that impacted the reinsurance layers, noting that most of them were heart disease cases.
- c. Doug smith reviewed the several actuarial report exhibits and responded to questions regarding the projections and rate implications.
- d. Wayne Carlson indicated that the draft independent claims audit had just been received. The overall reserves results showed a 2% difference between the claims auditor reserves and the ASC adjuster reserves, well within the margin of plus or minus 10%. He said that the draft audit report had been sent to ASC for comment.

On motion and second to accept all of the reports, the motion carried.

6. For Possible Action: Acceptance of Budget for 2012-2013

Chair Kalt said that the Executive Committee had reviewed and approved the budget.

On motion and second to accept the budget, the motion carried.

7. For Possible Action: Approval of Contracts

- a. **Alternative Service Concepts – Claims Management Services**
- b. **SpecialtyHealth - Managed Care Organization Services**

- a. Wayne Carlson indicated that the proposed claims management contract was recommended for a five year term and had been reviewed by the Executive Committee. Chair Kalt noted that the profit margin for this cost-plus contract was reduced from 15% to 13% by entering into a five year contract.

On motion and second to approve the five year contract, the motion carried.

- b. Wayne Carlson commented that SpecialtyHealth's current contract had a provision allowing for a two-year extension and that they were offering the same pricing and terms for this extension.

On motion and second to approve the two-year contract extension, the motion carried.

8. For Possible Action: Cardiac Wellness Program Status Report

Dr. James Greenwald, Medical Director of SpecialtyHealth, provided an extensive review of the cardiac wellness program, handing out a synopsis of the participation rates by member and noting the disease risks by percentage. He then presented information about sleep apnea, insulin resistance, diet, obesity, cardiovascular disease and cancer risks associated with insulin resistance. He provided a handout showing the results of case studies in which intervention produced dramatic improvements in risk factors. These cases studies came from actual police and fire cases handled under the cardiac wellness program. No action was taken on this item.

Chair Kalt recessed the meeting for lunch at 12:17 p.m. and reconvened the meeting at 12:52 p.m.

9. For Possible Action: Acceptance of Renewal Reinsurance Proposals and Options

Bob Lombard presented three options to the board including renewing as currently structured, an option for a \$750,000 retention and an option for a \$1,000,000 retention. He explained each option and Doug Smith added comments about Public Compensation Mutual's willingness to take an additional \$250,000 excess of PACT's \$500,000 retention under the \$750,000 retention option. Considerable discussion ensued.

On motion and second to accept the option for a \$750,000 retention with PCM taking \$250,000 excess of \$500,000 plus its current 50% share of the aggregate excess limit, the motion carried.

10. For Possible Action: Approval of Renewal Risk Retention Options

This agenda item was combined into item 9 for discussion and action.

11. For Possible Action: Action regarding these topics as required by Nevada

Administrative Code:

- a. Review of financial condition of each member and prompt notification to the Members of any Member determined to be operating in a hazardous financial condition**
 - b. Review of the loss experience of each Member of the association - Claims Experience Report Summary**
 - c. Review for removal of Members with excessive loss experience or Members determined by the Board to be operating in a hazardous condition**
- a. Chair Kalt commented about those members that were under financial watch by the Committee on Local Government Finance, of which he is a member, noting that Pershing General Hospital was making progress on their financial recovery plan. No other members were in a hazardous financial condition.
 - b. Chair Kalt directed the board's attention to the loss experience reports and in particular to the Nye County results that were being driven by heart claims. He said that perhaps it was necessary to focus on getting improved results for those entities like Nye County that apparently may not be getting physical examinations and press them to get into compliance and into the cardiac wellness program. Considerable discussion ensued about the costs of noncompliance and that staff should direct a letter to Nye County regarding this, requesting a prompt report back to the Executive Committee of the action they plan to take. Wayne Carlson noted that they were discussing having their human resources staff take over managing the physical examinations process.

On motion and second to direct staff to advise all members of their compliance obligations and specifically to write a letter to Nye County consistent with the board's discussion, the motion carried.

- c. No action was taken regarding removal of any members.

12. For Possible Action: Election of Executive Committee for Two Year Terms from 2012-2014

- a. **One Representative from Counties and/or Cities with less than 35,000 Population**
- b. **One Representative from Hospitals**
- c. **One Representative of School Districts**

Chair Kalt noted that each of the incumbents had expressed interest in continuing to serve. He called for any other nominations and seeing none, he closed the nominations. On motion and second to reelect the incumbents Toni Inserra, Steve West and Paul Johnson, the motion carried.

13. For Possible Action: Election of Chair and Vice Chair

Chair Kalt indicated that both he and Vice Chair Minor were willing to continue to serve. On motion and second to reelect both, the motion carried.

14. Public Comment

Chair Kalt called for public comment and hearing none, closed the public comment period.

15. For Possible Action: Adjournment

On motion and second to adjourn, the meeting was adjourned at 2:12 p.m.

The Agenda was posted at the following locations:

**N.P.A.I.P. / P.A.C.T.
201 S. Roop Street, Suite 102
Carson City, NV 89701**

**Carson City Courthouse
885 E. Musser Street
Carson City, NV 89701**

**Eureka County Courthouse
10 S. Main Street
Eureka, NV 89316**

**Churchill County Administrative Complex
155 North Taylor Street
Fallon, NV 89406**