

# MINUTES

## MEETING OF THE BOARD OF EXAMINERS

November 9, 2010

The Board of Examiners met on November 9, 2010, in the Annex on the second floor of the Capitol Building, 101 N. Carson St., Carson City, Nevada, at 9:00 a.m. Present were:

### **Members:**

Governor Jim Gibbons  
Attorney General Catherine Cortez Masto  
Secretary of State Ross Miller  
Clerk Andrew K. Clinger

### **Others Present:**

Richard Bartholet, UNR  
Clark G. Leslie, Attorney General's Office  
Nancy Bowman, Attorney General's Office  
Gene Columbus, Nevada Corrections Association  
Ana Andrews, Department of Administration, Risk Management  
Maureen Martinez, Department of Administration, Risk Management  
Tracy Taylor, Department of Conservation and Natural Resources, Water Resources  
Kelvin Hukenbottom, Department of Conservation and Natural Resources, Water Resources  
Mechelle Merrill, Department of Employment, Training and Rehabilitation  
Jason Holm, Department of Health and Human Services, Welfare and Supportive Services  
Mike Worman, Department of Health and Human Services, Welfare and Supportive Services  
Hatice Gecol, REEEA  
Janice Prentice, Department of Health and Human Services, Health Care Financing and Policy  
Dorrie Kingsley, Department of Health and Human Services, Health Care Financing and Policy  
Lisa Young, Department of Public Safety, Records and Technology  
Connie Bisbee, Department of Public Safety, Parole Board  
Shawna DeRousse, Department of Health and Human Services, Directors Office  
Lynn O'Mara, Department of Health and Human Services, Directors Office  
Howard Skolnik, Department of Corrections  
James Wells, PEBP  
Kateri Cavin, PEBP  
Megan Sloan, PEBP  
Patrick Cates, Department of Wildlife  
Rich Haskins, Department of Wildlife  
Dave Gaskin, Department of Conservation and Natural Resources, Environmental Protection  
Carol Sala, Department of Health and Human Services, Aging and Disability Services  
Jeff Mohlenkamp, Department of Corrections  
Katie Armstrong, Attorney General's Office  
Jim Spencer, Attorney General's Office  
Kimberlee Tarter, Department of Administration, Purchasing  
Miles Celio, Office of the Military  
Greg Weyland, Department of Education

Laura Smolyansky, Department of Information Technology  
Carol Sweeney, Department of Information Technology  
Tamara Nash, Department of Employment Training and Rehabilitation  
Brenda Ford, Department of Employment Training and Rehabilitation  
Evan Dale, Department of Administration

**Press:**

Cy Ryan, Las Vegas Sun  
Sean Whaley, Nevada News Bureau  
Sandy Cherub, Associated Press  
Ed Vogel, Las Vegas Review Journal

**\*1. APPROVAL OF THE OCTOBER 12, 2010 BOARD OF EXAMINERS' MEETING MINUTES**

**Clerk's Recommendation: I recommend approval.**

**Motion By: Secretary of State                      Seconded By: Attorney General                      Vote: 3-0**

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**Comments:**

**Governor:** Good morning. The Board of Examiners meeting scheduled for today, November 9, 2010 at 10:00 a.m. will come to order. Mr. Clerk for the record note the presence of all Board members. We will begin with agenda item number 1 which is the approval of the October 12, 2010 Board of Examiners meeting minutes, Mr. Clerk.

**Clerk:** Governor I have no changes to the minutes.

**Governor:** Okay are there any questions or concerns in regards to the minutes?

**Secretary of State:** Move for approval.

**Attorney General:** Second the motion.

**Governor:** It has been moved by the Secretary of State for approval and seconded by the Attorney General. Are there any comments or questions with regard to the motion? Hearing none, all those in favor please signify by saying aye. Let the record reflect that agenda item number 1 passed unanimously.

**\*2. REQUEST FOR GENERAL FUND ALLOCATION FROM THE INTERIM FINANCE COMMITTEE (IFC) CONTINGENCY FUND**

Assembly Bill 146, section 45.5.1 made an appropriation to the Interim Finance Committee for the development of a state business portal.

**A. Secretary of State's Office - \$28,984.00**

The Secretary of State's Office requests the approval of an allocation of \$28,984 from the Interim Finance Committee Contingency Fund to develop and implement a State Business Portal to facilitate transactions between businesses and state agencies.

**Clerk's Recommendation: I recommend approval.**

**Motion By: Attorney General                      Seconded By: Secretary of State                      Vote: 3-0**

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**Comments:**

**Governor:** We move on to agenda item number 2 which is a request for general fund allocation from the Interim Finance Committee Contingency Fund from the Secretary of State's Office in the amount of \$28,984.00, Mr. Clerk.

**Clerk:** Thank you Governor. Item 2A involves money that was set aside in Assembly Bill 146 to develop a state business portal.

**Governor:** Any comments or questions with regard to the request?

**Attorney General:** Move for approval.

**Secretary of State:** Seconded.

**Governor:** Moved for approval by the Attorney General, seconded by the Secretary of State. Any comments or questions with regard to the motion? Hearing none, all those in favor signify by saying aye. Let the record reflect agenda item number 2 has passed unanimously.

**\*3. REQUEST FOR FURLOUGH EXCEPTIONS**

**A. Department of Corrections – Multiple Budget Accounts - \$625,714.00**

The Department of Corrections requests exceptions for the months of November 2010 through December 31, 2010, for multiple positions necessary for public safety at a cost of approximately \$625,714 (the balance in the furlough account is \$1,644,469).

**Clerk's Recommendation: I recommend approval.**

**Motion By: Secretary of State                      Seconded By: Attorney General                      Vote: 3-0**

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**Comments:**

**Governor:** We will move on to agenda item number 3 which is the request for furlough exceptions. 3A is for the Department of Corrections, multiple budget accounts, in the amount of \$625,714.00, Mr. Clerk.

**Clerk:** Thank you Governor. This is a request from the Department of Corrections to exempt Correctional Officers from the mandated furlough requirement. This exception is for the months of November and December. The estimated cost of the furlough exceptions for those two months is \$625,714.00. The balance in the fund that was appropriated by the Legislature for exceptions to the furloughs is 1.6 million.

**Governor:** Mr. Clerk one question. Is the balance of \$1,644,469.00 after the reduction of the \$625,714.00?

**Clerk:** No, I believe it is before but let me double check in the packet, yes it was before.

**Governor:** So the actual amount remaining would be a little over 1 million dollars.

**Clerk:** The amount remaining would be \$1,018,755.00.

**Governor:** Any other questions in regards to agenda item 3?

**Secretary of State:** Move for approval.

**Governor:** It has been moved for approval by the Secretary of State, is there a second?

**Attorney General:** Second the motion.

**Governor:** Seconded by the Attorney General. Are there any comments or questions in regard to the motion? Hearing none, all those in favor signify by saying aye. Let the record reflect that agenda item 3 has passed unanimously.

#### **\*4. STATE ADMINISTRATIVE MANUAL REVISIONS**

The State Administrative Manual (SAM) is being submitted to the Board of Examiners' for approval of addition to the following Chapters: **1300 section 1320 – Texting While Driving a State Vehicle**

**Clerk's Recommendation:** I recommend approval.

**Motion By: Secretary of State                      Seconded By: Attorney General                      Vote: 3-0**

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**Comments:**

**Governor:** We move on now to agenda item number 4 which is State Administrative Manual Revisions, Mr. Clerk.

**Clerk:** Thank you Governor. This is a request to add a new section to the State Administrative Manual. This section would prohibit texting while driving. Basically, it would prohibit the use of an electronic device to send any sort of messages, with the exception of public safety.

**Governor:** Any comments or questions with regard to agenda item number 4?

**Secretary of State:** Move for approval.

**Governor:** Moved by the Secretary of State for approval, is there a second?

**Attorney General:** I second the motion.

**Governor:** Seconded by the Attorney General. Are there any comments or questions with regard to the motion? Hearing none, those in favor signify by saying aye. Let the record reflect that agenda item number 4 passed unanimously.

#### **\*5. STATE VEHICLE PURCHASE**

**Pursuant to NRS 334.010,** no automobile may be purchased by any department, office, bureau, officer or employee of the State without prior written consent of the State Board of Examiners.

<b>AGENCY NAME</b>	<b># OF VEHICLES</b>	<b>NOT TO EXCEED:</b>
Department of Conservation and Natural	1	\$24,691.68

Resources – Division of Water Resources – Conservation Districts (Non-Executive Budgets 4211, 4110, and 4229)		
Department of Conservation and Natural Resources – Division of Environmental Protection – Bureau of Mining Regulations and Reclamation	1	\$26,505.20
Department of Conservation and Natural Resources – Division of Water Resources - Conservation Districts (Non-Executive Budgets 4252, 4253, 4248, 4231 and 4158)	1	\$22,138.00
<b>Total:</b>		<b>\$73,334.88</b>

**Clerk’s Recommendation: I recommend approval.**

**Motion By: Secretary of State                      Seconded By: Attorney General                      Vote: 3-0**

**Comments:**

**Governor:** We move on to agenda item number 5 which is state vehicle purchases, Mr. Clerk.

**Clerk:** Thank you Governor. There are three vehicles being requested for purchasing on the agenda. All three of these of these vehicles are for the Department of Conservation and Natural Resources. Two are for the Division of Water Resources and one of them is for the Division of Environmental Protection.

**Governor:** Are there any comments or questions with regard to agenda item number 5?

**Secretary of State:** Move for approval.

**Governor:** Moved by the Secretary of State for approval, is there a second?

**Attorney General:** I second the motion.

**Governor:** Seconded by the Attorney General. Are there any comments or questions with regard to the motion? Hearing none, those in favor signify by saying aye. Let the record reflect that agenda item number 5 has passed unanimously.

**\*6. TORT CLAIM**

Approval of tort claim pursuant to NRS 41.037

- A. Dougherty, et. al. – TC15524  
Amount of Claim – \$450,000.00**

**Discussion:** The following report of investigation and subsequent recommendation from Nancy Bowman, Claims Manager for the Attorney General, was approved by James Spencer, Chief of Staff. Ms. Bowman's report dated September 20, 2010 states:

Patrick Cavanaugh, Sr. was serving a death sentence at Ely State Prison when he died in custody. The primary cause of death, as listed on the death certificate, was diabetes mellitus; with hypertension and peripheral vascular disease listed as secondary causes. Mr. Cavanaugh was survived by 3 sons and the administrated for his estate, Elizabeth Dougherty. This recommendation covers the 4 claims of action in regards to Mr. Cavanaugh's death. The plaintiffs are represented by Cal Potter, Esq., Marc Picker, Esq., and Donald York Evans, Esq.

In December 2001, Mr. Cavanaugh was diagnosed with dementia that manifested itself in the form of paranoia, delusional thinking and violent behavior and was thereafter incompetent to make medical decisions regarding his care and treatment. He began refusing medical treatment including insulin and hypertension medications. Dr. Steven MacArthur requested and Warden E.K. McDaniel received a court order that would allow medical staff at Ely State Prison to force medicate Mr. Cavanaugh.

The medical records are devoid of any evidence that the required medications were administered to Mr. Cavanaugh under the authority of the court documents that were granted. His causes of death are attributed to the very causes that would have been addressed by the medications that were necessary but not provided.

**Clerk's Recommendation:** The report recommended that the claim be paid in the amount of \$450,000.00.

**Motion By: Secretary of State**                      **Seconded By: Attorney General**                      **Vote: 3-0**

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**Comments:**

**Governor:** We move on now to agenda item number 6 which is a tort claim, Mr. Clerk.

**Clerk:** Thank you Governor. It is a recommendation from the Attorney General's Office to pay this claim. This actually involves a inmate at Ely State Prison. According to the information we received, he died in custody, allegedly from the State not providing medication for this emergency diagnosis.

**Governor:** Any comments or questions with regard to agenda item number 6, or any further discussion?

**Secretary of State:** Move for approval.

**Governor:** Moved for approval by the Secretary of State, is there a second?

**Attorney General:** Second the motion.

**Governor:** Seconded by the Attorney General. Are there any comments or questions with regard to the motion? Hearing none, all those in favor signify by saying aye. Let the record reflect that agenda item number 6 has passed.

## **\*7. LEASES**

Seven statewide leases were submitted to the Board for review and approval.

**Clerk's Recommendation: I recommend approval.**

**Motion By: Secretary of State                      Seconded By: Attorney General                      Vote: 3-0**

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**Comments:**

**Governor:** We move on now to leases under agenda item number 7, Mr. Clerk.

**Clerk:** Thank you Governor. There are seven leases before the Board this morning, and I have no changes to any of these items.

**Governor:** Are there any questions regarding any of the seven leases? Hearing none, is there a motion for approval?

**Secretary of State:** So moved.

**Attorney General:** Second.

**Governor:** Moved for approval by the Secretary of State and seconded by the Attorney General. Are there any comments or questions with regard to the motion? Hearing none, those in favor signify by saying aye. Let the record reflect that item number 7, leases, were approved by the Board of Examiners.

## **\*8. CONTRACTS**

Fifty independent contracts were submitted to the Board for review and approval.

**Clerk's Recommendation: I recommend approval.**

**Motion By: Secretary of State                      Seconded By: Attorney General                      Vote: 3-0**

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**Comments:**

**Governor:** We will move to agenda item number 8 which is contracts, Mr. Clerk.

**Clerk:** Thank you Governor. There are fifty contracts before the Board and I do not have changes for any of the items presented.

**Governor:** Any comments or questions with regard to any of the contracts before the Board?

**Attorney General:** Governor, I have a couple of comments. I have asked that item number 48 be held separately and that the Division come up and talk a little bit about that contract. I have

also asked that contract items numbered 35 and 36 be held until the next Board of Examiners meeting so that I can have the opportunity to look into some issues that came to my attention late last night with respect to the statutory procedures that were followed.

**Governor:** Okay, we will defer contract numbers 35 and 36 until the next Board of Examiners meeting. Madam Attorney General, did you say that you wanted someone from PEBP to come forward and answer some concerns that you have in regards to contract number 48?

**Attorney General:** Yes Governor. If it is alright I would like them to come forward and talk a little bit about this contract and then with your approval Governor, I believe that there are some people here in the public that would like to comment regarding that particular agenda item and I would like to hear from them before we vote on it.

**Clerk:** Governor, would you like to move on the other contracts and then we can come back to item 48?

**Governor:** Yes, I think we should make a motion for the forty-seven contracts after removing contract numbers 35 and 36 and then we can come back to contract number 48. Is there a motion for the contracts, 1-34, 37-47, and 49-50?

**Secretary of State:** I will move for approval of the contracts just outlined by the Governor.

**Governor:** Moved for approval by the Secretary of State. Is there a second?

**Attorney General:** I second the motion.

**Governor:** Seconded by the Attorney General. Are there any comments or questions with regard to the motion? Hearing none, those in favor signify by saying aye. Let the record reflect that contracts 1-34, 37-47 and 49-50 have been approved. We move now to contract number 48 for further discussion. Would someone from the Public Employees Benefits Program like to come up and discuss this contract?

**James Wells:** Good morning Governor, members of the Board, for the record my name is James Wells I am the Executive Officer for the Public Employee Benefits Program. Contract number 48 is for Extend Health that will provide a Medicare Coordinator Service or an Individual Market Medicare Exchange. This contract came about as a result of the Board's decision to use the Medicare Exchange for this next year for us to save money that was required as a result of our budget target. As a result of plan reductions necessary to meet our budget target, PEBP had to think outside the box for solutions to minimize the impact to our participants. We looked at solutions being used elsewhere to see if we could adapt some best practices to our program. As part of that search, we identified the Individual Market Medicare Exchange or a Medicare Coordinator Service as a potential solution for our Medicare retiree population where it is possible this group of participants will be able to have the same or better benefits for a similar cost as they do today with a savings to the State of approximately \$16 million over the next biennium. The private sector started transitioning to this solution several years back. Most people have heard of the Governmental Accounting Standards Board (GASB) and the Other Post Employment Benefit (OPEB) Liability faced by states and other governments. Private sector entities are subject to Financial Accounting Standards Board (FASB) pronouncements and FASB

required private companies to put OPEB liabilities on their financial statements starting in the early 1990s. As a result, private sector companies looked for a solution like the Medicare Exchange as a way for them to provide benefits to their retirees and remove the liability from their books. Now, GASB is having the same impact on governments as governments look for ways to decrease the OPEB liability. We will be the 1<sup>st</sup> State to implement this solution for our retirees and among the first governmental entities in the nation. As such, we are working in a bit of a vacuum with few details or contracts from which to review and obtain details to include in a Request for Proposal or to use to vet responses from potential vendors. In this case, we are looking at a private sector solution that has the potential to be very successful in a public sector setting. While there are some commonalities between the State of Nevada and the private sector, this pilot project will allow us to close the knowledge gap between us and the private sector when it comes to selecting a vendor to provide these exchange services. It is our intent to do an RFP for these services towards the end of the contract. Health Care Reform includes the introduction of health care exchanges by 2014. This will likely have a significant impact to the landscape of this industry. Using our experiences from this contract and the results of the Health Care Reform, we will be in a better position in a few years to go through the important process of creating a good Request for Proposal for these services and soliciting and reviewing responses from qualified vendors.

**Governor:** Madam Attorney General, I believe you had a few questions for Mr. Wells?

**Attorney General:** Thank you Governor. Mr. Wells, I noticed that this was a professional contract, so it was sole source; can you just explain the process you went through and why you went through the sole source process?

**James Wells:** Absolutely. First of all, there were three other vendors that provided these services as well as when we looked at the providers that are out there and it was identified that there were three other vendors that provided these services. Extend Health. There were also a couple of exchanges offered through insurance companies who only offer products provided by that specific carrier. It was our goal to give our participants access to a broad variety of carrier and plan options.

The first two were relatively small and focused more on individual transition to the Medicare marketplace as opposed to transitioning entire group plans. One of the companies also outsources for benefit advisors who work with the retirees.

The third, Senior Advisors, is a subsidiary of AON Hewitt who provides actuarial and consulting services to PEBP creating a potential conflict of interest with this vendor. Senior Advisors was also more focused on the individual market until after their acquisition by Hewitt Associates and has worked primarily with transitioning private sector clients.

The selected vendor, Extend Health, has been providing group transition services for the longest period of time, has worked with the most public sector clients and has transitioned the largest number of retirees to exchange based coverage. They have successfully transitioned large unionized private sector clients such as Ford and Caterpillar. While Nevada will be the first state to use a Medicare Coordinator service, Extend Health has worked with several local governments, including the City of Waco, Texas and Mendocino County, California.

Due to National Health Care Reform, the Medicare Exchange marketplace could change significantly over the next several years and the landscape of qualified vendors is likely to increase between now and 2014.

The RFP process would have delayed the award of a contract for these services until sometime around February 2011 at the earliest. That delay would have jeopardized our ability to implement this program effectively due to the Medicare Special Enrollment Period that starts 90 days before the effective transition date or April 1<sup>st</sup>. The delay also would not have allowed sufficient time to share eligibility data between PEBP and Extend Health, to provide a comprehensive communications campaign to the retirees or to allow Extend Health to add and train the staff necessary to insure a smooth transition.

Lastly, Extend Health offered to waive any implementation fees and fees for Health Reimbursement Arrangement (HRA) Accounts the first 6 months of the contract. The only cost of this contract is \$3.50 per primary participant per month for the administration of the HRA based on our projected enrollment. The \$3.50 fee is equivalent to the fee now paid by participants who utilize the Flexible Spending Accounts.

**Attorney General:** Just a couple more questions Mr. Wells. I understand that this is a pilot project and if it doesn't work out and we terminate the contract early or we don't enter into an extension of the contract, what would the fall back plan then be for the participants?

**James Wells:** Assuming that we would get to the point where this contract was to be terminated or we get to the end and determine that this was not the best solution for our entire Medicare retiree population then we would allow them to return to the existing plans available for our other participants. There would be a cost of about \$16 million per biennium associated with that and we would have to find the funding to do it by reducing benefits or increasing premiums for our participants.

**Attorney General:** Okay, and what, in general, are the positive and negative impacts on the participants?

**James Wells:** The positives are easy. Medicare retirees will have the possibility of getting benefits similar to what they have now at a similar cost. They will be the only group of participants where this will be possible. The Medicare retirees will be able to choose plans that best meet their needs based on their geographic location, their drug utilization, their health status and any existing conditions they may have. They will also be able to pick different plans for a husband and a wife if their medical needs are different. The negative impacts revolve primarily around change. There will be changes in the manner Medicare retirees pay their premiums from a pension check deduction to a reimbursement method, changes in their prescription drug program from what they have now to a Part D drug program as well as changes in who actually provides insurance coverage to the Medicare retirees. We believe these changes could end up benefiting the Medicare retirees once they get used to them.

**Attorney General:** Thank you Mr. Wells. Those are all of the questions that I had Governor.

**Governor:** Thank you. Mr. Miller did you have any questions?

**Secretary of State:** I do. I would like to thank Mr. Wells for coming into my office and discussing this contract with me. I still have some significant concerns about the requirement process and the solicitation waiver. One of my questions is whether or not the members of the PEBP Board had, at one point, expressed significant reservations about the solicitation waiver, in any way, have their concerns resolved? I tried to reach out to three members of the Board that had expressed their reservations. I called all three of them late yesterday and I received a return call from Jackie Ewing Taylor, who said that despite the comments that she had made at the September Board meeting, she was quite comfortable at this point with the solicitation waiver. She was very comfortable in going forward with this vendor, Extended Health, and thought that is was the right policy approach. I have not yet heard back from George Campbell or Randy Kirner. I also would just like to point out on page 25 on the transcript from the September meeting; Kirner expresses his concerns on the lack of an RFP. On page 26, Campbell expresses reservations saying he was very, very concerned about not having an RFP on Exchanges, as they are a brand new thing. They are perceived by many people as being very risky, very profit apparel, so much so that we cannot afford to not have an RFP. He concludes that he cannot in any way support a waiver of the RFP with the Exchanges. Was there any subsequent discussions about it at Board that could resolve some of those comments?

**James Wells:** Again, James Wells. There was a request to have Extend Health come back to the October PEBP Board meeting. At that meeting, Extend Health presented information to the Board relating to the implementation and communications plans and customer service experience of the Medicare retiree. The presentation also included information on the number of plans and the cost of plans which would be available to PEBP Medicare retirees. A couple of Board members and several employees have asked when they will get to have a plan like this because of the choice in plans it offers. I have also had several retirees tell me at the meetings we conducted how much they like the new plans we will be offering.

**Secretary of State:** Did you also try to reach out to a member of the Legislative staff or any of the members of the leadership?

**James Wells:** That is our next step.

**Secretary of State:** If this contract is approved can you explain the steps that you will be taking in the next couple of months?

**James Wells:** So the three public meetings that we had we sent out fliers so that we could get as many people as we could to attend the public meetings. We have a meeting scheduled for next week so physically sit down and determine when and where the meetings will be held. Those meetings will occur where ever we have pockets for retirees. Hopefully those meetings will be smaller so that retirees can get some one on one time. The early part of 2011 they will get an information package from the vendor that will walk them through the process that will occur and as we get closer to that April 1<sup>st</sup> timeframe they will receive another packet with information regarding the enrollment process. So those are some of the outreach projects that we have already preplanned with the vendor.

**Secretary of State:** You already have all of those preparations in place? I don't know what the will of the Board is but I would feel more comfortable if we were to delay this just one month so

that you would have the opportunity to have some discussions with the leadership and it will give me the opportunity to have more discussions with the PEBP Board and get assurance from them that the preservation that they expressed in September are no longer there and they are comfortable moving forward on this. If we delayed the decision on this contract would that in anyway mess up the outreach plan?

**James Wells:** Not knowing exactly when the next Board of Examiners' meeting is, it would basically push everything back. This vendor has been very good in working with us, I feel that we cannot ask them to do anymore work until the contract is in place. So we would be basically putting everything on hold for a month. That would certainly have an impact on the outreach that we have planned.

**Governor:** Are there any other questions from any of the members on this issue? Hearing none is there a motion for approval for the contract #48?

**Attorney General:** Governor, if it is alright would you be amenable to allow a public comment on this particular issue? I heard that there were members of the public that were interested in speaking and I would like to hear from them as well.

**Governor:** Alright we will undertake public comment on this contract at this time. We will limit the public comment to two minutes per speaker.

**Secretary of State:** We do have two members of the public wishing to make a comment and since I am at the meeting I wouldn't mind handling the timing of the speaker.

**Marty Bib:** We recognize that this proposal that is a dramatic partier in what has been done as far as the health plan for Medicare retirees at least from the time in 1983 when the self funded plans were created. Then we see that there may be some benefits for certain Medicare retirees but we do have some particular questions. We understand that this is a pilot program and I was pleased to hear the Executive Officer partially address the question of whether or not Medicare retirees would have an option to re-enter the program should this pilot not prove successful down the road. If we understand it from looking at the packet it is a four year contract with an additional 240 days which makes it close to a five year contract that is something that were concerned that it will not work as well as it is has been proposed to work. This is the first time this approach has been tested at the state level. Additionally we appreciate that there has been a lot of education meetings posted for this program and three that have been held already for Medicare retirees. With that in mind some of the concerns that we have with the program is not only the available coverage in the rural areas, but also the number of providers in those areas that can provide the service through the program. We don't know everything about the exchange but we certainly understand that it is going to be a vast different approach. We have members asking for additional information about this program and I think that would be particularly important in terms of Medicare retirees. I attended two of the three meetings, Thank you very much for your time and if you have questions we can answer them.

**Peggy Bowen:** I am an individual who is retired but will not be a recipient of Social Security at this point. Governor, my concern about this program is one of the expediency in which it has been brought forward. The tremendous number of questions that were brought to the three public hearings that were questioning this contract that were not answered. Questions such as

why didn't you take it to an RFP asked by the public not only from government entities. It was brought to our attention that there were none profits that provided this service that we needed to save sixteen million dollars over the biennium and this was part of the savings. What we have here Governor is a program that keeps giving the answer to the questions "we'll find out" or "we will do". The question was asked of them would Senior Care Plus a provider for Northern Nevada be part of this Extend Health program and they said "not at this time" "we will look into it" "we are working on it". The questions that are taking place here I know you can't do insurance State to State Governor, but I am not seeing or maybe I am just uninformed, but county to county if you have a program such as Extend Health and you have differential benefits based on what town you live in if a person wants to go to Las Vegas to see a particular doctor that is covered under a certain healthcare plan that is not available in other counties, and when they gave the information to us about how their coverage would cover; they covered Las Vegas, Reno and Carson City and then they did a listing for the rural's so to speak but not specifically because many of these companies that don't have doctors on their panel. The bottom line is the Extend Health Company hasn't gotten Extended Care Plus to agree to amount of money that they will pay them to be a member of their panel or a portion of their benefits. I am working with words that I don't understand in terms of our company is being kept from serving the retirees on Medicare in the State of Nevada simply because they won't give the amount of money to Extended Care Plus. The big question asked during the meeting was "What are we getting for the biggest bang for our buck"? How much is Extended Care Plus going to benefit from serving the retirees that PEBP now serves in the State of Nevada? They didn't know the answer to that question either. I thank you very much for your time and your consideration and I would really appreciate it if you could give another months time. Thank you.

**Governor:** Is there anyone else that would like to come forward and speak on this issue? What is the will of the committee on contract number 48? Is there a motion for approval?

**Attorney General:** Governor, if I may I have one follow-up question for Mr. Wells. I do have concerns about the impact to the retirees in the rural counties knowing that we already have limited professional's out there and potentially limited coverage. If you don't mind Mr. Wells could you please address that concern?

**James Wells:** The comments regarding rural Nevada there are more plans available in the rural Nevada than we currently offer. If you choose to go to a Medicare supple mentor any provider that accepts Medicare will work.

**Attorney General:** So if we were to hold off for a month and just ask that this be put on next month agenda, it sounds like it would have an impact on your ability to communicate and be prepared for the transfer come the end of the fiscal year is that correct?

**James Wells:** The biggest impact with putting this off for a month is that we cannot share data with this vendor and we have private names and social security numbers and information that we need to transmit to the vendor. The communications campaigns were to start next week and that would have to be pushed into the later part of the month which will push other meetings out.

**Attorney General:** So the information that you are hearing from the retirees with their concerns is it just a matter that they don't have enough communication about what the potential of the new plan is or is there some legitimate concerns that they have that the new plan will not address?

**James Wells:** I think that most of it is a communications issue, the details of what plan selection that they will get for the coverage for the different counties I think those are the questions that we got at the meetings. The other types of questions that were asked were regarding the types of plans and the networks.

**Attorney General:** Thank you Mr. Wells I have no further questions.

**Governor:** Thank you, Madam Attorney General, and thank you Mr. Wells. Is the will of the committee to vote on this today or to postpone it until the next Board of Examiners' meeting?

**Attorney General:** Governor, I am willing to postpone it to the next meeting if we think that is going to assist in getting information out to the retirees so that they have a better understanding of the program. However I will say that I am prepared to support this contract today or next month either way. So I am not sure if the secretary would like more time to research. I am more than willing to put this off for a month and vote at that time.

**Secretary of State:** If my preference was carried today I would vote that we would put it off for a month. I know that has an impact on the plans with the vendor but in my mind there is still unresolved questions and I would like to make sure with the PEBP board that their reservations for the contract are now comfortable with moving forward. I would also like to hear the results of the meeting with the Legislative leadership and make sure that they are comfortable with this as well. I think that it is very likely that I will vote in favor of this next month I just think that the risks with moving forward and not having all of the questions answered I would feel much more comfortable waiting a month until we get those answers.

**Governor:** I am in concurrence with the Attorney General, is there a motion one way or the other to delay or approve this contract?

**Secretary of State:** I will move to delay the contract one month and I would ask that there is outreach to the Legislative leadership and get better assurance from the two members of the board that they no longer have reservation on this contract.

**Governor:** I think a simpler motion to postpone the contract until the next meeting.

**Secretary of State:** That is fine Governor; I was just trying to provide clarification on the matters to which I would like to get answers too.

**Attorney General:** I will second the motion.

**Governor:** All those in favor signify by saying aye.

## **\*9. MASTER SERVICE AGREEMENTS**

One master service agreement was submitted to the Board for review and approval.

**Clerk's Recommendation: I recommend approval.**

**Comments:**

**Governor:** We will move on to agenda item nine which are the master service agreements.

**Clerk:** Thank you Governor, I have no changes to this item.

**Governor:** Are there any comments or questions with regards to agenda item nine?

**Secretary of State:** Move for approval.

**Attorney General:** I'll second the motion.

**Governor:** It has been moved and seconded, are there any comments or questions with regards to the motion? Hearing none all those in favor signify by saying aye. Let the record reflect agenda item nine was approved.

**10. INFORMATION ITEM**

**A. Status of Contracts Pending Nevada State Business Licenses' as of September 9, 2010 Board of Examiners' meeting**

BOE MTG DATE	DEPT #	STATE AGENCY	CONTRACTOR	FUNDING SOURCE	AMOUNT	*STATUS
9/9/10	406	DEPARTMENT OF HEALTH AND HUMAN SERVICES - HEALTH - WIC FOOD SUPPLEMENT	OPEN DOMAIN, INC.	FEDERAL	\$242,825	<b>Compliant</b>
	<b>Contract Description:</b>	This is an amendment to the original contract, which provides technological support to the Women, Infants and Children (WIC) Program. This amendment increases the maximum amount of the contract from \$677,975 to \$920,800 due to additional programming hours and an enhanced server system.				
		Term of Contract:	10/01/2007 - 09/30/2011	Consultant: NO	Contract # CONV4811	
9/9/10	704	DEPARTMENT OF CONSERVATION & NATURAL RESOURCES - PARKS - MAINTENANCE OF STATE PARKS-Non-Exec	4-D PLUMBING & BUILDERS' SUPPLY, INC.	OTHER: UTILITY SURCHARGE	\$74,700	<b>Compliant</b>
	<b>Contract Description:</b>	This is a new contract to provide on-call services for emergency well problems at state parks in the southern region of Nevada.				
		Term of Contract:	Upon Approval - 06/30/2013	Consultant: NO	Contract # 11489	

**\*Status must be – Compliant, Withdrawn, or Unresolved**

**Comments:**

**Governor:** We move now to agenda item ten which are informational items only. 10A is the status of contract pending Nevada State Business Licenses' as of September 9, 2010 Board of Examiners' meeting, Mr. Clerk.

**Clerk:** Thank you Governor, according to the information that we have we believe these contracts are now compliant.

**B. Department of Conservation and Natural Resources – Division of State Lands**

Pursuant to NRS Chapters 111, Statutes of the Nevada, 1989 at page 263, the Division of State Lands is required to provide the Board of Examiners quarterly reports regarding lands or interests in lands transferred, sold, exchanged or leased under the Tahoe Basin Act program. Also, pursuant to Chapter 355, Statutes of Nevada, 1993, at page 1153 the agency is to report quarterly on the status of real property or interests in real property transferred under the Lake Tahoe Mitigation Program. This submittal reports on program activities for the fiscal quarter ending September 30, 2010 (reference NRS 321.5954).

**Comments:**

**Governor:** Agenda item 10B is for the Department of Conservation and Natural Resources, Division of State Lands.

**Clerk:** Thank you Governor, item 10B is a report on the Tahoe Basin Act and the Mitigation Program. And I have no additional information on that item.

**Governor:** Are there any comments or questions with regards to item 10B? Hearing none lets move on.

**C. 1<sup>st</sup> Quarter Overtime Reports**

**Comments:**

**Governor:** Agenda item 10C is the 1<sup>st</sup> quarter overtime reports.

**Clerk:** Thank you Governor, The overtime reports are in each of the members packets and I will point out for the members that for the first time in the first quarter for fiscal year 2011 an increase of 1.3 million compared to last fiscal year overtime is down 2.4 million dollars.

**Governor:** ok, are there any comments or questions?

**11. BOARD MEMBERS' COMMENTS/PUBLIC COMMENT**

**Governor:** Hearing none we move on to agenda item eleven. Would any member of the board wish to make a comment at this time? Hearing none we will move to public comment, is there a member of the public wishing to make a comment before the Board at this time?

**Clerk:** Governor, we do have one member of the public wishing to make a comment.

**Peggy Bowen:** I would just like to Thank you and the Board for watching out for the people of Nevada.

Governor: Anyone else wishing to comment before the board? Hearing none we will move to agenda item twelve.

**\*12. ADJOURNMENT**

**Motion By: Secretary of State                      Seconded By: Attorney General                      Vote: 3-0**

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**Comments:**

**Governor:** Is there a motion to adjourn?

**Secretary of State:** So moved.

**Attorney General:** Second.

**Governor:** It has been moved and second. All those in favor signify by saying aye, we are adjourned, Thank you.

**Respectfully submitted,**

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ANDREW K. CLINGER, CLERK

**APPROVED:**

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GOVERNOR JIM GIBBONS, CHAIRMAN

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ATTORNEY GENERAL CATHERINE CORTEZ MASTO

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SECRETARY OF STATE ROSS MILLER