

MINUTES

MEETING OF THE BOARD OF EXAMINERS

April 14, 2015

The Board of Examiners met on April 14, 2015, in the Guinn Room on the second floor of the Capitol Building, 101 N. Carson St., Carson City, Nevada, at 10:00 a.m. Present were:

Members:

Governor Brian Sandoval
Attorney General Adam Paul Laxalt
Secretary of State Barbara K. Cegavske
Ann Wilkinson, Clerk

Others Present:

Peggy Lerbowen (sp?), Member of the Public
Leo Drozdoff, Department of Conservation and Natural Resources
Katteri Carraher, Public Employees Benefits Program
Dawn Lietz, Motor Carrier Division
Keith Wells, Department of Administration, Fleet Services Division
Greg Smith, Department of Administration, Purchasing Division
Bruce Gilbert, Silver State Health Exchange
Damon Haycock, Silver State Health Exchange
Steve Fisher, Division of Welfare and Supportive Services
Naomi Lewis, Division of Welfare and Supportive Services
Dr. Tracey Green, Division of Public and Behavioral Health
Chelsea Szklany, Division of Public and Behavioral Health
Mike Adams, Solutions Recovery
Donna Lopez, Public Employees Benefits Program
Celeste Tina Glover (sp?), Public Employees Benefits Program
Mindy Martini, Department of Education
Lisa Young, Department of Education
Marco Erickson, Department of Education
Katie Armstrong, Counsel
Jim Wells, Department of Administration

1. PUBLIC COMMENTS

Comments:

Governor: Good morning, everybody. I will call the Board of Examiners Meeting to order. Can you hear us loud and clear in Las Vegas? It's good? That's good. All right. Agenda Item No. 1, Public Comment. Is there any member of the public here in Carson City that would like to provide public comment to the Board? If you would identify yourself for the record, please.

Peggy Lerbowen (sp?): My name and my words for the record, Peggy Lerbowen. And my public comment concerns the concept of waiver and the concept of approving people in positions that might put the state in a bad light if it were thought that a person had been put in a position and maybe it wasn't agendized with the name on the Agenda as such, and that a problem may have been incurred such as Washoe County School Board incurred in naming their interim director. Not saying anything about any individual, but saying about the process.

The other concern pertains to waiver. The State of Nevada has programs in place regarding its employees' insurance, retired and active employees and spouses and the program, where under another administration a program was brought forth and asked for waiver for A and B Medicare folk for state employees and retirees, in that process of creating the new program with a high deductible. And, in fact, what was taken place was all employees, active, state, non-state, retirees and everyone, the entire program and the high deductible program came into place. And the only waiver that was sought from this Board was one pertaining to the A and B Medicare recipients so that they could be put on an insurance exchange that was handled in the State of Utah. And the question was always asked where these programs will finally go out to bid. And, in fact, an extension was granted in recent meetings so these programs, if the extension goes through as planned, will not have ever gone out to bid in the nine years of their existence. And I think it's a loophole that should concern you as the Attorney General, the Governor and the Secretary of State.

When the first A and B program was granted the waiver, they were told as far as the rest of the people were concerned, it was either part of the package or that it wasn't time for them go out to bid yet. It will mean nine years that a massive program for the State of Nevada has not had a competitive bid and has resulted in us having a company that is our hospital of record and our insurance company all owned under the same umbrella of Hometown Health. And people are not being served well by not having the competition so that your doctor's no longer notified in Northern Nevada if you go to Renown Hospital, because the hospital covers you. You're a prisoner in the system and you have to beg for your life and say it's an unsafe discharge to be served.

And I am concerned that the waiver process has been diminished by the idea of extensions, by the idea of saying that, oh, yes, it was part of the package so you draw everybody else in, or, oh, yes, it's not time for them to go bid yet. And I don't want you to have to make decisions on less than a positive way and in a full environment of knowledge. Thank you very much.

Governor: Thank you. Is there any other public comment? Any public comment from Las Vegas? No comment from Las Vegas.

***2. FOR POSSIBLE ACTION – APPROVAL OF THE MARCH 10, 2015 BOARD OF EXAMINERS’ MEETING MINUTES**

Clerk’s Recommendation: I recommend approval.

Motion By: _____ **Seconded By:** _____ **Vote:** _____

Comments:

Governor: We’ll move to Agenda Item No. 2, which is the approval of the March 10, 2015 Board of Examiner Meeting Minutes. Have the members had an opportunity to review the minutes, and are there any changes?

Secretary of State: No, move for approval.

Governor: Secretary of State has moved for approval. Is there a second?

Attorney General: I second.

Governor: Attorney General has seconded the motion. Any questions or discussion? All in favor say aye.

Secretary of State: Aye.

Governor: Aye.

Attorney General: Aye.

Governor: Motion passes 3-0.

***3. FOR POSSIBLE ACTION – APPROVAL OF A CRITICAL LABOR SHORTAGE**

Pursuant to NRS 286.523, it is the policy of this State to ensure that the reemployment of a retired public employee pursuant to this section is limited to positions of extreme need. An employer who desires to employ such a retired public employee to fill a position for which there is a critical labor shortage must make the determination of reemployment based upon the appropriate and necessary delivery of services to the public.

A. Public Employees Benefits Program (PEBP)

The PEBP requests the reemployment of a retired public employee as the Interim Executive Officer. The Interim Executive Officer serves while the PEBP Board conducts the search for a permanent replacement.

Clerk's Recommendation: I recommend approval.

Motion By:

Seconded By:

Vote:

Comments:

Governor: We'll move to Agenda Item No. 3, Approval of a Critical Labor Shortage. Good morning, Ms. Wilkinson.

Clerk: Thank you, Governor. Thank you, Attorney General and Secretary of State. I'm here serving today as the Deputy Director in Mr. Wells absence over at the legislature. Item 3 is a request by the Public Employee Benefits Board to obtain critical labor shortage status for an interim executive director. Mr. Leo Drozdoff who serves as the Chair of that Board is here this morning to present the item and answer any questions that you may have.

Governor: Now, there's -- Ms. (inaudible) raises a valid question. Why isn't the person identified?

Clerk: This is just an item for critical labor shortage status. The person who was actually hired was hired by the PEB Board and was agendized at their meeting. So Mr. Drozdoff could probably answer any of those specific questions.

Governor: Good morning.

Leo Drozdoff: Good morning, Governor Sandoval, Attorney General Laxalt, Secretary of State Cegavske. It's nice to see you.

Governor: If you'd identify yourself for the record, please.

Leo Drozdoff: Yeah, my name is Leo Drozdoff. I'm the Director of the Department of Conservation and Natural Resources in this capacity. I'm also the Chair of the Public Employees Benefits Program. And with me is Katteri Carraher who is the acting interim director for the Public Employees Benefits Program. We're here to present the item about a critical labor shortage. And I guess I'd just simply start by saying the Board did follow all appropriate procedures in terms of alerting the public and the like on this choice. The Board made it clear that it did not want to have somebody acting in an interim capacity that would then serve as the director. We felt that would give anybody a leg up.

Consequently, what we confront is a situation where we're essentially hiring somebody for a three to six month period. It's a very small pool of folks. I don't think anybody is going to take an interim three to six month job. The program is responsible for 40,000 lives. It's a very critical time right now because we're in-session, and we're also setting rates. So we certainly felt that having an acting or an interim director was necessary. And then when you take a look at who the potential pool of applicants are, there really is not many folks, other than Ms. Carraher, to essentially draw from, because, as I said, you're not going to hire somebody to take a three to six month job who has no chance of competing for the current job.

Governor: And, Leo, why don't you go a little bit -- because the logical question is, isn't there somebody there that can step in and who's working at PEBs right now who could step in and do the work?

Leo Drozdoff: The answer is yes, but that person would want to compete for the actual job. And beyond that, I would say no.

Governor: So there's one you're saying that...

Leo Drozdoff: Yeah, well, there's one or two, and I think one or two of them may also choose to apply for the interim job. And that sort of makes the point, right? We don't want to put one in and perhaps create an unfair advantage.

Governor: And that was the policy decision that was made by the PEB's Board was...

Leo Drozdoff: Mm-hmm.

Governor: ...that very reason is that if you were to put somebody in interim that was currently employed at PEBs and was interested in taking on that position, that that would create an unfair advantage for that individual to move into the permanent position.

Leo Drozdoff: That's correct.

Governor: And would that also discourage perhaps folks from out-of-state applying for the position as well?

Leo Drozdoff: I think it would, and I think it would also impact folks in-state that would look at it and say, well, hmm, I would -- maybe I'm interested, but, you know, why should I subject myself to this process? Most of the folks probably have current jobs right now, and this would be a public process. So I think it might discourage not only out-of-state folks, but in-state folks.

Governor: Okay. And if you'd proceed, please.

Leo Drozdoff: And the only -- I was just about finished. I believe that we are -- well, the process is moving along. The applications, we worked with Purchasing. The applications are on the contract. We worked with Personnel rather. The applications are coming in as we speak.

Governor: So you've already put out a notice of...

Leo Drozdoff: Right.

Governor: ...opening. Yeah.

Leo Drozdoff: Yep. And we are going to move as expeditiously as possible. But, again, it was the Board's position, as articulated again, that we did not want to have somebody with an unfair advantage. We felt it was critically important to have somebody in place. Ms. Carraher in particular has served multiple functions within PEB. She is a current retiree. But she has acted as an interim director in the past. She's acted as their Attorney General. She's acted as their Business Manager. So she is uniquely qualified for a position that is of critical importance.

Governor: And I don't think there's any question with regard to qualifications. Let me back up. Of the applications that you have received, are any of them from current employees?

Leo Drozdoff: I have not seen any from current employees, but I've been of -- but I've been advised that there will be.

Governor: Well, let's get to the nub of this, because I think the issue is going to be collection of retirement and of salary.

Leo Drozdoff: Sure. So let me -- I mean, let me just say this. I understand why there was a law passed several years back, and it was passed because there were some -- frankly there were some misdeeds done through sort of hiring former employees, and sort of sweetheart situation. So I understand what the problem was and what the fix was. And I think it was well intention. But if you really think about it, I think it's sort of a little bit misguided or overkill, because if I had an applicant who was a retiree from California or 48 of the other states and they applied for this job, I wouldn't be here. They can apply fine. If I had a federal employee that wanted to apply for this job, I wouldn't be here, and they would be double dipping as well.

And so, you know, like I said, I understand why the law was passed. It dealt with a problem issue. But at the end of the day, you know, even that law did provide for, you know, in unique circumstances, the ability to hire somebody in-state, in this state, which I think is needed. If we were to hire somebody cold from outside the state who had no familiarity with the program, by the time three months past, they would maybe start to get up to speed.

And so, you know, like I said, the Board felt and I feel that it was the right thing to do for our participants. Like I said, it's 40,000 people. And we have somebody who's uniquely qualified and can get the job done while we select our next executive director.

Governor: No, and I feel a little responsible for this because I stole Mr. Wells away to be the Budget Director.

Leo Drozdoff: I was avoiding that.

Governor: Yeah. But have there been any hiccups since Ms. Carraher, is that how you say it?

Katteri Carraher: That's correct.

Governor: I'm still (inaudible) with -- since she's come on?

Leo Drozdoff: No, there haven't, but I think that's because she's come on. Because there are some unique and timely issues. You know, later on on this Agenda we'll be talking about other contracts and the like, and we've had to make presentations over at the legislature, both budget hearing and policy hearings, and as well as an Interim Finance Committee meeting. And Ms. Carraher essentially was able to jump right on it and deal with an issue that I'm not convinced anybody else would've been able to.

Governor: And, you know, I guess, globally this isn't a unique situation. There are many retired state employees that are working over at the legislature as we speak, and they collect both the retirement and whatever salary they're earning over there, correct?

Leo Drozdoff: That's correct. And, as I said, there are also examples of retired state employees from other states and federal agencies that are collecting salaries as well.

Governor: Well, let me ask this, and, Ms. Carraher, I don't mean to put you in a awkward position. Would this position not be desirable to you if you were only to collect temporarily the salary that's paid as part -- as being the interim director?

Katteri Carraher: Thank you, Governor. I'm Katteri Carraher. And Madam Secretary, Mr. Attorney General. Certainly it's more desirable to have -- to be able to do both. I would have to think about whether or not I would be able to continue on if this isn't granted. I'm not sure that it is a deal breaker, but it's certainly more advantageous to have both. This will be a short time. We have applicants coming in, and they appear to be qualified, the ones that we -- the applications that we have seen. We need to get through the legislature as we all do. PEB's open enrollment begins in May. I anticipate that this position -- I would only need to keep this position through the end of June, maybe another month after that, but probably not. So it really is a very short-term commitment.

Governor: Well, and I'm -- in your defense, you're retired. You don't have to do this.

Katteri Carraher: That's true.

Governor: Your life is probably just great.

Katteri Carraher: I highly recommend...

Leo Drozdoff: It's probably better.

Katteri Carraher: I highly recommend retirement, Governor.

Governor: And so you're not looking to get, you know, unjustly enriched, and you're doing this, in my mind, as a favor to the State of Nevada, to step in, and when, you know, a very valuable employee moved over, you were willing to step out of your retirement, which I said sounds pretty nice, and go to work for a short amount of time until that point that somebody can

step in. And there should be a value to that. And so that's what I'm thinking. And, you know, it's hard because, you're right, Leo, in the past I think there were situations where somebody would come on, but let's get to the reality of the situation. There's a very large group over at the legislature who's doing just that, that doesn't have to come in front of a committee like this, and doesn't have to get this approval. So at the end of the day, for me, you know, if you -- as I said, you have stepped out of a comfortable situation to take on a very complicated one at a very difficult time to get the state through this so that we don't bring in somebody cold who doesn't really have an idea of what's going on, and so that we can get a qualified candidate that can do the job moving forward. So, yeah, I guess enough of my speechifying, but other questions from Board members? Ms. Secretary of State.

Secretary of State: Thank you, Governor. And thank you so much for being here. I've looked at this, and somebody who has been in the legislature and was there for this discussion in 2007, we did put the clause in there that said, you know, for emergency situations. I understand that. But it's the precedence that we would be setting that has me concerned. I think when Senator Smith, now Senator Smith, put this in, there was a lot of discussion. We had a lot of debate. And I can't speak for the people that are over there at LCB that are working and getting both incomes, but I do know what our intent was. And our intent was not to have this happen. And we did it for reasons. And I guess I'm having a hard time with understanding why we're doing the additional step, why we need to bring somebody in when we should be, you know, looking at the application process, having somebody come in normally, if there's somebody in staff that you could put in that position that's already currently there. And then you look at the applicants and do hiring.

Now, I understand we're government and we're very slow at that process, and it is concerning to me that we are taking that additional step and going through this. Now, I do not diminish any of your qualifications. I think you are above highly -- you know, qualified for everything that you're doing, and we do appreciate your willingness to come forward, but I do have to say at this time that I would have to not support us doing that, because I think we are setting a precedence. And I think that we need to be very cautious at that.

Katteri Carraher: Can I respond?

Leo Drozdoff: Sure.

Katteri Carraher: Is it proper for me to respond to you, Madam Secretary?

Secretary of State: Oh, sure, absolutely.

Katteri Carraher: This is a small agency. We have 32 full-time employees. The two people who might be able to step into the position, one is a financial person. We're in the middle of budgets. We're in the middle of setting rates. And while I think she could do an adequate job, then her position would be left unfilled, and she has a very small section in her office. So there really isn't anybody who could do her job if she did this job. There's another person who could do this job as well, step in from the office, but he runs the operations of the office, and we're

about to go into open enrollment. There will be an increase in phone calls. There will be an increase in mail, in mailers that go out. The point I'm making is these two individuals would be qualified, but then their positions are open at a very critical time for the agency, because of session and because of open enrollment.

Secretary of State: And I really do appreciate that, and I guess what I'd be looking for then is if you would be willing to do this for the one salary at this time. And, again, it's setting a precedence that I think we don't want to go there. And I understand what the Governor is saying about LCB. I think that I'll have to tell Senator Smith that she's going to have to clean up her house after her bill, but that is another issue.

Governor: I guess I'll sign this because I -- say this, I sign the bill. And the intent was not to ever hire somebody who's retired. The intent was to be very careful in terms of the positions that we fill. And actually we have done this already as a Board of Examiners since I've been on this Board to fill some temporary positions because of an urgent situation. And, again, respectfully I think this situation falls into that particularly with Ms. Carraher explaining those two positions would be left open. And frankly I don't want to create a situation where there could be jeopardy toward those that are enrolled are beneficiaries because one of those other two people would be taking on those positions. But any event, Leo?

Leo Drozdoff: Yeah, thank you, Governor. Leo Drozdoff for the record. And I guess I was just going to perhaps echo that, that I feel that the precedent actually has been set because this has been done previously. And I do think it's a very narrow window for sure. But I really feel that this does qualify. And the other point, in addition to taking away from those folks, is it then ensures that neither of those folks can apply for the job. And so, like I said, I understand where you're coming from. We didn't take this position and thought lightly. But I guess the feeling is, for all the reasons that both the Governor and Ms. Carraher have stated, as well as my own, which is that there is this -- there is this exemption and the precedent has been touched upon in the past. And I felt like we had made a reasonable or a good argument on why all of the unique factors add up that I don't think you're going to be adding to the precedent.

Governor: Okay. Mr. Attorney General?

Attorney General: Thanks. May I just ask a little bit about the mechanics? So are you being paid now? What status are you in?

Katteri Carraher: Katteri Carraher. I had to suspend my retiree benefits pursuant to the outcome of whatever this Board does. So I'm currently being paid as a state employee with suspended retirement benefits.

Attorney General: And assuming this is all public information, are you at a loss now being paid by the state versus your retirement?

Katteri Carraher: No. I receive -- this is Katteri Carraher again. I receive more in this position than I receive in retirement.

Attorney General: Okay. Well, it would be my preference as well that you'd be willing to hopefully work under a salary for the next few months, and it sounds like we absolutely need you. And I hope you'll consider doing that, especially in light that you're not working at a loss in your presumably fixed income. But I am concerned as well about the precedent. And I know that there is a emergency escape hatch for probably situations like this. But I would also request that you'd be willing to just work on the main salary and flip back in a few months when they find a replacement.

Governor: Do you need some time to think about that?

Katteri Carraher: That would probably -- that would probably be a good idea, Governor.

Attorney General: Governor, sorry, do we have any interim capacity to make a decision short of the next meeting before -- if we are faced with an all or nothing option from her?

Governor: No. I mean, that's -- we're down to it. And I want Ms. Carraher to think about it. And it may be, you know, if she decides not to do it, I respect that. And so, you know, my preference would be to table this until she's decided what she wants to do. And as I said, I want to publicly thank you for stepping out of your retirement and taking this on, because this is not an easy job. And 40,000 lives are counting on you or counting on this position to get it right. And I'm sorry, miss. There's no time for that, for public comment. So in any event, as I said, I'd prefer to give you some time to think about this. And if you decide not to do it, you know, again, there's nothing wrong with that. You know, with the agreement of the Board, I'd prefer to table this and wait for Ms. Carraher to let us know or let Leo know what she's going to do and take it from there. Any objection to that?

Secretary of State: No.

Attorney General: No objection.

Governor: Okay.

Katteri Carraher: Thank you very much.

***4. FOR POSSIBLE ACTION – SALARY ADJUSTMENT**

The 2013 Legislative Session made appropriations from the General Fund and the Highway Fund to the Board of Examiners to meet certain salary deficiencies for fiscal year 2015 that might be created between the appropriated money of the respective departments, commissions, and agencies and the actual cost of the personnel of those departments, commissions, and agencies that are necessary to pay for salaries. Under this legislation, the following amounts from the General Fund and/or Highway Fund are requested:

BA#	BUDGET ACCOUNT NAME	GENERAL FUND ADJUSTMENT	HWY FUND ADJUSTMENT
4744	Department of Motor Vehicles		\$31,345
	Total		\$31,345

Clerk's Recommendation: I recommend approval.

Motion By:

Seconded By:

Vote:

Comments:

Governor: We will move to Agenda Item No. 4, Salary Adjustment. Ms. Wilkinson.

Clerk: Thank you, Governor. This request is a request from DMV. They're seeking an appropriation from the Board of Examiner's Salary Adjustment Fund to cover a shortfall that has occurred in the Director's Office -- the DMV Director's Office Budget Account 4744. And their request is to receive \$31,345 that is paid out of the Highway Fund Adjustment piece of that account. And I believe someone from DMV is supposed to be here, if there are questions.

Governor: Ms. Wilkinson, this is pretty routine, isn't it?

Clerk: This is routine. This is the first one that we've had this year. But there's funding available and this is the maximum amount that is requested, so...

Governor: Why don't you just -- if you -- would you state your name for the record, please?

Dawn Lietz: I'm Dawn Lietz, and I'm the Deputy Administrator for the Motor Carrier Division. And I'm here for the contracts piece.

Clerk: Okay.

Governor: Oh, man, that's not fair.

Clerk: Wow, and that's not fair. Sorry, I didn't mean to put you on the spot.

Governor: Ms. Lietz, go ahead and sit down. Yeah, I have no questions. This is routine.

Clerk: This is routine.

Governor: Yeah, so...

Secretary of State: So moved.

Governor: So the Secretary of State has moved for approval of Agenda Item No. 4 in the sum of \$31,345. Is there a second?

Attorney General: I second.

Governor: Second by the Attorney General. Any questions or discussion? All in favor please say aye.

Secretary of State: Aye.

Attorney General: Aye.

Governor: Aye. Motion passes 3-0.

***5. FOR POSSIBLE ACTION – 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.

AGENCY NAME	# OF VEHICLES	NOT TO EXCEED:
Department of Administration – Fleet Services Division	2	\$43,625
Department of Business and Industry – Industrial Relations Division – Occupational Safety and Health Enforcement	1	\$24,285
Department of Conservation and Natural Resources – Environmental Protection – Bureau of Water Quality Planning	1	\$27,191
Total	4	\$95,101

Clerk’s Recommendation: I recommend approval.

Motion By:

Seconded By:

Vote:

Comments:

Governor: Let’s move to Agenda Item No. 5, State Vehicle Purchase.

Clerk: Agenda Item 5 is a request from agencies to purchase four replacement vehicles, two from Fleet, one for the OSHE program under the Business and Industry, and one for the Department of Conservation and Natural Resources.

Governor: Board members, any questions? I have none.

Secretary of State: Just wondered, are these brand-new vehicles, or are they used?

Clerk: Which?

Secretary of State: That vehicles that they’re buying.

Clerk: For the Fleet vehicles...

Secretary of State: Yes.

Clerk: ...or Conservation?

Secretary of State: They're all new or they're used?

Clerk: I believe that they're all new replacement vehicles.

Secretary of State: Okay.

Clerk: Three of them were involved in accidents and need to be replaced. And the fourth one with Conservation and Natural Resources is a new vehicle that was included in their budget request.

Secretary of State: Okay, thank you.

Governor: We have Keith here, so he can take us through it real quick.

Keith Wells: Hello, Governor.

Governor: Good morning.

Keith Wells: Members of the Board. For the record, Keith Wells, Fleet Services Administrator. The two vehicles for the Fleet Services Division, those are replacing vehicles that were totaled in an accident, and they will be new vehicles. The OSHE vehicle was totaled in an accident as well. That's not my division, but I'm aware of the situation. And it will be replaced with a new vehicle. The NDF vehicle I don't know, but I'm confident that's gonna be new too. It's not typical for the state to buy used vehicles.

Secretary of State: Okay, just wanted to ask. Yes.

Greg Smith: If I might, Greg Smith, Purchasing Administrator, I will say though however as a result of the recession, we have seen some buying habits change, and numerous agencies are looking at used vehicles, far more than they ever have. But, again, these are new.

Secretary of State: Okay, thank you.

Governor: We've approved the purchase of used vehicles before. In fact...

Secretary of State: That's why I was just curious.

Governor: ...I think it was Wildlife or someone like that, it purchase a used vehicle that had low miles at 100 or 120. Keith, while you're here, how's the leasing program going?

Keith Wells: I currently have two vehicles in the process for Wildlife that are going to be on the ground in about a month and a half. Then I have another proposal for Wildlife, and that vehicle should be on the ground in a couple months, if they approve that, but that's just a proposal. And then I'm working with a few other divisions as a pilot program to see what they want to do. But the two for Wildlife, I mean, that's a done deal and those are going to be on the ground. And the Department of Public Safety's Motor Carrier Division is leasing five I believe. So we're now starting to move through the process and we'll eventually just get more and more vehicles going.

Governor: Okay. Madam Secretary of State.

Secretary of State: Thank you, Governor. Did you have anything noted in here? Is there insurance money coming back towards the vehicles that were in accidents?

Keith Wells: Yes.

Secretary of State: Okay. On each of them?

Keith Wells: One of them was a state's fault, so the risk management -- our own insurance, so the state money will fund part of the replacement vehicle. However, the other one was another party's fault, so we are recovering third party insurance on that, yeah.

Secretary of State: Okay, that's great. Thank you, Governor.

Governor: Okay. Any other questions? Thank you, Keith.

Attorney General: I move.

Secretary of State: Second.

Governor: Attorney General has moved to approve Agenda Item No. 5, State Vehicle Purchase. The Secretary of State has seconded the motion. Any questions or discussion? All in favor say aye.

Secretary of State: Aye.

Attorney General: Aye.

Governor: Aye. Motion passes 3-0.

***6. FOR POSSIBLE ACTION – LEASES**

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

Clerk's Recommendation: I recommend approval.

Motion By:

Seconded By:

Vote:

Comments:

Governor: We'll move on to Agenda Item No. 6.

Clerk: Agenda Item 6 reflects five leases that are presented today for the Board's consideration.

Governor: Any questions on the leases? I do have one. Bruce, I see you're here on the Silver State Exchange.

Bruce Gilbert: Good morning, Governor.

Governor: Yeah.

Bruce Gilbert: Members of the Board. Bruce Gilbert on behalf of Silver State Health Insurance Exchange.

Governor: So my questions is this, this is an extension for three years, eight months?

Bruce Gilbert: This is actually a lease taking over additional square footage where we are now to put in our call center. As you know Xerox is going away on Thursday. And we're going live on Thursday actually in this space.

Governor: I can only smile. It doesn't show on the record, but there is federally, you know, discussion of eliminating state based exchanges. So given this is a long-term lease, do we have the ability to get out of this lease if something federally were to happen to change the law?

Bruce Gilbert: Again, Bruce Gilbert, for the record. My understanding is that were there to be such a change, that would be available to us. Mr. Haycock would know that better than I.

Damon Haycock: Damon Haycock, Chief Operating Officer, for the record. Thank you, Governor and members of the Board. There's always the non-appropriations clause that is built into all leases and contracts at the State of Nevada. I think Mr. Smith can attest to that. And if for whatever reason the Exchange was not to be available or to continue on its operation, then we would not have the funding to continue that lease and then we'd be able to use that non-appropriation clause.

Governor: And I would be negligent if I did not ask. How did everything go; enrollment and all those statistics?

Bruce Gilbert: Thank you, Governor. Again, Bruce Gilbert. We did pretty well. We had just over 73,000 people go through the application and enrollment process, which is more than twice as many as the prior year. Our latest figures indicate that over 60,000 of those have paid and secured coverage. So last year was a low bar, but we cleared it pretty easily. We did twice as well as last year.

Governor: And those are 60 -- is that 60,000 that have purchased plans? That doesn't include the statistics for those that have signed up for Medicaid?

Bruce Gilbert: That is correct.

Governor: And do you know the Medicaid number off the top of your head?

Bruce Gilbert: I do not know, but I saw Mr. Fisher here, and I expect that he would.

Governor: Good morning, Mr. Fisher. Good to see you again.

Steve Fisher: Our enrollment numbers for Medicaid as of March, 563,634.

Governor: That's the total enrolled. Do you know how many newly enrolled there were in this last year?

Steve Fisher: I don't have that number in front of me. I can just tell you from February to March we increased by about 8,000. I can't remember what our beginning number was. I'm looking back at what our number was prior to open enrollment? Do you remember, Naomi?

Naomi Lewis: So the total (inaudible) enrollment is 171,000. Sorry, for the record, Naomi Lewis, Deputy Administrator. The total (inaudible) enrollment is 171,028. That's your expanded population as a result of (inaudible).

Governor: So I'm not going to do the math off the top of my head. So you'd take the 171 and subtract the 73,000, and that would give you your Medicaid number for this past year of new enrollees?

Naomi Lewis: So the Health Insurance Exchange numbers are not in the Medicaid numbers.

Governor: Oh, okay.

Naomi Lewis: So if you add the two together, you have your total.

Governor: So that would be approximately 240,000 of new enrollees this past year. All right. Any other questions, Board members? Thank you. Board members, any other questions with regard to Agenda Item No. 6?

Secretary of State: Would you like a motion for approval?

Governor: Yeah.

Secretary of State: Move to approve.

Governor: Secretary of State has moved for approval of Agenda Item No. 6. Is there a second?

Attorney General: I second.

Governor: Attorney General has seconded the motion. All in favor say aye.

Secretary of State: Aye.

Governor: Aye.

Attorney General: Aye.

Governor: Motion passes 3-0.

***7. FOR POSSIBLE ACTION – CONTRACTS**

Forty-eight independent contracts were submitted to the Board for review and approval.

Clerk's Recommendation: I recommend approval.

Motion By: _____ **Seconded By:** _____ **Vote:** _____

Comments:

Governor: We'll move on to Agenda Item No. 7, Contracts.

Clerk: On today's Agenda for Agenda Item No. 7 we have 48 contracts that are presented today for the Board's consideration. We've received notice that Item 22, which is a contract between Public and Behavioral Health and Solution Recovery is an item that a member would like to have discussed.

Governor: Yes. I had that one circled. So I have -- first contract I'd like to ask questions about is No. 17, Department of Education and the Board of Regents. Is there anyone here from the Department of Ed.?

Clerk: I don't see anyone.

Governor: Do you know, Ms. Wilkinson, off the top of your head, what the administrative fee from the university is on this contract?

Clerk: Off the top of my head, no, Governor, I don't, but I will gladly find that out and report it back to you.

Governor: Okay. And I'm just curious because I've not heard of this before. What is the Nevada Now is the Time Project?

Clerk: Department of Education would need to help us.

Governor: Well, maybe you can send a text over there and...

Clerk: Certainly.

Governor: ...we can trail this, and maybe somebody could come over. So the next was 22, Department of Health and Human Services and Solutions Recovery.

Secretary of State: That was mine. (Inaudible) with the questions that I have. As a former State Senator this Solutions Recovery was in my Senate district, and so I am aware of the organization. And I was surprised because I saw them on Charleston, and I thought that their main address was on Rainbow. Did they still have the Rainbow?

Dr. Tracey Green: For the record, Dr. Tracey Green. I serve as Chief Medical Officer for the Division of Public and Behavioral Health. You know, I don't have the answer to that question.

Secretary of State: Okay. That was where their main one. And I was hoping somebody from there would be here to answer some of the questions. That's why I asked to have it pulled last week. The questions that I have are in the Section 11, down in Las Vegas, where they have bought many houses, and due to the economy, they bought quite a few. And the residents there had some issues about the upkeep and maintenance of the homes. And I just needed some answers to whether or not those homes have been brought up to the city and counties ordinances of what needs to happen. And I know that they originally had last week, but I wanted to know if they were still being maintained, and I have not heard on that at all. So this is an awful lot of money.

And then I'd also asked about what the graduation rate is and if there's repeat -- you know, if they're coming back, what we've seen in some of the recoveries and what their aftercare program is, because that was one of the big issues that needed to be talked about. And this has been since they've established business there.

Dr. Tracey Green: For the record, Dr. Tracey Green. So some of that information I do have, and I'd be happy to get the graduation and repeats for you. So this is a supported living contact, and so these are not intended to go beyond a 12-month duration. So while we might use the term graduation, they are a limited timespan. So somebody would go, say, from this level to either an independent apartment or if they had not done well, they could step down. But this is what I would consider to be a moderately high level of independence, because it is either in an apartment or in a home with -- a room within a home.

Secretary of State: Right.

Dr. Tracey Green: So this is a more independent level of care.

Secretary of State: right. And I understand that because I've -- when they opened up, and I've seen all of the -- what they have. But I just need those concerns. And I just wanted to know if they'd moved their office or if they're still there, because, like I said, I didn't know about the West Charleston office, but I did know about the Rainbow. That's where their main

headquarters. They had quite a bit of that property right there. I think it's either Terra or Oki where they are.

Governor: Chelsea?

Dr. Tracey Green: Chelsea's fine. She's the Deputy Administrator of our Clinical Services. She might have some answers as well.

Secretary of State: Okay, great. Thank you, Dr. Green. It's always nice to see you.

Chelsea Szklany: Good morning. This is Chelsea Szklany, the Deputy Administrator for Division of Public and Behavioral Health. And the West Charleston address is the mailing address. It's not their main address.

Secretary of State: So it's still on...

Chelsea Szklany: Did I answer your question?

Secretary of State: It's still on Rainbow, the main...

Chelsea Szklany: Correct. So they have a location on Rainbow. Mm-hmm.

Secretary of State: And do you know the status of the residence and if they are and have been kept up?

Mike Adams: Yeah, good morning. This is Mike Adams. I'm the Vice President of Clinical Operations for Solutions Recovery. And all of our homes are very well maintained and we continually do upgrades on them. There never has been a question of the homes not being up to the neighborhood standards.

Chelsea Szklany: And this is Chelsea Szklany again, the Deputy Administrator. In the past we have not had complaints or concerns, but should we have complaints or concerns, these are under the certification of the Division, and we would immediately follow-up and investigate. And I can be on call for those sorts of concerns if they were raised.

Secretary of State: Well, I do take exception to the comment, because as the Senator, I did go from house to house, and I, in fact, called the CEO, told them of the improvements that needed to be done, and the complaints of the neighbors. There were numerous complaints that not only I was getting, but the county was getting in reference to the upkeep. And so I do know, because I personally talked to them and I went to every home that you had up in Section 11. So that is a fact that it did happen and that those homes were not in a very good state when I found them. And they had improved them. Now, I'll go by this weekend again and I'll go look, because I know where each one of the houses are. I don't know if you have additional ones or not, but I do know where they are because neighbors know and keep track and watch. Because it is a

significant area where some of those homes are on acre lots, so it is an issue in the neighborhood, so I just wanted to make sure.

Dr. Tracey Green: And for the record, Dr. Tracey Green. We would like to work with you, Madam Secretary...

Secretary of State: Thank you.

Dr. Tracey Green: ...that if there are any issues that you find and/or concerns, we would like to work directly with you to assure that they are being taken care of.

Secretary of State: Thank you. And then the aftercare, just like to know about that.

Dr. Tracey Green: Absolutely.

Secretary of State: Thank you. Thank you very much. Thanks, Governor.

Governor: Thank you. And, Dr. Green, I had circle this one as well, but my question's a little different tack is, where does this fit within the portfolio of services that we provide with regard to mental health patients and Rawson-Neal and that whole situation?

Dr. Tracey Green: For the record, Dr. Tracey Green. This is actually on the continuum of care. So oftentimes when we discharge individuals, we always assure that they have some level of housing. So this is one of the discharge housing or residential types. Supportive living, again, tends to be a short-term for a higher performing individual who is more independent, because we're striving to get individuals to their highest level of independence. Again, this is usually 6 to 12 months. They tend to be either their own apartments or a room within a home with wraparound services. And that's what I think is also important about this. It provides a transition where their housing is somewhat more independent, but they still get all of the services, therapeutic services, the ability to care for themselves, with services that we would call habilitation, where they learn how to do things like keep checking accounts, take care of their budget. So that level of services as well as their mental health services are provided.

Governor: Is that a voluntary admission?

Dr. Tracey Green: Absolutely. Absolutely. I mean, they are -- once they're discharged from our hospital, they're no longer at risk to themselves or others, and they have to want to be in a home. You know, there are some challenges with individuals that have lived homeless for a long period of time, but this level of housing would not be the level for that particular individual. Our housing continuum, we have long-term homes. We have what we call intensive supportive living. Then we have this level, supportive living. We have what's called transitional, which is somewhat shorter. And then we have very long-term, more permanent housing where people actually are working and then paying some of the rent while we are supporting some of the additional rent. So it's really a continuum of care to assure stable housing for our clients.

Governor: What's the census like there? I mean, is it pretty full or...

Dr. Tracey Green: This particular contract is actually for 40 beds. But because it's anywhere between 3 and 12 months, we anticipate approximately 160 individuals per year are served in this particular scenario. And that's looking at if everybody only stayed three months. So it's anywhere between, say, 14 and 150, depending on the duration of their stay. But there are 40 slots available. So not 14, but 40 to 160, depending on their length of their stay.

Governor: But if the Secretary were to walk in this weekend, what would you estimate the number of beds that are filled there?

Dr. Tracey Green: All 40 of the beds are filled. And they're filled in unique communities. So if she were to go, she would go to multiple communities, which she's very familiar with, and see, say, one individual in Summerlin, another individual in another community, perhaps two individuals in an apartment or in a home. So these are very spread out amongst the entire valley.

Governor: And then piggybacking a little bit on the Secretary's question, what do you estimate the record of success is? Because that's part of what we're trying to stop is this cycle of, you know, individuals are patients coming back through the emergency rooms.

Dr. Tracey Green: Right. Well, at this level of care, we do see success, but I wonder if Mike could give some more information, because they actually track the individual and would then track them from when they leave this particular level of housing to the next step. So perhaps Mike could speak to his population.

Mike Adams: For the record, Mike Adams, Solutions Recovery. In terms of completion rates, we've not run that data recently. The last time we ran was about two years ago. And the completion rate of people entering the program that actually completed the program was in excess of 90 percent for completion. We also have somewhat anecdotal, but lots of examples of very marked turnaround in people's functioning. We have lots of people that was kind of a surprise to us. We've been operating this program for six years. And originally, as far as I know, this is the only program that is specifically geared towards treating the duly diagnosed, chronically mentally ill and addicted population. And with that population, we had anticipated much more -- or actually much less treatment progress, but we see lots of people that not only do they end the cycle of visits back to the emergency room, not only do they get involved in recovery, but a surprising number of those people move on to independent housing and independent employment, which is something that we didn't expect when we first started the program. But we would be happy to, you know, run those numbers, you know, for you year-to-date.

Governor: I'd appreciate that. I'd like a little more contemporary information with regard to the patients there. So if you could follow-up on that, Dr. Green.

Dr. Tracey Green: Sure.

Governor: I'd appreciate it. Any other questions with regard to Agenda Item No. 22 -- or Contract No. 22?

Attorney General: I do, Mr. Chairman.

Governor: Mr. Attorney General.

Attorney General: Dr. Green, so these 40 beds that are described, you're saying this isn't one facility? These are 40 beds that are just managed throughout the valley, throughout the Las Vegas valley?

Dr. Tracey Green: For the record, Dr. Tracey Green. That's correct.

Attorney General: Okay. Could you -- all we get is one little line here on the bid process. Do you have any details on how many people applied for this particular...

Dr. Tracey Green: Absolutely. This was an RFP. There were three respondents, and the award was then to Solutions Recovery. And I do have the complete RFP, but, again, there were three other applicants. And we went through the formal RFP process.

Attorney General: Well, I certainly appreciate how important this is on the continuum and we'll support it, but I do hope that you guys will kind of (inaudible) just a little bit to the Secretary's concerns and make sure everything's all right on their actual conformity...

Dr. Tracey Green: Absolutely.

Attorney General: ...with the county.

Governor: Madam Secretary of State.

Secretary of State: Thank you, Governor. I just wanted to back up what the Governor had asked the question, as I did in reference to repeat and how many actually graduate stay sober, how long. And that is something that I believe was required to track, that we had asked for that in the past, and so I'm kind of amazed that you haven't kept the records in the last two years for that. So I would really hope that starting now you would make sure that we know the numbers of the clients that come in, how long they stay, if there's a repeat. I know that's something that we had talked about, Dr. Green, with the Rawson-Neal as well. So there's numbers are very, very important to us to see -- to make sure that the money that we're spending is well-spent and that the clients are getting the services that they need. So I would appreciate that that being part of any information that you give us when you come before us again. Thank you.

Governor: All right. Any further comments on Contract 22? Greg.

Greg Smith: I just moved over here. I saw people starting to put sunglasses on from the reflection off my head, so I figured better move over.

Governor: You can wear a hat. All right. We'll move to -- I have Contract 27, and I'm not sure if you're in a position to respond to that one, Dr. Green. It's with regard to the telemedicine and tele-psychiatry services.

Dr. Tracey Green: Do you want to start with it, Mike?

Governor: And here's my question. I mean, it's not with regard to whether this is good or bad. I'm just curious as how it's working because I know that it may be expanding and, you know, I have a concern about access in the rural areas. And I want to make sure that the patients that need it are getting it, and that it's working well for them.

Dr. Tracey Green: Absolutely. For the record, Dr. Tracey Green, again, Chief Medical Officer for the Division of Public and Behavioral Health. So I will say that this is one of our most valuable resources for the rural communities to receive psychiatry services. We use it not only for adults and children. And with the recent legislature, I think we're going to see an even further expansion should those bills pass. But what has been done is that actually there's been an expansion through the Medicaid program, so that we can now also provide psychiatry Telehealth not just from urban to rural, but also urban to urban. So we have really seen an expansion in the availability of this services and the utilization of this service.

And I would also add that this service is great for clients, but it's also good for consultation. So if, for example, we have a primary care physician in a rural community who may have a client with a psychiatric issue that they're not quite sure how to handle or what they should do, they can receive consultation via tele-health. So psychiatrists are primary care. And this has also expanded the access and resources for our rural communities and for our urban communities with the psychiatric shortages that we have.

Governor: Will you walk me through, if I live in Battle Mountain, and I need these types of services, how does it work?

Dr. Tracey Green: Absolutely. For the record, Dr. Tracey Green. So currently the way it works is that you would go, say, to our Battle Mountain clinic. We have a community health clinic. And you could meet with our community health nurse who we have the tele-video equipment available. You would come in and you could have a scheduled appointment with a psychiatrist that, say, was at Rawson-Neal or at their private office. The call would be initiated on the side of the client. And then the psychiatrist would be on the other end of the phone and the service would be initiated. If in fact the nurse or the midlevel provider just wanted a consultation about a client, it could be initiated in that same way.

In the future, we hope that there may be the availability for you to be in another location, perhaps at your home or at a community center. But currently we would have you come into one of our offices and then initiate the tele-health communication.

Governor: Because the other piece, I mean, you would think it's logical, most people would want to do it at home, but you have to have wifi access...

Dr. Tracey Green: That's correct.

Governor: ... access as well or access to the internet.

Dr. Tracey Green: Right. There are some secure -- it would have to be a fully secure line. The (inaudible) administration has a very interesting product which is called a tele doc in a box. And actually what it is, is the nurse can travel with the telecommunication device to a full scheduled appointment in people's homes. And so we're also looking at the opportunity, especially in rural Nevada, to do something very similar. So they carry the telecommunication to the client's home and then initiate the call to the physician or psychiatrist wherever they are. And that's a way to get those that don't have the wifi resources to actually have access to Telehealth.

Governor: How are we doing with regard to supply and demand? Is the demand greater than what we're able to do right now?

Dr. Tracey Green: Absolutely. You know, we're looking at groups. We're looking at the opportunity of transporting clients. Again, with the Affordable Care Act and with individuals having Medicaid, one of the benefits of Medicaid is the transportation piece. So we're working very closely with our sister agency to really enhance getting clients where they need to be. But we clearly still have a physician shortage and a psychiatrist shortage, and, in fact, a nurse practitioner shortage. So Telehealth really gives us an opportunity to expand access and to provide group services. So it really is a critical benefit as we move forward in the delivery of healthcare.

Governor: And last question, are the medical provider or the doctor, Washoe County, Clark County, where are they typically from?

Dr. Tracey Green: They can be from anywhere. Our largest number of providers is Clark County, so we tend to have more from Clark County. But we do have some rural psychiatrists that we use throughout the rural area, so we have some contract psychiatrists that are specifically used for Telehealth, and so they would serve all of the rural areas, and actually hubbed in one of our rural clinics. But the greatest population of providers is in Clark County.

Governor: Okay. Any other questions? Madam Secretary.

Secretary of State: Thank you, Governor. Thank you so much. I remember when you first brought this to the legislature and we got to see it, and it was the future. And I am so happy to see where you have gone with this. This is so incredible. And I remember the rural legislators that were so excited about this. And I remember the nervousness of some of the legislators to go ahead with the telemedicine, because they were looking at liability, all of those issues. And you've been able to resolve all of that. And I just want to thank you because I know that it's working in the rural areas, that it is really well received. Our only problem is, of course, the

service providers. We do have a problem with that. But thank you for all that you're doing at this, because this is a fabulous -- and I think they've even started to do it with the veterinarians, if I'm not mistaken. They've really been able to do it all over. And also pediatricians. So thank you. I just see it growing. So thanks for what you're doing. Thank you, Governor.

Governor: Thank you.

Dr. Tracey Green: And I just wanted to add, for the record, Dr. Tracey Green, that we are looking at nurse practitioners, so we're working with our local schools to enhance the psychiatry training program for our nurse practitioners, so we're getting specialized nurse practitioners in psychiatry, and that will also expand our resource base of providers, which is critically important.

Secretary of State: Thank you.

Governor: Anything else? Thank you, Doctor. Next I have 30 through 33, which are those contracts with respective counties. And only because there's a significant amount of money involved, I thought it'd be important to make a record for that. Is there somebody here for that?

Steve Fisher: Good morning, Governor. For the record, Steve Fisher. I'm the administrator for the Division of Welfare and Supportive Services. These are three contracts with -- these are contracts for our District Attorneys' offices, who provide the child support enforcement support, the Child Support Enforcement Program. And so these contracts are a -- it's a two-year extension of the existing contract that we have with the counties for those services.

Governor: So take us through, for example, Clark County. That's \$70 million.

Steve Fisher: That's correct. So it's a \$70 million contract. It was, prior to that, I think we added two years' worth of funds to that existing contract, so I think previously it was a five year contract, and then we've added two additional years to it. So I don't know if that answers your question.

Governor: No, just -- and, again, I'm just making a record for what exactly is happening here as a result of this contract.

Steve Fisher: And so we just added two additional years' worth of funds to an existing contract, to Clark County's contract, so they could provide the two additional years of child support services.

Governor: Okay. So they're getting \$70 million to do child support collection; is that what that is?

Steve Fisher: They provide -- they do not only child support collections, but they do the child -- they go to court and they work with the custodial parent and the noncustodial parent and work out the agreements on child support. And then they enforce that and make sure they collect the

dollars from the noncustodial parent, and make sure that those dollars are transferred to the custodial parent.

Governor: Okay. Any other questions from Board members? I have Contract 43, DMV. Now...

Dawn Lietz: Now it's my turn. Good morning, Governor and members of the Board. For the record, I'm Dawn Lietz. And the Deputy Administrator for the Motor Carrier Division at the Department of Motor Vehicles.

Governor: Now, I've asked this to be pulled because it's with Xerox, and I'd like to know -- it says sole source. How's it going?

Dawn Lietz: Xerox has multiple facets within their company of different types of products and services they provide. And the computer service that Xerox provides for us is for our IFTA program. And we've had it since 1998. We did...

Governor: So what is IFTA?

Dawn Lietz: IFTA is the International Fuel Tax Agreement. And it's where the commercial motor vehicles, their fuel taxes that they pay for traveling through different states. Anyone that's based in Nevada files their returns with the State of Nevada. And this system processes those tax returns and then distributes the money to the other jurisdictions. And we've had this contract with them since 1998. They've changed names through the years, and most recently they went under the Xerox Corporation. This particular contract, we're only asking for five one-year extensions to go with our existing services. And it's because of the system modernization project that the DMV is proposing. And so we didn't want to lock-in to a long-term contract with them knowing that we may be needing to get out of that contract in the next couple of years.

Governor: So there is the ability to exit this contract?

Dawn Lietz: We have to stay with them on a year-to-year basis for the next five years, but, yes, each year we'll be back before this Board to get approval for the next year's extension, and it'll be based on whether or not system modernization moves forward or...

Governor: Well, that's part of the budget. It's in the budget.

Dawn Lietz: That's part of the budget.

Governor: And so we're basically working with the same technology we were in 1998?

Dawn Lietz: That's correct, Governor.

Governor: And what -- are you satisfied with Xerox's performance up until this time?

Dawn Lietz: Xerox's performance has been acceptable. We used to have the international registration plan under the Xerox Corporation too, and we moved that in-house back in 2009 with the intent to move the IFTA program there as well. And then as we began looking at system modernization, that was put on hold. Are there more efficient services out there? Probably so. Does it meet the needs that we have today without a lot of additional cost to the state? Yes.

Governor: So what kind of technology are you using if it's 17 years old?

Dawn Lietz: Well, some of it is the old green screens that you log into, very old computer technology.

Governor: So who even services that?

Dawn Lietz: They do.

Governor: They do?

Dawn Lietz: Yes.

Governor: So green screen, help me with that.

Dawn Lietz: Green screen is like when you got your very first -- yes, the old terminal, the CRT terminals and the little box and you had to type in your CICSCSA, whatever, to get to a function. It's not based off of the web. It is a very old antiquated system. And, like I said, it works for what our needs are. It's not efficient, but we're able to process our tax returns more efficiently than we could do it if we had to do this manually.

Governor: Right. Well, and I suppose in Xerox's defense, they're having to work with an old technology as well.

Dawn Lietz: That's correct. And they do have some newer technology, and they are working on it, but there's a cost associated with that. And at this point we haven't looked at modernizing our contract -- our technology with them as we wait to see what's going to happen with the system modernization.

Governor: Well, and I know, and this isn't really relevant to your issue, but there is technology at DMV that's even older than that.

Dawn Lietz: Motor Carrier's using it, Governor.

Governor: And which one is that?

Dawn Lietz: Paradox.

Governor: Paradox.

Dawn Lietz: Yes.

Governor: And how old is Paradox?

Dawn Lietz: I don't know when it first came into existence, but it's one of the original database programs back when WordPerfect and Lotus and Paradox, they all came out in that same...

Governor: I just have this vision of this room like IBM when it first started and all these huge computers filling this complete room to do a small task.

Dawn Lietz: They're not big computers. The programs fit, but we don't have anyone to service the programs anymore. So if they break, our historical data is gone with it.

Governor: Well, I'm leading a little bit, but that's one of the important components of this budget is to modernize some prehistoric technology that exists over there at DMV and some of those risks that reside over there as a result of that. Mr. Smith.

Greg Smith: Governor, Greg Smith, Purchasing Administrator. Just in support of what the agency has said, a couple items here. First of all, it's listed as a sole source. It's not really. It's a contract extension justification. For the purposes here it's probably potato, potato, but we can't enter in this current system anyway different. Of course, to preserve the status quo and keep things up and operating, but I wanted to assure you that the folks at DMV, numerous folks at the DMV, have been working very aggressively with our office on the modernization project, had hoped to have that RFP out probably in the March or April timeframe. It now looks more like it's going to be this summer. But that's not a bureaucratic slowdown in any event. The IT folks, the professional over at DMV are further refining and defining the criteria for that RFP. It's the old go slow now to go fast later deal, and they really are doing a good job of specifying what they want.

Governor: No, and I've only heard this anecdotally, but there's even some Cobalt (sp?) over there.

Dawn Lietz: That is the DMV application is a Cobalt based system. So everything that we run on over there is very old and antiquated. You're correct, Governor.

Governor: But the backend of that comment is that there are only a couple employees at DMV that know how to work on Cobalt that are getting very close to retirement. And so that, again, extenuates the need to modernize. Yeah, Madam Secretary of State.

Secretary of State: Thank you, Governor. My concern lies with when we have a one-year contract. There are usually additional fees or it costs more when you do just an annual contract. And I wondered if you had weighed that at all and what the -- what I would call an over-cost to do a yearly contract.

Dawn Lietz: Madam Secretary, actually Xerox has been very good at working with us. In fact, when the state had its financial crisis in late 2008, early 2009, they actually cut their contract by 10 percent for us. And there is a cost of living factored in, but they did not increase the rate for us to go on a year-to-year for the next five years. We've been their customer for a very long time, and they continued with the same 5 percent cost of living that they've had in the contract for many years without any additional costs.

Secretary of State: And if I can, Governor, well, that brings me to, how long have we been doing the yearly?

Dawn Lietz: this will be -- our last contract with them was a four-year with two one-year -- or one two-year or two one-year extensions. I can't recall what it was exactly. This is the first time we've gone on a year-to-year with them. And we told them up front why we needed to go on a year-to-year plan, and they were agreeable to that.

Secretary of State: But there's no upfront cost for doing the year? They've stayed within what you were doing and understood it's a year-to-year?

Dawn Lietz: That's correct.

Secretary of State: Thank you for the clarification. Thank you, Governor.

Governor: All right. Any other questions?

Secretary of State: No.

Governor: All right. Thank you.

Dawn Lietz: Thank you.

Governor: All right. Finally, I have a series of public employee benefits contracts. Ms. Carraher, you can come up here as well. You're still working.

Unidentified Female Speaker: We didn't want to scare you away.

Governor: And my question is not a specific one, just generally, what's happening through these contracts?

Donna Lopez: Thank you, Governor, fellow Board members. For the record, my name is Donna Lopez. I'm the Quality Control Officer with the Public Employees Benefits Program. So items 44, 45 and 46 are with Healthscope Benefits who serves as PEB's third-party claims administrator, primarily for the medical claims which touches the individuals who are enrolled in the consumer driven health plan, also known as a PPO plan. So they process all the medical and vision claims with that contract. The other one is Healthscope Benefits serves as the claims administrator for the self-funded PPO dental plan. And the dental benefits are offered to all of

the HMO participants or members, as well as the participants of the consumer driven health plan. And then the other contract, sorry, I didn't go quite in order here.

Governor: That's okay.

Donna Lopez: Healthscope Benefits also provides a national PPO for the Public Employees Benefits Program. And that contract allows participants of the consumer driven health plan to access medical providers who are out of the State of Nevada, as well as individuals who reside in the State of Nevada, to access those same providers as well, including Centers of Excellence, which is really important to some of our folks.

Governor: All right. And at least with regard to those three, this is an extension, correct?

Donna Lopez: Yes, sir.

Governor: And did you contemplate putting this out for an RFP?

Donna Lopez: We did. And what's unique about Healthscope Benefits, as compared to prior administrators that we've had, PEB contracts with a health plan auditor. And he goes in. His job is to go in and audit our claims administrator every quarter. And what's unique about Healthscope Benefits is they have -- the better word, the only word I can think of, they have passed every quarterly audit for the last seven audits that they've had. I've worked with PEB since 2001, and that's unheard of. And so we believe that it was in the best interest of PEB and to the participants of the program, as well as to the state of Nevada to extend the services with Healthscope Benefits because they do an outstanding job for all of us.

Governor: And I guess the reason I ask the question is this takes us through 2020.

Donna Lopez: Correct.

Governor: And so I'll be long gone.

Donna Lopez: I may be too. I may be with Katteri in retirement.

Governor: But that's what -- and I'm not quibbling. They've performed extremely well, but that just -- I guess it's 2015, but it is a long time to not have an opportunity for someone else to come in and perhaps see if they could do a better job. If you have any comment on that. I mean, should we be doing it through 2020?

Donna Lopez: My opinion, yes. Because they do such an outstanding job for us. I could give you just a little bit of history if you're interested. Prior to PEB going out to bid for these services, Megan Sloan, who's in the audience with us today, serves as PEB's contract manager. And what we did before we went out to bid is we went out and interviewed potential bidders because at that time it was a little bit volatile with PEB, and we weren't sure if anybody even wanted to do business with us. So we went out and interviewed three potential bidders to see if

they were interested. And we had the opportunity to see their office, to meet their personnel. They went through a series of questions with us. So we went -- we did what I think exception due diligence to get to the point where we're at right now. And we continue to do that due diligence with our third-party administrator through the quarterly audits that we perform. So I believe that Healthscope Benefits is probably the best that we would ever find, even if we were to go out to bid right now or in the near future.

Governor: And, I mean, purely hypothetical, but if it didn't go well, is there an escape hatch between now and then?

Donna Lopez: Absolutely there is.

Governor: Mm-hmm. And what is that?

Donna Lopez: We have the notice which -- I can't remember the notice for all of these contracts, but for the medical claims administration is 180 days. And then of course we have the allocation of authority. We have that out as well. I don't see that happening, but absolutely we could terminate the contract earlier. And we did do that with the prior administrator that we had. We terminated their contract a year earlier and went out to bid for those services.

Governor: Okay. Attorney General has a question. Mr. Smith, did you have a comment on...

Greg Smith: Well, if I could just provide a little bit of information on the process, Governor. For the record, Greg Smith, Purchasing Administrator. Might even help the lady who made the public comment earlier. And I think Chairman Drozdoff would probably agree with me. I've met with then Executive Director Jim Wells, who's now Department of Administration Director. We've been meeting with their staff over the past couple years. And I've been sensitized to the fact that the insurance products that PEBs generally solicits for don't fit very well into the standard RFP process that we do here at the state. Certainly on some occasions they don't fit very well into the four-year policy. And keep in mind, all contracts per policy of SAM are re-solicited every four years. It's not a law, it's not a regulation. My guess is it's probably 95 percent adhered to. By far all of the state's contract fit into the four-year policy.

A former member of the PEB's board who was involved in the insurance arena kinda sensitized me and members of their staff to the fact that he was aware that there were a great number of insurance companies who weren't even willing to propose on PEB's products because of the RFP process that we run. To a certain extent, I guess, initially I was a little bit defensive and thought, well, that's some of the challenges of doing business with a public body. The fishbowl that we live in, the rates being disclosed and so on and so forth. But NRS 332 which governs local government, Clark County, cities, counties, school districts, they actually have exemptions provided for these very things.

And so we were starting to work with Jim when he came over to Administration. We look forward to working with whoever the next executive director is on furthering how can we come up with a balance of both, whether it be a request for qualifications process with more retriggers,

because I will assure that the staff at PEBs was never backing away from the desire to re-compete, just not in the standard RFP process. Jim even mentioned at one time, I wish he was here to speak to this, but whether we had a pool of vendors who we would prequalify, who we could annually or biannually compete those prices again. Again, giving kind of the best of what the RFP process does have to offer with what the best of the request for qualifications, getting solid vendors who agree to our terms and conditions and all of those kinda things. So we were kinda right at that time when we had the meeting to talk about these contract extensions here.

Governor: Thank you. Mr. Attorney General

Attorney General: I see these contracts are all set to expire without this next summer or summer of '17.

Greg Smith: Sounds about right.

Attorney General: I guess my general question, is there any reason we wouldn't wait this process out? Why the rush to do this extension now, as opposed to allowing a little bit more time throughout if there's another way forward?

Donna Lopez: I'm trying to remember why we did do that as Mr. Smith, I think, so very well-articulated to all of you, that what we were attempting here to do is make sure that the individuals, the PEB participants do not experience any kind of -- gosh, why can't I think of the word? Disruption, thank you, to their health insurance benefits. And I think all of you know we touch a lot of people. And this program over the years has been disrupted many times. And right now it's pretty stable. In fact, it's very stable in regards to the benefits that are offered through PEB, administered by Healthscope Benefits. And so it was our intent to make sure that there was no disruption to the PEB participants for a long time.

Governor: Satisfied?

Attorney General: Mm-hmm.

Governor: All right. Any other questions on 44, 45 or 46? I wanted to move to 47 if we could. Talking about a \$250 million total contract. This is a \$25 million addition.

Celeste Tina Glover (sp?): Correct. So my name is Celeste Tina Glover. I'm the Chief Financial Officer for the Public Employees Benefits Program. So this last contract is our HMO provider, Hometown Health. Just due to the increase in rates over the years, this is based on their experience in the plan, those rates -- initially when the contract was set up, we project out how much we believe we're going to pay, obviously. And with updated information, we've determined that in order to get to the end of this contract period, we needed to extend the authority within that contract to pay those.

Governor: So they need more money?

Celeste Tina Glover: They need more money.

Governor: And that's because there's more utilization? Is that...

Celeste Tina Glover: Our utilization is about the same on the HMOs. It's just the medical costs themselves have gone up. Drug costs are skyrocketing at this point. We've got a lot of new drugs coming on. The new drug costs are resulting in higher than expected trend, so the increase, the inflation is higher than we initially thought it would be. So we've gone through several years of good experience. We're now starting to kinda go the other direction.

Governor: But are we -- or are you absorbing that? Will that result in any type of rate increase?

Celeste Tina Glover: So our rates have been fairly stable over the last few years. Coming into plan year '16 we have just started finalizing those rates. They'll go into our budget amendment in the next week or two. And, yes, those rates have gone up slightly, but they've gone up on a lower base. So they are going up, but they're going up a lesser amount than they would had, had we not been stable this last several years.

Governor: And then how long are we -- or is PEBs in contract with Hometown Health?

Donna Lopez: Again, for the record, Donna Lopez. We are in contract with Hometown Health through June 30, 2016.

Governor: So that's right around the corner.

Donna Lopez: Yes, and if I may add.

Governor: Yes.

Donna Lopez: Sorry, Governor. One of the other reasons why we're extending this contract is we have two HMOs. We have one in Southern Nevada, which is Health Plan of Nevada, and the other one obviously is Hometown Health. The Southern Nevada HMO is scheduled for termination on June 30, 2017. So what we're also, in addition to what Ms. Glover just said, is we're aligning those contracts to terminate on the same day which is June 30, 2017, so that when we create the bid, the RFP, we will go out to bid for an HMO. It could be statewide. It could be a Southern Nevada. It could be a Northern Nevada. So that's just to bring the two contracts into alignment with each other.

Governor: And you anticipated my question, because I just wanted to make sure that for something of this importance, that it does go out for an RFP. And it sounds like by extending this by the year, that might attract more applicants because it would be a statewide contract versus a regional one.

Donna Lopez: Absolutely. That's what we hope to get.

Governor: Which would get us a better deal. Right? Perhaps?

Unidentified Male Speaker: Yeah, perhaps.

Donna Lopez: Perhaps we could, yes.

Governor: All right. Other questions?

Secretary of State: Just one.

Governor: Madam Secretary of State.

Secretary of State: Thank you. I just want to confirm that the other -- the 33 percent is what the employees pay in; is that the -- on here you have other for 44, 45, 46 and 47. Is that correct, what the other is?

Donna Lopez: Yes, yes.

Secretary of State: Okay. All right. I just wanted to make sure that I understood that right. Thanks for the clarification. And thank you ladies for what you do. We appreciate you. Thanks.

Donna Lopez: You're welcome.

Secretary of State: Thank you.

Governor: Thank you. Any other questions?

Secretary of State: Nope.

Governor: Board members, any other questions with regard to Contracts 1 through 48? Ms. Wilkinson.

Clerk: With request to your questions regarding Contract 17. We have (inaudible) from the Department of Education if you want to (inaudible).

Governor: I forgot, so that's -- thank you for the reminder.

Mindy Martini: Thank you. I'm Mindy Martini, Deputy Superintendent for Business and Support at the Department of Ed. This is a contract with UNR to evaluate the Project Aware Grant. It's the first evaluation. And UNR was our partner in developing the grant. And so they would be the group that we're hoping to evaluate this program.

Governor: So tell me, it says Nevada Now is the Time Project. So tell me a little more about that.

Mindy Martini: Well, I can tell you a little bit, and I also have our expert here who is Marco Erickson. But there are essentially three parts to this grant. It promotes safe and respectful learning by doing those positive intervention, behavioral intervention techniques. And then also increases access to mental health services for the kids. And then also supports the early identification of mental health services. So those are the three goals. Do you want to expand on that?

Marco Erickson: Nope, you got it just right.

Mindy Martini: Okay.

Governor: Great program then. And then my other question, and I ask this all the time, is with regard to -- when we deal with the university system, there's typically an administrative cost. Do you know what that is?

Mindy Martini: Lisa Young, our ASO.

Governor: Will you identify yourself for the record?

Lisa Young: Sure. Lisa Young, and I'm the Administrative Services Officer for the Department of Education. So this is a grant, and the administrative charges that are included in anything that we pay to UNR were included in that grant. So let me quickly...

Governor: Yeah, and that's fine. Take your time.

Mindy Martini: Are you asking if those are in...

Lisa Young: They're included. And it's 24 percent.

Governor: Okay. I've heard better, I've heard worse, so...

Lisa Young: We are looking at working with UNR on future grants. These were actually included, that specific amount, in the grant award. And so we carried that forward to through to this contract. But we are working with UNR to get those costs down.

Governor: Yeah, and my objective is, is to get as much money to the actual service versus the administrative fee, so that's -- I'm not picking on UNR, but that's what my goal is, because then we can serve that many more clients.

Lisa Young: And we are aware of that issue and, as I said, we're working with them on a continuing basis to get it down.

Governor: All right. Thank you.

Mindy Martini: The other item that I just want to promote is that we are -- during the interim we will be looking at contract management at the department overall. And we requested a position that will analyze that, look at that and look at some negotiation techniques that may help with that, so that's our goal.

Governor: Okay. Well, I appreciate your coming over. I didn't mean to panic anybody. But I'm just completely serious about that. Any other questions, Board members, on Contract 17?

Secretary of State: No.

Attorney General: No, Governor.

Governor: If there are none, the Chair will accept a motion for approval of Contracts 1 through 48.

Attorney General: Move to approve.

Secretary of State: Second. And then I have a question.

Governor: Attorney General has moved for approval of Contracts 1 through 48 in Agenda Item No. 7. Secretary of State has seconded the motion. Questions or discussion? Madam Secretary of State?

Secretary of State: Yes, if we grant any of these and there's an issue, can we rescind our action based on knowledge that we find out they're not performing their duties, or is there -- it doesn't - - when it's over, it's over?

Governor: My answer would be no, but I'm going to defer to our counsel.

Katie Armstrong: Thank you, Governor and Madam Secretary of State. This is Katie Armstrong, for the record. The terms of the contract would control, so we would have -- you know, you can't rescind your vote on that. We'd have to look at the terms in the contract and their termination provisions and follow those.

Secretary of State: Okay. Thank you.

Katie Armstrong: Thank you.

Governor: Any other questions or discussion? All in favor of the motion say aye.

Secretary of State: Aye.

Attorney General: Aye.

Governor: Aye. Motion passes 3-0.

***8. FOR POSSIBLE ACTION – MASTER SERVICE AGREEMENTS**

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

Clerk’s Recommendation: I recommend approval.

Motion By:

Seconded By:

Vote:

Comments:

Governor: Move on to Master Service Agreements. Ms. Wilkinson.

Clerk: Item No. 8 on the Agenda presents three Master Service Agreements for the Board’s consideration. Two of them pertain to educational furniture, and one is for bulk fuel tanks that are owned by the state.

Governor: I have no questions. Board members?

Greg Smith: Governor, I make just one comment to highlight something I think you’ll find particularly pleasing.

Governor: Yes.

Greg Smith: For the record, Greg Smith. Regarding to the first two contracts on this, the educational furniture, you may have asked yourself how much educational furniture does the state buy and why are we involved in this. The reason I wanted to highlight this, and the answer is the state doesn’t buy all that much. But cities, counties, school districts, in particular school districts and our Higher Education folks do. This was an effort by our office, and we’re going to try to do more of these, where we coordinated through the Western States Contracting Alliance, a 15-state consortium. I was successful in getting a representative from UNLV and also one on the Clark County School District on the sourcing team for this contract. Huge savings. Those are both big entities, but the prices they received here are far lower than what they could have done on their own.

So what I just wanted to pledge to you is there’s going to be a lot more cooperation. Any contract we do, cities, counties, school districts are what they call intended third-party beneficiaries, and we plan on pushing that a lot more.

Governor: Congratulations. And I appreciate your bringing that to our attention, because that gives us incredible negotiating power...

Greg Smith: That it does.

Governor: ...which saves taxpayers money.

Greg Smith: Yes, sir.

Governor: All right. If there are no questions, the Chair will accept a motion to approve the Master Service Agreements described in Agenda Item No. 8.

Attorney General: Move to approve.

Secretary of State: Second.

Governor: The Attorney General has moved for approval. The Secretary of State has seconded the motion. Any questions or discussion? All in favor say aye.

Secretary of State: Aye.

Attorney General: Aye.

Governor: Aye. Motion passes 3-0.

9. CONTRACTS APPROVED BY THE CLERK OF THE BOARD ([Attached as Exhibit 4](#)) – INFORMATION ITEM

Pursuant to NRS 333.700, the Clerk of the Board may approve all contract transactions for amounts less than \$50,000. Per direction from the August 13, 2013 meeting of the Board of Examiners, the Board wished to receive an informational item listing all approvals applicable to the new threshold (\$10,000 - \$49,999). Attached is a list of all applicable approvals for contracts and amendments approved from February 13, 2015 through March 23, 2015.

Forty-two independent contracts were submitted to the Board for review.

Comments:

Governor: Let's move to Agenda Item No. 9, Contracts Approved by the Clerk of the Board.

Clerk: Agenda Item 9 presents 42 contracts under the \$50,000 threshold that have been signed and approved between the period of February 13 through March 23 of 2015.

Governor: I have no questions. Board members?

Attorney General: No questions.

Secretary of State: No.

10. INFORMATION ITEMS

A. Department of Conservation and Natural Resources – Division of Environmental Protection – Bureau of Water Management and Corrective Action

This disclosure reports a correction to the termination date on the contract between the Division of Environmental Protection and Broadbent and Associates, Inc. (Contract #16117). The termination date for the original contract that posted on the November 12, 2014 Board of Examiners agenda was December 30, 2018; however, the accurate date of December 30, 2019 was indicated on the signed contract.

Comments:

B. Department of Health and Human Services – Division of Child and Family Services – Nevada Youth Training Center

This disclosure reports a correction to the contract value between the Division of Child and Family Services and Jill Leslie Oswald, MD (Contract #14352). The contract amount posted on the June 11, 2013 Board of Examiners agenda was a subtotal of \$143,550; however, the total amount of the signed contract is \$182,550.

Comments:

C. Public Employees Benefits Program (PEBP)

This disclosure reports a correction to the termination date on the contract between the Public Employees Benefit Program and Healthscope Benefits, Inc. (Contract #14575). The termination date that posted on the July 9, 2013 Board of Examiners agenda was June 30, 2014; however, the accurate date of June 30, 2017 was indicated on the signed contract.

Comments:

Governor: We will move on to Agenda Item No. 10, Information Items.

Clerk: Agenda Item 10 is also an informational item. It presents three technical corrections that we wanted to disclose to the Board, two of them are related to contract dates and one is related to a dollar amount where we had caught a subtotal amount versus a total dollar. So informational. And we're putting some systems in place to hopefully reduce and eliminate this need in the future.

Governor: Any questions from Board members? Thank you, Ms. Wilkinson.

11. BOARD MEMBERS' COMMENTS/PUBLIC COMMENTS

Comments:

Governor: Agenda Item 11. Any Board member comments?

Attorney General: Nope.

Governor: Do we have any public comment from Carson City? If you would state your name for the record, please.

Peggy Lerbowen (sp?): Peggy Lerbowen, for the record. My name and my words for the record, please. I want to thank you very much for the time and energy that you expended today on these events. There's one area that I have a concern for, the employees of the State of Nevada, present and past, and into the future maybe. But I'm concerned with one thing that's transpiring about a certain benefit through a wellness program. And what used to happen is if we went through all of hoops, meaning the requirements to be a participant and be accepted into the wellness program, we received a reduction in premium costs which meant \$50 a month and every paycheck if we went through with what was required. And as now the way it stands that rather than the \$50 a month into every person's paycheck who is a -- who serves at the pleasure of their departments and their entities in the State of Nevada, making the state great and strong, that money is going to be without any ado be put into their savings account, health savings account as such, however I might use the wrong term, so I don't want to go there. I want the issue, not my bad memory on which alphabet soup to use.

And basically what happened for a couple of years now, \$600 a year for every employee, retiree, state and non-state have been able to -- who participated in the program, which is voluntary, have been able to have \$600 to spend within their community for food, rent, cars, whatever. And now it's being suggested when it was said that the majority of those folk who are involved in this program are healthy and not going to utilize a health savings program, and in the health savings program you can only use that money for health related costs, and if you haven't filed a claim within a year, or having used the money within a year of when the claim is filed, then you can't use it at all for that health expense because it's -- and it just sits in your account.

And I just feel that money is being taken out of underpaid workers' pockets, underpaid retirees' pockets for the purpose of putting it into an account where they might not be able to utilize it for who knows how long. And I'm suggesting that it might not be the Board of Examiners purview to be able to control things, but I think you guys know who to call, and ask that this money be handled as it has in the past. That if you qualify for the wellness program, that earn your \$50 a month premium reduction and so your paycheck is \$50 richer that month. And you can spend it within Nevada to sure up our foundations economically. And I thank you very much. And thank you for all your hard work. You're really appreciated.

Governor: Thank you. Any public comment from Southern Nevada? So, Mr. Wells, I'm going to put you on the spot because I'm going to go back to Board member comment and see if you can respond to that public comment, because I'm curious myself about that. And I know you're no longer the head of the PEB's Program, but I would imagine you have knowledge on this issue.

Jim Wells: Good morning, Governor. For the record, Jim Wells. I serve as your Director of Administration. The Board did change the way the incentives for the wellness program are to be awarded effective this coming July 1st. So up until now Ms. Lerbowen is correct, that they have been premium reductions for all of the participants. This year they will be premium reductions for those who are on the HMO because there's no way to have a health savings account or health reimbursement arrangement for that class of participants. But for those who are on the consumer driven health plan, the \$50 per month will be deposited into their HSA or HRA for use for medical care.

They made the decision for a couple of reasons. The first was state employee premiums were only about \$40 a month, so they were not ever getting the full benefit of the \$50 -- if they're employee only, were not getting the benefit of their \$50 premium reduction. They were only getting \$40. And there was a lot of requests from participants to get that \$10 a month back somehow. And so the Board decided that they would go ahead and just put the whole \$50 into the HSA or HRA. That's the primary driver behind that.

The usage of the funds, the funds can be used at any time. They roll over. If you incur a claim today, you have a year in which to file a claim to be reimbursed for that claim. It's the same process if you go to a doctor and that doctor files a claim for your visit today, they have 12 months in which time they have to file that claim in order for that claim to be paid by the program. If they file it 13 months later, that claim is denied as not timely filed. The same rules apply to being reimbursed from your HRA or HSA account. If you incur the claim today, you have 12 months from today in which to file the claim. If you don't file that claim, that balance just continues to roll over and you can use that for future healthcare related expenses.

Governor: Just one other question. I don't want to get too far into the weeds on this. But if the healthcare provider does not submit a bill to you within 12 months and you deny that claim, does it still have the ability to seek reimbursement from the patient?

Jim Wells: Again, for the record, Jim Wells. No, because the contracts prohibit the providers from going back against the patient if they are -- for not timely filing the claim.

Governor: Okay. All right. Thank you, Mr. Wells.

Jim Wells: Sure.

Governor: I see no other public comment.

***12. FOR POSSIBLE ACTION – ADJOURNMENT**

Clerk's Recommendation: I recommend approval.

Motion By:

Seconded By:

Vote:

Comments:

Governor: Is there a motion to adjourn?

Secretary of State: So moved.

Attorney General: Second.

Governor: Secretary has moved to adjourn. Attorney General has seconded the motion. All in favor say aye.

Secretary of State: Aye.

Attorney General: Aye.

Governor: Aye. Motion passes 3-0. This meeting is adjourned. Thank you, ladies and gentlemen.

Secretary of State: Thanks, Governor.

Respectfully submitted,



JAMES R. WELLS, CLERK

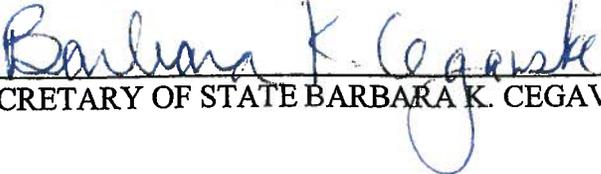
APPROVED:



GOVERNOR BRIAN SANDOVAL, CHAIRMAN



ATTORNEY GENERAL ADAM PAUL LAXALT



SECRETARY OF STATE BARBARA K. CEGAVSKE