



# **PUBLIC EMPLOYEES' BENEFITS PROGRAM (PEBP)**

**Presentation to:**  
**Legislative Commission's Budget Subcommittee**  
**January 31, 2019**

# AGENDA

- Agency Overview
- Current Budget
  - Fiscal Year 2019 Overview
- Plan Overview
  - Eligibility
  - Benefit Options
  - Plan Design Enhancements – PY 2019
  - Plan Design Enhancements – PY 2020



# AGENDA (cont.)



- **2019-21 Governor's Recommended Budget**
  - Enrollment Projections
  - Inflation Assumptions
  - Employer Contributions (Subsidy)
  - Enhancements
  - Priority and Performance Based Budget
- **Rates**
  - Rate Setting Process

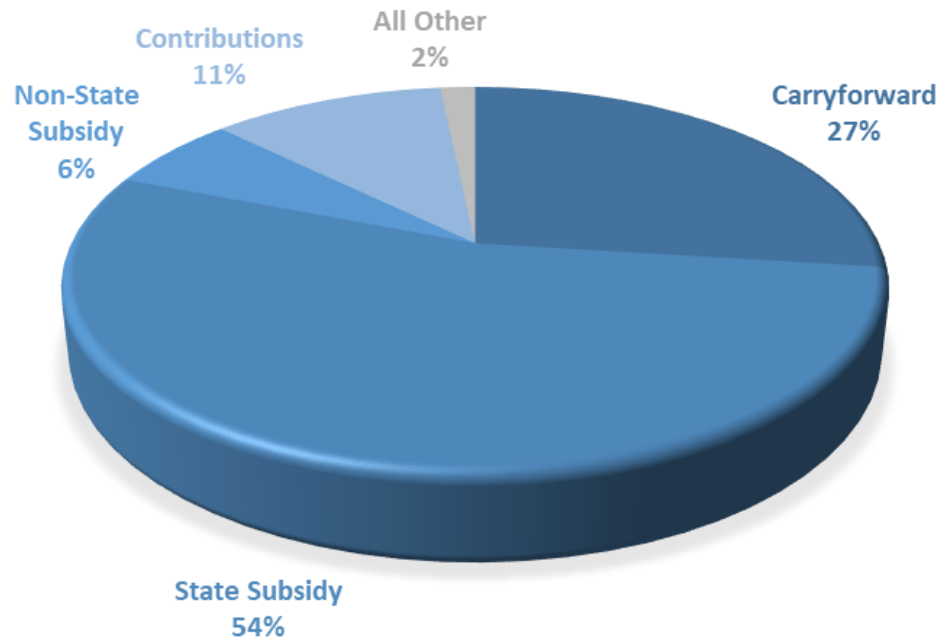
# Agency Overview

- **PEBP Administers a group health and life insurance program providing access to approximately 44,000 primary participants (employees and retirees) and 27,000 dependents.**
- **PEBP employs a staff of 34 full-time employees responsible for enrollment and eligibility, member services, public information, quality control, fiscal services, and information technology.**

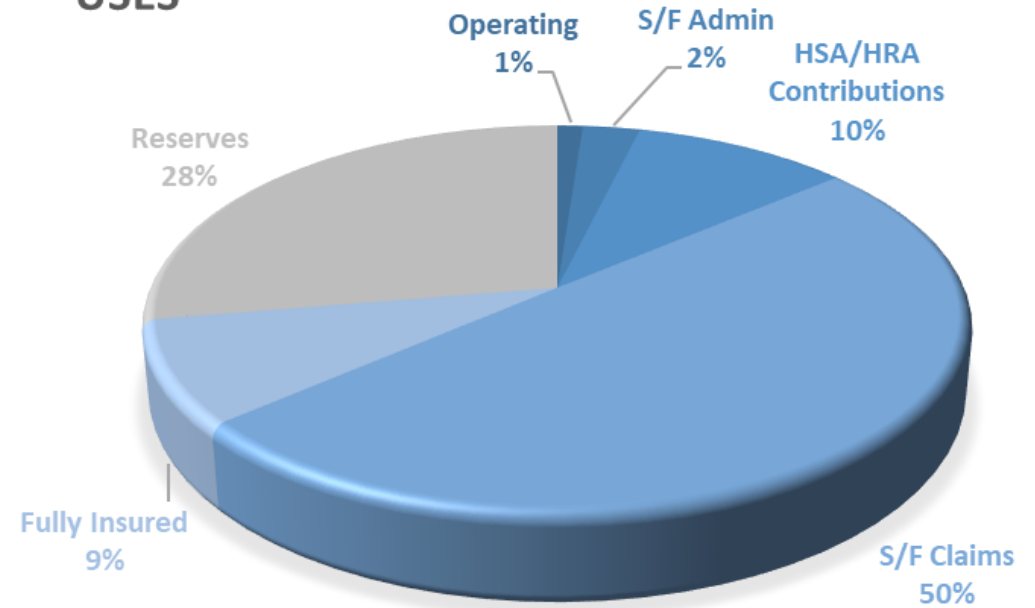
# Current Budget FY 2019

## \$529.6 Million

### SOURCES



### USES



# Plan Overview

## ➤ Eligible Participants

### ➤ State

- Active employees

- Retirees

  - Eligible at the time of retirement, or

  - Re-enroll during an annual open enrollment period

### ➤ Non-state

- Actives if employer “participates” in the Program

- Retirees

  - Eligibility frozen for those enrolled as of 11/30/08 except those from any “participating” entity

  - “All in or all out” policy of SB 544 (2007)

# Plan Overview (cont.)

## ➤ Current Benefit Options

### ➤ Medical Coverage (Including Prescription Drugs)

#### ➤ Active Employees and Non-Medicare Retirees:

- Self-funded Consumer Driven Health Plan (CDHP) coupled with a Health Savings Account or a Health Reimbursement Arrangement
- Self-funded Exclusive Provider Organization (EPO) Option – Northern Nevada
- Health Maintenance Organization (HMO) Option – Southern Nevada

#### ➤ Medicare Retirees eligible for Premium Free Part A:

- Medicare Advantage or Medicare Supplement (Medigap) and Part D RX plans through a private market Medicare Exchange

### ➤ Dental

- Provided to all participants (state/non-state, employees/retirees, CDHP, HMO, EPO, and the Medicare Exchange)

# Plan Overview(cont.)

- **Current Benefit Options (cont.)**
  - **Basic Life Insurance**
  - **Long Term Disability**
  - **Voluntary Products**
    - **Flexible Spending Accounts – Medical, Limited Purpose and Dependent Care**
    - **Additional Life Insurance**
    - **Long Term Care**
    - **Short Term Disability**
    - **Home & Auto Insurance**



# Plan Design Enhancements

## Plan Year 2019

- **Additional HSA/HRA Contributions**
  - \$200 for Primary Participant
    - \$100 for enrolling in Dr. On Demand and Healthcare Bluebook
    - \$100 for completing a preventive office visit with labs and dental exam with teeth cleaning
- **Life Insurance**
  - \$25,000 for employees; \$12,500 for retirees
- **Medicare Exchange Enhancements**
  - Additional \$2 per month, per year of service
  - Plan continue to fund Exchange HRA Admin Fees and Life Insurance Premiums
- **Preventive Benefits**
  - Allowing 3D Mammograms
- **Health Care Blue Book**
  - Transparency and Incentive Technology Tool

# Plan Design Enhancements

## Plan Year 2020

### ➤ Cost Saving Opportunities

- Disallow patient assistance programs such as drug manufacturer coupons/cash cards from applying to accumulators
- Implement mandatory narrow pharmacy network for 90 day drug fills

### ➤ Additional HSA/HRA Contributions

- \$400 for Primary Participant
  - \$100 for enrolling in Dr. On Demand and Healthcare Bluebook
  - \$100 for completing a preventive office visit with labs and dental exam with teeth cleaning
  - \$200 with no additional requirements

### ➤ Medicare Exchange Enhancements

- Plan continue to fund Exchange HRA Admin Fees and Life Insurance Premiums

### ➤ Medicare Part B Credit

- Increase the Medicare Part B Credit for retirees on CDHP, EPO, and HMO plans from \$134 per month to \$135.50 per month

# Plan Design Enhancements

## Plan Year 2020 (cont.)

- **Expanded Benefits**
  - Voluntary Benefits Platform for voluntary benefits such as vision, legal, auto, life, ID protection, pet insurance, etc.
  - Enhanced Nutrition Services Pilot at UNLV (CDHP)
- **HMO/EPO Plan Design Changes**
  - Reduce Primary Care Physician Visit copay from \$25 to \$20
  - Reduce Specialist Visit copay from \$45 to \$40
  - Increase Emergency Room Visit copay from \$300 to \$500
  - Increase Preferred Generic Retail Pharmacy copay from \$7 to \$10
  - Reduce Specialty Retail Pharmacy coinsurance from 30% to 20%

# Governor's Recommended Budget Enrollment Projections

Enrollment	2017 Legislatively Approved		FY 2018 (Actual)	FY 2019 (Projected)	Current Governor’s Recommended Budget	
	FY 2018	FY 2019			FY 2020	FY 2021
STATE						
Actives	26,841	26,900	26,078	26,572	27,167	27,645
Early Retirees	4,025	4,091	4,034	4,074	4,112	4,156
Medicare Retirees	6,727	7,105	6,739	7,188	7,812	8,126
	37,593	38,096	36,852	37,834	39,091	39,928
NON-STATE						
Actives	9	9	8	8	8	8
Early Retirees	1,193	1,258	1,481	1,194	1,050	903
Medicare Retirees	5,386	5,602	5,221	5,291	5,398	5,482
	6,579	6,869	6,710	6,493	6,456	6,393
TOTAL	44,172	44,965	43,562	44,327	45,547	46,321
Percent Change		1.80%		1.76%	2.75%	1.70%

# Governor's Recommended Budget Inflation Assumptions

- Inflation Assumptions are estimated by the Governor's Finance Office
- \$86.9M in FY 20 and \$100.6 M in FY 21

	Fiscal Year 2020	Fiscal Year 2021
Medical claims	3.7%	3.8%
RX Claims	3.7%	3.8%
Dental Claims	3.0%	3.0%
HMO/EPO Premiums	3.7%	3.8%
Life Insurance Premiums	0%	0%
Long Term Disability Premiums	0%	0%

# Subsidization Policy

	Governor's Finance Office Recommended
<b>Active Primary</b>	
Base Plan (CDHP)	93%
All Other Plans (HMO/EPOs)	81%
<b>Active Dependent</b>	
Base Plan (CDHP)	73%
All Other Plans (HMO/EPOs)	61%
<b>Retiree Primary</b>	
Base Plan (CDHP)	64%
All Other Plans (HMO/EPOs)	52%
<b>Retiree Dependent</b>	
Base Plan (CDHP)	44%
All Other Plans (HMO/EPOs)	32%

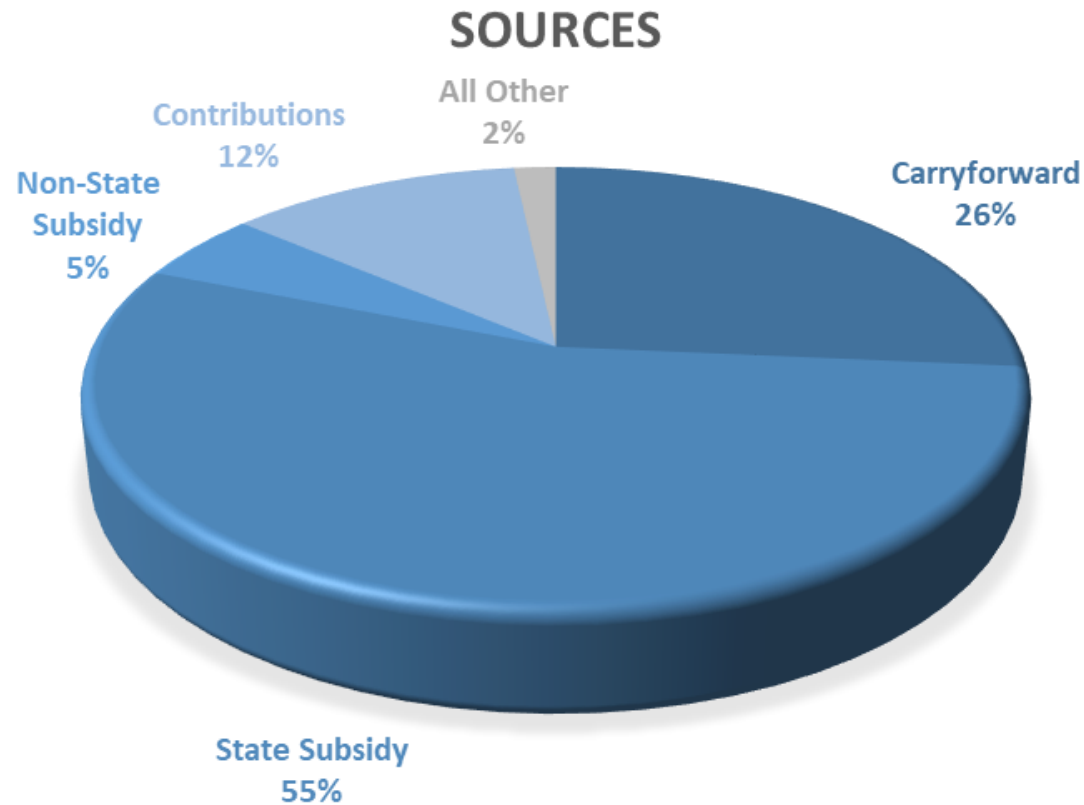


# Governor's Recommended Budget

## State Subsidy Assessments

	FY 2018	FY 2019	FY 2020	FY 2021
<b>Employees</b>				
Active Employee Group Insurance	\$743.00	\$740.92	\$757.83	\$785.63
<b>Non-Medicare Retirees</b>				
Retired Employee Group Insurance	\$445.03	\$451.23	\$522.68	\$470.20
<b>Medicare Retirees</b>				
Health Reimbursement Arrangement	\$180.00	\$180.00	\$195.00	\$195.00

# Governor's Recommended Budget \$1.1 Billion



Funding	FY 2020	FY 2021
Carryforward	\$146.3 M	\$140.0 M
State Subsidy	\$286.4 M	\$305.3 M
Non-State Subsidy	\$28.5 M	\$27.7 M
Contributions	\$66.9 M	\$63.6 M
All Other	\$9.3 M	\$9.3 M
Total Funding	\$537.4 M	\$545.9 M

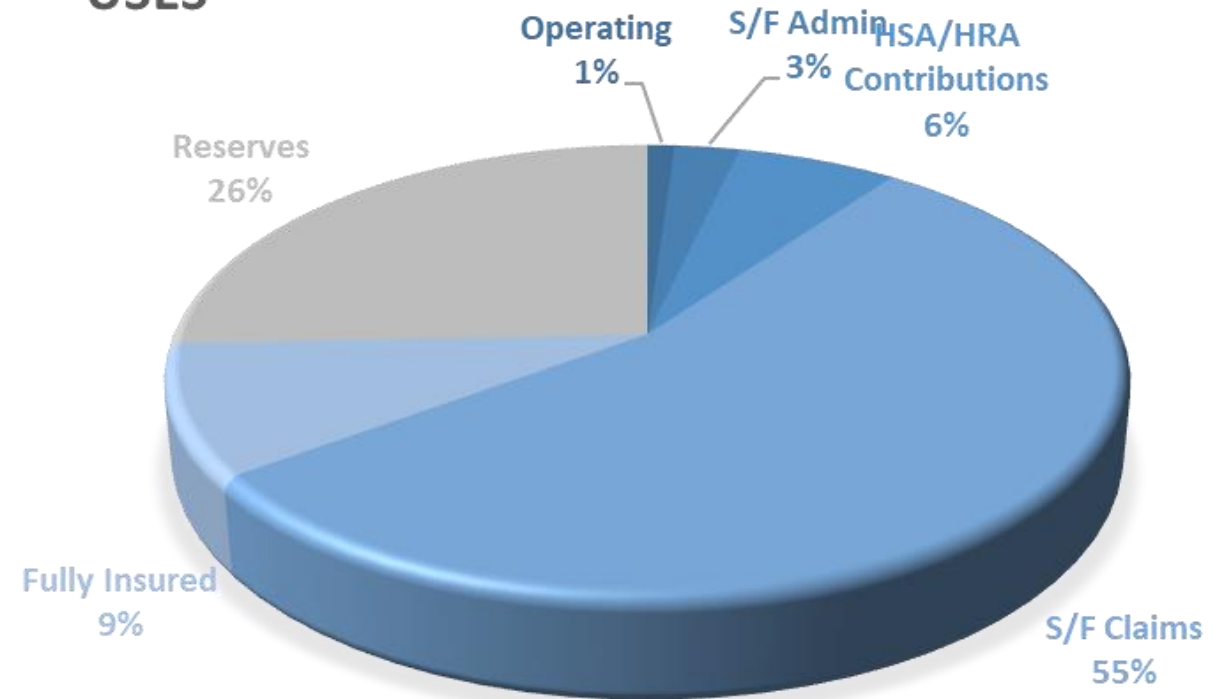


# Governor's Recommended Budget

## \$1.1 Billion (cont.)

Expenditures	FY 2020	FY 2021
Operating	\$5.8 M	\$5.9 M
Self-Funded Admin	\$13.9 M	\$14.0 M
HSA/HRA Contr.	\$37.6 M	\$31.1 M
Self-Funded Claims	\$290.0 M	\$304.7 M
Fully Insured	\$50.1 M	\$52.0 M
Reserves	\$140.0 M	\$138.2 M
Total Expenditures	\$537.4 M	\$545.9 M

### USES





# Governor's Recommended Budget Enhancements

- **E230: HSA/HRA Contribution**
  - Supplemental \$400 per participant HSA or HRA Contribution in FY20 and FY21
  - \$9.5M in Fiscal Year 20 and \$2.4M in Fiscal Year 21 funded by excess reserves
- **E231: Medicare Exchange HRA Contribution**
  - Increase the Medicare Exchange HRA Contribution to \$13 per month per year of service (currently \$12) in FY20 and FY21
  - \$2.8M in Fiscal Year 20 and \$2.9M in Fiscal Year 21 funded by State and Non-State Subsidies
- **E710: Equipment Replacement**
  - Routine replacement of computer equipment
  - \$87,323 in Fiscal Year 20 and \$124,107 in Fiscal Year 21 funded by excess reserves
- **E816: Unclassified Position Changes**
  - Reclassify PEBP's Unclassified Financial Analyst to a Classified Administrative Services Officer 2
  - \$2,138 in Fiscal Year 20 and \$1,286 in Fiscal Year 21 funded by excess reserves



# Governor's Recommended Budget Priorities and Performance Based Budget

Performance Measures	FY 2018 Actual	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
Expense Ratio	4.34%	4.15%	4.89%	4.65%
Claims Loss Ratio	95.60%	98.66%	97.31%	97.70%
Generic Drug Utilization	84.92%	92.59%	82.00%	82.00%
Medical Network Utilization	96.40%	96.40%	96.40%	96.40%
Dental Network Utilization	94.00%	94.00%	94.00%	94.00%
Appeals Ratio per 1,000	0.48	0.21	0.20	0.19



# Governor's Recommended Budget Priorities and Performance Based Budget (cont.)

Performance Measures	FY 2018 Actual	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
% Participating in Diabetes Care Mgt.	36.75%	36.76%	36.78%	36.77%
% Participating in Obesity Care Mgt.	70.10%	78.38%	78.35%	78.33%
% of Participants Receiving Dental Visit	49.20%	49.20%	49.20%	49.20%
% of Eligible PEBP Members Receiving Preventative Office Visit	39.32%	40.88%	42.50%	44.19%

# PEBP Rate Setting Process

## ➤ Authority

- The Authority of the PEBP Board to establish rates are contained in NRS Chapter 287.043

## ➤ Timing

- Rates are established in March of each year for the following Plan Year beginning in July

## ➤ Factors

### ➤ Plan Design

### ➤ Actuarial Assumptions

- Forecasted Claims Costs for Self-Insured Plans
- Forecasted Premium Costs for Fully Insured Plans
- Forecasted Administrative Expenses
- Forecasted Adjustments to Reserves
- Consideration of Material Demographic Changes

## ➤ State Subsidy Allocation and Participant Contribution

- The State subsidy percentages will be determined by the Board at the rate setting Board meeting in March
  - The higher the State subsidy, the lower the participant contribution



# Questions?

**Damon Haycock, Executive Officer**  
**Nevada Public Employees' Benefits Program**  
**[dhaycock@peb.state.nv.us](mailto:dhaycock@peb.state.nv.us)**  
**(775) 684-7020**

Or

**Celestena Glover, Chief Financial Officer**  
**Nevada Public Employees' Benefits Program**  
**[cglover@peb.state.nv.us](mailto:cglover@peb.state.nv.us)**  
**(775) 684-7020**