

**SENATE COMMITTEE ON FINANCE AND
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT
CLOSING REPORT**

PUBLIC EMPLOYEES' BENEFITS PROGRAM

The Joint Subcommittee on General Government has completed its review of the Public Employees' Benefits Program (PEBP) for the 2015-17 biennium. The following comments describe the more significant recommendations of the Joint Subcommittee.

PUBLIC EMPLOYEES' BENEFITS PROGRAM (625-1338) PEBP-10:

The Subcommittee reviewed the program's actuarially determined reserve levels for the Health Reimbursement Arrangement (HRA), Incurred But Not Reported (IBNR), and Catastrophic reserves, and recommended approval of the reserve levels as recommended by the Governor and revised by Budget Amendment A150821338. The Subcommittee also reviewed and recommended approval of the Excess reserve level as recommended by the Governor and adjusted by Budget Amendment A150821338.

The Subcommittee recommended approval of Excess reserve expenditures of \$23.1 million in FY 2016 and \$31.8 million in FY 2017 and \$12.6 million in premium income and state subsidy revenues in FY 2017 to fund inflationary and trend changes as recommended by the Governor and revised by Budget Amendment A150821338. Additionally, the

Subcommittee recommended approval of \$672,637 in premium income and \$1.7 million in state subsidy revenue in FY 2017 to fund the cost of Medicare inflation for retirees as recommended by the Governor.

The Subcommittee also recommended approval of the use of Excess reserves totaling \$25.1 million in FY 2016 and \$25.5 million in FY 2017 as recommended by the Governor to continue all of the Plan Design elements adopted by the PEBP Board for FY 2015. Additionally, the Subcommittee recommended the issuance of a letter of intent to the PEBP Board directing that, no later than September 1, 2016, the PEBP Board should report to the Legislature's Interim Retirement and Benefits Committee (IRBC) on the benefits plan design and associated funding plan anticipated for FY 2018 and FY 2019. With regard to the Plan Design for the 2015-17 biennium, the Subcommittee recommended approval of expending all or part of the \$8.1 million in savings from the PEBP Board's elimination of the Wellness program to reduce the monthly state contribution and participant's monthly out-of-pocket premium costs as recommended by the Governor and included in Budget Amendment A150821338.

The Subcommittee recommended approval of revised participant enrollment projections for state active employees and retirees as well as non-state active employees and retirees, and recommended adjustments to state subsidy and participant premium revenue levels for both state and non-state participants as recommended by the Governor and revised by Budget Amendment A150821338.

Finally, the Subcommittee recommended approval of all Other Closing Items as recommended by the Governor and adjusted by Budget Amendment A150821338 and, on two items, contingent upon passage and approval of legislation.

RETIRED EMPLOYEE GROUP INSURANCE (680-1368) PEBP-20: The Subcommittee recommended closing the Retired Employee Group Insurance (REGI) budget in accordance with the Subcommittee's previous action to recommend approval of the amended/revised REGI monthly state per member per month base subsidy contribution of \$425.57 in FY 2016 and \$451.15 in FY 2017.

ACTIVE EMPLOYEES GROUP INSURANCE (666-1390) PEBP-25: The Subcommittee recommended closing the Active Employees Group Insurance (AEGIS) budget in accordance with the Subcommittee's previous action to recommend approval of the amended/revised AEGIS monthly state per member per month contribution of \$701.73 in FY 2016 and \$699.25 in FY 2017.

Finally, the Subcommittee recommended authorizing Fiscal staff to adjust revenues and expenditures for these budgets and to make technical adjustments as necessary.

Public Employees' Benefits Program
General Fund Impacts of Subcommittee Closing

Page	Budget	Title	FY 2016	FY 2017
AS CLOSED BY SUBCOMMITTEE:				
PEBP-10	625-1338	*Public Employees' Benefits Program	-	-
PEBP-20	680-1368	*Retired Employee Group Insurance	-	-
PEBP-25	666-1390	*Active Employees Group Insurance	-	-
			-	-
* No General Fund impact				

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 General Government Joint Subcommittee
 W02 - WORKING VERSION 2

Title: PEBP - PUBLIC EMPLOYEES' BENEFITS PROGRAM
Account: 625 - 1338

Budget Page: PEBP-10, Volume III

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(16,660,602)	168,828,144	(1113.34)	163,205,462	(3.33)	135,413,104	(17.03)
INTERAGENCY TRANSFER	239,938,527	249,700,164	4.07	234,086,545	(6.25)	236,420,293	1.00
OTHER FUND	97,811,727	112,968,130	15.50	92,147,303	(18.43)	89,299,456	(3.09)
Total Revenues	321,089,652	531,496,438	65.53	489,439,310	(7.91)	461,132,853	(5.78)
Total FTE		32.00		32.00		32.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2511	Increase Balance Forward From FY 2016 per Budget Amendment A150821338		2,287,476
M101	00	2511	Decrease Balance Forward From FY 2016 per Budget Amendment A150821338		(6,706,627)
M101	00	4320	Increase Premium Income in FY 2016 per Budget Amendment A150821338		3,393,410
M101	00	4325	Increase State Subsidy Revenue in FY 2017 per Budget Amendment A150821338		9,109,937
M200	00	4320	Decrease Premium Income in FY 2016 and Increase Premium Income in FY 2017 per Budget Amendment A150821338	(494,777)	3,160,266
M200	00	4325	Adjust State Subsidy Revenue in FY 2016 and FY 2017 per Budget Amendment A150821338	1,624,436	5,171,573
M201	00	4320	Adjust Premium Income Revenue in FY 2016 and FY 2017 per Budget Amendment A150821338	2,556,771	(401,659)
M501	00	4320	Adjust Premium Income Revenue in FY 2016 to Reflect Revised Waiting Period Change per Budget Amendment A150821338	23,054	
M501	00	4325	Adjust State Subsidy Revenue in FY 2016 to Reflect Revised Waiting Period Change per Budget Amendment A150821338	56,812	
M502	00	4320	Adjust Premium Income Revenue in FY 2016 and FY 2017 to Reflect Revised Retiree Tricare Exception per Budget Amendment A150821338	20,273	34,450
M502	00	4325	Adjust State Subsidy Revenue in FY 2016 and FY 2017 to Reflect Revised Retiree Tricare Exception per Budget Amendment A150821338	20,683	79,626
Sub-total				3,807,252	16,128,452
Line Item Changes to Revenues				3,807,252	16,128,452

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	04	7060	Adjust contract expenditures per budget amendment A150821338	(193,200)	(200,400)
B000	10	7075	Adjust self-insured medical claims expenditures per budget amendment A150821338	(750,383)	(604,450)
B000	12	7075	Adjust self-insured medical claims expenditures per budget amendment A150821338	(1,343,893)	(1,343,893)
B000	86	9178	Adjust excess reserve levels per budget amendment A150821338	2,287,476	4,436,219
M101	08	7075	Adjust fully insured contract expenditures per budget amendment A150821338	(1,669,205)	(2,595,364)
M101	10	7075	Adjust self-insured medical claims expenditures per budget amendment A150821338	(662,798)	(725,404)
M101	12	7075	Adjust self-insured medical claims expenditures per budget amendment A150821338	(206,238)	(264,644)

M101	12	7180	Adjust self-insured medical claims expenditures per budget amendment A150821338	2,099,867	2,125,727
M101	12	7183	Adjust self-insured medical claims expenditures per budget amendment A150821338	7,145,001	9,180,193
M101	86	9178	Adjust reserves for self-insured medical claims expenditures per budget amendment A150821338	(6,706,627)	(1,923,788)
M200	04	7060	Adjust contract expenditures per budget amendment A150821338	18,968	35,265
M200	08	7075	Adjust fully insured contract expenditures per budget amendment A150821338	(9,253,151)	(15,204,429)
M200	10	7075	Adjust self-insured medical claims expenditures per budget amendment A150821338	516,627	866,249
M200	10	7076	Adjust self-insured medical claims expenditures per budget amendment A150821338	55,856	106,306
M200	12	7075	Adjust self-insured medical claims expenditures per budget amendment A150821338	(8,829)	(8,866)
M200	12	7180	Adjust self-insured medical claims expenditures per budget amendment A150821338	6,931,345	16,517,753
M200	12	7183	Adjust self-insured medical claims expenditures per budget amendment A150821338	1,161,354	3,290,982
M200	14	7178	Adjust HSA/HRA employer contribution expenditures per budget amendment A150821338	963,863	1,829,280
M200	14	7181	Adjust HRA claims expenditures per budget amendment A150821338	313,800	408,599
M200	15	7182	Adjust Retiree HRA contribution expenditures per budget amendment A150821338	429,826	490,700
M201	04	7060	Adjust contract expenditures per budget amendment A150821338	12,453	(3,845)
M201	08	7075	Adjust fully insured contract expenditures per budget amendment A150821338	2,343,153	4,346,090
M201	10	7075	Adjust self-insured medical claims expenditures per budget amendment A150821338	69,286	(446,381)
M201	10	7076	Adjust self-insured medical claims expenditures per budget amendment A150821338	1,009	(1,968)
M201	12	7075	Adjust self-insured medical claims expenditures per budget amendment A150821338	28,416	51,657
M201	12	7180	Adjust self-insured medical claims expenditures per budget amendment A150821338	245,721	(3,025,496)
M201	12	7183	Adjust self-insured medical claims expenditures per budget amendment A150821338	(143,267)	(1,321,716)
M501	04	7020	Adjust operating expenditures in FY 2016 to reflect revised Waiting Period cost per Budget Amendment A150821338	2,540	
M501	04	7060	Adjust contract expenditures per budget amendment A150821338	211	
M501	08	7075	Adjust fully insured contract expenditures per budget amendment A150821338	8,017	
M501	10	7075	Adjust self-insured medical claims expenditures per budget amendment A150821338	2,507	
M501	10	7076	Adjust self-insured medical claims expenditures per budget amendment A150821338	255	
M501	12	7180	Adjust self-insured medical claims expenditures per budget amendment A150821338	66,336	
M502	04	7260	Adjust HRA expenditures (Tricare Exception) per budget amendment A150821338	40,956	114,076
Sub-total				3,807,252	16,128,452
Line Item Changes to Expenditures				3,807,252	16,128,452
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

The Public Employees' Benefits Program (PEBP) provides various insurance coverages for state employees, state retirees who are ineligible for Medicare, and their dependents, if the participant chooses to cover their dependents. Retirees who are eligible for Medicare receive a contribution they may use toward a health insurance plan of their choosing via the Individual Medicare Market Exchange (OneExchange). In addition, any non-state public agency may join the program to provide coverage for their employees, retirees and dependents. The insurance coverages provided include health (medical, dental, prescription), life, accidental death and dismemberment, and long-term disability. Other voluntary optional insurance coverages are available for those participants who elect to purchase additional coverage.

The largest portion of the program is health insurance, which currently provides medical, dental, and prescription coverage. The majority of this health coverage is self-insured via a High Deductible Health Plan (HDHP) with healthcare services provided through a preferred provider organization (PPO) network. This plan is also referred to as a Consumer Driven Health Plan (CDHP). Participants may elect a Health Maintenance Organization (HMO) plan rather than the self-funded PPO plan. Accidental death and dismemberment, long-term disability, and life insurance benefits are fully insured by outside carriers.

Major Closing Issues

1. Plan Reserve Levels
2. Projected Plan Inflation/Trend Adjustments
3. 2015-17 Biennium Plan Design, Elimination of Wellness Program Expenditures
4. PEBP Caseload Changes
5. 2015-17 Biennium Active Employees' Group Insurance (AEGIS) and Retired Employee Group Insurance (REGI) Contribution Rates

Discussion of Major Closing Issues

1. Plan Reserve Levels (M-102, SUMMARY, PEBP-12, 19): The plan maintains actuarially determined reserves to cover Health Reimbursement Arrangement (HRA) account future expenditures, Incurred But Not Reported (IBNR) claims and Catastrophic claims. The HRA reserve serves as a holding account for unexpended prior year contributions and provides cash flow in the current year. The IBNR reserve provides cash flow should the plan receive prior year claims in excess of available operating cash. The Catastrophic reserve pays extraordinarily large claims to decrease volatility and avoid disruption to the rates in the following plan year. Lower than projected claim costs may result in excess cash, which is placed into the Excess Reserve (Reserve) category. The Executive Budget utilizes Decision Unit M-102 (PEBP-12) to adjust the plan's HRA, IBNR, Catastrophic and excess reserves over the 2015-17 biennium to align with actuarial projections. To achieve the desired reserve levels, operating expenditures for retiree HRA contributions are increased by \$7.3 million in FY 2016 and \$6.2 million in FY 2017. Additionally, premium income and state subsidy operating revenues decrease by \$1.9 million in FY 2016 but increase by \$1.5 million in FY 2017.

Overall, reserves are budgeted to cumulatively decrease in the 2015-17 biennium by 44.6 percent or \$72.8 million in comparison to PEBP's current FY 2015 reserve levels. As shown in the summary table on the following page, The Executive Budget recommends that only the HRA reserve increase over the 2015-17 biennium, by \$13.7 million or 61.7 percent compared to FY 2015. According to PEBP, the increase is based upon a projected increase in the funded, but unexpended HRA contributions among active and retiree plan participants. Also based upon actuarial projections, the Governor recommends that reserve levels for IBNR and Catastrophic claims decrease by the end of FY 2017 by \$15.2 million and \$5.2 million, respectively. As a result of reducing the amount of funds actuarially required in the IBNR and Catastrophic reserves, \$20.4 million is available over the 2015-17 biennium to fund the \$13.7 million increase to the HRA reserve. The \$6.7 million balance also becomes available, in conjunction with excess reserves, to fund expected medical, prescription, dental and HMO plan inflation (Major Issue 2) and the maintenance of the current plan design (Major Issue 3).

Budget Account 1338 - Public Employees' Benefits Program: 2015-17 Budgeted Operating Reserves						
PLAN RESERVE TYPE	FY 2014 (Ending)	FY 2015 (Starting)	FY 2016 (Gov. Rec.)	FY 2017 (Gov. Rec.)	FY 2017 Change Over FY 2015	% Change
HRA Reserve	\$ 22,266,600	\$ 22,266,600	\$ 31,312,874	\$ 36,008,701	\$ 13,742,101	61.7%
IBNR Reserve	\$ 44,000,000	\$ 44,000,000	\$ 27,800,000	\$ 28,800,000	\$ (15,200,000)	-34.5%
Catastrophic Reserve	\$ 30,300,000	\$ 30,300,000	\$ 23,700,000	\$ 25,100,000	\$ (5,200,000)	-17.2%
Reserve (Excess Reserve)	\$ 66,643,862	\$ 66,643,862	\$ 52,614,214	\$ 473,446	\$ (66,170,416)	-99.3%
RESERVES (Totals)	\$ 163,210,462	\$ 163,210,462	\$ 135,427,088	\$ 90,382,147	\$ (72,828,315)	-44.6%

However, as also shown in the table, excess reserves of only \$473,446 are budgeted to be available at the end of FY 2017 to balance forward into FY 2018.

In response to questions about the excess reserve asked by the Subcommittee at PEBP's pre-session budget hearing on January 29, 2015, PEBP provided information on how the plan design for the 2015-17 biennium would need to be changed depending upon the availability of the excess reserves. PEBP's response indicated that the plan design would not change and there would need to be monthly premium increases between \$16.20 (HMO) and \$37.99 (PPO) for active employees and between \$11.95 (HMO) and \$33.75 (PPO) for non-Medicare retirees with the state and participants funding the increases at the approved subsidy percentages. Elimination of plan elements was not indicated. PEBP also provided information on how the PEBP Board expended excess reserves on plan enhancements in prior years including increasing contributions to participants Health Savings Account (HSA)/HRA accounts, increasing the year-of-service contribution to Medicare retirees and easing rate increases in subsequent plan years (February 11, 2015, response: Question 3 and Attachment A).

Budget Amendment A150821338, received from the Executive Budget Office on April 24, 2015, does not adjust or otherwise change the recommended HRA, IBNR and Catastrophic reserve levels contained in The Executive Budget and remain as shown in the above table. However, as a result of Budget Amendment A150821338, available excess reserves decrease by \$4.4 million in FY 2016, from \$52.6 million to \$48.2 million. In FY 2017, available excess reserves increase by \$2.5 million, from \$473,446 to \$3.0 million.

Although funding recommendations are based on actuarial determinations, the operating budget would still have little "margin of error" if FY 2017 program-claims costs are higher than expected. More importantly, Fiscal staff would note that as is discussed under Major Closing Issue 3, the FY 2016 and FY 2017 plan design adopted by the PEBP Board is funded through excess reserves which, based upon an ending FY 2017 balance of \$3.0 million, will not be sufficient to continue the plan design in FY 2018.

Does the Subcommittee wish to approve the program reserve levels as recommended by the Governor and adjusted by Budget Amendment A150821338, with authority for staff to make technical adjustments as necessary?

The Subcommittee recommended approval of the program reserve levels as recommended by the Governor and adjusted by Budget Amendment A150821338, with authority for staff to make technical adjustments as necessary.

2. Projected Plan Inflation/Trend Adjustments (M-101, M-104, PEBP-11-12, 13): The Governor recommends inflation adjustments for PPO medical trend, dental trend, prescription drug trend increases and HMO plan inflation. "Trend" includes both inflation and utilization and is based upon actuarial projection. The budgetary impact of this adjustment is approximately \$18.1 million in FY 2016 and \$36.7 million in FY 2017. The Governor recommends funding these inflation adjustments primarily through excess reserves.

Budget Amendment A150821338, submitted by the Budget Division on April 24, 2015, increases projected medical and pharmaceutical claims costs by \$6.7 million in FY 2016 and \$7.7 million in FY 2017 based upon revisions to the actuarially projected trend rates for each fiscal year of the 2015-17 biennium. As shown in the following table, the primary inflationary change is to pharmaceutical/prescription costs. Inflationary increases are also included for HMO plan costs. According to the agency, the 44.48 percent increase in projected pharmaceutical costs includes past inflation that was not previously budgeted. To fund the increased costs, reserve expenditures increase by \$6.7 million, to \$23.1 million in FY 2016, but decrease by \$4.8 million, to \$31.8 million in FY 2017. The FY 2017 decrease is a result of adding \$12.6 million in premium income and state subsidy revenue to offset FY 2017 costs.

Projected Trend Inflationary Increases for Fiscal Year 2016 and Fiscal Year 2017 as Budgeted in <u>The Executive Budget</u> for the 2015-17 Biennium					Governor Recommends, AS AMENDED	
INFLATION TYPE	FY 2014 Actual	FY 2015 Budgeted	FY 2016 Projected (Gov. Rec.)	FY 2017 Projected (Gov. Rec.)	FY 2016 Inflation REVISED (Gov. Rec.)	FY 2017 Inflation REVISED (Gov. Rec.)
PPO - Medical	-0.24	8.0%	6.00%	6.00%	5.97%	6.00%
PPO - Prescription/Pharmaceutical	17.7	8.0%	6.00%	6.00%	44.48%	12.00%
PPO - Dental	3.1	3.5%	3.00%	3.00%	2.51%	2.00%
HMO Plan - Hometown Health	-	9.5%	6.00%	8.00%	0.98%	8.00%
HMO Plan - Health Plan of Nevada	-	-	6.00%	8.00%	10.85%	11.00%

Does the Subcommittee wish to approve excess reserve expenditures of \$23.1 million in FY 2016 and \$31.8 million in FY 2017 and \$12.6 million in premium income and state subsidy revenues in FY 2017 to fund the inflationary and trend changes as recommended by the Governor and as adjusted by Budget Amendment A150821338 with authority for staff to make technical adjustments as necessary?

The Subcommittee recommended approval of the excess reserve expenditures of \$23.1 million in FY 2016 and \$31.8 million in FY 2017 and \$12.6 million in premium income and state subsidy revenues in FY 2017 to fund the inflationary and trend changes as recommended by the Governor and as adjusted by Budget Amendment A150821338, with authority for staff to make technical adjustments as necessary.

For Medicare-eligible retirees, The Executive Budget (M-104, PEBP-13) recommends \$2.4 million in FY 2017 to account for projected premium increases in the cost of Medicare Supplement (4 to 6 percent), Medicare Advantage (3 to 5 percent) and Medicare prescription drug plans (3 to 5 percent). As budgeted, \$1.7 million is recommended to be funded with state subsidies while the \$672,637 balance represents premium payments by the non-state employers (primarily school districts) from whom participating non-state retirees retired. Medicare-eligible retirees' HRA accounts are recommended to receive an additional \$1 per month per year of service contribution (to \$12.00 per YOS).

Does the Subcommittee wish to approve premium income of \$672,637 and state subsidy revenue of \$1.7 million in FY 2017 to fund the Medicare inflationary changes as recommended by the Governor with authority for staff to make technical adjustments as necessary?

The Subcommittee recommended approval of premium income of \$672,637 and state subsidy revenue of \$1.7 million in FY 2017 to fund the Medicare inflationary changes as recommended by the Governor, with authority for staff to make technical adjustments as necessary.

3. 2015-17 Biennium Plan Design, Elimination of Wellness Program Expenditures (BASE, M-103, PEBP-10,13): The Executive Budget recommends utilizing excess reserves totaling \$25.1 million in FY 2016 and \$25.5 million in FY 2017 to continue the plan design approved by the PEBP Board for FY 2015. The Governor recommends continuation of the Preferred Provider Organization-structured (PPO) High Deductible Health Plan (HDHP) and the Health Maintenance Organization (HMO) plan. (Budget Amendment A150821338 does not change the plan design as reflected in Decision Unit M-103). The following plan elements implemented by the PEBP Board for Plan Year 2015 are continued in FY 2016 and FY 2017:

a) Subsidies: As shown in the table, the monthly health insurance premium subsidy for state active employees on the HDHP PPO would continue at 93 percent; the HMO subsidy would remain 78 percent. For state non-Medicare retirees, the base subsidy percentage (15 years of service credit) recommended would continue at 64 percent for the primary insured on the HDHP PPO, and 49 percent on the HMO. Dependent subsidies are set at 20 percent less than that for the primary insured (i.e., 73 percent for active dependents and 44 percent for retiree dependents), assuming those participants choose the HDHP PPO. For participants who elect to join the HMO instead of the PPO, the subsidy is set at 15 percent less than the subsidy for the PPO to reflect the differences in deductibles, out-of-pocket expenses and coinsurance percentages and thresholds.

Monthly Insurance Premium Subsidies for Plan Year (PY) 2016 and PY 2017 as Recommended in <u>The Executive Budget</u> for the 2015-17 Biennium						
PARTICIPANT TYPE	PY 2015 PPO Subsidy %	PY 2015 HMO Subsidy %	PY 2016 PPO Subsidy %	PY 2016 HMO Subsidy %	PY 2017 PPO Subsidy %	PY 2017 HMO Subsidy %
State Active (Primary)	93%	78%	93%	78%	93%	78%
State Active (Dependent)	73%	58%	73%	58%	73%	58%
State Non-Medicare Retiree (Primary) (15 Years of Service)	64%	49%	64%	49%	64%	49%
State Non-Medicare Retiree (Dependent)	44%	29%	44%	29%	44%	29%

b) Deductibles: For the PPO, the deductible would be \$1,500/individual and \$3,000/family (*projected cost: \$2.2 million*);

c) Coinsurance: The coinsurance rate would be 80 percent once the deductible was satisfied (*\$1.6 million*);

d) Out-of-Pocket Maximum: For the PPO, the out-of-pocket maximums, after which the plan would pay 100 percent of the cost, would be \$3,900/individual and \$7,800/family. Under the HMO plan, the amounts would be \$6,000/individual and \$12,000/family;

- e) Health Savings Account (HSA) Contribution: An additional one-time HSA contribution of \$400 per primary insured HDHP participant and an additional one-time HSA contribution of \$100 per dependent per primary insured participant. These are in addition to the \$700 (primary)/\$200 (dependent) “base” contribution to each active and retirees’ HSA or HRA (\$9.0 million);
- f) Health Reimbursement Arrangement (HRA) Contribution: An additional one-time HRA contribution of \$2 per month per Year of Service (YOS) for Medicare retirees (\$4.5 million);
- g) Dental Benefit: The maximum annual dental benefit would be \$1,500 (\$3.3 million);
- h) Vision Benefit: One annual vision exam would be funded (\$1.3 million);
- i) Life Insurance: Life insurance would be \$25,000 for actives and \$12,500 for retirees (\$3.3 million);
- j) Preventive care: Continue to be covered at 100 percent and the wellness program would be continued with the associated \$50 per month (maximum per primary participant) premium reduction for participants who completed the eligibility requirements (\$5.9 million).

Elimination of Wellness Program Expenditures: The PEBP Board adopted the FY 2016 plan design and rates at its April 2, 2015, meeting. However, as the Subcommittee is aware, on April 16, 2015, the PEBP Board held an emergency meeting and canceled its contract with United States Preventive Medicine (USPM) and eliminated expenditures supporting the wellness program effective July 1, 2015. This action occurred after the Legislature’s Interim Finance Committee, at its April 9, 2015, meeting, deferred approving PEBP’s FY 2015 work program revision request to establish expenditure authority sufficient to pay the contract administrative costs of the wellness program vendor (USPM). The Board approved the following actions on April 16, 2015:

1. Terminated its current contract with U.S. Preventive Medicine (USPM) effective June 13, 2015, by issuing a 60-day termination notice. The USPM contract otherwise expired on September 30, 2015;
2. Cancelled the current RFP, through the Purchasing Division, for a new wellness program vendor that would have been effective October 1, 2015;
3. Allowed biometric screenings to continue through May 6th for individuals already scheduled;
4. Eliminated participant incentives effective July 1, 2015 (Plan Year 2016): These would have been:
 - for primary participants (not dependents) on the high deductible plan, a \$50 monthly contribution to the participant’s HSA;
 - for primary participants on the HMO plan, a \$50 monthly deduction to the participant’s cost share.
5. Continued the diabetes care management program component of the wellness program by transferring the program to Hometown Health, which is PEBP’s current provider for major disease care management services. Participants will continue to receive reduced doctor’s office and pharmaceutical copay incentives;
6. Continued in FY 2016 the existing wellness/preventive screening benefits currently provided to participants: blood pressure, blood sugar, bone density, cholesterol, skin cancer examinations, colonoscopy, depression screening/management, electrocardiogram, fecal occult blood, hearing exam, height & weight, immunizations, sigmoidoscopy, tobacco use counseling and intervention, vision screening;
7. Send a letter to participants currently enrolled (or enrolling) in the USPM wellness program and to agency representatives informing them of the changes and the benefits still available.

Wellness Program Costs

As shown in the following table, wellness program costs were anticipated to total \$8.1 million in FY 2016 and \$8.2 million in FY 2017, with approximately 75 percent of the annual cost associated with the \$50 per month (maximum) premium incentive. The premium incentive was to be funded through excess reserves and represented a reduction in premium income from participating individuals. However, for purposes of rate setting, all costs were included in the Active Employees’ Group Insurance (AEGIS) and Retired Employee Group Insurance (REGI) rates.

Expenditure Components of PEBP Wellness Program	FY15 Program Costs	FY16 Anticipated Program Costs	FY17 Anticipated Program Costs
Self Insured Claims Costs			
Biometric Screenings	\$ 698,533	\$ 733,459	\$ 770,132
Biometric Screenings - Cotinine	\$ 23,366	\$ 24,534	\$ 25,761
Self Insured Administrative Costs			
Health Risk Assessment	\$ 148,728	\$ 156,164	\$ 163,972
Non-Interactive Communications	\$ 176,767	\$ 185,605	\$ 194,885
Program Fulfillment	\$ 131,661	\$ 138,244	\$ 145,156
Analytics and Predictive Modeling	\$ 732,667	\$ 769,300	\$ 807,765
Biometric and Contract Costs per year	\$ 1,911,722	\$ 2,007,306	\$ 2,107,671
Premium Incentive Costs (Reduction in Revenue) (10,159 individuals x \$50.0 x 12)	\$ 6,095,400	\$ 6,095,400	\$ 6,095,400
Disease Management - Diabetes (733 individuals x \$15.47 x 12 months)	\$ 136,074	\$ -	\$ -
Total Wellness Program Costs	\$ 8,143,196	\$ 8,102,706	\$ 8,203,071

As originally submitted, and subsequently amended by Budget Amendment A150821338, revenue (excess reserves) and expenditure authority for the wellness program remains in the budget. However, the Subcommittee should be aware that Budget Amendment A150821338 achieves the reduced FY 2016 and FY 2017 AEGIS and REGI state contributions by applying the program savings derived from the wellness program's elimination.

PEBP additionally indicates that state employees also derived a financial benefit in the form of reduced monthly premiums. ATTACHMENT 1 provides a breakdown of the per member per month (PMPM) financial benefit that will be received by all 25,000 active employees and 3,900 non-Medicare retirees. The PMPM premium savings is \$1.87 for state actives on the PPO plan and \$5.52 on the HMO plan. State non-Medicare retirees receive premium reductions of \$9.61 and \$12.81 for the PPO and HMO plans, respectively. While these amounts are not large, they do represent out-of-pocket savings for ALL participants. Staff would point out that the majority of the benefit accrues to the state contribution since, as shown in the subsidy table, the state subsidy varies from 93 percent to 78 percent for state actives and 64 percent to 49 percent for state non-Medicare retirees.

First, exclusive of the wellness program, does the Subcommittee wish to approve the use of excess reserves totaling \$25.1 million in FY 2016 and \$25.5 million in FY 2017 as recommended by the Governor to continue the plan design approved by the PEBP Board for FY 2015, with authority for staff to make technical adjustments as necessary?

The Subcommittee recommended approval of the use of excess reserves totaling \$25.1 million in FY 2016 and \$25.5 million in FY 2017 as recommended by the Governor to continue the plan design approved by the PEBP Board for FY 2015, with authority for staff to make technical adjustments as necessary.

In recognition that the amended FY 2017 excess reverse ending balance is projected to be \$3.0 million, the Subcommittee may wish to consider recommending that the full committees issue a letter of intent to the PEBP Board directing that no later than July 1, 2016, the PEBP Board report to the Legislature's Interim Retirement and Benefits Committee (IRBC) on the benefits plan design and associated funding plan anticipated for the 2017-19 biennium.

Does the Subcommittee wish to recommend a letter of intent directing that, no later than July 1, 2016, the PEBP Board should report to the Legislature's Interim Retirement and Benefits Committee (IRBC) on the benefits plan design and associated funding plan anticipated for FY 2018 and FY 2019?

The Subcommittee recommended approval of recommending a letter of intent be issued to the PEBP Board directing that, no later than September 1, 2016, the PEBP Board should report to the Legislature's Interim Retirement and Benefits Committee (IRBC) on the benefits plan design and associated funding plan anticipated for FY 2018 and FY 2019.

Regarding the wellness program, the Subcommittee may wish to consider options for recommendation to the full committees when the PEBP budgets are closed on Tuesday, May 12, 2015. Options include:

- a. Approve the expenditure of all or part of the \$8.1 million in FY 2016 and \$8.2 million in FY 2017 to reduce the state contribution and participant's out-of-pocket premium costs as included in Amendment A150821338;
- b. Defer making a decision and request that the PEBP Board and the Executive Budget Office provide the full committees with options for utilizing the funding different than the reduced state contribution and participant premium rates contained in Amendment A150821338;

If the Subcommittee selects option b it will need to provide direction to staff to work with PEBP and the Executive Budget Office to determine the cost and feasibility of other options. The following issues would need to be addressed:

- Which participants should receive a benefit e.g., all PEBP primary participants, only those who enrolled in the wellness program, some other group of state employees;
- What type of benefit participants should receive e.g., a monthly premium reduction or subsidy, a one-time HSA/HRA contribution, some other financial benefit;
- The dollar value of the benefit;
- The duration of the benefit e.g., FY 2016, both FY 2016 and FY 2017, or some other time period.

Does the Subcommittee wish to approve a recommendation with regard to either the wellness program or the funding, which was budgeted to support it in the 2015-17 biennium?

The Subcommittee recommended approval of Option (a): Approve the expenditure of all or part of the \$8.1 million in FY 2016 and \$8.2 million in FY 2017 to reduce the state contribution and participant's out-of-pocket premium costs as included in Amendment A150821338.

4. PEBP Caseload Changes (M-200, M-201, PEBP-14): In follow up to the pre-session budget hearing, the agency has provided FY 2015 year-to-date actual enrollments for both state and non-state participants. The updated information is shown on the following table. Additionally, the table shows updated FY 2016 and FY 2017 projected participant totals.

Public Employees' Benefits Program Participant Count: FY 2014 Actual, FY 2015 Budgeted, FY 2015 Year-To-Date, FY 2016 and FY 2017 Projected						Governor Recommends, AS AMENDED	
PARTICIPANT TYPE	FY 2014 (Actual)	FY 2105 (Budgeted)	FY 2015 (Y-T-D)	FY 2016 (Projected)	FY 2017 (Projected)	FY 2016 Enrollments REVISED (Gov. Rec.)	FY 2017 Enrollments REVISED (Gov. Rec.)
STATE PARTICIPANTS							
Actives	23,582	23,852	24,245	23,852	23,852	24,376	25,132
Non-Medicare Retirees	3,865	3,845	3,270	3,882	3,873	3,920	3,910
Medicare Retirees	5,272	5,329	6,277	5,833	6,048	5,925	6,159
<i>Retirees SUBTOTAL</i>	<i>9,137</i>	<i>9,174</i>	<i>9,547</i>	<i>9,715</i>	<i>9,921</i>	<i>9,845</i>	<i>10,069</i>
TOTAL STATE	32,719	33,026	33,792	33,567	33,773	34,221	35,201
Change	-	307	1,073	541	206	429	980
% Change	-	0.9%	3.3%	1.6%	0.6%	1.3%	2.9%
NON-STATE PARTICIPANTS							
Actives	14	14	12	6	0	12	12
Non-Medicare Retirees	2,980	2,796	2,046	1,951	1,411	1,952	1,410
Medicare Retirees	4,753	4,787	5,322	5,163	5,379	5,118	5,317
<i>Retirees SUBTOTAL</i>	<i>7,733</i>	<i>7,583</i>	<i>7,368</i>	<i>7,114</i>	<i>6,790</i>	<i>7,070</i>	<i>6,727</i>
TOTAL NON-STATE	7,747	7,597	7,380	7,120	6,790	7,082	6,739
Change	-	(150)	(367)	(477)	(330)	(298)	(343)
% Change	-	-1.9%	-4.7%	-6.3%	-4.6%	-4.0%	-4.8%
TOTAL PARTICIPANTS	40,466	40,623	41,172	40,687	40,563	41,303	41,940
% Change	-	0.39%	1.74%	0.16%	-0.30%	0.32%	1.54%

Budget Amendment A150821338 revises state participant enrollments to increase by 1.3 percent over FY 2015 Y-T-D actuals and then increase again, by 2.9 percent over FY 2016, in FY 2017. As also shown, non-state participants, primarily retirees, continue to decrease by 4.0 percent and 4.8 percent, in FY 2016 and FY 2017, respectively.

- a) M-200 State Active and Retiree Caseload: The Executive Budget recommends a decrease in state subsidy contributions of \$2.6 million in FY 2016 and \$5.5 million in FY 2017 and increases in premium income of \$9.0 million and \$11.7 million in FY 2016 and FY 2017, respectively. Overall, net revenues increase by \$6.4 million in FY 2016 and \$6.1 million in FY 2017 based upon projected increases in plan administrative (contract) costs and increased medical claims costs associated with changes in state active and retiree participants over the biennium.

Budget Amendment A150821338 revises the recommended funding for state active and retiree caseloads by decreasing premium income by \$494,777 and increasing state subsidy revenue by \$1.6 million in FY 2016. In FY 2017, premium income is increased by \$3.2 million and state subsidy revenue is increased by \$5.2 million. Overall, total recommended revenues and expenditures increase by a net of \$1.1 million in FY 2016 and \$8.3 million in FY 2017.

Does the Subcommittee wish to approve net revenue and expenditures of \$1.1 million in FY 2016 and \$8.3 million in FY 2017 to fund the state active and retiree caseload changes as recommended by the Governor and as adjusted by Budget Amendment A150821338 with authority for staff to make technical adjustments as necessary?

The Subcommittee recommended approval of net revenue and expenditures of \$1.1 million in FY 2016 and \$8.3 million in FY 2017 to fund the state active and retiree caseload changes as recommended by the Governor and as adjusted by Budget Amendment A150821338, with authority for staff to make technical adjustments as necessary.

- b) M-201 Non-State Active and Retiree Caseload: The Executive Budget recommends a decrease in Premium Income revenues of \$10.0 million in FY 2016 and \$13.7 million in FY 2017 to reflect the projected decrease in the total number of non-state actives and retirees participating in PEBP and the associated reductions in medical claims and plan contract administrative costs. In total, non-state participants are projected to decline from 7,597 participants in FY 2015 to 6,790 participants in FY 2017. This is a net reduction of 807 participants or 10.6 percent. No non-state active participants are projected in FY 2017. Additionally, non-state early retirees on either the PPO or HMO plans are projected to decrease by 1,385 as a result of either returning to their former employer's health plan or finding less expensive coverage, while an additional 592 become eligible for Medicare coverage.

Plan Tier	FY 2014 Non-State Active and Retiree Enrollments (Actual)	FY 2015 Non-State Active and Retiree Enrollments (Budgeted)	FY 2015 Non-State Active and Retiree Enrollments (Y-T-D)	FY 2016 Non-State Active and Retiree Enrollments (Projected)	FY 2017 Non-State Active and Retiree Enrollments (Projected)	FY 2017 Change From FY 2015	FY 2017 Percentage Change from FY 2015
Actives (PPO + HMO)	14	14	12	6	0	(14)	-100.0%
Early Retirees (PPO + HMO)	2,980	2,796	2,046	1,951	1,411	(1,385)	-49.5%
Medicare Retirees	4,753	4,787	5,322	5,163	5,379	592	12.4%
Total Enrollments	7,747	7,597	7,380	7,120	6,790	(807)	-10.6%

Budget Amendment A150821338 revises the recommended funding for non-state active and retiree caseloads by increasing premium income in FY 2016 by \$2.6 million. Premium income was budgeted to decrease by \$10.0 million, however the budget amendment revises the decrease to \$7.5 million. In FY 2017, non-state participant premium income is further decreased by \$401,659 to -\$14.1 million.

Does the Subcommittee wish to approve a non-state participant premium income revenue reduction of \$7.5 million in FY 2016 and \$14.1 million in FY 2017 to fund non-state participant caseload changes as recommended by the Governor and as adjusted by Budget Amendment A150821338 with authority for staff to make technical adjustments as necessary?

The Subcommittee recommended approval of a non-state participant premium income revenue reduction of \$7.5 million in FY 2016 and \$14.1 million in FY 2017 to fund non-state participant caseload changes as recommended by the Governor and as adjusted by Budget Amendment A150821338, with authority for staff to make technical adjustments as necessary.

5. 2015-17 Biennium AEGIS and REGI Contribution Rates - Active Employee Group Insurance: The Active Employees' Group Insurance (AEGIS) budget was established by the 2007 Legislature as a mechanism to collect contributions made by each state entity for the benefit of their active employees. The contributions defray a portion of the individual insurance premiums for active employees in state government who participate in PEBP. Assessments on filled positions are charged to all state agencies, boards and commissions, the Legislative and Judicial Branches, the Public Employees' Retirement System, and the Nevada System of Higher Education.

The per person per month (PPPM) monthly contribution is a composite amount based upon the total number of active employees and dependents enrolled by "tier" (participant only, participant + spouse, participant + family) and plan (PPO or HMO). The AEGIS assessment is levied on a per member per month basis on each agency's filled positions.

As shown in the table on the following page, Budget Amendment A150821338 revises the state per member per month (PMPM) contribution between the original and amended AEGIS assessment amount. In FY 2016, the recommended rate decreases from \$719.66 PMPM to \$701.73 PMPM. The decrease is a result of two changes: the \$4.0 million decrease in the needed FY 2015 AEGIS repayment in FY 2016 and the \$8.1 million savings from elimination of the wellness program's administrative, biometric screening and participant incentive costs.

Prior Fiscal Year and the Recommended Per Member Per Month (PMPM) State Contribution for <u>Active Employees</u> for the 2015-17 Biennium						Governor Recommends, AS AMENDED	
FY 2012 State AEGIS PMPM Contribution	FY 2013 State AEGIS PMPM Contribution	FY 2014 State AEGIS PMPM Contribution	FY 2015 State AEGIS PMPM Contribution	FY 2016 State AEGIS PMPM Contribution (Gov. Rec.)	FY 2017 State AEGIS PMPM Contribution (Gov. Rec.)	FY 2016 State AEGIS PMPM Contribution (Gov. Rec.)	FY 2017 State AEGIS PMPM Contribution (Gov. Rec.)
\$ 644.81	\$ 733.64	\$ 688.37	\$ 695.35	\$ 719.66	\$ 694.20	\$ 701.73	\$ 699.25
% Change	13.8%	-6.2%	1.0%	3.5%	-3.5%	0.9%	-0.4%

Retired Employee Group Insurance (REGI)

The REGI program was designed to defray a portion of health insurance premiums for employees who retire from state service and continue to participate in the state's group insurance plan. Funding for the program is collected through payroll assessments to state agencies to cover the costs of the state subsidy of both non-Medicare retiree subsidies as well as Medicare retiree contributions.

The REGI assessment is calculated as a percentage of gross payroll in each budget account. For FY 2016, the recommended assessment is 2.22 percent, and for FY 2017 the recommended assessment is 2.26 percent, which are a decrease from the 2.66 percent assessed in FY 2015. The following table shows the agency's calculation of the base subsidy for state non-Medicare retirees, which equates to 15 Years of Service (YOS) pursuant to *Nevada Revised Statutes 287.046*. Due to differences in participant tier and plan costs, the base subsidy is also a composite amount.

As shown in the following table, Budget Amendment A150821338 revises the state per member per month (PMPM) contribution between the original and amended REGI assessment amounts. As shown in the table, when compared to the Governor's original recommendation, the FY 2016 base state subsidy decreases by less than \$1.00 PMPM, from \$426.14 to \$425.57. However, for FY 2017, while lower than the current fiscal year base subsidy of \$462.20, the amended base subsidy amount increases by \$25.58 PMPM or 6.0 percent to \$451.15 over the originally recommended FY 2016 subsidy of \$424.94. According to the agency, the increase in the amended base subsidy for FY 2017 is a result of increased medical and pharmaceutical inflation for the PPO and HMO plans.

Prior Fiscal Year and the Recommended Base Per Member Per Month (PMPM) Subsidy for State Non-Medicare Retirees (at 15 Years of Service) for the 2015-17 Biennium						State		Governor Recommends, AS AMENDED	
FY 2012 State REGI PMPM Contribution	FY 2013 State REGI PMPM Contribution	FY 2014 State REGI PMPM Contribution	FY 2015 State REGI PMPM Contribution	FY 2016 Projected State REGI PMPM Contribution (Gov. Rec.)	FY 2017 Projected State REGI PMPM Contribution (Gov. Rec.)	FY 2016 State REGI PMPM Contribution (Gov. Rec.)	FY 2017 State REGI PMPM Contribution (Gov. Rec.)		
\$ 418.42	\$ 473.47	\$ 452.26	\$ 462.20	\$ 426.14	\$ 424.94	\$ 425.57	\$ 451.15		
% Change	13.2%	-4.5%	2.2%	-7.8%	-0.3%	-7.9%	6.0%		

Does the Subcommittee wish to accept the amended Active Employees' Group Insurance (AEGIS) and Retired Employee Group Insurance (REGI) state contribution rates as recommended by the Governor and revised by Budget Amendment A150821338 inclusive of the elimination of the wellness program with authority for staff to make technical adjustments as necessary?

The Subcommittee recommended acceptance of the amended Active Employees' Group Insurance (AEGIS) and Retired Employee Group Insurance (REGI) state contribution rates as recommended by the Governor and revised by Budget Amendment A150821338, inclusive of the elimination of the wellness program, with authority for staff to make technical adjustments as necessary.

Other Closing Items

1. Federal Healthcare Reform Mandates: Waiting Period (M-501, PEBP-15): Budget Amendment A150821338 revises the funding recommended in The Executive Budget for FY 2016, \$63,074 in premium income (from \$40,020) and \$159,824 in state subsidy revenue (from \$103,012) for total funding of \$222,898 in FY 2016 to become compliant with the federal Affordable Care Act (ACA) requirement that the waiting period for new enrollees cannot exceed 90 calendar days. Under federal law, "waiting period" is defined as the period of time that must pass before coverage for an employee or dependent who is otherwise eligible to enroll under the terms of a group health plan can become effective. This requirement applies to health plans and health insurance issuers in the group and individual markets. Covered group health plans include both insured and self-insured. The federal requirement took effect with plan years beginning on or after January 1, 2014. For PEBP, this mandate became effective on July 1, 2014.

Nevada Revised Statutes (NRS) 287.045 establishes the eligibility, waiting period and effective dates for coverage of otherwise eligible employees and dependents. In general, coverage is effective on the first day of the first month following the completion of 90 days of full-time employment. The \$222,898 in recommended funding is based upon the assumption of a one-time cost to transition 294 new hires to no more than a 90-day waiting period. The PEBP indicates that the cost for all future hires would be incorporated into plan rates on a going-forward basis. Notwithstanding NRS 287.045, to ensure compliance with the federal requirement, the Legislative Commission, at its February 25, 2014, meeting, approved PEBP's administrative regulation to reduce the waiting period and make coverage effective on the first day of the month following the completion of 60 days of full-time employment (NAC 287.3105).

This decision unit is contingent upon passage and approval of Senate Bill 472, which amends NRS 287.045 to revise the effective date for coverage to be either (a) the first day of full-time

employment of the state officer or employee, if that date is the first day of the month; or (b) the first day of the month immediately following the first day of full-time employment of the state officer or employee. Senate Bill (S.B.) 472 was amended and passed by Senate Government Affairs on April 08, 2015, and subsequently heard in Senate Finance on April 22, 2015. **This recommendation appears reasonable, as adjusted by Budget Amendment A150821338 and contingent upon passage and approval of S.B. 472.**

2. Federal Healthcare Reform Mandates: ACA Required Fees (M-502, PEBP-16): Budget Amendment A150821338 revises the funding recommended in *The Executive Budget* for the 2015-17 biennium to \$1.3 million (from \$1.2 million) in premium income and \$3.4 million (from \$3.3 million) in state subsidy revenue for total funding of \$4.7 million in federal ACA required fees; the Patient Centered Outcomes Research Institute (PCORI) fee and the Transitional Reinsurance Fee (which supports state's health insurance exchanges, where established). Both fees are assessed against the 59,815 and 61,018 active and non-Medicare retiree (and dependent) lives projected to be covered by PEBP in FY 2016 and FY 2017, respectively. The PCORI fee is budgeted at \$2.00 per covered life in each fiscal year and is projected to cost \$241,666 over the biennium. The Transitional Reinsurance Fee is budgeted at \$44.00 (FY 2016) and \$28.00 (FY 2017) per covered member and dependent and is projected to cost \$4.4 million over the biennium. **This recommendation appears reasonable, as adjusted by Budget Amendment A150821338.**
3. Exception for Tricare-Eligible Participants (E-276, PEBP-16): The Executive Budget recommends premium income and state subsidy revenues of \$1.0 million in FY 2016 and \$1.1 million in FY 2017 to fund the annual Health Reimbursement Arrangement (HRA) contribution and basic life insurance benefit of certain Medicare-eligible retirees without requiring those participants to enroll in a Medicare plan through the state's Individual Medicare Market Exchange. Specifically, the PEBP Board and the Governor recommend that retirees, who are veterans, and eligible for and/or enrolled in Tricare, receive an exception to the NRS 287.046 requirement that eligibility for a monthly HRA contribution and basic group life insurance benefit requires enrolling in an individual Medicare medical plan sponsored by the Public Employees' Benefits Program. This proposed change would benefit an estimated 454 and 471 Tricare-eligible state retirees in FY 2016 and FY 2017, respectively. The cost to the plan is estimated at \$2,238 per Tricare-eligible retiree, per year.

This decision unit is contingent upon passage and approval of Senate Bill 471, which amends NRS 287.046 to provide the exception. Senate Bill (S.B.) 471 was passed by Senate Government Affairs on April 08, 2015, and subsequently heard in Senate Finance on April 22, 2015. **This recommendation appears reasonable contingent upon passage and approval of S.B. 471.**

4. Health Information Exchange Access (E-277, PEBP-17): The Executive Budget recommends premium income revenue of \$60,248 and state subsidy revenue of \$158,315 totaling \$218,563 over the biennium to provide funding to Nevada's Health Information Exchange. The funding supports the cost of a PEBP member's medical records being made available electronically to a member's health care provider(s), should the member elect to make them available. The recommended funding level is calculated at 21.0 cents per participant, including dependents, per month. Non-state participants are also included in the calculation. **This recommendation appears reasonable.**
5. Replacement Equipment (E-710, PEBP-17,18): A total of \$284,464, comprised of premium income revenue of \$78,359 and state subsidy revenue of \$206,105 is recommended over the 2015-17 biennium to fund various replacement equipment, including a telephone call service monitoring/recording software, 9 servers, 6 network switches, 17 desktop computers, 3 printers, 50 battery backup UPS units, data storage and software updates. **This recommendation appears reasonable.**

6. Division of Human Resource Management Cost Allocation (E-804, PEBP-18): The Division of Human Resource Management (DHRM) within the Department of Administration currently provides all personnel services to PEBP. The Executive Budget recommends \$2,195 in cost allocation charges over the 2015-17 biennium funded from reserves. **This recommendation appears reasonable.**

Staff recommends that all Other Closing Items be closed as recommended by the Governor, including Other Closing Items 1 and 2, as adjusted by Budget Amendment A150821338, with authority for staff to make technical adjustments as necessary.

<p>The Subcommittee recommended approval of all Other Closing Items be closed as recommended by the Governor, including Other Closing Items 1 and 2, as adjusted by Budget Amendment A150821338, with authority for staff to make technical adjustments as necessary</p>

ATTACHMENT (1 Page)

ATTACHMENT 1

Board Approved Rates March 26, 2015

TABLE 1: (INCLUDES WELLNESS)

State Active Employees	Statewide PPO				Statewide HMO			
	PPO Consumer Driven High Deductible Health Plan				Hometown Health Plan & Health Plan of Nevada			
	Rate	Base Subsidy	Supp Subsidy	Participant Premium	Rate	Base Subsidy	Supp Subsidy	Participant Premium
Employee Only	625.37	581.59	-	43.78	773.33	603.20	-	170.13
Employee + Spouse	1,105.33	931.97	-	173.36	1,472.39	1,008.65	-	463.74
Employee + Child(ren)	813.56	718.97	-	94.59	1,095.68	790.16	-	305.52
Employee + Family	1,292.68	1,068.73	-	223.95	1,794.74	1,195.62	-	599.12

Rates with Budget Amend removing Wellness Program April 16, 2015

TABLE 2: (WELLNESS REMOVED)

State Active Employees	Statewide PPO				Statewide HMO			
	PPO Consumer Driven High Deductible Health Plan				Hometown Health Plan & Health Plan of Nevada			
	Rate	Base Subsidy	Supp Subsidy	Participant Premium	Rate	Base Subsidy	Supp Subsidy	Participant Premium
Employee Only	598.69	556.78	-	41.91	748.21	583.60	-	164.61
Employee + Spouse	1,078.65	907.15	-	171.50	1,447.27	989.06	-	458.21
Employee + Child(ren)	786.88	694.16	-	92.72	1,070.56	770.57	-	299.99
Employee + Family	1,266.00	1,043.92	-	222.08	1,769.62	1,176.02	-	593.60

Difference in rates March 26th vs April 16th

TABLE 3: PMPM RATE CHANGE

State Active Employees	Statewide PPO				Statewide HMO												
	PPO Consumer Driven High Deductible Health Plan				Hometown Health Plan & Health Plan of Nevada												
	Rate	Base Subsidy	Supp Subsidy	Participant Premium	Rate	Base Subsidy	Supp Subsidy	Participant Premium									
Employee Only	(26.68)	(24.81)	-	(1.87)	(25.12)	(19.60)	-	(5.52)									
Employee + Spouse	(26.68)	(24.82)	-	(1.86)	(25.12)	(19.59)	-	(5.53)									
Employee + Child(ren)	(26.68)	(24.81)	-	(1.87)	(25.12)	(19.59)	-	(5.53)									
Employee + Family	(26.68)	(24.81)	-	(1.87)	(25.12)	(19.60)	-	(5.52)									
				\$ (4,921,013.88)				\$ (30,909.23)					\$ (1,845,614.40)				\$ (519,785.28)

Board Approved Rates March 26, 2015

TABLE 1A: (INCLUDES WELLNESS)

State Retirees	Statewide PPO				Statewide HMO			
	PPO Consumer Driven High Deductible Health Plan				Hometown Health Plan & Health Plan of Nevada			
	Rate	Base Subsidy	Supp Subsidy	Participant Premium	Rate	Base Subsidy	Supp Subsidy	Participant Premium
Employee Only	607.46	388.77	-	218.69	755.42	370.16	-	385.26
Employee + Spouse	1,087.42	599.96	-	487.46	1,454.48	572.88	-	881.60
Employee + Child(ren)	792.30	470.11	-	322.19	1,077.77	463.64	-	614.13
Employee + Family	1,274.77	682.39	-	592.38	1,776.83	666.36	-	1,110.47

Rates with Budget Amend removing Wellness Program April 16, 2015

TABLE 2A: (WELLNESS REMOVED)

State Retirees	Statewide PPO				Statewide HMO			
	PPO Consumer Driven High Deductible Health Plan				Hometown Health Plan & Health Plan of Nevada			
	Rate	Base Subsidy	Supp Subsidy	Participant Premium	Rate	Base Subsidy	Supp Subsidy	Participant Premium
Employee Only	580.78	371.70	-	209.08	730.30	357.85	-	372.45
Employee + Spouse	1,060.74	582.88	-	477.86	1,429.36	560.57	-	868.79
Employee + Child(ren)	765.62	453.03	-	312.59	1,052.65	451.33	-	601.32
Employee + Family	1,248.09	665.32	-	582.77	1,751.71	654.06	-	1,097.65

Difference in rates March 26th vs April 16th

TABLE 3A: PMPM RATE CHANGE

State Retirees	Statewide PPO				Statewide HMO												
	PPO Consumer Driven High Deductible Health Plan				Hometown Health Plan & Health Plan of Nevada												
	Rate	Base Subsidy	Supp Subsidy	Participant Premium	Rate	Base Subsidy	Supp Subsidy	Participant Premium									
Employee Only	(26.68)	(17.07)	-	(9.61)	(25.12)	(12.31)	-	(12.81)									
Employee + Spouse	(26.68)	(17.08)	-	(9.60)	(25.12)	(12.31)	-	(12.81)									
Employee + Child(ren)	(26.68)	(17.08)	-	(9.60)	(25.12)	(12.31)	-	(12.81)									
Employee + Family	(26.68)	(17.07)	-	(9.61)	(25.12)	(12.30)	-	(12.82)									
				\$ (582,974.64)				\$ (328,200.72)					\$ (152,028.00)				\$ (158,455.20)

Distribution of Benefit
 State
 Employee
 Retiree

\$ (7,501,630.92)
 \$ (550,694.51)
 \$ (486,655.92)

Title: PEBP - RETIRED EMPLOYEE GROUP INSURANCE
 Account: 680 - 1368

Budget Page: PEBP-20, Volume III

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	2,287,963	295,833	(87.07)				
INTERAGENCY TRANSFER	33,571,881	39,068,235	16.37	35,059,974	(10.26)	36,165,870	3.15
OTHER FUND	7,216	3,212	(55.49)	7,216	124.66	7,216	
Total Revenues	35,867,060	39,367,280	9.76	35,067,190	(10.92)	36,173,086	3.15

Total FTE

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	4514	Decrease assessment revenue per Budget Amendment A150831368	(586,788)	(1,513,520)
M100	00	4514	Decrease assessment revenue per Budget Amendment A150831368	(600)	(1,090)
M101	00	4514	Increase assessment revenue per Budget Amendment A150831368		1,335,994
M102	00	4514	Adjust assessment revenue per Budget Amendment A150831368	3,403	(7,044)
M104	00	4514	Decrease assessment revenue per Budget Amendment A150831368		(12,200)
M200	00	4514	Increase assessment revenue per Budget Amendment A150831368	245,916	793,991
M501	00	4514	Increase assessment revenue per Budget Amendment A150831368	8,117	
M502	00	4514	Adjust assessment revenue per Budget Amendment A150831368	(1,878)	3,426
E276	00	4514	Decrease assessment revenue per Budget Amendment A150831368	(2,299)	(5,189)
E277	00	4514	Decrease assessment revenue per Budget Amendment A150831368	(251)	(532)
E710	00	4514	Decrease assessment revenue per Budget Amendment A150831368	(312)	(726)
Sub-total				(334,692)	593,110
Line Item Changes to Revenues				(334,692)	593,110

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	10	9172	Decrease base transfer to BA 1338 per Budget Amendment A150831368	(586,788)	(1,513,520)
M100	10	9172	Decrease transfer to BA 1338 for statewide inflation per Budget Amendment A150831368	(600)	(1,090)
M101	10	9172	Increase transfer to BA 1338 for PEBP-specific inflation per Budget Amendment A150831368		1,335,994
M102	10	9172	Adjust transfer to BA 1338 for balances for IBNR, Catastrophic and HRA reserves per Budget Amendment A150831368	3,403	(7,044)
M104	10	9172	Decrease transfer to BA 1338 for Medicare-specific inflation per Budget Amendment A150831368		(12,200)
M200	10	9172	Increase transfer to BA 1338 for retiree enrollment increase per Budget Amendment A150831368	245,916	793,991
M501	10	9172	Increase transfer to BA 1338 to implement waiting period change (SB 472) per Budget Amendment A150831368	8,117	
M502	10	9172	Adjust transfer to BA 1338 for PCORI fee payments per Budget Amendment A150831368	(1,878)	3,426

E276	10	9172	Decrease transfer to BA 1338 projected to implement Tricare exception for retirees (SB 471) per Budget Amendment A150831368	(2,299)	(5,189)
E277	10	9172	Decrease transfer to BA 1338 for Health Information Exchange fees per Budget Amendment A150831368	(251)	(532)
E710	10	9172	Decrease transfer to BA 1338 for equipment replacement expenditures per Budget Amendment A150831368	(312)	(726)
Sub-total				(334,692)	593,110
Line Item Changes to Expenditures				(334,692)	593,110
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Staff is responsible for developing recommendations for this budget. The Subcommittee has not previously reviewed this budget account.

Overview

The Retired Employee Group Insurance (REGI) assessment defrays a portion of the health insurance premiums for employees who retire from state service and continue to participate in the state's group insurance plan. Funding for this budget is through payroll assessments to all state agencies, boards and commissions, the Legislative and Judicial Branches, the Public Employees' Retirement Systems (PERS), and the Nevada System of Higher Education (NSHE) to cover the cost of the state subsidy. Funding is transferred to the Public Employees' Benefits Program (PEBP) operating budget (625-1338) from this budget each month to provide the employer portion of the state retirees' insurance premiums.

Major Closing Issues

There are no major closing issues.

Other Closing Items

Budget Amendment A150831368 and Revised REGI Assessment: On April 24, 2015, the Budget Division submitted Budget Amendment A150832368. The amendment decreases the amount of REGI assessments transferred to the PEBP operating budget by a net \$334,692 in FY 2016, but increases transfers by a net \$593,110 in FY 2017. The adjustments contained in the budget amendment are shown on the first pages of this closing document. The following table identifies the monthly base subsidy amounts for non-Medicare retirees with 15 years of service, and the percentage change from the previous year, for retirees since FY 2012 and includes the Governor's amended recommendation for each year of the 2015-17 biennium. Due to differences in participant tier and plan costs, the base subsidy is a composite amount.

Prior Fiscal Year and the Recommended Base Per Person Per Month (PMPM) State Subsidy for State Non-Medicare Retirees (at 15 Years of Service) for the 2015-17 Biennium						Governor Recommends, AS AMENDED (A150831368)	
FY 2012 State REGI PMPM Contribution	FY 2013 State REGI PMPM Contribution	FY 2014 State REGI PMPM Contribution	FY 2015 State REGI PMPM Contribution	FY 2016 Projected State REGI PMPM Contribution (Gov. Rec.)	FY 2017 Projected State REGI PMPM Contribution (Gov. Rec.)	FY 2016 State REGI PMPM Contribution (Gov. Rec.)	FY 2017 State REGI PMPM Contribution (Gov. Rec.)
\$ 418.42	\$ 473.47	\$ 452.26	\$ 462.20	\$ 426.14	\$ 424.94	\$ 425.57	\$ 451.15
% Change	13.2%	-4.5%	2.2%	-7.8%	-0.3%	-7.9%	6.0%

As shown in the table, when compared to the Governor's original recommendation, the FY 2016 base state subsidy decreases by less than \$1.00 per person per month (PMPM) from \$426.14 to \$425.57. However, for FY 2017, while lower than the current fiscal year base subsidy of \$462.20, the amended base subsidy amount increases by \$25.58 PMPM or 6.0 percent to \$451.15 over the originally recommended FY 2017 subsidy of \$424.94. According to the agency, the increase in the amended base subsidy for FY 2017 is a result of increased medical and pharmaceutical inflation for both the PPO and HMO plans.

Nevada Revised Statutes 287.046 provides that retirees who retired prior to January 1, 1994, are entitled to 100 percent of the base subsidy amount to be applied against the total premium for insurance coverage. For FY 2015, that amount, as shown in the table is \$462.20. Retirees who retired on or after January 1, 1994, but who were hired prior to January 1, 2010, are entitled to 25 percent of the base subsidy for 5 years-of-service (YOS) and 7.5 percent for each additional year of service up to 20 YOS, which equates to 137.5 percent of the base subsidy amount. The following table demonstrates the impact of the YOS modifier on the monthly subsidy received by a state, non-Medicare retiree (participant only) covered through the PPO plan in FY 2015. In FY 2015, for each YOS beyond 5 years, the state PMPM contribution increased by \$26.11 towards the base monthly subsidy of \$348.10 and total monthly premium of \$543.91. On average, current retirees have 17.2 YOS; therefore, the state's actual PMPM subsidy would be closer to the \$400.32 shown in the table for 17 YOS.

Effect of State Retiree's Years of Service (YOS) on the Amount of the State Monthly Subsidy Received and the Retiree's Corresponding Total Share in FY 2015						
FY 2015 TOTAL PMPM Premium for Participant- Only PPO-HDHP	FY 2015 BASE PMPM State Subsidy PPO-HDHP	Years of State Service (YOS)	(NRS 287.406) CY 1994 Retiree PMPM Subsidy Percentage (%) Per YOS	FY 2015 Actual PMPM State Subsidy Retiree Received Per YOS	FY 2015 Adjustment to Monthly Premium Paid By Retiree Based Upon YOS	FY 2015 State Retiree's TOTAL SHARE of PMPM Premium Per YOS
\$ 543.91	\$ 348.10	5	25.0%	\$ 87.03	\$ 261.08	\$ 456.89
		6	32.5%	\$ 113.13	\$ 234.97	\$ 430.78
		7	40.0%	\$ 139.24	\$ 208.86	\$ 404.67
		8	47.5%	\$ 165.35	\$ 182.75	\$ 378.56
		9	55.0%	\$ 191.46	\$ 156.65	\$ 352.46
		10	62.5%	\$ 217.56	\$ 130.54	\$ 326.35
		11	70.0%	\$ 243.67	\$ 104.43	\$ 300.24
		12	77.5%	\$ 269.78	\$ 78.32	\$ 274.13
		13	85.0%	\$ 295.89	\$ 52.22	\$ 248.03
		14	92.5%	\$ 321.99	\$ 26.11	\$ 221.92
		15	100.0%	\$ 348.10	\$ -	\$ 195.81
		16	107.5%	\$ 374.21	\$ (26.11)	\$ 169.70
		17	115.0%	\$ 400.32	\$ (52.21)	\$ 143.60
		18	122.5%	\$ 426.42	\$ (78.32)	\$ 117.49
		19	130.0%	\$ 452.53	\$ (104.43)	\$ 91.38
		20	137.5%	\$ 478.64	\$ (130.54)	\$ 65.27

Since the decision units with this budget provide the REGI portion of funding for companion decision units within the PEBP operating budget (625-1338), **Fiscal staff recommends closing this budget in accordance with the Subcommittee's closing actions for the Public Employees' Benefits Program budget account (625-1338), and with authority for Fiscal staff to adjust revenues and expenditures in this account and make technical adjustments as necessary.**

The Subcommittee recommended closing this budget in accordance with the Subcommittee's recommended approval of PEBP Budget Account 1338, including REGI monthly state PMPM subsidy contribution amounts of \$425.57 in FY 2016 and \$451.15 in FY 2017, with authority for Fiscal staff to adjust revenues and expenditures in this account and make technical adjustments as necessary.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 General Government Joint Subcommittee
 W02 - WORKING VERSION 2

Title: PEBP - ACTIVE EMPLOYEES GROUP INSURANCE
 Account: 666 - 1390

Budget Page: PEBP-25, Volume III

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(17,823,668)	17,823,669	(200.00)				
INTERAGENCY TRANSFER	221,745,818	191,997,351	(13.42)	207,473,907	8.06	200,097,888	(3.56)
OTHER FUND		11,864					
Total Revenues	203,922,150	209,832,884	2.90	207,473,907	(1.12)	200,097,888	(3.56)

Total FTE

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	4542	Increase revenues per Budget Amendment A150841390	586,788	1,513,521
M100	00	4542	Adjust revenues per Budget Amendment A150841390	(239)	681
M101	00	4542	Increase revenues per Budget Amendment A150841390		7,773,943
M102	00	4542	Adjust revenues per Budget Amendment A150841390	(3,403)	7,044
M104	00	4542	Increase revenues per Budget Amendment A150841390		4,569
M200	00	4542	Increase revenues per Budget Amendment A150841390	1,378,519	4,377,582
M501	00	4542	Increase revenues per Budget Amendment A150841390	48,695	
M502	00	4542	Increase revenues per Budget Amendment A150841390	22,561	76,200
E225	00	4542	Decrease revenues per Budget Amendment A150841390	(3,957,413)	
E276	00	4542	Adjust revenues per Budget Amendment A150841390	(919)	3,242
E277	00	4542	Adjust revenues per Budget Amendment A150841390	(100)	332
E710	00	4542	Adjust revenues per Budget Amendment A150841390	(124)	454
Sub-total				(1,925,635)	13,757,568
Line Item Changes to Revenues				(1,925,635)	13,757,568

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	10	9186	Increase base transfer to BA 1338 per Budget Amendment A150841390	586,788	1,513,521
M100	10	9186	Adjust statewide inflation transfer to BA 1338 per Budget Amendment A150841390	(239)	681
M101	10	9186	Increase PEBP-specific inflation transfer to BA 1338 per Budget Amendment A150841390		7,773,943
M102	10	9186	Adjust transfer to BA 1338 for balances for IBNR, Catastrophic and HRA reserves per Budget Amendment A150841390	(3,403)	7,044
M104	10	9186	Increase Medicare-specific inflation transfer to BA 1338 per Budget Amendment A150841390		4,569
M200	10	9186	Increase enrollment (caseload) transfer to BA 1338 per Budget Amendment A150841390	1,378,519	4,377,582
M501	10	9186	Increase transfer to BA 1338 projected to implement waiting period change (SB 472) per Budget Amendment A150841390	48,695	
M502	10	9186	Increase transfer to BA 1338 for PCORI fee payments per Budget Amendment A150841390	22,561	76,200
E225	10	9186	Decrease transfer to BA 1338 for FY 2016 AEGIS repayment per Budget Amendment A150841390	(3,957,413)	
E276	10	9186	Adjust transfer to BA 1338 projected to implement Tricare exception for retirees (SB 471) per Budget Amendment A150841390	(919)	3,242
E277	10	9186	Adjust transfers to BA 1338 for Health Information Exchange fees per Budget Amendment A150841390	(100)	332

E710	10	9186	Adjust transfer to BA 1338 for equipment replacement expenditures per Budget Amendment A150841390	(124)	454
Sub-total				(1,925,635)	13,757,568
Line Item Changes to Expenditures				(1,925,635)	13,757,568
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Staff is responsible for developing recommendations for this budget. The Subcommittee has not previously reviewed this budget account.

Overview

The Active Employees’ Group Insurance subsidy (AEGIS) account provides a centralized collection mechanism for the state contributions paid by state agencies for each employee in each particular budget account. Assessments on filled positions are charged to all state agencies, boards and commissions, the Legislative and Judicial Branches, the Public Employees’ Retirement System (PERS), and the Nevada System of Higher Education (NSHE). The state contribution, comprised of all funding sources (General Fund appropriation, Highway Fund appropriation, fees, federal funds, etc.) of funding that support positions defrays a portion of the insurance premiums for state employees and their dependents. Funding is transferred to the Public Employees’ Benefits Program (PEBP) budget (625-1338) from this budget each month to provide the employer portion of the state employee’s insurance premiums.

Major Closing Issues

There are no major closing issues.

Other Closing Items

1. **Budget Amendment A150841390:** On April 24, 2015, the Budget Division submitted Budget Amendment A150841390. The amendment decreases the funding to be transferred to the main PEBP operating budget (625-1338) in FY 2016 by a net \$1.9 million but increases transfers by a net \$13.8 million in FY 2017. In FY 2016, the decrease primarily results from a \$4.0 million reduction, from \$8.6 million to \$4.6 million, in the projected “repayment” of the two months of FY 2015 AEGIS assessments that are recommended to be redirected to support the FY 2015 ending General Fund balance through Senate Bill (S.B.) 505. The two-month AEGIS assessment holiday creates an FY 2015 deficit by redirecting \$34.2 million (representing two months of assessment funding) against the budget’s \$29.5 million available assessment revenue. This adjustment is reflected in Decision Unit E-225 on the first page of this closing document. The other major changes included in the budget amendment are increased assessment revenues and transfers of \$7.8 million in FY 2017 for inflation for HMO medical and pharmaceutical costs (M-101) and \$1.4 million in FY 2016 and \$4.4 million in FY 2017 to reflect projected increases to the number of active employees in each year of the 2015-17 biennium (M-200).
2. **State Contribution for Active Employee Insurance:** The following table displays the per person per month (PMPM) state contribution amount assessed for each filled state position since 2012, as well as the Governor’s original and amended recommendations for each year of the 2015-17 biennium.

Prior Fiscal Year and the Recommended Per Member Per Month (PMPM) State Contribution for <u>Active Employees</u> for the 2015-17 Biennium						Governor Recommends, AS AMENDED (A150841390)	
FY 2012 State AEGIS PMPM Contribution	FY 2013 State AEGIS PMPM Contribution	FY 2014 State AEGIS PMPM Contribution	FY 2015 State AEGIS PMPM Contribution	FY 2016 State AEGIS PMPM Contribution (Gov. Rec.)	FY 2017 State AEGIS PMPM Contribution (Gov. Rec.)	FY 2016 State AEGIS PMPM Contribution (Gov. Rec.)	FY 2017 State AEGIS PMPM Contribution (Gov. Rec.)
\$ 644.81	\$ 733.64	\$ 688.37	\$ 695.35	\$ 719.66	\$ 694.20	\$ 701.73	\$ 699.25
% Change	13.8%	-6.2%	1.0%	3.5%	-3.5%	0.9%	-0.4%

As shown in the table, the significant difference between the original and amended AEGIS assessment amount occurs in FY 2016, when the recommended rate decreases from \$719.66 PMPM to \$701.73 PMPM. The decrease is a result of two changes: the aforementioned \$4.0 million decrease in needed AEGIS repayment and \$2.0 million savings from elimination of the wellness program administrative and biometric screening costs and an additional \$6.1 million in savings from the elimination of the annual incentive payments (\$50 per participant per month) that were included in the AEGIS rate calculation.

Since the decision units within this budget provide the AEGIS portion of funding for their companion decision units within the PEBP operating budget (625-1338), **Fiscal staff recommends closing this budget in accordance with the Subcommittee’s closing actions for the Public Employees’ Benefits Program budget account (625-1338), and with authority for Fiscal staff to adjust revenues and expenditures in this account, and make technical adjustments as necessary.**

The Subcommittee recommended closing this budget in accordance with the Subcommittee’s recommended approval of PEBP Budget Account 1338, including AEGIS monthly state PMPM contribution amounts of \$701.73 in FY 2016 and \$699.25 in FY 2017, with authority for Fiscal staff to adjust revenues and expenditures in this account and make technical adjustments as necessary.