

PUBLIC EMPLOYEES' BENEFITS PROGRAM

FREQUENTLY ASKED QUESTIONS SEPTEMBER 2007

What is the Public Employees' Benefits Program?

The Public Employees' Benefits Program (PEBP) is a State agency that is legislatively mandated to provide group health, life, and accident insurance for State and other eligible public employees. The PEBP currently administers various benefits, including: health insurance benefits such as pharmacy, dental, and vision insurance; basic life, accidental death and dismemberment insurance; long-term disability insurance; group travel accident insurance; and flexible spending accounts. Voluntary insurance products are also available, including short-term disability, long-term care, home and auto, and additional life insurance. The first group insurance program in Nevada was created in 1963 and restructured into PEBP in 1999 (see Senate Bill 544 of the 1999 Legislative Session).

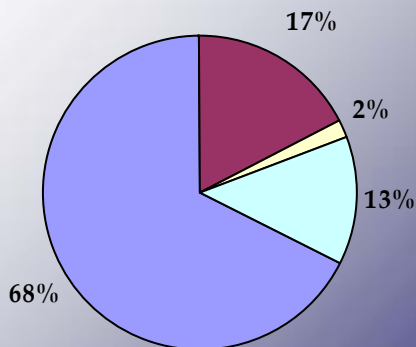
PEBP

Mission Statement

"To design and manage a quality health care program for public employees and retirees of the State of Nevada and other participating public agencies so they are assured of excellent service, responsiveness to changing benefit needs over career/life spans, equitable cost sharing among all participant groups, and fiscal soundness for long-term viability of the program."

PEPB Participants

(2007 projections, provided by PEBP)



State Actives	25,852
State Retirees	6,705
Non-State Actives	763
Non-State Retirees	5,039

Who Participates in PEBP?

The PEBP serves approximately 38,000 participants, plus approximately 26,000 family members and survivors.

Participants include:

- State employees and officers;
- State retirees;
- State legislators;
- Non-State participating public agency retirees;
- Non-State participating public agency employees;
- Certain non-State, nonparticipating public agency retirees; and
- Certain Nevada System of Higher Education (NSHE) professional employees.

What are the PEBP Plans and Rates in 2008?

Several health insurance plan options are available for PEBP participants. A self-funded preferred provider organization (PPO) and a health maintenance organization (HMO) are offered in both northern and southern Nevada. The majority of PEBP plan participants (over 70 percent) participate in the self-funded PPO network. The plan rates for Plan Year 2008 (beginning on July 1, 2007) depend upon whether the PPO or HMO is chosen in a particular region, whether the participant is an active employee or retiree, the date of retirement, and how many people in the family are covered. Rate charts for Plan Year 2008 are available on the PEBP website at <http://www.pebp.state.nv.us/plans/py08rates.pdf>.

How is PEBP Funded?

The PEBP operations are funded through legislative appropriations as part of the biennial budget. Insurance plans within PEBP are funded through contributions by participants and their employers. State active employees, for example, are subsidized by their respective State agencies for their health insurance coverage. State agencies must build into their budgets the cost of providing this subsidy to their active employees. State retirees are also subsidized by the State using a formula based on the number of years employed in State service. Non-State PEBP participants may also receive a subsidy from their participating local government while they are actively employed, and Assembly Bill 286 in 2003 established the requirement that local government employers must pay a subsidy to PEBP for their retirees that opt into PEBP upon retirement. The subsidy must be proportionate to the subsidy paid by the State for State retirees. It is important to note, however, that rules governing eligibility for retirees of nonparticipating local governments were changed by Senate Bill 544 during the 2007 Legislative Session. If a local government's active employees do not participate in PEBP, then its retirees will not have the option to join PEBP upon retirement unless they are enrolled in PEBP by November 30, 2008, which requires retirement by September 1, 2008. For more information about these changes to local government retiree eligibility, see the Fact Sheet "Changes to Local Government Retiree Participation in PEBP" at <http://www.leg.state.nv.us/lcb/research/FactSheets/SB544FAQs.pdf>.

How Does the New Governmental Accounting Standards Board (GASB) Rule Affect PEBP?

The rules that determine how state and local governments present their financial statements are set by the GASB, which is independent of federal, state, and local governments. A recent GASB rule, Statement 45, requires that beginning in 2008, governments with a certain amount of revenue, which includes the State of Nevada, must publicly disclose what it would cost each year to fund their long-term obligations to pay for retirees' health and other benefits. Although this rule only establishes a reporting requirement (not a requirement to pay the unfunded liability), simply reporting the unfunded liability may adversely influence Nevada's credit rating when issuing bonds. In order to reduce the amount of unfunded liability that the State has, and therefore needs to report, the Legislature began pre-funding a portion of the liability in 2007. The Governor recommended, and the Legislature approved, a total of \$53 million for the 2007–2009 biennium, in addition to the current costs of retiree subsidies. This additional funding represents about one-sixth of the amount needed to fully pre-fund the liability for this biennium. The pre-funding will result in a lower "Unfunded Annual Required Contribution" to be reported on the State's financial statements beginning in Fiscal Year 2008.

Which Local Governments and Public Agencies Participate in PEBP?

As of September 2007, local governments and public agencies that have negotiated with PEBP to have their active employees participate include:

City of Caliente
Clark County Conservation District
Elko County Agricultural Association
Kingsbury General Improvement District
Odyssey Charter School
Round Hill General Improvement District
Southern Nevada Health District
Town of Fernley
Washoe Conservation District
White Pine County School District

*For more information about
PEBP, visit www.PEBP.state.nv.us,
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