



**STEVE SISOLAK**  
Governor

**PETER LONG**  
Board Chair



STATE OF NEVADA  
**PUBLIC EMPLOYEES' BENEFITS PROGRAM**  
901 S. Stewart Street, Suite 1001 | Carson City, Nevada 89701  
Telephone 775-684-7000 | 1-800-326-5496 | Fax 775-684-7028  
[www.pebp.state.nv.us](http://www.pebp.state.nv.us)



**LAURA RICH**  
Interim Executive Officer

**MEETING NOTICE AND AGENDA – AMENDED 1/9/2020**

Name of Organization: Public Employees' Benefits Program Board

Date and Time of Meeting: January 23, 2020 11:00 a.m.

Place of Meeting: The Legislative Building 401 South Carson Street,  
Room #1214 Carson City, NV 89701

Video Conferencing: The Grant Sawyer State Office Building 555 East  
Washington Avenue, Room #4412 Las Vegas, NV  
89101

Streaming Website: [www.pebp.state.nv.us](http://www.pebp.state.nv.us)

**AGENDA**

1. Open Meeting: Roll Call
2. Public Comment

Public comment will be taken during this agenda item. No action may be taken on any matter raised under this item unless the matter is included on a future agenda as an item on which action may be taken. Persons making public comments to the Board will be taken under advisement but will not be answered during the meeting. Comments may be limited to three minutes per person at the discretion of the chairperson. Additional three minute comment periods may be allowed on individual agenda items at the discretion of the chairperson. These additional comment periods shall be limited to comments relevant to the agenda item under consideration by the Board. Persons unable to attend the meeting and persons whose comments may extend past the three-minute time limit may submit their public comment in writing to PEBP Attn: Wendi Lunz 901 S. Stewart St, Suite 1001 Carson City NV 89701, Fax: (775) 684-

7028 or wlunz@peb.state.nv.us at least two business days prior to the meeting. Persons making public comment need to state and spell their name for the record at the beginning of their testimony.

3. PEBP Board disclosures for applicable Board meeting agenda items. (Brandee Mooneyhan, Deputy Attorney General) (Information/Discussion)
4. Consent Agenda (Peter Long, Board Chair) (**All Items for Possible Action**)

Consent items will be considered together and acted on in one motion unless an item is removed to be considered separately by the Board.

  - 4.1. Approval of Action Minutes from the November 21, 2019 and December 20, 2019 PEBP Board Meeting.
  - 4.2. Receipt of PEBP Chief Financial Officer quarterly reports for the period ending September 30, 2019
    - 4.2.1. Budget Report
    - 4.2.2. Utilization Report
  - 4.3. Quarterly vendor reports for timeframe July 1, 2019 – September 30, 2019
    - 4.3.1. HealthSCOPE Benefits – Obesity Care Management Program
    - 4.3.2. HealthSCOPE Benefits – Diabetes Care Management Program
    - 4.3.3. American Health Holdings - Utilization and Large Case Management
    - 4.3.4. The Standard Insurance – Basic Life and Long-Term Disability Insurance
    - 4.3.5. Willis Towers Watson’s Individual Marketplace Enrollment & Performance Report
    - 4.3.6. Hometown Health Providers and Sierra Healthcare Options – PPO Network
  - 4.4. Acceptance of the annual PEBP Appeals and Complaints Summary for submission to the Nevada Division of Insurance.
  - 4.5. Acceptance of Health Claim Auditors’ quarterly audit findings for HealthSCOPE Benefits for the timeframe of July 1, 2019 – September 30, 2019.
5. Presentation on self-funded claims trend experience and projections of the composite rate trend for Plan Year 2020 (July 1, 2019 – June 30, 2020). (Stephanie Messier, Aon Hewitt) (Information/Discussion)
6. Presentation on PEBP’s 2019 Member Satisfaction Survey. (Laura Rich, Interim Executive Officer) (Information/Discussion)
7. Presentation on EPO End-of-Year Evaluation (Laura Rich, Interim Executive Officer) (Information/Discussion)
8. Discussion and possible action on Budget Enhancement Options for FY22/FY23 Budget (Laura Rich, Interim Executive Officer) (**For Possible Action**)

9. Update on Morneau Shepell Performance Improvement Plan (Morneau Shepell) (Information/Discussion)
10. Interim Executive Officer Report. (Laura Rich, Interim Executive Officer) (Information/Discussion)
11. Discussion and possible action regarding the permanent appointment or recruitment of the Executive Officer. (Peter Long, Board Chair) (**For Possible Action**)
12. Public Comment

Public comment will be taken during this agenda item. Comments may be limited to three minutes per person at the discretion of the chairperson. Persons making public comment need to state and spell their name for the record at the beginning of their testimony.

13. Adjournment

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| The supporting material to this agenda, also known as the Board Packet, is available, at no charge, on the PEBP website at <a href="http://www.pebp.state.nv.us/board.htm">www.pebp.state.nv.us/board.htm</a> (under the Board Meeting date referenced above).   |
| An item raised during a report or public comment may be discussed but may not be deliberated or acted upon unless it is on the agenda as an action item.   |
| All times are approximate. The Board reserves the right to take items in a different order or to combine two or more agenda items for consideration to accomplish business in the most efficient manner. The Board may remove an item from the agenda or delay discussion relating to an item on the agenda at any time. The Board reserves the right to limit Internet broadcasting during portions of the meeting that need to be confidential or closed.  |
| We are pleased to make reasonable efforts to assist and accommodate persons with physical disabilities who wish to attend the meeting. If special arrangements for the meeting are necessary, please notify the PEBP in writing, at 901 South Stewart Street, Suite 1001, Carson City, NV 89701, or call Wendi Lunz at (775) 684-7020 or (800) 326-5496, as soon as possible so that reasonable efforts can be made to accommodate the request.  |
| Copies of both the PEBP Meeting Action Minutes and Meeting Transcripts are available for inspection, at no charge, at the PEBP Office, 901 South Stewart Street, Suite 1001, Carson City, Nevada, 89701 or on the PEBP website at <a href="http://www.pebp.state.nv.us">www.pebp.state.nv.us</a> . For additional information, contact Wendi Lunz at (775) 684-7020 or (800) 326-5496.   |
| Notice of this meeting was posted on or before 9:00 a.m. on the third working day before the meeting at the following locations: NEVADA STATE LIBRARY & ARCHIVE, 100 N. Stewart St, Carson City; BLASDEL BUILDING, 209 East Musser Street, Carson City; PUBLIC EMPLOYEES' BENEFITS PROGRAM, 901 South Stewart Street, Suite 1001, Carson City; THE GRANT SAWYER STATE OFFICE BUILDING, 555 East Washington Avenue, Las Vegas; THE LEGISLATIVE BUILDING, 401 South Carson Street, Carson City, and on the PEBP website at <a href="http://www.pebp.state.nv.us">www.pebp.state.nv.us</a> , also posted to the public notice website for meetings at <a href="http://www.leg.state.nv.us/App/Notice">www.leg.state.nv.us/App/Notice</a> and <a href="https://notice.nv.gov">https://notice.nv.gov</a> . In addition, the agenda was mailed to groups and individuals as requested. |



# 1.

1. Open Meeting; Roll Call



# 2.

## 2. Public Comment





# 3.

3. PEBP Board disclosures for applicable Board meeting agenda items. (Brandee Mooneyhan, Deputy Attorney General)  
(Information/Discussion)



# 4.

## 4. Consent Agenda (Peter Long, Board Chair) (**All Items for Possible Action**)

Consent items will be considered together and acted on in one motion unless an item is removed to be considered separately by the Board.

4.1 Approval of Action Minutes from the November 21, 2019 and December 20, 2019 PEBP Board Meetings.

4.2 Receipt of PEBP Chief Financial Officer quarterly reports for the period ending September 30, 2019

4.2.1 Budget Report

4.2.2 Utilization Report

4.3 Quarterly vendor reports for timeframe July 1, 2019 – September 30, 2019

4.3.1 HealthSCOPE Benefits – Obesity Care Management Program

4.3.2 HealthSCOPE Benefits – Diabetes Care Management Program

4.3.3 American Health Holdings - Utilization and Large Case Management

4.3.4 The Standard Insurance – Basic Life and Long-Term Disability Insurance

4.3.5 Willis Towers Watson’s Individual Marketplace Enrollment & Performance Report

4.3.6 Hometown Health Providers and Sierra Healthcare Options – PPO Network

4.4 Acceptance of the annual PEBP Appeals and Complaints Summary for submission to the Nevada Division of Insurance.

4.5 Acceptance of Health Claim Auditors’ quarterly audit findings for HealthSCOPE Benefits for the timeframe of July1, 2019 – September 30, 2019.



# 4.1.

## 4. Consent Agenda (Peter Long, Board Chair) (**All Items for Possible Action**)

Consent items will be considered together and acted on in one motion unless an item is removed to be considered separately by the Board.

4.1. Approval of Action Minutes from the November 21, 2019 and December 20, 2019 PEBP Board Meetings.



**STATE OF NEVADA  
PUBLIC EMPLOYEES' BENEFITS PROGRAM  
BOARD MEETING**

The Legislative Building  
401 South Carson Street, Room #1214  
Carson City, NV 89701

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**ACTION MINUTES (Subject to Board Approval)**

November 21, 2019

**MEMBERS PRESENT  
IN CARSON CITY:**

Ms. Linda Fox, Vice Chair  
Mr. Don Bailey, Member  
Ms. Leah Lamborn, Member  
Ms. Jet Mitchell  
Mr. John Packham, Member  
Mr. Tom Verducci, Member  
Ms. Christine Zack, Member

**MEMBERS EXCUSED:** Ms. Mandy Hagler, Member

**FOR THE BOARD:** Ms. Brandee Mooneyhan, Deputy Attorney General

**FOR STAFF:** Mr. Damon Haycock, Executive Officer  
Ms. Cari Eaton, Chief Financial Officer  
Ms. Laura Rich, Operations Officer  
Ms. Nancy Spinelli, Quality Control Officer  
Ms. Wendi Lunz, Executive Assistant

1. Open Meeting: Roll Call

Vice Chair Fox opened the meeting at 8:30 a.m.

2. Public Comment

Public Comment in Carson City:

- Terri Laird – RPEN
- Mark Costa – State of Nevada Employee

Public Comment in Las Vegas:

- Doug Unger - Employee Benefits Representative UNLV Faculty Senate
- Priscilla Maloney – AFSCME

3. PEBP Board disclosures for applicable Board meeting agenda items. (Brandee Mooneyhan, Deputy Attorney General) (Information/Discussion)

4. Consent Agenda (Linda Fox, Vice Chair) (**All Items for Possible Action**)

Consent items will be considered together and acted on in one motion unless an item is removed to be considered separately by the Board.

4.1. Approval of the Action Minutes from the September 26, 2019 PEBP Board Meeting.

4.2. Health Claim Auditors, Inc. annual audit of Willis Towers Watson's OneExchange for the timeframe July 1, 2018 – June 30, 2019: (1) Report from Health Claim Auditors; (2) Willis Towers Watson's response to audit report; and (3) for possible action to accept audit report findings and assess penalties, if applicable, in accordance with the performance guarantees included in the contract pursuant to the recommendation of Health Claim Auditors.

4.3. Receipt of the Casey, Neilon & Associates Audited Financial Statements of PEBP for Fiscal Year 2019.

4.4. Approval of the updated PEBP Strategic Plan.

**BOARD ACTION ON ITEM 4.**

**MOTION:** Motion to approve 4.1, 4.2 and 4.4 agenda items.

**BY:** Leah Lamborn

**SECOND:** Christine Zack

**VOTE:** Unanimous; the motion carried.

**BOARD ACTION ON ITEM 4.3**

**MOTION:** Motion to approve section 4.3.

**BY:** Tom Verducci

**SECOND:** Jet Mitchell

**VOTE:** Unanimous; the motion carried.

5. Update on the Morneau Shepell Performance Improvement Plan (Morneau Shepell) (Information/Discussion)



6. Presentation on the development and history of PEBP's Incurred But Not Paid (IBNP), Catastrophic, and Health Reimbursement Arrangement (HRA) reserves. (Aon and Cari Eaton, Chief Financial Officer) (Information/Discussion)
  
7. Discussion and possible action regarding proposed plan design changes for Plan Year 2021 (July 1, 2020 – June 30, 2021), including but not limited to the following:
  - Possible implementation of narrow pharmacy network for 90-day prescriptions on the EPO plan;
  - Possible implementation of a second opinion program for CDHP high cost high value healthcare;
  - Possible implementation of a Chronic Kidney Disease management program on the CDHP;
  - Possible increases to CDHP HSA/HRA enhanced employer contributions;
  - Possible implementation of additional Centers of Excellence for members on the CDHP and EPO plan;
  - Possible reduction to CDHP deductibles and out-of-pocket maximums;
  - Possible elimination of the \$25 copay for annual vision exams;
  - Possible increases to the dental benefit maximums of the CDHP, EPO, HMO, and Medicare Exchange participants;
  - Possible inclusion of recent IRS approved drugs to PEBP's Preventive Drug List on the CDHP; and
  - Additional benefit design inclusions/exclusions/alterations to meet projected budget needs.

(Damon Haycock, Executive Officer) (**All Items for Possible Action**)

**BOARD ACTION ON ITEM 7.**

**MOTION:** For Plan Year 2021, motion that PEBP recommend implementing second opinion services with second MD from the CDHP and EPO plans. 2) Piloting chronic kidney disease services. 3) Approving the 125 dollar enhanced HSA/HRA funding as approved by the Legislature. 4) Increasing member educational benefits of utilizing the Centers of Excellence. 5) Tabling all other analyzed enhanced benefits above for possible inclusion in the '22 – '23 budget development, plus the inclusion of the generic SSRI as Vice Chair Fox has suggested.

**BY:** Member Tom Verducci

**SECOND:** Member John Packham

**VOTE:** Unanimous; the motion carried.

8. Discussion and possible action to approve benefit changes for Plan Year 2021 to PEBP's Master Plan Documents for the CDHP and Premier (EPO) plans. (Damon Haycock, Executive Officer) (**For Possible Action**)

**BOARD ACTION ON ITEM 8.**

**MOTION:** Motion to approve benefit changes to PEBP's Master Plan Documents for the CDHP and EPO plans for Plan Years 2020 and 2021.

**BY:** Member Jet Mitchell

**SECOND:** Member Don Bailey

**VOTE:** Unanimous; the motion carried

9. Discussion on PEBP's FY 2022/2023 budget development and direction to staff on budget enhancements for submission of PEBP's biennial budget August 2020. (Damon Haycock, Executive Officer) (For Discussion)

10. Executive Officer Report. (Damon Haycock, Executive Officer) (Information/Discussion)

11. Public Comment

Public Comment in Carson City:

- Peggy Lear Bowen – Retiree Participant (See Exhibit A for comments)

Public Comment in Las Vegas:

- Vicky Cameron – PEBP Participant

12. Adjournment

- Vice Chair Fox Adjourned the meeting at 11:40 AM

# Exhibit A

**These remarks are presented as transcribed by Capitol Reporters.**

AGENDA ITEM 11 - PUBLIC COMMENT FROM MS. BOWEN:

MS. BOWEN: Well, I know we're coming close to Thanksgiving, but I wasn't expecting that turkey to fly.

Mr. Damon Haycock, you cannot imagine with what pride, maybe pride is not a good word, but with what pride I had when watching the Today Show on national TV Channel 4 NBC and hearing when other states were -- were dying with their -- with their insurance policies for their employees and they had gone bankrupt because programs had been rated by others to use the money, and you have kept this program as the model for the nation to use and -- and you with all your staff, not you as an individual, you, when I say you as an individual, you created an entity where we the consumer here felt like we could come to you and ask questions and we weren't bugging you. We were -- you were going to the extra effort. You were looking up information at the drop of a hat to help us or adding to the conversation and making sure things were on the agenda.

You made this our program and you as our representatives, we're part of you and you're part of us. You made us one. You as an individual cleaned up and you said a few things. You cleaned up a mess, an absolute mess where we weren't functioning, and there was a case where things were going to be taken away from this Board where we have a voice. Over at the legislature you get three minutes at a podium maybe if you're lucky, and you might get a little extension if you wait until midnight to talk again in public comment, but you made it so this is -- is the panel where we can come where the voices are heard, where department heads are heard, where individual teachers are heard, whatever it is where the public is heard so it is a public employee program.

You have been an asset, and I hope you -- you go and move and the wife and kids don't like the schools and don't like the area in which they have to live and that you can come back. And so instead of saying that giving your notice January 1st, why don't you just take a little sabbatical and get yourself in order like we teachers get June, July and August and other professors get sabbaticals. Think of it as why don't we plan a vacation for Mr. Haycock. Let him take his breath. This man hasn't taken a breath since he's been here. It's been one fire after another, one crisis after another. We ought to make him the captain of the PEBP Board Fire Department because of all of the things he's done and all of the people he brought together where he made the people feel like they counted.

At the university, one suggestion for the future for you all to consider is have -- have them hold meetings and summits of their department heads to say what is it you need for insurance in the chemistry department that you don't need in the theater department? What does your plan need to look like so they are more inclusive and more transparent. Make transparency a disease catchable by all of the stakeholders, please, please, please.

And -- and I guess I'm about my three minutes up, but from my heart and soul thank you. Would you please thank your family for sharing you with us because when you've been with us

you're not with them, and would you all, all please totally, and that comment goes for all of you,  
would you please have the most marvelous, fabulous, tremendous Thanksgiving on the planet.  
Thank you. Thank you. Thank you.



**STATE OF NEVADA  
PUBLIC EMPLOYEES' BENEFITS PROGRAM  
BOARD MEETING**

The Legislative Building  
401 South Carson Street, Room #1214  
Carson City, NV 89701

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**ACTION MINUTES (Subject to Board Approval)**

December 20, 2019

**MEMBERS PRESENT**

**IN CARSON CITY:**

Mr. Peter Long, Chairman  
Mr. Don Bailey, Member  
Ms. Leah Lamborn, Member  
Mr. John Packham, Member  
Mr. Tom Verducci, Member  
Ms. Mandy Hagler, Member

**IN LAS VEGAS:**

Ms. Linda Fox, Member

**MEMBERS EXCUSED:**

Ms. Jet Mitchell, Member  
Mr. David Smith, Member  
Ms. Christine Zack, Member

**FOR THE BOARD:**

Ms. Brandee Mooneyhan, Deputy Attorney General

**FOR STAFF:**

Ms. Laura Rich, Operations Officer  
Ms. Cari Eaton, Chief Financial Officer  
Ms. Nancy Spinelli, Quality Control Officer  
Ms. Wendi Lunz, Executive Assistant

1. Open Meeting: Roll Call  
Chairman Long opened the meeting at 9:05 a.m.
2. Public Comment  
Public Comment in Carson City:
  - Marlene Lockard – RPEN
  - Kent Ervin – Nevada Faculty Alliance
3. PEBP Board disclosures for applicable Board meeting agenda items. (Brandee Mooneyhan, Deputy Attorney General) (Information/Discussion)
4. Discussion and possible action regarding appointment of Laura Rich as Interim Executive Officer of PEBP, in unclassified service, beginning upon the effective date of the resignation of PEBP's current Executive Officer, Damon Haycock, approximately January 1, 2020, subject to the Governor's approval, per NRS 287.0424(1). **(For Possible Action)**

**BOARD ACTION ON ITEM 4.**

**MOTION:** Motion to appoint Laura Rich as the interim director of Public Employees' Benefits Program.

**BY:** Leah Lamborn

**SECOND:** Mandy Hagler

**VOTE:** Unanimous; the motion carried.

11. Public Comment  
No public comment.
12. Adjournment  
Chairman Long adjourned the meeting at 9:20 a.m.



# 4.2.

## 4. Consent Agenda (Peter Long, Board Chair) (**All Items for Possible Action**)

Consent items will be considered together and acted on in one motion unless an item is removed to be considered separately by the Board.

### 4.2. Receipt of PEBP Chief Financial Officer quarterly reports for the period ending September 30, 2019

4.2.1. Budget Report

4.2.2. Utilization Report



# 4.2.1.

## 4. Consent Agenda (Peter Long, Board Chair) (**All Items for Possible Action**)

Consent items will be considered together and acted on in one motion unless an item is removed to be considered separately by the Board.

4.2. Receipt of PEBP Chief Financial Officer quarterly reports for the period ending September 30, 2019

4.2.1. Budget Report



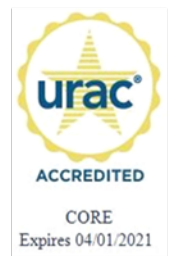


**STEVE SISOLAK**  
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**LAURA RICH**  
Interim Executive Officer

## **AGENDA ITEM**

Action Item

Information Only

**Date:** January 23, 2020

**Item Number:** IV.II.I

**Title:** Chief Financial Officer Budget Report

### **Summary**

This report addresses the Operational Budget as of September 30, 2019 to include:

1. Budget Status
2. Budget Totals
3. Claims Summary

Budget Account 1338 – Operational Budget – Shown below is a summary of the operational budget account status as of September 30, 2019 with comparisons to the same period in Fiscal Year 2019. The budget status is reported on a cash basis and does not include incurred expenses and income owed to the fund.

The budget status report reflects actual income of \$71.1 million as of September 30, 2019 compared to \$88.4 million as of September 30, 2018 or a decrease of 19.6%. Total expenses for the period have increased by \$7.0 million or 7.2% for the same period.

The budget status report shows Realized Funding Available (cash) at \$116.8 million. This compares to \$134.0 million for last year. After subtracting \$58.8 million for reserves for Incurred but not Reported (IBNR) claims, \$42.4 million for the Catastrophic Reserve and \$36.2 million for the HRA Reserve, the remaining balance is a shortfall of \$20.6 million in Excess reserves. The table below reflects the actual revenue and expenditures for the period.

**Operational Budget 1338**

|                                     | FISCAL YEAR 2020          |              |         | FISCAL YEAR 2019          |                           |         |
|-------------------------------------|---------------------------|--------------|---------|---------------------------|---------------------------|---------|
|                                     | Actual as of<br>9/30/2019 | Work Program | Percent | Actual as of<br>9/30/2018 | Fiscal Year<br>2019 Close | Percent |
| Beginning Cash                      | 150,276,433               | 150,276,433  | 100%    | 143,129,728               | 150,276,433               | 95%     |
| Premium Income                      | 67,953,334                | 382,017,605  | 18%     | 86,219,591                | 363,123,752               | 24%     |
| All Other Income                    | 3,099,925                 | 9,151,598    | 34%     | 2,154,911                 | 13,001,438                | 17%     |
| Total Income                        | 71,053,260                | 391,169,203  | 18%     | 88,374,502                | 376,125,190               | 23%     |
| Personnel Services                  | 537,963                   | 2,835,868    | 19%     | 664,736                   | 2,721,398                 | 24%     |
| Operating - Other than Personnel    | 375,244                   | 2,383,964    | 16%     | 568,757                   | 2,142,352                 | 27%     |
| Insurance Program Expenses          | 103,516,786               | 391,635,970  | 26%     | 96,011,196                | 363,036,252               | 26%     |
| All Other Expenses                  | 115,682                   | 669,431      | 17%     | 318,346                   | 1,078,482                 | 30%     |
| Total Expenses                      | 104,545,675               | 397,525,233  | 26%     | 97,563,036                | 368,978,484               | 26%     |
| Change in Cash                      | (33,492,416)              | (6,356,030)  |         | (9,188,533)               | 7,146,706                 |         |
| REALIZED FUNDING AVAILABLE          | 116,784,017               | 143,920,403  | 81%     | 133,941,195               | 157,423,139               | 85%     |
| Incurred But Not Reported Liability | (58,790,000)              | (58,790,000) |         | (51,800,000)              | (51,800,000)              |         |
| Catastrophic Reserve                | (42,400,000)              | (42,400,000) |         | (39,900,000)              | (39,900,000)              |         |
| HRA Reserve                         | (36,204,203)              | (36,204,203) |         | (31,676,056)              | (31,676,056)              |         |
| NET REALIZED FUNDING AVAILABLE      | (20,610,186)              | 6,526,200    |         | 10,565,139                | 34,047,083                |         |

***Current Budget Projections***

The following table represents projections for FY 2020 based on data available as of September 30, 2019. The projection reflects total income to be less than budgeted by 0.9% (\$536.7 million vs \$541.4 million), total expenditures are projected to be less than budgeted by 2.9% (\$386.0 million vs \$397.5 million); total reserves are projected to be more than budgeted by 4.7% (\$150.7 million vs \$143.9 million).

| <b>Budgeted and Projected Income (Budget Account 1338)</b>   |                    |                       |                    |                    |              |
|--|--------------------|-----------------------|--------------------|--------------------|--------------|
| <b>Description</b>   | <b>Budget</b>      | <b>Actual 9/30/19</b> | <b>Projected</b>   | <b>Difference</b>  |              |
| Carryforward   | 150,276,433        | 150,276,433           | 150,276,433        | 0                  | 0.0%         |
| State Subsidies  | 286,540,424        | 46,389,935            | 287,051,122        | 510,698            | 0.2%         |
| Non-State Subsidies  | 29,202,769         | 7,135,067             | 27,152,668         | (2,050,101)        | -7.0%        |
| Premium  | 66,274,412         | 14,428,332            | 58,060,376         | (8,214,036)        | -12.4%       |
| All Other  | 9,151,598          | 3,099,925             | 14,165,353         | 5,013,755          | 54.8%        |
| <b>Total</b>   | <b>541,445,636</b> | <b>221,329,693</b>    | <b>536,705,952</b> | <b>(4,739,684)</b> | <b>-0.9%</b> |
| <b>Budgeted and Projected Expenses (Budget Account 1338)</b> |                    |                       |                    |                    |              |
| <b>Description</b>   | <b>Budget</b>      | <b>Actual 9/30/19</b> | <b>Projected</b>   | <b>Difference</b>  |              |
| Operating  | 5,889,263          | 1,028,889             | 5,382,151          | 507,112            | 8.6%         |
| State Employee Ins Cost                                      | 294,710,442        | 81,149,843            | 278,024,104        | 16,686,338         | 5.7%         |
| State Retirees Ins Cost                                      | 41,439,426         | 11,376,930            | 54,223,908         | (12,784,482)       | -30.9%       |
| Non-State Employees Ins Cost                                 | 140,039            | 25,782                | 114,315            | 25,724             | 18.4%        |
| Non-State Retirees Ins Cost                                  | 15,384,713         | 2,217,546             | 10,250,094         | 5,134,619          | 33.4%        |
| State Medicare Ret Ins Cost                                  | 23,155,087         | 6,068,306             | 22,071,110         | 1,083,977          | 4.7%         |
| Non-State Medicare Ret Ins Cost                              | 16,806,263         | 2,678,379             | 15,930,464         | 875,799            | 5.2%         |
| <b>Total Insurance Costs</b>                                 | <b>391,635,970</b> | <b>103,516,786</b>    | <b>380,613,994</b> | <b>11,021,976</b>  | <b>2.8%</b>  |
| <b>Total Expenses</b>  | <b>397,525,233</b> | <b>104,545,675</b>    | <b>385,996,145</b> | <b>11,529,088</b>  | <b>2.9%</b>  |
| Restricted Reserves  | 137,394,203        | 137,394,203           | 143,261,991        | (5,867,788)        | -4.3%        |
| Excess Reserves for Benefit Enhancements                     | 6,526,200          | (20,610,186)          | 7,447,816          | (921,616)          | -14.1%       |
| <b>Total Reserves</b>  | <b>143,920,403</b> | <b>116,784,017</b>    | <b>150,709,807</b> | <b>(6,789,404)</b> | <b>-4.7%</b> |
| <b>Total of Expenses and Reserves</b>                        | <b>541,445,636</b> | <b>221,329,693</b>    | <b>536,705,952</b> | <b>4,739,684</b>   | <b>0.9%</b>  |

State Subsidies are projected to be more than the budgeted amount by \$0.5 million (0.2%), Non-State Subsidies are projected to be less than budgeted by \$2.1 million (7.0%), and Premium Income is projected to be less than budgeted by \$8.2 million (12.4%). This overall decrease in projected revenue is due in part to a decrease in actual rates as compared to the budgeted rates as well as a decrease in average enrollment as compared to budgeted enrollment and a change in the mix of plan tiers. The mix of participants is as follows:

- 1.47% fewer state actives,
- 0.54% fewer state non-Medicare retirees,
- 0% fewer non-state actives,
- 2.50% more non-state, non-Medicare retirees
- 3.40% fewer state Medicare retirees, and
- 1.82% fewer non-state Medicare retirees.

Expenses for Fiscal Year 2020 are projected to be \$11.5 million (2.9%) less than budgeted when changes to reserves are excluded. Operating expenses are projected to be less than budgeted by \$0.5 million (8.6%). Employee and Retiree insurances costs are projected to be less than budgeted by \$11.0 million (2.8%) when taken in total (see table above for specific information).

Total reserves for the year ending September 30, 2019 are projected to be \$150.7 million. Reserves include \$58.8 million for Incurred but not Reported (IBNR) claims, \$42.4 million for the Catastrophic Reserve to insure plan solvency, \$42.1 million in HRA reserves, and a balance in excess of the required reserves of \$7.4 million.

**Recommendations**

None.



# 4.2.2.

## 4. Consent Agenda (Peter Long, Board Chair) (**All Items for Possible Action**)

Consent items will be considered together and acted on in one motion unless an item is removed to be considered separately by the Board.

4.2. Receipt of PEBP Chief Financial Officer quarterly reports for the period ending September 30, 2019

4.2.2. Utilization Report



# Appendix A

## Index of Tables HealthSCOPE – CDHP Utilization Review for PEBP July 1, 2019 – September 30, 2019

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# HSB DATASCOPE™

## Nevada Public Employees' Benefits Program HDHP Plan

July 2019 – September 2019

Reimagine | Rediscover **Benefits**



# Overview

**\*Please note the majority of this report compares 1Q20 to the 1<sup>st</sup> quarter of PY19; it will be full plan year, where noted.**

- Total Medical Spend for 1Q20 was \$33,692,440 of which 69.1% was spent in the State Active population. When compared to 1Q19, 1Q20 reflected an increase of 13.4% in plan spend, with State Actives having an increase of 4.0%.
  - When compared to 1Q19, 1Q20 reflected an increase of 17.2% in plan spend, with State Actives having an increase of 13.6%.
- On a PEPY basis, 1Q20 reflected an increase of 12.3% when compared to 1Q19. The largest group, State Actives, increased 2.3%.
  - When compared to 1Q18, 1Q20 reflected a increase in PEPY of 14.2%, with State Actives increasing by 9.0%.
- 95.9% of the Average Membership had paid Medical claims less than \$2,500, with 43.4% of those having no claims paid at all during the reporting period.
- There were 29 High Cost Claimants (HCC's) over \$100K, that account for 22.6% of the total spend. HCC's accounted for 19.3% of total spend during 1Q19, with 33 members hitting the \$100K threshold. The largest claimant had a primary diagnosis in the Injury and Poisoning Grouper, with plan spend of \$1,052,117.
- IP Paid per Admit was \$20,816 which is an increase of 10.3% over 1Q19 Paid per Admit of \$18,870.
- ER Paid per Visit is \$1,976, which is an increase of 15.1% from 1Q19 ER Paid per Visit of \$1,717.
- 96.1% of all Medical spend dollars were to In Network providers. The average In Network discount was 64.2%, which is slightly lower than PY19 discount of 65.4%.

# Paid Claims by Age Group (p. 1 of 2)

| Paid Claims by Age Group |                      |               |                     |              |                     |              |                      |               |  |
|--------------------------|----------------------|---------------|---------------------|--------------|---------------------|--------------|----------------------|---------------|--|
|                          | 1Q19                 |               |                     |              |                     |              |                      |               |  |
| Age Range                | Med Net Pay          | Med PMPM      | Rx Net Pay          | Rx PMPM      | Dental Net Pay      | Dental PMPM  | Net Pay              | PMPM          |  |
| <1                       | \$ 1,300,708         | \$1,294       | \$ 1,739            | \$2          | \$ 1,305            | \$1          | \$ 1,303,752         | \$1,297       |  |
| 1                        | \$ 129,892           | \$111         | \$ 2,415            | \$2          | \$ 10,372           | \$7          | \$ 142,679           | \$120         |  |
| 2 - 4                    | \$ 261,498           | \$65          | \$ 5,225            | \$1          | \$ 94,048           | \$17         | \$ 360,771           | \$83          |  |
| 5 - 9                    | \$ 317,272           | \$41          | \$ 75,984           | \$10         | \$ 310,785          | \$30         | \$ 704,041           | \$81          |  |
| 10 - 14                  | \$ 503,189           | \$60          | \$ 71,422           | \$8          | \$ 312,599          | \$27         | \$ 887,210           | \$95          |  |
| 15 - 19                  | \$ 730,490           | \$80          | \$ 189,326          | \$21         | \$ 436,648          | \$35         | \$ 1,356,464         | \$136         |  |
| 20 - 24                  | \$ 2,062,720         | \$202         | \$ 173,496          | \$17         | \$ 273,453          | \$21         | \$ 2,509,669         | \$240         |  |
| 25 - 29                  | \$ 959,141           | \$116         | \$ 211,774          | \$26         | \$ 248,699          | \$24         | \$ 1,419,614         | \$166         |  |
| 30 - 34                  | \$ 1,256,792         | \$146         | \$ 236,417          | \$27         | \$ 308,774          | \$28         | \$ 1,801,983         | \$201         |  |
| 35 - 39                  | \$ 1,447,486         | \$148         | \$ 342,633          | \$35         | \$ 356,939          | \$28         | \$ 2,147,058         | \$211         |  |
| 40 - 44                  | \$ 1,329,836         | \$151         | \$ 487,714          | \$56         | \$ 360,161          | \$31         | \$ 2,177,711         | \$238         |  |
| 45 - 49                  | \$ 1,939,369         | \$199         | \$ 664,921          | \$68         | \$ 424,579          | \$31         | \$ 3,028,869         | \$299         |  |
| 50 - 54                  | \$ 3,599,344         | \$354         | \$ 835,926          | \$82         | \$ 496,470          | \$35         | \$ 4,931,740         | \$471         |  |
| 55 - 59                  | \$ 3,991,619         | \$355         | \$ 1,554,747        | \$138        | \$ 600,381          | \$38         | \$ 6,146,747         | \$531         |  |
| 60 - 64                  | \$ 6,937,830         | \$541         | \$ 1,923,420        | \$150        | \$ 740,523          | \$40         | \$ 9,601,649         | \$732         |  |
| 65+                      | \$ 2,940,573         | \$448         | \$ 1,665,190        | \$254        | \$ 1,550,909        | \$41         | \$ 6,156,672         | \$742         |  |
| <b>Total</b>             | <b>\$ 29,707,759</b> | <b>\$ 233</b> | <b>\$ 8,442,349</b> | <b>\$ 66</b> | <b>\$ 6,526,645</b> | <b>\$ 32</b> | <b>\$ 44,676,629</b> | <b>\$ 331</b> |  |

# Paid Claims by Age Group (p. 2 of 2)

| Paid Claims by Age Group |                      |               |                     |              |                     |              |                      |               |             |             |
|--------------------------|----------------------|---------------|---------------------|--------------|---------------------|--------------|----------------------|---------------|-------------|-------------|
| Age Range                | 1Q20                 |               |                     |              |                     |              |                      |               | % Change    |             |
|                          | Med Net Pay          | Med PMPM      | Rx Net Pay          | Rx PMPM      | Dental Net Pay      | Dental PMPM  | Net Pay              | PMPM          | Net Pay     | PMPM        |
| <1                       | \$ 1,360,538         | \$ 1,292      | \$ 622              | \$ 1         | \$ 5,877            | \$ 4         | \$ 1,367,037         | \$ 1,297      | 4.9%        | 0.0%        |
| 1                        | \$ 189,340           | \$ 160        | \$ 3,961            | \$ 3         | \$ 14,375           | \$ 8         | \$ 207,676           | \$ 172        | 45.6%       | 43.3%       |
| 2 - 4                    | \$ 297,539           | \$ 75         | \$ 22,370           | \$ 6         | \$ 103,144          | \$ 19        | \$ 423,053           | \$ 99         | 17.3%       | 19.2%       |
| 5 - 9                    | \$ 328,967           | \$ 43         | \$ 33,912           | \$ 4         | \$ 345,805          | \$ 33        | \$ 708,683           | \$ 81         | 0.7%        | 0.0%        |
| 10 - 14                  | \$ 771,802           | \$ 90         | \$ 92,458           | \$ 11        | \$ 360,310          | \$ 30        | \$ 1,224,571         | \$ 131        | 38.0%       | 38.0%       |
| 15 - 19                  | \$ 894,484           | \$ 99         | \$ 182,942          | \$ 20        | \$ 478,787          | \$ 38        | \$ 1,556,214         | \$ 157        | 14.7%       | 15.6%       |
| 20 - 24                  | \$ 1,477,619         | \$ 144        | \$ 182,174          | \$ 18        | \$ 281,628          | \$ 21        | \$ 1,941,422         | \$ 183        | -22.6%      | -23.7%      |
| 25 - 29                  | \$ 1,349,018         | \$ 162        | \$ 194,852          | \$ 23        | \$ 279,863          | \$ 27        | \$ 1,823,733         | \$ 212        | 28.5%       | 27.8%       |
| 30 - 34                  | \$ 1,699,398         | \$ 191        | \$ 411,265          | \$ 46        | \$ 317,653          | \$ 27        | \$ 2,428,316         | \$ 265        | 34.8%       | 31.6%       |
| 35 - 39                  | \$ 1,559,929         | \$ 158        | \$ 300,269          | \$ 30        | \$ 384,477          | \$ 30        | \$ 2,244,675         | \$ 218        | 4.5%        | 3.3%        |
| 40 - 44                  | \$ 1,612,602         | \$ 181        | \$ 405,682          | \$ 46        | \$ 391,759          | \$ 33        | \$ 2,410,043         | \$ 259        | 10.7%       | 9.2%        |
| 45 - 49                  | \$ 2,215,635         | \$ 228        | \$ 827,423          | \$ 85        | \$ 467,221          | \$ 34        | \$ 3,510,280         | \$ 347        | 15.9%       | 16.1%       |
| 50 - 54                  | \$ 3,289,986         | \$ 325        | \$ 779,967          | \$ 77        | \$ 515,468          | \$ 36        | \$ 4,585,421         | \$ 438        | -7.0%       | -7.1%       |
| 55 - 59                  | \$ 3,774,612         | \$ 337        | \$ 1,385,110        | \$ 124       | \$ 624,390          | \$ 39        | \$ 5,784,112         | \$ 500        | -5.9%       | -5.8%       |
| 60 - 64                  | \$ 9,183,185         | \$ 721        | \$ 1,648,179        | \$ 129       | \$ 776,883          | \$ 43        | \$ 11,608,246        | \$ 894        | 20.9%       | 22.2%       |
| 65+                      | \$ 3,687,785         | \$ 543        | \$ 975,677          | \$ 144       | \$ 1,783,816        | \$ 45        | \$ 6,447,278         | \$ 732        | 4.7%        | -1.3%       |
| <b>Total</b>             | <b>\$ 33,692,440</b> | <b>\$ 263</b> | <b>\$ 7,446,866</b> | <b>\$ 58</b> | <b>\$ 7,131,456</b> | <b>\$ 35</b> | <b>\$ 48,270,762</b> | <b>\$ 355</b> | <b>8.0%</b> | <b>7.3%</b> |



# Financial Summary - Quarter comparison (p. 1 of 2)

| Summary  | Total        |              |              |                        | State Active |              |              |                        | Non-State Active |            |            |                        |
|--|--------------|--------------|--------------|------------------------|--------------|--------------|--------------|------------------------|------------------|------------|------------|------------------------|
|  | 1Q18         | 1Q19         | 1Q20         | Variance to Prior Year | 1Q18         | 1Q19         | 1Q20         | Variance to Prior Year | 1Q18             | 1Q19       | 1Q20       | Variance to Prior Year |
| <b>Enrollment</b>                              |              |              |              |                        |              |              |              |                        |                  |            |            |                        |
| Avg # Employees                                | 22,982       | 23,341       | 23,581       | 1.0%                   | 18,872       | 19,337       | 19,669       | 1.7%                   | 4                | 4          | 4          | 0.0%                   |
| Avg # Members                                  | 41,736       | 42,546       | 42,753       | 0.5%                   | 36,038       | 36,862       | 37,138       | 0.7%                   | 7                | 7          | 7          | 0.0%                   |
| Ratio  | 1.8          | 1.8          | 1.8          | -0.5%                  | 1.9          | 1.9          | 1.9          | -1.0%                  | 1.7              | 1.8        | 1.8        | 0.0%                   |
| <b>Financial Summary</b>                       |              |              |              |                        |              |              |              |                        |                  |            |            |                        |
| Gross Cost                                     | \$40,380,583 | \$40,882,487 | \$46,374,477 | 13.4%                  | \$29,616,595 | \$31,274,328 | \$33,530,604 | 7.2%                   | \$21,504         | \$3,642    | \$14,108   | 287.4%                 |
| Client Paid                                    | \$28,758,765 | \$29,707,759 | \$33,692,440 | 13.4%                  | \$20,512,945 | \$22,392,073 | \$23,296,415 | 4.0%                   | \$15,936         | \$2,404    | \$9,764    | 306.2%                 |
| Employee Paid                                  | \$11,621,818 | \$11,174,745 | \$12,682,036 | 13.5%                  | \$9,103,650  | \$8,882,260  | \$10,234,189 | 15.2%                  | \$5,568          | \$1,238    | \$4,344    | 250.9%                 |
| Client Paid-PEPY                               | \$5,005      | \$5,091      | \$5,715      | 12.3%                  | \$4,348      | \$4,632      | \$4,738      | 2.3%                   | \$14,710         | \$2,404    | \$9,764    | 306.2%                 |
| Client Paid-PMPY                               | \$2,756      | \$2,793      | \$3,152      | 12.9%                  | \$2,277      | \$2,430      | \$2,509      | 3.3%                   | \$8,692          | \$1,374    | \$5,579    | 306.0%                 |
| Client Paid-PEPM                               | \$417        | \$424        | \$476        | 12.3%                  | \$362        | \$386        | \$395        | 2.3%                   | \$1,226          | \$200      | \$814      | 307.0%                 |
| Client Paid-PMPM                               | \$230        | \$233        | \$263        | 12.9%                  | \$190        | \$202        | \$209        | 3.5%                   | \$724            | \$114      | \$465      | 307.9%                 |
| <b>High Cost Claimants (HCC's) &gt; \$100k</b> |              |              |              |                        |              |              |              |                        |                  |            |            |                        |
| # of HCC's                                     | 21           | 33           | 29           | -12.1%                 | 14           | 22           | 19           | -13.6%                 | 0                | 0          | 0          | 0.0%                   |
| HCC's / 1,000                                  | 0.5          | 0.8          | 0.7          | -12.8%                 | 0.4          | 0.6          | 0.5          | -14.5%                 | 0.0              | 0.0        | 0.0        | 0.0%                   |
| Avg HCC Paid                                   | \$234,667    | \$173,519    | \$262,888    | 51.5%                  | \$237,082    | \$194,896    | \$177,846    | -8.7%                  | \$0              | \$0        | \$0        | 0.0%                   |
| HCC's % of Plan Paid                           | 17.1%        | 19.3%        | 22.6%        | 17.1%                  | 16.2%        | 19.1%        | 14.5%        | -24.3%                 | 0.0%             | 0.0%       | 0.0%       | 0.0%                   |
| <b>Cost Distribution by Claim Type (PMPY)</b>  |              |              |              |                        |              |              |              |                        |                  |            |            |                        |
| Facility Inpatient                             | \$843        | \$972        | \$1,123      | 15.5%                  | \$645        | \$836        | \$745        | -10.9%                 | \$0              | \$0        | \$0        | 0.0%                   |
| Facility Outpatient                            | \$875        | \$851        | \$968        | 13.7%                  | \$715        | \$718        | \$802        | 11.7%                  | \$2,717          | \$108      | \$1,746    | 1516.7%                |
| Physician                                      | \$950        | \$905        | \$985        | 8.8%                   | \$853        | \$825        | \$898        | 8.8%                   | \$5,672          | \$1,162    | \$3,490    | 200.3%                 |
| Other  | \$89         | \$65         | \$77         | 18.5%                  | \$64         | \$50         | \$65         | 30.0%                  | \$303            | \$104      | \$343      | 0.0%                   |
| Total  | \$2,756      | \$2,793      | \$3,152      | 12.9%                  | \$2,277      | \$2,430      | \$2,509      | 3.3%                   | \$8,692          | \$1,374    | \$5,579    | 306.0%                 |
|  | Annualized   | Annualized   | Annualized   |                        | Annualized   | Annualized   | Annualized   |                        | Annualized       | Annualized | Annualized |                        |

# Financial Summary - Quarter comparison (p. 2 of 2)

| Summary  | State Retirees |             |              |                        | Non-State Retirees |             |             |                        | HSB Peer Index |
|--|----------------|-------------|--------------|------------------------|--------------------|-------------|-------------|------------------------|----------------|
|  | 1Q18           | 1Q19        | 1Q20         | Variance to Prior Year | 1Q18               | 1Q19        | 1Q20        | Variance to Prior Year |                |
| <b>Enrollment</b>                              |                |             |              |                        |                    |             |             |                        |                |
| Avg # Employees                                | 3,183          | 3,218       | 3,250        | 1.0%                   | 923                | 783         | 658         | -16.0%                 |                |
| Avg # Members                                  | 4,378          | 4,791       | 4,852        | 1.3%                   | 1,013              | 885         | 757         | -14.5%                 |                |
| Ratio  | 1.5            | 1.5         | 1.5          | 0.0%                   | 1.1                | 1.1         | 1.2         | 1.8%                   | 1.8            |
| <b>Financial Summary</b>                       |                |             |              |                        |                    |             |             |                        |                |
| Gross Cost                                     | \$8,248,577    | \$7,284,198 | \$11,245,697 | 54.4%                  | \$2,493,908        | \$2,320,318 | \$1,584,068 | -31.7%                 |                |
| Client Paid                                    | \$6,263,361    | \$5,400,934 | \$9,169,894  | 69.8%                  | \$1,966,524        | \$1,912,348 | \$1,216,367 | -36.4%                 |                |
| Employee Paid                                  | \$1,985,215    | \$1,883,282 | \$2,075,803  | 10.2%                  | \$527,384          | \$407,970   | \$367,701   | -9.9%                  |                |
| Client Paid-PEPY                               | \$7,871        | \$6,714     | \$11,287     | 68.1%                  | \$8,519            | \$9,769     | \$7,394     | -24.3%                 | \$6,209        |
| Client Paid-PMPY                               | \$5,355        | \$4,509     | \$7,560      | 67.7%                  | \$7,768            | \$8,640     | \$6,430     | -25.6%                 | \$3,437        |
| Client Paid-PEPM                               | \$656          | \$560       | \$941        | 68.0%                  | \$710              | \$814       | \$616       | -24.3%                 | \$517          |
| Client Paid-PMPM                               | \$446          | \$376       | \$630        | 67.6%                  | \$647              | \$720       | \$536       | -25.6%                 | \$286          |
| <b>High Cost Claimants (HCC's) &gt; \$100k</b> |                |             |              |                        |                    |             |             |                        |                |
| # of HCC's                                     | 7              | 5           | 9            | 80.0%                  | 1                  | 6           | 2           | -66.7%                 |                |
| HCC's / 1,000                                  | 1.5            | 1.0         | 1.9          | 78.8%                  | 1.0                | 6.8         | 2.6         | -61.1%                 |                |
| Avg HCC Paid                                   | \$205,191      | \$133,600   | \$446,461    | 234.2%                 | \$172,511          | \$125,530   | \$113,262   | -9.8%                  |                |
| HCC's % of Plan Paid                           | 22.9%          | 12.4%       | 43.8%        | 253.2%                 | 8.8%               | 39.4%       | 18.6%       | -52.8%                 |                |
| <b>Cost Distribution by Claim Type (PMPY)</b>  |                |             |              |                        |                    |             |             |                        |                |
| Facility Inpatient                             | \$1,866        | \$1,429     | \$3,722      | 160.5%                 | \$3,184            | \$4,151     | \$3,007     | -27.6%                 | \$1,057        |
| Facility Outpatient                            | \$1,784        | \$1,560     | \$2,065      | 32.4%                  | \$2,340            | \$2,573     | \$2,063     | -19.8%                 | \$1,145        |
| Physician                                      | \$1,433        | \$1,385     | \$1,609      | 16.2%                  | \$2,127            | \$1,637     | \$1,265     | -22.7%                 | \$1,122        |
| Other  | \$272          | \$135       | \$164        | 21.5%                  | \$116              | \$279       | \$95        | -65.9%                 | \$113          |
| Total  | \$5,355        | \$4,509     | \$7,560      | 67.7%                  | \$7,768            | \$8,640     | \$6,430     | -25.6%                 | \$3,437        |
|  | Annualized     | Annualized  | Annualized   |                        | Annualized         | Annualized  | Annualized  |                        |                |

# Financial Summary - Prior Year comparison (p. 1 of 2)

| Summary  | Total         |               |              |                        | State Active  |               |              |                        | Non-State Active |           |          |                        |
|--|---------------|---------------|--------------|------------------------|---------------|---------------|--------------|------------------------|------------------|-----------|----------|------------------------|
|  | PY18          | PY19          | 1Q20         | Variance to Prior Year | PY18          | PY19          | 1Q20         | Variance to Prior Year | PY18             | PY19      | 1Q20     | Variance to Prior Year |
| <b>Enrollment</b>                              |               |               |              |                        |               |               |              |                        |                  |           |          |                        |
| Avg # Employees                                | 23,155        | 23,569        | 23,581       | 0.1%                   | 19,100        | 19,612        | 19,669       | 0.3%                   | 4                | 4         | 4        | 0.0%                   |
| Avg # Members                                  | 42,071        | 42,776        | 42,753       | -0.1%                  | 36,389        | 37,138        | 37,138       | 0.0%                   | 7                | 7         | 7        | 0.0%                   |
| Ratio  | 1.8           | 1.8           | 1.8          | 0.0%                   | 1.9           | 1.9           | 1.9          | 0.0%                   | 1.7              | 1.8       | 1.8      | 0.0%                   |
| <b>Financial Summary</b>                       |               |               |              |                        |               |               |              |                        |                  |           |          |                        |
| Gross Cost                                     | \$164,211,622 | \$172,993,213 | \$46,374,477 |                        | \$123,145,285 | \$129,947,874 | \$33,530,604 |                        | \$42,221         | \$105,325 | \$14,108 |                        |
| Client Paid                                    | \$125,066,281 | \$133,179,670 | \$33,692,440 |                        | \$91,783,613  | \$97,851,639  | \$23,296,415 |                        | \$32,607         | \$96,469  | \$9,764  |                        |
| Employee Paid                                  | \$39,145,341  | \$39,813,543  | \$12,682,036 |                        | \$31,361,671  | \$32,096,235  | \$10,234,189 |                        | \$9,615          | \$8,857   | \$4,344  |                        |
| Client Paid-PEPY                               | \$5,401       | \$5,651       | \$5,715      | 1.1%                   | \$4,805       | \$4,989       | \$4,738      | -5.0%                  | \$7,985          | \$24,117  | \$9,764  | -59.5%                 |
| Client Paid-PMPY                               | \$2,973       | \$3,113       | \$3,152      | 1.3%                   | \$2,522       | \$2,635       | \$2,509      | -4.8%                  | \$4,603          | \$13,781  | \$5,579  | -59.5%                 |
| Client Paid-PEPM                               | \$450         | \$471         | \$476        | 1.1%                   | \$400         | \$416         | \$395        | -5.0%                  | \$665            | \$2,010   | \$814    | -59.5%                 |
| Client Paid-PMPM                               | \$248         | \$259         | \$263        | 1.5%                   | \$210         | \$220         | \$209        | -5.0%                  | \$384            | \$1,148   | \$465    | -59.5%                 |
| <b>High Cost Claimants (HCC's) &gt; \$100k</b> |               |               |              |                        |               |               |              |                        |                  |           |          |                        |
| # of HCC's                                     | 164           | 198           | 29           |                        | 108           | 124           | 19           |                        | 0                | 0         | 0        |                        |
| HCC's / 1,000                                  | 3.9           | 4.6           | 0.7          |                        | 3.0           | 3.3           | 0.5          |                        | 0.0              | 0.0       | 0.0      |                        |
| Avg HCC Paid                                   | \$211,524     | \$219,374     | \$262,888    | 19.8%                  | \$212,840     | \$218,720     | \$177,846    | -18.7%                 | \$0              | \$0       | \$0      | 0.0%                   |
| HCC's % of Plan Paid                           | 27.7%         | 32.6%         | 22.6%        | -30.7%                 | 25.0%         | 27.7%         | 14.5%        | -47.7%                 | 0.0%             | 0.0%      | 0.0%     | 0.0%                   |
| <b>Cost Distribution by Claim Type (PMPY)</b>  |               |               |              |                        |               |               |              |                        |                  |           |          |                        |
| Facility Inpatient                             | \$900         | \$1,071       | \$1,123      | 4.9%                   | \$719         | \$847         | \$745        | -12.0%                 | \$0              | \$3,087   | \$0      | 0.0%                   |
| Facility Outpatient                            | \$974         | \$925         | \$968        | 4.6%                   | \$814         | \$782         | \$802        | 2.6%                   | \$1,064          | \$6,561   | \$1,746  | -73.4%                 |
| Physician                                      | \$1,016       | \$1,045       | \$985        | -5.7%                  | \$924         | \$948         | \$898        | -5.3%                  | \$3,394          | \$4,006   | \$3,490  | -12.9%                 |
| Other  | \$82          | \$72          | \$77         | 6.9%                   | \$64          | \$58          | \$65         | 12.1%                  | \$146            | \$129     | \$343    | 0.0%                   |
| Total  | \$2,973       | \$3,113       | \$3,152      | 1.3%                   | \$2,522       | \$2,635       | \$2,509      | -4.8%                  | \$4,603          | \$13,781  | \$5,579  | -59.5%                 |

Annualized

Annualized

Annualized

# Financial Summary - Prior Year comparison (p. 2 of 2)

|  | State Retirees |              |              |                        | Non-State Retirees |             |             |                        |                |
|--|----------------|--------------|--------------|------------------------|--------------------|-------------|-------------|------------------------|----------------|
| Summary  | PY18           | PY19         | 1Q20         | Variance to Prior Year | PY18               | PY19        | 1Q20        | Variance to Prior Year | HSB Peer Index |
| <b>Enrollment</b>                              |                |              |              |                        |                    |             |             |                        |                |
| Avg # Employees                                | 3,165          | 3,224        | 3,250        | 0.8%                   | 868                | 729         | 658         | -9.7%                  |                |
| Avg # Members                                  | 4,681          | 4,799        | 4,852        | 1.1%                   | 958                | 832         | 757         | -9.0%                  |                |
| Ratio  | 1.5            | 1.5          | 1.5          | 0.0%                   | 1.1                | 1.1         | 1.2         | 0.9%                   | 1.8            |
| <b>Financial Summary</b>                       |                |              |              |                        |                    |             |             |                        |                |
| Gross Cost                                     | \$31,539,962   | \$34,175,219 | \$11,245,697 |                        | \$9,484,154        | \$8,764,794 | \$1,584,068 |                        |                |
| Client Paid                                    | \$25,259,022   | \$27,761,940 | \$9,169,894  |                        | \$7,991,039        | \$7,469,622 | \$1,216,367 |                        |                |
| Employee Paid                                  | \$6,280,940    | \$6,413,280  | \$2,075,803  |                        | \$1,493,115        | \$1,295,172 | \$367,701   |                        |                |
| Client Paid-PEPY                               | \$7,981        | \$8,612      | \$11,287     | 31.1%                  | \$9,204            | \$10,246    | \$7,394     | -27.8%                 | \$6,209        |
| Client Paid-PMPY                               | \$5,397        | \$5,785      | \$7,560      | 30.7%                  | \$8,338            | \$8,983     | \$6,430     | -28.4%                 | \$3,437        |
| Client Paid-PEPM                               | \$665          | \$718        | \$941        | 31.1%                  | \$767              | \$854       | \$616       | -27.9%                 | \$517          |
| Client Paid-PMPM                               | \$450          | \$482        | \$630        | 30.7%                  | \$695              | \$749       | \$536       | -28.4%                 | \$286          |
| <b>High Cost Claimants (HCC's) &gt; \$100k</b> |                |              |              |                        |                    |             |             |                        |                |
| # of HCC's                                     | 50             | 58           | 9            |                        | 18                 | 16          | 2           |                        |                |
| HCC's / 1,000                                  | 10.7           | 12.1         | 1.9          |                        | 18.8               | 19.2        | 2.6         |                        |                |
| Avg HCC Paid                                   | \$169,470      | \$220,380    | \$446,461    | 102.6%                 | \$179,428          | \$220,793   | \$113,262   | -48.7%                 |                |
| HCC's % of Plan Paid                           | 33.5%          | 46.0%        | 43.8%        | -4.8%                  | 40.4%              | 47.3%       | 18.6%       | -60.7%                 |                |
| <b>Cost Distribution by Claim Type (PMPY)</b>  |                |              |              |                        |                    |             |             |                        |                |
| Facility Inpatient                             | \$1,822        | \$2,155      | \$3,722      | 72.7%                  | \$3,299            | \$4,794     | \$3,007     | -37.3%                 | \$1,057        |
| Facility Outpatient                            | \$1,842        | \$1,787      | \$2,065      | 15.6%                  | \$2,839            | \$2,295     | \$2,063     | -10.1%                 | \$1,145        |
| Physician                                      | \$1,521        | \$1,677      | \$1,609      | -4.1%                  | \$2,073            | \$1,732     | \$1,265     | -27.0%                 | \$1,122        |
| Other  | \$212          | \$166        | \$164        | -1.2%                  | \$127              | \$163       | \$95        | -41.7%                 | \$113          |
| Total  | \$5,397        | \$5,785      | \$7,560      | 30.7%                  | \$8,338            | \$8,983     | \$6,430     | -28.4%                 | \$3,437        |

Annualized

Annualized

# Paid Claims by Claim Type – State Participants

| Net Paid Claims - Total |                      |                       |                     |                      |                      |                       |                     |                      |              |
|-------------------------|----------------------|-----------------------|---------------------|----------------------|----------------------|-----------------------|---------------------|----------------------|--------------|
| State Participants      |                      |                       |                     |                      |                      |                       |                     |                      |              |
|                         | 1Q19                 |                       |                     |                      | 1Q20                 |                       |                     |                      | % Change     |
|                         | Actives              | Pre-Medicare Retirees | Medicare Retirees   | Total                | Actives              | Pre-Medicare Retirees | Medicare Retirees   | Total                | Total        |
| Medical                 |                      |                       |                     |                      |                      |                       |                     |                      |              |
| Inpatient               | \$ 8,942,886         | \$ 1,732,369          | \$ 245,876          | \$ 10,921,131        | \$ 8,170,264         | \$ 4,244,364          | \$ 738,230          | \$ 13,152,858        | 20.4%        |
| Outpatient              | \$ 13,449,186        | \$ 2,908,284          | \$ 514,405          | \$ 16,871,876        | \$ 15,126,151        | \$ 3,709,427          | \$ 477,873          | \$ 19,313,451        | 14.5%        |
| Total - Medical         | \$ 22,392,073        | \$ 4,640,653          | \$ 760,281          | \$ 27,793,007        | \$ 23,296,415        | \$ 7,953,790          | \$ 1,216,103        | \$ 32,466,309        | 16.8%        |
| Dental                  | \$ 4,496,430         | \$ 521,369            | \$ 128,341          | \$ 5,146,140         | \$ 4,899,016         | \$ 574,934            | \$ 159,560          | \$ 5,633,510         | 9.5%         |
| Dental Exchange         | \$ -                 | \$ -                  | \$ 764,413          | \$ 764,413           | \$ -                 | \$ -                  | \$ 840,879          | \$ 840,879           | 10.0%        |
| <b>Total</b>            | <b>\$ 26,888,503</b> | <b>\$ 5,162,023</b>   | <b>\$ 1,653,034</b> | <b>\$ 33,703,560</b> | <b>\$ 28,195,431</b> | <b>\$ 8,528,725</b>   | <b>\$ 2,216,543</b> | <b>\$ 38,940,698</b> | <b>15.5%</b> |

| Net Paid Claims - Per Participant per Month |         |                       |                   |        |         |                       |                   |        |          |
|---|---------|-----------------------|-------------------|--------|---------|-----------------------|-------------------|--------|----------|
|   | 1Q19    |                       |                   |        | 1Q20    |                       |                   |        | % Change |
|   | Actives | Pre-Medicare Retirees | Medicare Retirees | Total  | Actives | Pre-Medicare Retirees | Medicare Retirees | Total  | Total    |
| Medical                                     | \$ 386  | \$ 593                | \$ 435            | \$ 411 | \$ 395  | \$ 1,006              | \$ 660            | \$ 472 | 14.8%    |
| Dental                                      | \$ 57   | \$ 52                 | \$ 60             | \$ 56  | \$ 60   | \$ 57                 | \$ 73             | \$ 60  | 7.0%     |
| Dental Exchange                             | \$ -    | \$ -                  | \$ 52             | \$ 52  | \$ -    | \$ -                  | \$ 53             | \$ 53  | 2.8%     |

# Paid Claims by Claim Type – Non-State Participants

| Net Paid Claims - Total |                 |                       |                   |                     |                  |                       |                     |                     |               |
|-------------------------|-----------------|-----------------------|-------------------|---------------------|------------------|-----------------------|---------------------|---------------------|---------------|
| Non-State Participants  |                 |                       |                   |                     |                  |                       |                     |                     |               |
|                         | 1Q19            |                       |                   |                     | 1Q20             |                       |                     |                     | % Change      |
|                         | Actives         | Pre-Medicare Retirees | Medicare Retirees | Total               | Actives          | Pre-Medicare Retirees | Medicare Retirees   | Total               | Total         |
| Medical                 |                 |                       |                   |                     |                  |                       |                     |                     |               |
| Inpatient               |                 | \$ 729,235            | \$ 252,025        | \$ 981,260          | \$ 204           | \$ 238,377            | \$ 364,193          | \$ 602,775          | -38.6%        |
| Outpatient              | \$ 2,404        | \$ 826,283            | \$ 104,806        | \$ 933,492          | \$ 9,560         | \$ 477,458            | \$ 136,338          | \$ 623,356          | -33.2%        |
| Total - Medical         | \$ 2,404        | \$ 1,555,518          | \$ 356,830        | \$ 1,914,752        | \$ 9,764         | \$ 715,836            | \$ 500,532          | \$ 1,226,131        | -36.0%        |
| Dental                  | \$ 1,292        | \$ 116,689            | \$ 51,235         | \$ 169,215          | \$ 878           | \$ 85,303             | \$ 60,299           | \$ 146,479          | -13.4%        |
| Dental Exchange         | \$ -            | \$ -                  | \$ 446,879        | \$ 446,879          | \$ -             | \$ -                  | \$ 510,588          | \$ 510,588          | 14.3%         |
| <b>Total</b>            | <b>\$ 3,696</b> | <b>\$ 1,672,206</b>   | <b>\$ 854,945</b> | <b>\$ 2,530,847</b> | <b>\$ 10,642</b> | <b>\$ 801,138</b>     | <b>\$ 1,071,419</b> | <b>\$ 1,883,199</b> | <b>-25.6%</b> |

| Net Paid Claims - Per Participant per Month |         |                       |                   |        |         |                       |                   |        |          |
|---|---------|-----------------------|-------------------|--------|---------|-----------------------|-------------------|--------|----------|
|   | 1Q19    |                       |                   |        | 1Q20    |                       |                   |        | % Change |
|   | Actives | Pre-Medicare Retirees | Medicare Retirees | Total  | Actives | Pre-Medicare Retirees | Medicare Retirees | Total  | Total    |
| Medical                                     | \$ 200  | \$ 982                | \$ 482            | \$ 819 | \$ 814  | \$ 602                | \$ 638            | \$ 617 | -24.6%   |
| Dental                                      | \$ 54   | \$ 44                 | \$ 42             | \$ 43  | \$ 37   | \$ 43                 | \$ 49             | \$ 45  | 4.3%     |
| Dental Exchange                             | \$ -    | \$ -                  | \$ 42             | \$ 42  | \$ -    | \$ -                  | \$ 47             | \$ 47  | 13.5%    |

# Paid Claims by Claim Type – Total

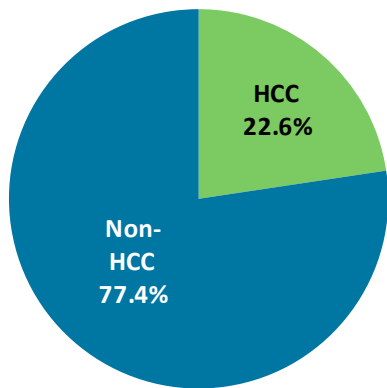
| Net Paid Claims - Total |                      |                       |                     |                      |                      |                       |                     |                      |              |
|-------------------------|----------------------|-----------------------|---------------------|----------------------|----------------------|-----------------------|---------------------|----------------------|--------------|
| Total Participants      |                      |                       |                     |                      |                      |                       |                     |                      |              |
|                         | 1Q19                 |                       |                     |                      | 1Q20                 |                       |                     |                      | % Change     |
|                         | Actives              | Pre-Medicare Retirees | Medicare Retirees   | Total                | Actives              | Pre-Medicare Retirees | Medicare Retirees   | Total                | Total        |
| Medical                 |                      |                       |                     |                      |                      |                       |                     |                      |              |
| Inpatient               | \$ 8,942,886         | \$ 2,461,605          | \$ 497,900          | \$ 11,902,391        | \$ 8,170,468         | \$ 4,482,741          | \$ 1,102,423        | \$ 13,755,633        | 15.6%        |
| Outpatient              | \$ 13,451,590        | \$ 3,734,567          | \$ 619,211          | \$ 17,805,368        | \$ 15,135,711        | \$ 4,186,885          | \$ 614,212          | \$ 19,936,808        | 12.0%        |
| Total - Medical         | \$ 22,394,477        | \$ 6,196,171          | \$ 1,117,111        | \$ 29,707,759        | \$ 23,306,179        | \$ 8,669,626          | \$ 1,716,635        | \$ 33,692,440        | 13.4%        |
| Dental                  | \$ 4,497,722         | \$ 638,058            | \$ 179,576          | \$ 5,315,356         | \$ 4,899,893         | \$ 660,237            | \$ 219,859          | \$ 5,779,989         | 8.7%         |
| Dental Exchange         | \$ -                 | \$ -                  | \$ 1,211,292        | \$ 1,211,292         | \$ -                 | \$ -                  | \$ 1,351,467        | \$ 1,351,467         | 11.6%        |
| <b>Total</b>            | <b>\$ 26,892,199</b> | <b>\$ 6,834,229</b>   | <b>\$ 2,507,979</b> | <b>\$ 36,234,407</b> | <b>\$ 28,206,073</b> | <b>\$ 9,329,863</b>   | <b>\$ 3,287,961</b> | <b>\$ 40,823,897</b> | <b>12.7%</b> |

| Net Paid Claims - Per Participant per Month |         |                       |                   |        |         |                       |                   |        |          |
|---|---------|-----------------------|-------------------|--------|---------|-----------------------|-------------------|--------|----------|
|   | 1Q19    |                       |                   |        | 1Q20    |                       |                   |        | % Change |
|   | Actives | Pre-Medicare Retirees | Medicare Retirees | Total  | Actives | Pre-Medicare Retirees | Medicare Retirees | Total  |          |
| Medical                                     | \$ 386  | \$ 659                | \$ 449            | \$ 424 | \$ 395  | \$ 953                | \$ 654            | \$ 476 | 12.3%    |
| Dental                                      | \$ 57   | \$ 50                 | \$ 53             | \$ 56  | \$ 60   | \$ 54                 | \$ 64             | \$ 60  | 7.1%     |
| Dental Exchange                             | \$ -    | \$ -                  | \$ 47             | \$ 47  | \$ -    | \$ -                  | \$ 51             | \$ 51  | 7.0%     |

# Cost Distribution – Medical Claims

| 1Q19             |               |                     |               |                     |               | 1Q20                     |                  |               |                     |               |                     |               |
|------------------|---------------|---------------------|---------------|---------------------|---------------|--------------------------|------------------|---------------|---------------------|---------------|---------------------|---------------|
| Avg # of Members | % of Members  | Total Paid          | % of Paid     | EE Paid             | % EE Paid     | Paid Claims Category     | Avg # of Members | % of Members  | Total Paid          | % of Paid     | EE Paid             | % EE Paid     |
| 26               | 0.1%          | \$5,726,118         | 19.3%         | \$103,891           | 0.9%          | \$100,000.01 Plus        | 26               | 0.1%          | \$7,623,742         | 22.6%         | \$100,984           | 0.8%          |
| 44               | 0.1%          | \$3,581,524         | 12.1%         | \$235,100           | 2.1%          | \$50,000.01-\$100,000.00 | 44               | 0.1%          | \$3,430,142         | 10.2%         | \$209,515           | 1.7%          |
| 107              | 0.3%          | \$4,228,173         | 14.2%         | \$461,088           | 4.1%          | \$25,000.01-\$50,000.00  | 119              | 0.3%          | \$4,447,896         | 13.2%         | \$414,109           | 3.3%          |
| 328              | 0.8%          | \$5,549,764         | 18.7%         | \$1,224,288         | 11.0%         | \$10,000.01-\$25,000.00  | 342              | 0.8%          | \$5,717,455         | 17.0%         | \$1,143,449         | 9.0%          |
| 428              | 1.0%          | \$3,179,263         | 10.7%         | \$1,130,781         | 10.1%         | \$5,000.01-\$10,000.00   | 506              | 1.2%          | \$3,804,626         | 11.3%         | \$1,378,035         | 10.9%         |
| 560              | 1.3%          | \$2,162,653         | 7.3%          | \$1,083,102         | 9.7%          | \$2,500.01-\$5,000.00    | 693              | 1.6%          | \$2,608,986         | 7.7%          | \$1,309,951         | 10.3%         |
| 13,999           | 32.9%         | \$5,280,264         | 17.8%         | \$4,868,528         | 43.6%         | \$0.01-\$2,500.00        | 15,154           | 35.4%         | \$6,059,593         | 18.0%         | \$5,809,430         | 45.8%         |
| 7,158            | 16.8%         | \$0                 | 0.0%          | \$2,067,968         | 18.6%         | \$0.00                   | 7,327            | 17.1%         | \$0                 | 0.0%          | \$2,316,563         | 18.3%         |
| 19,895           | 46.8%         | \$0                 | 0.0%          | \$0                 | 0.0%          | No Claims                | 18,543           | 43.4%         | \$0                 | 0.0%          | \$0                 | 0.0%          |
| <b>42,546</b>    | <b>100.0%</b> | <b>\$29,707,759</b> | <b>100.0%</b> | <b>\$11,174,745</b> | <b>100.0%</b> |                          | <b>42,753</b>    | <b>100.0%</b> | <b>\$33,692,440</b> | <b>100.0%</b> | <b>\$12,682,036</b> | <b>100.0%</b> |

**Distribution of HCC Medical Claims Paid**



HCC – High Cost Claimant over \$100K

| HCC's by AHRQ Clinical Classifications Chapter   |             |                    |               |
|--|-------------|--------------------|---------------|
| AHRQ Chapter   | Patients    | Total Paid         | % Paid        |
| (CCS 16) Injury And Poisoning  | 13          | \$3,582,800        | 47.0%         |
| (CCS 7) Diseases Of The Circulatory System   | 21          | \$913,084          | 12.0%         |
| (CCS 2) Neoplasms  | 10          | \$829,830          | 10.9%         |
| (CCS 15) Certain Conditions Originating In The Perinatal Period                            | 1           | \$596,295          | 7.8%          |
| (CCS 9) Diseases Of The Digestive System   | 18          | \$313,692          | 4.1%          |
| (CCS 8) Diseases Of The Respiratory System   | 16          | \$305,156          | 4.0%          |
| (CCS 5) Mental Illness   | 5           | \$222,069          | 2.9%          |
| (CCS 3) Endocrine; Nutritional; And Metabolic Diseases And Immunity Disorders              | 18          | \$197,733          | 2.6%          |
| (CCS 6) Diseases Of The Nervous System And Sense Organs                                    | 16          | \$179,118          | 2.3%          |
| (CCS 17) Symptoms; Signs; And Ill-Defined Conditions And Factors Influencing Health Status | 22          | \$148,590          | 1.9%          |
| (CCS 1) Infectious And Parasitic Diseases  | 9           | \$143,696          | 1.9%          |
| (CCS 13) Diseases Of The Musculoskeletal System And Connective Tissue                      | 13          | \$129,321          | 1.7%          |
| (CCS 10) Diseases Of The Genitourinary System  | 13          | \$22,731           | 0.3%          |
| (CCS 18) Residual Codes; Unclassified; All E Codes [259. And 260.]                         | 19          | \$21,904           | 0.3%          |
| (CCS 12) Diseases Of The Skin And Subcutaneous Tissue                                      | 10          | \$15,978           | 0.2%          |
| (CCS 4) Diseases Of The Blood And Blood-Forming Organs                                     | 3           | \$1,112            | 0.0%          |
| (CCS 14) Congenital Anomalies  | 1           | \$636              | 0.0%          |
| <b>Overall</b>   | <b>----</b> | <b>\$7,623,742</b> | <b>100.0%</b> |



# Utilization Summary (p. 1 of 2)

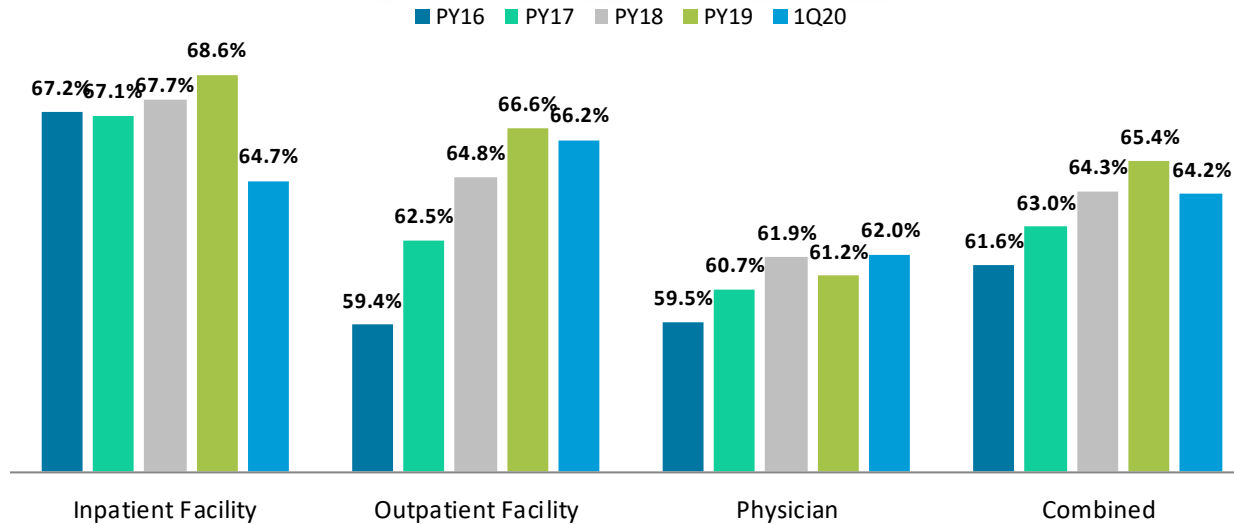
| Summary                     | Total      |            |            |                        | State Active |            |            |                        | Non-State Active |            |            |                        |
|-----------------------------|------------|------------|------------|------------------------|--------------|------------|------------|------------------------|------------------|------------|------------|------------------------|
|                             | 1Q18       | 1Q19       | 1Q20       | Variance to Prior Year | 1Q18         | 1Q19       | 1Q20       | Variance to Prior Year | 1Q18             | 1Q19       | 1Q20       | Variance to Prior Year |
| <b>Inpatient Facility</b>   |            |            |            |                        |              |            |            |                        |                  |            |            |                        |
| # of Admits                 | 522        | 622        | 581        |                        | 387          | 429        | 461        |                        | 0                | 0          | 0          |                        |
| # of Bed Days               | 2,472      | 2,834      | 2,858      |                        | 1,776        | 1,907      | 2,082      |                        | 0                | 0          | 0          |                        |
| Paid Per Admit              | \$19,529   | \$18,870   | \$20,816   | 10.3%                  | \$18,072     | \$19,227   | \$15,237   | -20.8%                 | \$0              | \$0        | \$0        | 0.0%                   |
| Paid Per Day                | \$4,124    | \$4,141    | \$4,232    | 2.2%                   | \$3,938      | \$4,325    | \$3,374    | -22.0%                 | \$0              | \$0        | \$0        | 0.0%                   |
| Admits Per 1,000            | 50         | 49         | 54         | 10.2%                  | 43           | 47         | 50         | 6.4%                   | 0                | 0          | 0          | 0.0%                   |
| Days Per 1,000              | 237        | 222        | 267        | 20.3%                  | 197          | 207        | 224        | 8.2%                   | 0                | 0          | 0          | 0.0%                   |
| Avg LOS                     | 4.7        | 4.6        | 4.9        | 6.5%                   | 4.6          | 4.4        | 4.5        | 2.3%                   | 0                | 0          | 0          | 0.0%                   |
| <b>Physician Office</b>     |            |            |            |                        |              |            |            |                        |                  |            |            |                        |
| OV Utilization per Member   | 3.5        | 3.2        | 3.9        | 21.9%                  | 3.2          | 3.2        | 3.7        | 15.6%                  | 12.5             | 4.0        | 9.7        | 142.5%                 |
| Avg Paid per OV             | \$40       | \$46       | \$40       | -13.0%                 | \$40         | \$40       | \$40       | 0.0%                   | \$73             | \$58       | \$70       | 20.7%                  |
| Avg OV Paid per Member      | \$138      | \$147      | \$156      | 6.1%                   | \$129        | \$126      | \$146      | 15.9%                  | \$920            | \$231      | \$675      | 192.2%                 |
| DX&L Utilization per Member | 7.6        | 6.6        | 8.5        | 28.8%                  | 6.9          | 6.5        | 7.9        | 21.5%                  | 13.6             | 0          | 0          | 0.0%                   |
| Avg Paid per DX&L           | \$54       | \$65       | \$54       | -16.9%                 | \$50         | \$57       | \$53       | -7.0%                  | \$76             | \$0        | \$0        | 0.0%                   |
| Avg DX&L Paid per Member    | \$410      | \$426      | \$454      | 6.6%                   | \$350        | \$369      | \$414      | 12.2%                  | \$1,033          | \$0        | \$0        | 0.0%                   |
| <b>Emergency Room</b>       |            |            |            |                        |              |            |            |                        |                  |            |            |                        |
| # of Visits                 | 1,852      | 1,587      | 1,785      |                        | 1,492        | 1,262      | 1,448      |                        | 2                | 0          | 1          |                        |
| # of Admits                 | 232        | 262        | 233        |                        | 150          | 193        | 176        |                        | 0                | 0          | 0          |                        |
| Visits Per Member           | 0.18       | 0.15       | 0.17       | 11.9%                  | 0.17         | 0.14       | 0.16       | 13.9%                  | 1.09             | 0          | 0.57       | 0.0%                   |
| Visits Per 1,000            | 177        | 149        | 167        | 11.9%                  | 166          | 137        | 156        | 13.9%                  | 1091             | 0          | 571        | 0.0%                   |
| Avg Paid per Visit          | \$1,683    | \$1,717    | \$1,976    | 15.1%                  | \$1,618      | \$1,672    | \$1,994    | 19.3%                  | \$1,342          | \$0        | \$365      | 0.0%                   |
| Admits Per Visit            | 0.13       | 0.17       | 0.13       | -20.9%                 | 0.10         | 0.15       | 0.12       | -20.5%                 | 0.00             | 0.00       | 0.00       | 0.0%                   |
| <b>Urgent Care</b>          |            |            |            |                        |              |            |            |                        |                  |            |            |                        |
| # of Visits                 | 2,021      | 2,125      | 2,745      |                        | 1,820        | 1,912      | 2,483      |                        | 2                | 0          | 1          |                        |
| Visits Per Member           | 0.19       | 0.20       | 0.26       | 30.1%                  | 0.20         | 0.21       | 0.27       | 30.1%                  | 1.09             | 0.00       | 0.57       | 0.0%                   |
| Visits Per 1,000            | 194        | 200        | 257        | 28.6%                  | 202          | 207        | 267        | 28.7%                  | 1,091            | 0          | 571        | 0.0%                   |
| Avg Paid per Visit          | \$28       | \$27       | \$38       | 40.7%                  | \$26         | \$27       | \$35       | 29.6%                  | \$72             | \$0        | \$170      | 0.0%                   |
|                             | Annualized | Annualized | Annualized |                        | Annualized   | Annualized | Annualized |                        | Annualized       | Annualized | Annualized |                        |

# Utilization Summary (p. 2 of 2)

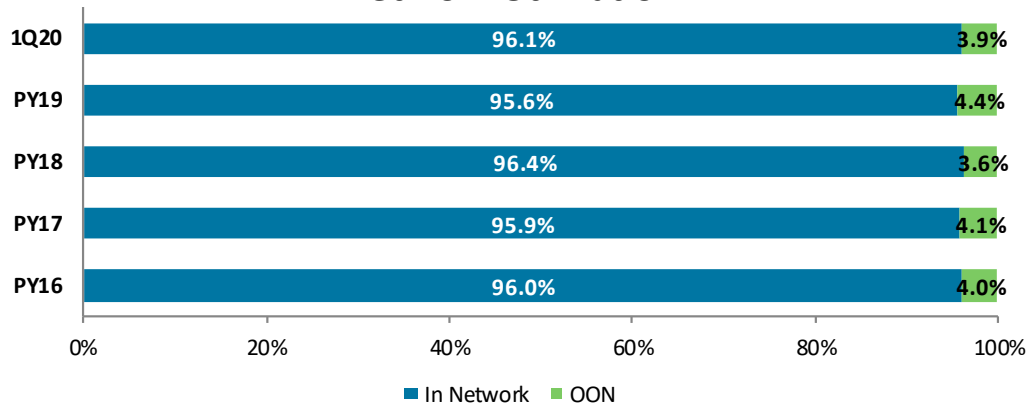
| Summary                     | State Retirees |            |            |                        | Non-State Retirees |            |            |                        | HSB Peer Index |
|-----------------------------|----------------|------------|------------|------------------------|--------------------|------------|------------|------------------------|----------------|
|                             | 1Q18           | 1Q19       | 1Q20       | Variance to Prior Year | 1Q18               | 1Q19       | 1Q20       | Variance to Prior Year |                |
| <b>Inpatient Facility</b>   |                |            |            |                        |                    |            |            |                        |                |
| # of Admits                 | 98             | 94         | 96         |                        | 37                 | 30         | 24         |                        |                |
| # of Bed Days               | 520            | 498        | 629        |                        | 176                | 208        | 147        |                        |                |
| Paid Per Admit              | \$23,519       | \$18,797   | \$45,601   | 142.6%                 | \$24,200           | \$32,051   | \$28,829   | -10.1%                 | \$16,173       |
| Paid Per Day                | \$4,432        | \$3,548    | \$6,960    | 96.2%                  | \$5,088            | \$4,623    | \$4,707    | 1.8%                   | \$3,708        |
| Admits Per 1,000            | 84             | 78         | 79         | 1.3%                   | 146                | 136        | 127        | -6.6%                  | 61             |
| Days Per 1,000              | 445            | 416        | 519        | 24.8%                  | 695                | 940        | 777        | -17.3%                 | 264            |
| Avg LOS                     | 5.3            | 5.3        | 6.6        | 24.5%                  | 4.8                | 6.9        | 6.1        | -11.6%                 | 4.3            |
| <b>Physician Office</b>     |                |            |            |                        |                    |            |            |                        |                |
| OV Utilization per Member   | 5.0            | 4.5        | 5.4        | 20.0%                  | 6.3                | 6          | 7.2        | 20.0%                  | 3.3            |
| Avg Paid per OV             | \$40           | \$39       | \$40       | 2.6%                   | \$32               | \$33       | \$32       | -3.0%                  | \$50           |
| Avg OV Paid per Member      | \$200          | \$173      | \$216      | 24.9%                  | \$201              | \$200      | \$228      | 14.0%                  | \$167          |
| DX&L Utilization per Member | 11.3           | 10.1       | 12         | 18.8%                  | 14.9               | 12.7       | 14.1       | 11.0%                  | 8.3            |
| Avg Paid per DX&L           | \$67           | \$78       | \$59       | -24.4%                 | \$60               | \$75       | \$54       | -28.0%                 | \$67           |
| Avg DX&L Paid per Member    | \$760          | \$792      | \$707      | -10.7%                 | \$901              | \$950      | \$763      | -19.7%                 | \$554          |
| <b>Emergency Room</b>       |                |            |            |                        |                    |            |            |                        |                |
| # of Visits                 | 268            | 249        | 264        |                        | 90                 | 76         | 72         |                        |                |
| # of Admits                 | 62             | 53         | 49         |                        | 20                 | 16         | 8          |                        |                |
| Visits Per Member           | 0.23           | 0.21       | 0.22       | 4.7%                   | 0.36               | 0.34       | 0.38       | 10.8%                  | 0.17           |
| Visits Per 1,000            | 229            | 208        | 218        | 4.7%                   | 355                | 343        | 381        | 10.8%                  | 174            |
| Avg Paid per Visit          | \$1,988        | \$1,814    | \$2,090    | 15.2%                  | \$1,861            | \$2,144    | \$1,217    | -43.2%                 | \$1,684        |
| Admits Per Visit            | 0.23           | 0.21       | 0.19       | -10.7%                 | 0.22               | 0.21       | 0.11       | -47.8%                 | 0.14           |
| <b>Urgent Care</b>          |                |            |            |                        |                    |            |            |                        |                |
| # of Visits                 | 156            | 177        | 228        |                        | 43                 | 36         | 33         |                        |                |
| Visits Per Member           | 0.13           | 0.15       | 0.19       | 28.6%                  | 0.17               | 0.16       | 0.17       | 4.5%                   | 0.24           |
| Visits Per 1,000            | 133            | 148        | 188        | 27.2%                  | 170                | 163        | 174        | 7.0%                   | 242            |
| Avg Paid per Visit          | \$44           | \$29       | \$62       | 113.8%                 | \$34               | \$32       | \$44       | 37.5%                  | \$74           |
|                             | Annualized     | Annualized | Annualized |                        | Annualized         | Annualized | Annualized |                        |                |

# Provider Network Summary

## In Network Discounts



## Network Utilization



## PEBP PY20 Additional Savings Total

| Savings Description      | 1Q                 | Total              |
|--------------------------|--------------------|--------------------|
| Non-Network Negotiations | \$2,129,931        | \$2,129,931        |
| Subrogation              | \$143,254          | \$143,254          |
| Transplant Savings       | \$131,255          | \$131,255          |
| <b>Total Savings</b>     | <b>\$2,404,440</b> | <b>\$2,404,440</b> |

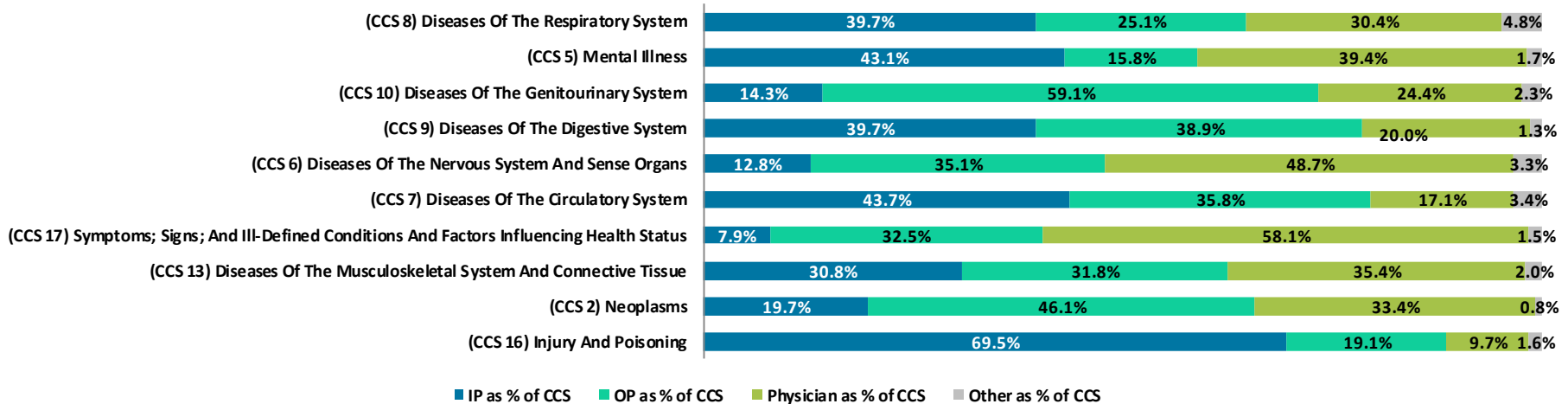
# AHRQ\* Clinical Classifications Summary



\*Developed at the Agency for Healthcare Research and Quality (AHRQ), the Clinical Classifications Software (CCS) is a tool for clustering patient diagnoses and procedures into a manageable number of clinically meaningful categories.

| AHRQ Clinical Classifications Chapter   | Total Paid          | % Paid        | Insured             | Spouse             | Child              | Male                | Female              |
|---|---------------------|---------------|---------------------|--------------------|--------------------|---------------------|---------------------|
| (CCS 16) Injury And Poisoning   | \$5,790,269         | 17.2%         | \$4,622,137         | \$702,369          | \$465,763          | \$1,597,266         | \$4,193,003         |
| (CCS 2) Neoplasms   | \$4,318,681         | 12.8%         | \$3,201,452         | \$904,955          | \$212,274          | \$1,893,168         | \$2,425,513         |
| (CCS 13) Diseases Of The Musculoskeletal System And Connective Tissue               | \$3,430,250         | 10.2%         | \$2,473,641         | \$743,692          | \$212,916          | \$1,535,062         | \$1,895,188         |
| (CCS 17) Symptoms; Signs; And Ill-Defined Conditions And Factors Influencing Health | \$3,192,461         | 9.5%          | \$2,046,166         | \$514,725          | \$631,569          | \$1,188,282         | \$2,004,178         |
| (CCS 7) Diseases Of The Circulatory System  | \$3,146,240         | 9.3%          | \$2,379,577         | \$616,551          | \$150,112          | \$1,192,488         | \$1,953,752         |
| (CCS 6) Diseases Of The Nervous System And Sense Organs                             | \$2,252,528         | 6.7%          | \$1,441,528         | \$502,032          | \$308,967          | \$912,139           | \$1,340,389         |
| (CCS 9) Diseases Of The Digestive System  | \$1,978,207         | 5.9%          | \$1,511,489         | \$296,932          | \$169,786          | \$594,420           | \$1,383,787         |
| (CCS 10) Diseases Of The Genitourinary System                                       | \$1,434,544         | 4.3%          | \$1,046,980         | \$246,736          | \$140,828          | \$546,066           | \$888,478           |
| (CCS 5) Mental Illness  | \$1,296,106         | 3.8%          | \$748,328           | \$107,943          | \$439,835          | \$686,481           | \$609,625           |
| (CCS 8) Diseases Of The Respiratory System  | \$1,221,496         | 3.6%          | \$641,956           | \$221,869          | \$357,671          | \$513,956           | \$707,540           |
| (CCS 1) Infectious And Parasitic Diseases   | \$1,180,010         | 3.5%          | \$566,063           | \$130,796          | \$483,152          | \$701,827           | \$478,183           |
| (CCS 3) Endocrine; Nutritional; And Metabolic Diseases And Immunity Disorders       | \$1,174,594         | 3.5%          | \$825,179           | \$170,736          | \$178,679          | \$481,187           | \$693,407           |
| (CCS 11) Complications Of Pregnancy; Childbirth; And The Puerperium                 | \$1,150,417         | 3.4%          | \$825,200           | \$252,739          | \$72,478           | \$7,885             | \$1,142,532         |
| (CCS 15) Certain Conditions Originating In The Perinatal Period                     | \$1,014,227         | 3.0%          | \$533               | \$578              | \$1,013,116        | \$776,439           | \$237,788           |
| (CCS 18) Residual Codes; Unclassified; All E Codes [259. And 260.]                  | \$423,235           | 1.3%          | \$328,878           | \$59,179           | \$35,178           | \$158,306           | \$264,929           |
| (CCS 12) Diseases Of The Skin And Subcutaneous Tissue                               | \$278,559           | 0.8%          | \$211,650           | \$37,241           | \$29,667           | \$158,734           | \$119,825           |
| (CCS 4) Diseases Of The Blood And Blood-Forming Organs                              | \$213,471           | 0.6%          | \$113,272           | \$63,709           | \$36,490           | \$54,450            | \$159,021           |
| (CCS 14) Congenital Anomalies   | \$197,145           | 0.6%          | \$38,810            | \$2,338            | \$155,997          | \$116,171           | \$80,974            |
| <b>Total</b>  | <b>\$33,692,440</b> | <b>100.0%</b> | <b>\$23,022,841</b> | <b>\$5,575,121</b> | <b>\$5,094,478</b> | <b>\$13,114,328</b> | <b>\$20,578,113</b> |

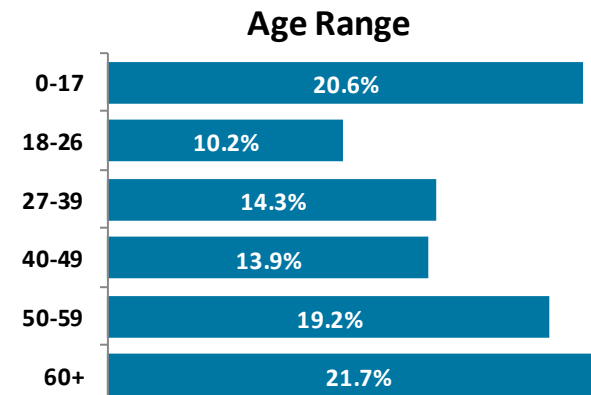
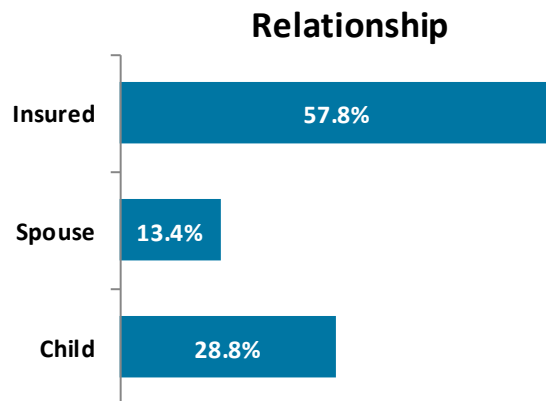
## Top 10 Categories by Claim Type



# AHRQ Category – Injury & Poisoning

| Diagnosis Category  | Patients | Claims | Total Paid         | % Paid        |
|---|----------|--------|--------------------|---------------|
| Burns [240.]  | 27       | 65     | \$2,821,532        | 48.7%         |
| Complications   | 284      | 822    | \$944,992          | 16.3%         |
| Fractures   | 423      | 1,860  | \$690,082          | 11.9%         |
| Crushing Injury Or Internal Injury [234.]                   | 33       | 76     | \$429,494          | 7.4%          |
| Joint Disorders And Dislocations; Trauma-Related [225.]     | 305      | 1,052  | \$254,724          | 4.4%          |
| Sprains And Strains [232.]                                  | 612      | 1,596  | \$195,865          | 3.4%          |
| Other Injuries And Conditions Due To External Causes [244.] | 533      | 865    | \$179,147          | 3.1%          |
| Open Wounds   | 316      | 730    | \$111,680          | 1.9%          |
| Superficial Injury; Contusion [239.]                        | 322      | 545    | \$99,951           | 1.7%          |
| Intracranial Injury [233.]                                  | 45       | 109    | \$48,408           | 0.8%          |
| Poisoning   | 35       | 62     | \$14,013           | 0.2%          |
| Spinal Cord Injury [227.]                                   | 2        | 5      | \$382              | 0.0%          |
|   | ----     | ----   | <b>\$5,790,269</b> | <b>100.0%</b> |

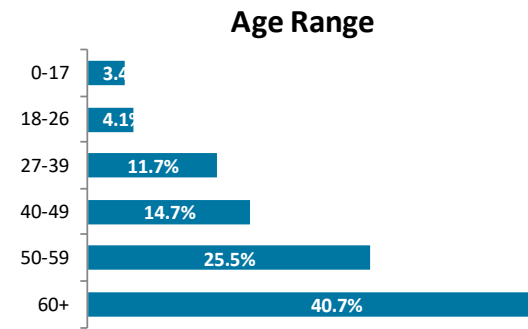
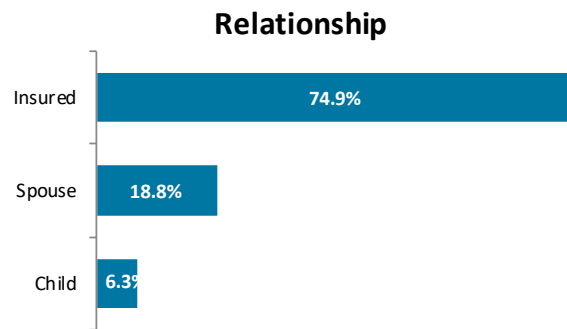
\*Patient and claim counts are unique only within the category



# AHRQ Category – Neoplasms

| Diagnosis Category  | Patients | Claims | Total Paid         | % Paid        |
|---|----------|--------|--------------------|---------------|
| Maintenance Chemotherapy; Radiotherapy [45.]                | 56       | 327    | \$709,534          | 16.4%         |
| Cancer Of Breast [24.]                                      | 204      | 1,077  | \$664,349          | 15.4%         |
| Benign Neoplasms  | 1,057    | 1,669  | \$539,485          | 12.5%         |
| Cancer; Other Primary                                       | 124      | 485    | \$484,375          | 11.2%         |
| Cancer Of Lymphatic And Hematopoietic Tissue                | 79       | 444    | \$414,337          | 9.6%          |
| Cancer Of Skin  | 239      | 519    | \$341,032          | 7.9%          |
| Secondary Malignancies [42.]                                | 51       | 163    | \$235,983          | 5.5%          |
| Other Gastrointestinal Cancer                               | 27       | 252    | \$230,797          | 5.3%          |
| Colorectal Cancer   | 44       | 302    | \$156,109          | 3.6%          |
| Cancer Of Male Genital Organs                               | 94       | 285    | \$129,987          | 3.0%          |
| Cancer Of Uterus And Cervix                                 | 91       | 239    | \$119,608          | 2.8%          |
| Neoplasms Of Unspecified Nature Or Uncertain Behavior [44.] | 803      | 1214   | \$100,345          | 2.3%          |
| Cancer Of Bronchus; Lung [19.]                              | 20       | 207    | \$92,759           | 2.1%          |
| Cancer Of Ovary And Other Female Genital Organs             | 29       | 153    | \$40,823           | 0.9%          |
| Cancer Of Urinary Organs                                    | 36       | 142    | \$39,943           | 0.9%          |
| Malignant Neoplasm Without Specification Of Site [43.]      | 14       | 31     | \$19,217           | 0.4%          |
| <b>Overall</b>  | ----     | ----   | <b>\$4,318,681</b> | <b>100.0%</b> |

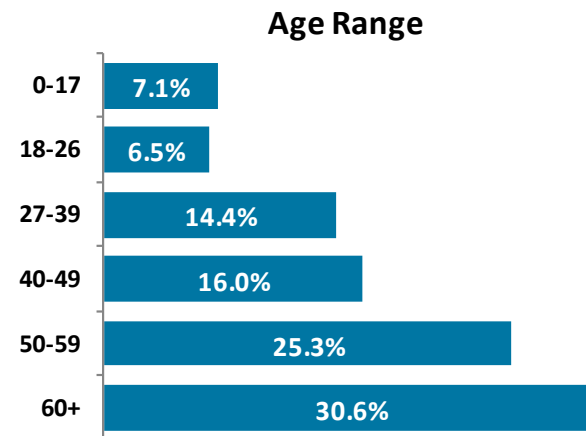
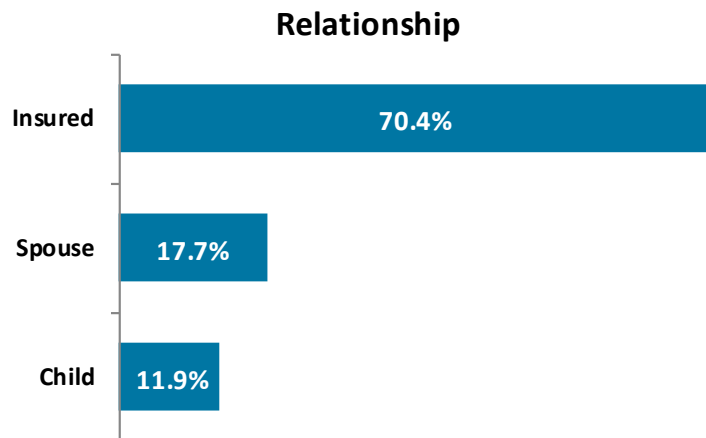
\*Patient and claim counts are unique only within the category



# AHRQ Category – Diseases of the Musculoskeletal System and Connective Tissue

| Diagnosis Category   | Patients | Claims | Total Paid         | % Paid        |
|--|----------|--------|--------------------|---------------|
| Spondylosis; Intervertebral Disc Disorders; Other Back Problems [205.]         | 2,100    | 7,976  | \$1,419,985        | 41.4%         |
| Non-Traumatic Joint Disorders  | 2,145    | 7,774  | \$1,166,048        | 34.0%         |
| Other Connective Tissue Disease [211.]   | 1,821    | 4,619  | \$475,350          | 13.9%         |
| Acquired Deformities   | 249      | 564    | \$179,475          | 5.2%          |
| Other Bone Disease And Musculoskeletal Deformities [212.]                      | 942      | 2,548  | \$135,541          | 4.0%          |
| Infective Arthritis And Osteomyelitis (Except That Caused By Tb Or Std) [201.] | 32       | 177    | \$31,075           | 0.9%          |
| Osteoporosis [206.]  | 89       | 126    | \$10,505           | 0.3%          |
| Pathological Fracture [207.]   | 8        | 13     | \$7,518            | 0.2%          |
| Systemic Lupus Erythematosus And Connective Tissue Disorders [210.]            | 64       | 128    | \$4,751            | 0.1%          |
|  | ----     | ----   | <b>\$3,430,250</b> | <b>100.0%</b> |

\*Patient and claim counts are unique only within the category

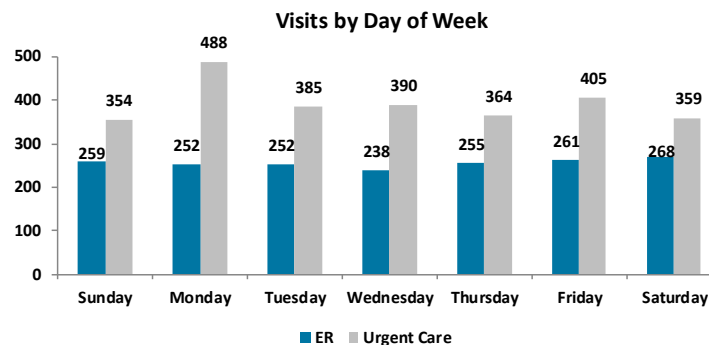
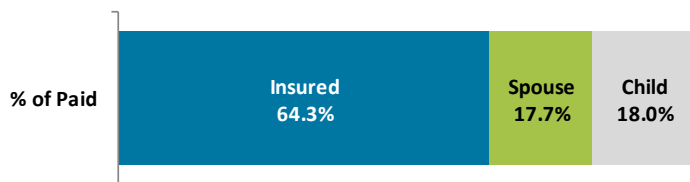


# Emergency Room / Urgent Care Summary

| ER/Urgent Care                   | 1Q19               |                 | 1Q20               |                  | HSB Peer Index |             |
|----------------------------------|--------------------|-----------------|--------------------|------------------|----------------|-------------|
|                                  | ER                 | Urgent Care     | ER                 | Urgent Care      | ER             | Urgent Care |
| Number of Visits                 | 1,587              | 2,125           | 1,785              | 2,745            |                |             |
| Number of Admits                 | 262                | ----            | 233                | ----             |                |             |
| Visits Per Member                | 0.15               | 0.20            | 0.17               | 0.26             | 0.17           | 0.24        |
| Visits/1000 Members              | 149                | 200             | 167                | 257              | 174            | 242         |
| Avg Paid Per Visit               | \$1,717            | \$27            | \$1,976            | \$38             | \$1,684        | \$74        |
| Admits per Visit                 | 0.17               | ----            | 0.13               | ----             | 0.14           |             |
| % of Visits with HSB ER Dx       | 76.7%              | ----            | 74.8%              | ----             |                |             |
| % of Visits with a Physician OV* | 77.8%              | 72.0%           | 78.2%              | 74.1%            |                |             |
| <b>Total Plan Paid</b>           | <b>\$2,725,119</b> | <b>\$57,524</b> | <b>\$3,526,669</b> | <b>\$103,706</b> |                |             |

\*looks back 12 months from ER visit

Annualized    Annualized    Annualized    Annualized



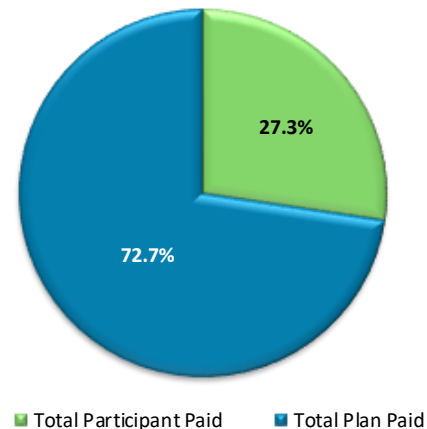
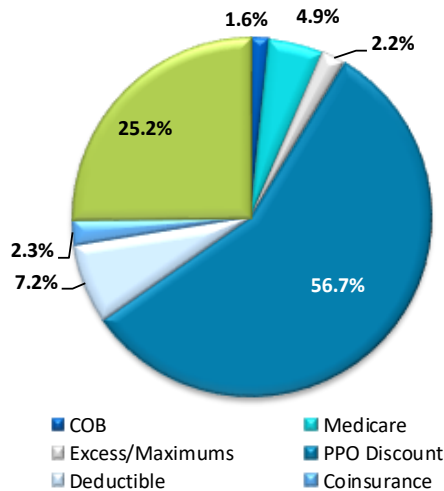
| ER / UC Visits by Relationship |              |           |              |           |              |            |
|--------------------------------|--------------|-----------|--------------|-----------|--------------|------------|
| Relationship                   | ER           | Per 1,000 | Urgent Care  | Per 1,000 | Total        | Per 1,000  |
| Insured                        | 1,039        | 44        | 1,666        | 71        | 2,705        | 115        |
| Spouse                         | 285          | 51        | 314          | 57        | 599          | 108        |
| Child                          | 461          | 34        | 765          | 56        | 1,226        | 90         |
| <b>Total</b>                   | <b>1,785</b> | <b>42</b> | <b>2,745</b> | <b>64</b> | <b>4,530</b> | <b>106</b> |



# Savings Summary – Medical Claims

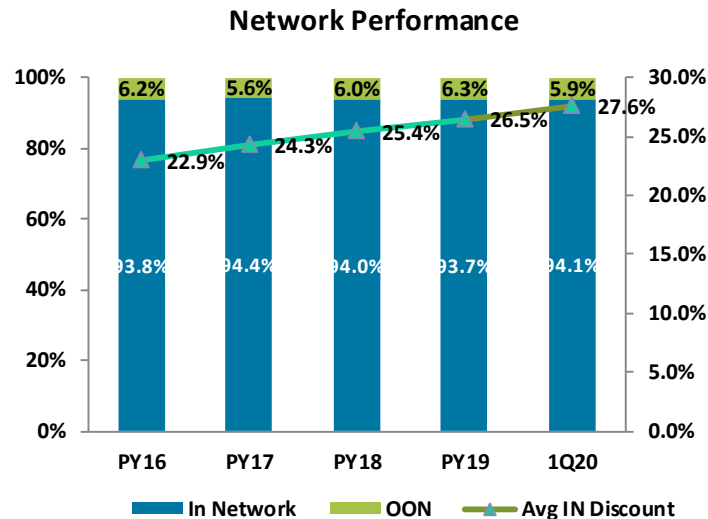
| Description                   | Dollars             | PPPM         | % of Eligible |
|-------------------------------|---------------------|--------------|---------------|
| Eligible Charges              | \$133,851,561       | \$1,892      | 100.0%        |
| COB                           | \$2,099,746         | \$30         | 1.6%          |
| Medicare                      | \$6,612,145         | \$93         | 4.9%          |
| Excess/Maximums               | \$2,882,210         | \$41         | 2.2%          |
| PPO Discount                  | \$75,882,983        | \$1,073      | 56.7%         |
| Deductible                    | \$9,624,695         | \$136        | 7.2%          |
| Coinsurance                   | \$3,057,342         | \$43         | 2.3%          |
| <b>Total Participant Paid</b> | <b>\$12,682,037</b> | <b>\$179</b> | <b>9.5%</b>   |
| <b>Total Plan Paid</b>        | <b>\$33,692,440</b> | <b>\$476</b> | <b>25.2%</b>  |

|                                      |              |
|--------------------------------------|--------------|
| <b>Total Participant Paid - PY19</b> | <b>\$141</b> |
| <b>Total Plan Paid - PY19</b>        | <b>\$471</b> |

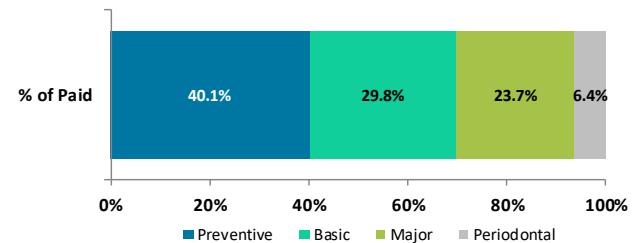


# Dental Claims Analysis

| Cost Distribution    |                  |               |               |               |                    |               |                    |               |
|----------------------|------------------|---------------|---------------|---------------|--------------------|---------------|--------------------|---------------|
| Paid Claims Category | Avg # of Members | % of Members  | # Claims      | # of Claims   | Total Paid         | % of Paid     | Total EE Paid      | % of EE Paid  |
| \$1,000.01 Plus      | 1,523            | 2.2%          | 4,285         | 11.0%         | \$2,156,413        | 30.2%         | \$1,500,231        | 39.3%         |
| \$750.01-\$1,000.00  | 765              | 1.1%          | 1,767         | 4.5%          | \$672,795          | 9.4%          | \$446,997          | 11.7%         |
| \$500.01-\$750.00    | 1,440            | 2.1%          | 3,147         | 8.1%          | \$896,687          | 12.6%         | \$592,601          | 15.5%         |
| \$250.01-\$500.00    | 2,502            | 3.7%          | 4,735         | 12.1%         | \$909,961          | 12.8%         | \$525,964          | 13.8%         |
| \$0.01-\$250.00      | 20,787           | 30.3%         | 23,874        | 61.1%         | \$2,495,601        | 35.1%         | \$666,076          | 17.5%         |
| \$0.00               | 1,208            | 1.8%          | 1,236         | 3.2%          | \$0                | 0.0%          | \$83,470           | 2.2%          |
| No Claims            | 40,281           | 58.8%         | 0             | 0.0%          | \$0                | 0.0%          | \$0                | 0.0%          |
| <b>Total</b>         | <b>68,506</b>    | <b>100.0%</b> | <b>39,044</b> | <b>100.0%</b> | <b>\$7,131,456</b> | <b>100.0%</b> | <b>\$3,815,339</b> | <b>100.0%</b> |



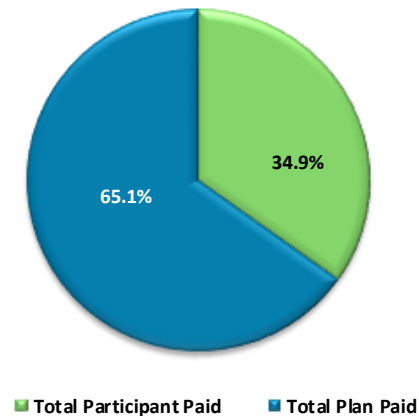
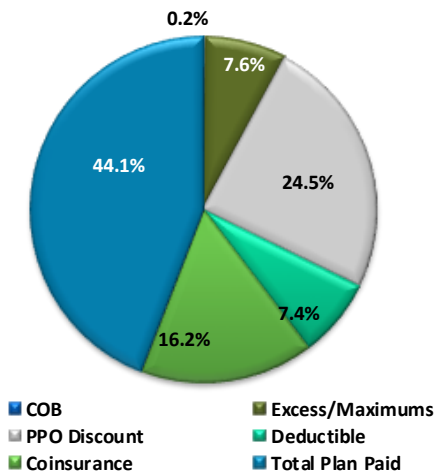
| Claim Category | Total Paid         | % of Paid     |
|----------------|--------------------|---------------|
| Preventive     | \$2,859,388        | 40.1%         |
| Basic          | \$2,124,211        | 29.8%         |
| Major          | \$1,693,154        | 23.7%         |
| Periodontal    | \$454,703          | 6.4%          |
| <b>Total</b>   | <b>\$7,131,456</b> | <b>100.0%</b> |



# Savings Summary – Dental Claims

| Description                   | Dollars            | PPPM        | % of Eligible |
|-------------------------------|--------------------|-------------|---------------|
| Eligible Charges              | \$16,161,902       | \$79        | 100.0%        |
| COB                           | \$37,510           | \$0         | 0.2%          |
| Excess/Maximums               | \$1,221,561        | \$6         | 7.6%          |
| PPO Discount                  | \$3,956,036        | \$19        | 24.5%         |
| Deductible                    | \$1,193,198        | \$6         | 7.4%          |
| Coinsurance                   | \$2,622,141        | \$13        | 16.2%         |
| <b>Total Participant Paid</b> | <b>\$3,815,339</b> | <b>\$19</b> | <b>23.6%</b>  |
| <b>Total Plan Paid</b>        | <b>\$7,131,456</b> | <b>\$35</b> | <b>44.1%</b>  |

|                                      |             |
|--------------------------------------|-------------|
| <b>Total Participant Paid - PY19</b> | <b>\$14</b> |
| <b>Total Plan Paid - PY19</b>        | <b>\$30</b> |



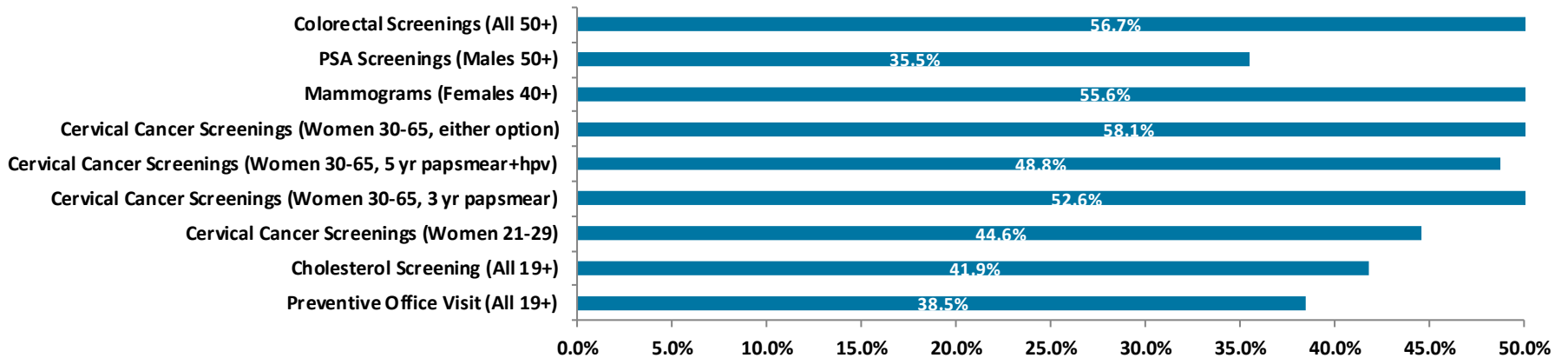
# Preventive Services Compliance

\*Based on 15 mo. of utilization/12 mo. paid data on members with 9 mo. of service or greater;

Colorectal screenings look back to July 2011.

| Service   | Female   |           |             | Male     |           |             | Total    |           |             |
|---|----------|-----------|-------------|----------|-----------|-------------|----------|-----------|-------------|
|   | Eligible | Compliant | % Compliant | Eligible | Compliant | % Compliant | Eligible | Compliant | % Compliant |
| Preventive Office Visit (All 19+)                           | 17,169   | 8,636     | 50.3%       | 15,090   | 3,773     | 25.0%       | 32,259   | 12,409    | 38.5%       |
| Cholesterol Screening (All 19+)                             | 17,169   | 7,846     | 45.7%       | 15,090   | 5,659     | 37.5%       | 32,259   | 13,505    | 41.9%       |
| Cervical Cancer Screenings (Women 21-29)                    | 2,739    | 1,222     | 44.6%       | ----     | ----      | ----        | 2,739    | 1,222     | 44.6%       |
| Cervical Cancer Screenings (Women 30-65, 3 yr papsmear)     | 12,942   | 6,807     | 52.6%       | ----     | ----      | ----        | 12,942   | 6,807     | 52.6%       |
| Cervical Cancer Screenings (Women 30-65, 5 yr papsmear+hpv) | 12,942   | 6,316     | 48.8%       | ----     | ----      | ----        | 12,942   | 6,316     | 48.8%       |
| Cervical Cancer Screenings (Women 30-65, either option)     | 12,942   | 7,519     | 58.1%       | ----     | ----      | ----        | 12,942   | 7,519     | 58.1%       |
| Mammograms (Females 40+)                                    | 10,651   | 5,922     | 55.6%       | ----     | ----      | ----        | 10,651   | 5,922     | 55.6%       |
| PSA Screenings (Males 50+)                                  | ----     | ----      | ----        | 6,375    | 2,263     | 35.5%       | 6,375    | 2,263     | 35.5%       |
| Colorectal Screenings (All 50+)                             | 7,392    | 4,354     | 58.9%       | 6,375    | 3,455     | 54.2%       | 13,767   | 7,809     | 56.7%       |

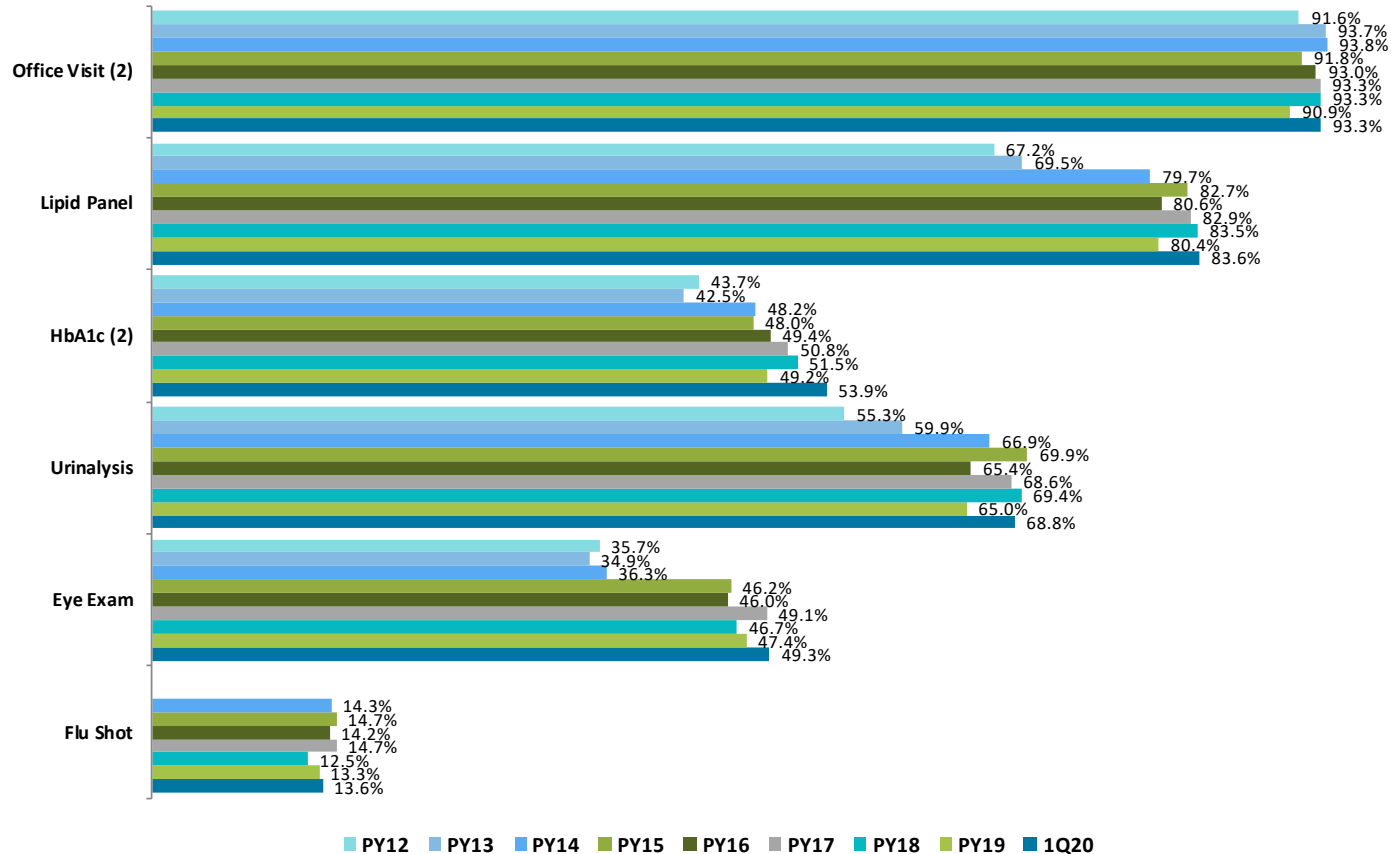
## Overall Preventive Services Compliance Rates



# Diabetic Disease Compliance

\*Based on 15 mo. of utilization/12 mo. paid data on members with 9 mo. of service or greater;

| Diabetic Population |       |       |       |       |       |       |       |       |       |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Year                | PY12  | PY13  | PY14  | PY15  | PY16  | PY17  | PY18  | PY19  | 1Q20  |
| Members             | 1,651 | 1,643 | 1,555 | 1,676 | 1,693 | 1,704 | 1,747 | 1,838 | 1,762 |



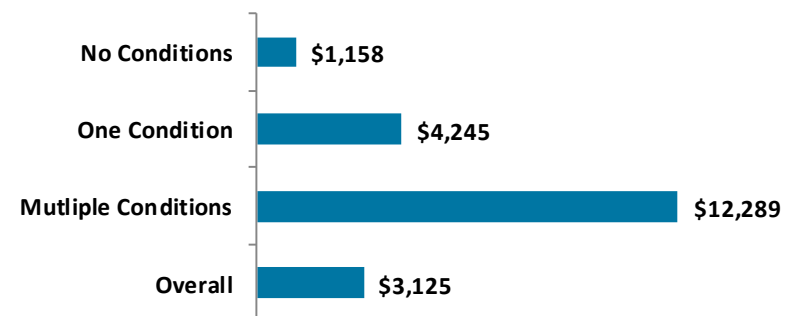
# Chronic Conditions Summary

\*Based on 15 mo. of utilization/12 mo. paid data on members with 9 mo. of service or greater;

| Condition                                    | Total Members | Avg Members | Per 1,000 | Avg Age | Total Cost   | Average Cost | Compliance Rate | Compliance Measure  |
|--|---------------|-------------|-----------|---------|--------------|--------------|-----------------|---|
| Asthma                                       | 1,101         | 1,074       | 27        | 37      | \$5,996,075  | \$5,446      | 99.5%           | 1 Office Visit  |
| Cancer                                       | 1,276         | 1,254       | 32        | 58      | \$26,770,445 | \$20,980     | ----            | ----  |
| Chronic Kidney Disease                       | 317           | 311         | 8         | 61      | \$7,470,342  | \$23,566     | ----            | ----  |
| Chronic Obstructive Pulmonary Disease (COPD) | 249           | 244         | 6         | 60      | \$4,948,491  | \$19,873     | 98.0%           | 1 Office Visit  |
| Congestive Heart Failure (CHF)               | 137           | 133         | 3         | 62      | \$7,544,322  | \$55,068     | 19.0%           | 1 Office Visit, 1 Lipid Profile, 1 Wellness Visit                                 |
| Coronary Artery Disease (CAD)                | 641           | 629         | 16        | 62      | \$14,462,413 | \$22,562     | 25.7%           | 1 Office Visit, 1 Lipid Profile, 1 Wellness Visit                                 |
| Depression                                   | 1,358         | 1,320       | 34        | 40      | \$14,519,555 | \$10,692     | 95.9%           | 1 Office Visit  |
| Diabetes                                     | 1,762         | 1,730       | 44        | 56      | \$16,429,647 | \$9,324      | 23.7%           | 2 Office Visits, 1 Lipid Profile, 2 HbA1c's, 1 Urinalysis, 1 Eye Exam, 1 Flu Shot |
| Hyperlipidemia                               | 3,207         | 3,149       | 80        | 54      | \$14,969,268 | \$4,668      | 44.6%           | 1 Office Visit, 1 Lipid Profile, 1 Wellness Visit                                 |
| Hypertension                                 | 3,486         | 3,420       | 87        | 57      | \$30,299,936 | \$8,692      | 29.4%           | 1 Office Visit, 1 Lipid Profile, 1 Wellness Visit                                 |
| Obesity                                      | 764           | 747         | 19        | 44      | \$4,415,774  | \$5,780      | ----            | ----  |

| # of Conditions     | Avg Members   | Average Age | Relationship |              |              |
|---------------------|---------------|-------------|--------------|--------------|--------------|
|                     |               |             | Insured      | Spouse       | Child        |
| No Conditions       | 26,882        | 31          | 46.1%        | 11.0%        | 42.9%        |
| One Condition       | 8,530         | 46          | 70.7%        | 16.0%        | 13.4%        |
| Multiple Conditions | 4,728         | 55          | 79.0%        | 17.9%        | 3.0%         |
| <b>Overall</b>      | <b>40,140</b> | <b>37</b>   | <b>55.1%</b> | <b>12.8%</b> | <b>32.1%</b> |

## Cost per Member Type



**Public Employees' Benefits Program - RX Costs  
PY 2020 - Quarter Ending September 30, 2019**

**Express Scripts**

| <b>1Q FY2020</b>  |                       | <b>1Q FY2019</b>      | <b>Difference</b> | <b>% Change</b> |
|---|-----------------------|-----------------------|-------------------|-----------------|
| <b>Membership Summary</b>                                     |                       |                       |                   |                 |
| Member Count (Membership)                                     | 42,725                | 42,524                | 201               | 0.5%            |
| Utilizing Member Count (Patients)                             | 20,023                | 19,553                | 470               | 2.4%            |
| Percent Utilizing (Utilization)                               | 46.9%                 | 46.0%                 | 0.01              | 1.9%            |
| <b>Claim Summary</b>  |                       |                       |                   |                 |
| Net Claims (Total Rx's)                                       | 128,394               | 115,207               | 13,187            | 11.4%           |
| Claims per Elig Member per Month (Claims PMPM)                | 1.00                  | 0.90                  | 0.10              | 11.1%           |
| Total Claims for Generic (Generic Rx)                         | 111,803               | 99,748                | 12,055.00         | 12.1%           |
| Total Claims for Brand (Brand Rx)                             | 16,591                | 15,459                | 1,132.00          | 7.3%            |
| Total Claims for Brand w/Gen Equiv (Multisource Brand Claims) | 1,977                 | 1,810                 | 167.00            | 9.2%            |
| Total Non-Specialty Claims                                    | 127,428               | 114,274               | 13,154.00         | 11.5%           |
| Total Specialty Claims  | 966                   | 933                   | 33.00             | 3.5%            |
| <b>Generic % of Total Claims (GFR)</b>                        | <b>87.1%</b>          | <b>86.6%</b>          | 0.00              | 0.6%            |
| Generic Effective Rate (GCR)                                  | 98.3%                 | 98.2%                 | 0.00              | 0.0%            |
| Mail Order Claims   | 20,749                | 15,707                | 5,042.00          | 32.1%           |
| Mail Penetration Rate*  | 18.3%                 | 15.5%                 | 0.03              | 2.8%            |
| <b>Claims Cost Summary</b>                                    |                       |                       |                   |                 |
| Total Prescription Cost (Total Gross Cost)                    | \$11,196,018.00       | \$10,640,494.00       | \$555,524.00      | 5.2%            |
| Total Generic Gross Cost                                      | \$1,897,109.00        | \$1,983,323.00        | (\$86,214.00)     | -4.3%           |
| Total Brand Gross Cost  | \$9,298,909.00        | \$8,657,171.00        | \$641,738.00      | 7.4%            |
| Total MSB Gross Cost  | \$430,144.00          | \$250,996.00          | \$179,148.00      | 71.4%           |
| Total Ingredient Cost   | \$11,103,621.00       | \$10,554,410.00       | \$549,211.00      | 5.2%            |
| Total Dispensing Fee  | \$87,789.00           | \$82,067.00           | \$5,722.00        | 7.0%            |
| Total Other (e.g. tax)  | \$4,608.00            | \$4,017.00            | \$591.00          | 14.7%           |
| <b>Avg Total Cost per Claim (Gross Cost/Rx)</b>               | <b>\$87.20</b>        | <b>\$92.36</b>        | (\$5.16)          | -5.6%           |
| Avg Total Cost for Generic (Gross Cost/Generic Rx)            | \$16.97               | \$19.88               | (\$2.91)          | -14.6%          |
| Avg Total Cost for Brand (Gross Cost/Brand Rx)                | \$560.48              | \$560.01              | \$0.47            | 0.1%            |
| Avg Total Cost for MSB (MSB Gross Cost/MSB ARx)               | \$217.57              | \$138.67              | \$78.90           | 56.9%           |
| <b>Member Cost Summary</b>                                    |                       |                       |                   |                 |
| <b>Total Member Cost</b>                                      | <b>\$4,257,865.00</b> | <b>\$3,582,225.00</b> | \$675,640.00      | 18.9%           |
| Total Copay   | \$1,508,520.00        | \$1,226,363.00        | \$282,157.00      | 23.0%           |
| Total Deductible  | \$2,749,345.00        | \$2,355,863.00        | \$393,482.00      | 16.7%           |
| Avg Copay per Claim (Copay/Rx)                                | \$11.75               | \$10.64               | \$1.10            | 10.4%           |
| <b>Avg Participant Share per Claim (Copay+Deductible/RX)</b>  | <b>\$33.16</b>        | <b>\$31.09</b>        | <b>\$2.07</b>     | <b>6.7%</b>     |
| Avg Copay for Generic (Copay/Generic Rx)                      | \$11.10               | \$12.24               | (\$1.14)          | -9.3%           |
| Avg Copay for Brand (Copay/Brand Rx)                          | \$181.84              | \$152.72              | \$29.12           | 19.1%           |
| Avg Copay for Brand w/ Generic Equiv (Copay/Multisource Rx)   | \$91.99               | \$78.13               | \$13.86           | 17.7%           |
| <b>Net PMPM (Participant Cost PMPM)</b>                       | <b>\$33.22</b>        | <b>\$28.08</b>        | <b>\$5.14</b>     | <b>18.3%</b>    |
| Copay % of Total Prescription Cost (Member Cost Share %)      | 38.0%                 | 33.7%                 | 4.4%              | 13.0%           |
| <b>Plan Cost Summary</b>                                      |                       |                       |                   |                 |
| <b>Total Plan Cost (Plan Cost)</b>                            | <b>\$6,938,153.00</b> | <b>\$7,058,268.00</b> | (\$120,115.00)    | -1.7%           |
| Total Non-Specialty Cost (Non-Specialty Plan Cost)            | \$3,064,429.00        | \$2,917,321.00        | \$147,108.00      | 5.0%            |
| Total Specialty Drug Cost (Specialty Plan Cost)               | \$3,873,724.00        | \$4,140,947.00        | (\$267,223.00)    | -6.5%           |
| <b>Avg Plan Cost per Claim (Plan Cost/Rx)</b>                 | <b>\$54.04</b>        | <b>\$61.27</b>        | (\$7.23)          | -11.8%          |
| Avg Plan Cost for Generic (Plan Cost/Generic Rx)              | \$5.87                | \$7.64                | (\$1.77)          | -23.2%          |
| Avg Plan Cost for Brand (Plan Cost/Brand Rx)                  | \$378.64              | \$407.29              | (\$28.65)         | -7.0%           |
| Avg Plan Cost for MSB (MSB Plan Cost/MSB ARx)                 | \$125.58              | \$60.54               | \$65.04           | 107.4%          |
| <b>Net PMPM (Plan Cost PMPM)</b>                              | <b>\$54.13</b>        | <b>\$55.33</b>        | (\$1.20)          | -2.2%           |
| PMPM for Specialty Only (Specialty PMPM)                      | \$30.22               | \$32.46               | (\$2.24)          | -6.9%           |
| PMPM without Specialty (Non-Specialty PMPM)                   | \$23.91               | \$22.87               | \$1.04            | 4.5%            |
| Rebates (Q1 FY2020 estimated)                                 | \$2,148,134.00        | \$1,787,274.00        | \$360,860.00      | 20.2%           |
| <b>Net PMPM (Plan Cost PMPM factoring Rebates)</b>            | <b>\$37.37</b>        | <b>\$41.32</b>        | (\$3.95)          | -9.6%           |
| PMPM for Specialty Only (Specialty PMPM)                      | \$25.39               | \$28.63               | (\$3.24)          | -11.3%          |
| PMPM without Specialty (Non-Specialty PMPM)                   | \$11.98               | \$12.68               | (\$0.70)          | -5.5%           |





# Appendix B

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### HealthSCOPE – EPO Utilization Review for PEBP

July 1, 2019 – September 30, 2019

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# HSB DATASCOPE™

## Nevada Public Employees' Benefits Program EPO Plan

July 2019 – September 2019

Reimagine | Rediscover **Benefits**



# Overview

- Total Medical Spend for 1Q20 was \$11,326,261 with an annualized plan cost per employee per year of \$9,366. This is an increase of 7.1% when compared to PY19.
  - IP Cost per Admit is \$10,789 which is 47.1% lower than PY19.
  - ER Cost per Visit is \$2,557 which is 2.0% lower than PY19.
- Employees shared in 15.8% of the medical cost.
- Inpatient facility costs were 16.6% of the plan spend.
- 91.5% of the Average Membership had paid Medical claims less than \$2,500, with 30.5% of those having no claims paid at all during the reporting period.
- 4 members exceeded the \$100k high cost threshold during the reporting period, which accounted for 5.4% of the plan spend. The highest diagnosis category was Musculoskeletal Disorders, accounting for 24.3% of the high cost claimant dollars.
- Total spending with in-network providers was 97.0%. The overall in-network discount was 57.0%.

# Paid Claims by Age Group

| Paid Claims by Age Group |                      |               |                      |               |                     |               |                      |               |                     |               |                      |               |               |             |
|--------------------------|----------------------|---------------|----------------------|---------------|---------------------|---------------|----------------------|---------------|---------------------|---------------|----------------------|---------------|---------------|-------------|
| Age Range                | PY19                 |               |                      |               |                     |               | 1Q20                 |               |                     |               |                      |               | % Change      |             |
|                          | Med Net Pay          | Med PMPM      | Rx Net Pay           | Rx PMPM       | Net Pay             | PMPM          | Med Net Pay          | Med PMPM      | Rx Net Pay          | Rx PMPM       | Net Pay              | PMPM          | Net Pay       | PMPM        |
| <1                       | \$ 1,874,215         | \$ 1,698      | \$ 9,149             | \$ 8          | \$ 1,883,364        | \$ 1,706      | \$ 334,085           | \$ 986        | \$ 771              | \$ 2          | \$ 334,856           | \$ 988        | -82.2%        | -42.1%      |
| 1                        | \$ 264,791           | \$ 245        | \$ 14,535            | \$ 13         | \$ 279,326          | \$ 259        | \$ 111,058           | \$ 416        | \$ 2,876            | \$ 11         | \$ 113,934           | \$ 427        | -59.2%        | 65.0%       |
| 2 - 4                    | \$ 372,210           | \$ 117        | \$ 14,845            | \$ 5          | \$ 387,055          | \$ 122        | \$ 149,174           | \$ 171        | \$ 3,522            | \$ 4          | \$ 152,696           | \$ 175        | -60.5%        | 43.7%       |
| 5 - 9                    | \$ 502,906           | \$ 81         | \$ 95,811            | \$ 16         | \$ 598,717          | \$ 97         | \$ 185,832           | \$ 116        | \$ 28,802           | \$ 18         | \$ 214,634           | \$ 134        | -64.2%        | 38.0%       |
| 10 - 14                  | \$ 1,277,258         | \$ 167        | \$ 244,065           | \$ 32         | \$ 1,521,323        | \$ 198        | \$ 411,700           | \$ 208        | \$ 59,872           | \$ 30         | \$ 471,572           | \$ 238        | -69.0%        | 19.9%       |
| 15 - 19                  | \$ 1,537,283         | \$ 186        | \$ 292,943           | \$ 35         | \$ 1,830,226        | \$ 222        | \$ 653,403           | \$ 303        | \$ 114,109          | \$ 53         | \$ 767,512           | \$ 355        | -58.1%        | 60.3%       |
| 20 - 24                  | \$ 1,082,265         | \$ 156        | \$ 409,392           | \$ 59         | \$ 1,491,657        | \$ 215        | \$ 341,599           | \$ 189        | \$ 101,897          | \$ 56         | \$ 443,496           | \$ 245        | -70.3%        | 13.6%       |
| 25 - 29                  | \$ 1,215,987         | \$ 295        | \$ 301,168           | \$ 73         | \$ 1,517,155        | \$ 369        | \$ 319,942           | \$ 284        | \$ 105,617          | \$ 94         | \$ 425,559           | \$ 378        | -72.0%        | 2.6%        |
| 30 - 34                  | \$ 2,784,920         | \$ 515        | \$ 341,212           | \$ 63         | \$ 3,126,132        | \$ 578        | \$ 658,917           | \$ 439        | \$ 80,714           | \$ 54         | \$ 739,631           | \$ 493        | -76.3%        | -14.6%      |
| 35 - 39                  | \$ 2,361,827         | \$ 366        | \$ 734,028           | \$ 114        | \$ 3,095,855        | \$ 480        | \$ 791,051           | \$ 468        | \$ 201,138          | \$ 119        | \$ 992,189           | \$ 586        | -68.0%        | 22.3%       |
| 40 - 44                  | \$ 2,437,647         | \$ 381        | \$ 784,468           | \$ 123        | \$ 3,222,115        | \$ 504        | \$ 726,250           | \$ 429        | \$ 293,424          | \$ 173        | \$ 1,019,674         | \$ 603        | -68.4%        | 19.6%       |
| 45 - 49                  | \$ 2,770,287         | \$ 331        | \$ 1,525,758         | \$ 182        | \$ 4,296,045        | \$ 513        | \$ 1,040,419         | \$ 480        | \$ 377,040          | \$ 174        | \$ 1,417,459         | \$ 654        | -67.0%        | 27.4%       |
| 50 - 54                  | \$ 5,152,391         | \$ 559        | \$ 2,107,261         | \$ 229        | \$ 7,259,652        | \$ 788        | \$ 1,214,518         | \$ 516        | \$ 540,982          | \$ 230        | \$ 1,755,500         | \$ 745        | -75.8%        | -5.4%       |
| 55 - 59                  | \$ 5,436,354         | \$ 503        | \$ 2,751,284         | \$ 254        | \$ 8,187,638        | \$ 757        | \$ 1,785,524         | \$ 660        | \$ 830,357          | \$ 307        | \$ 2,615,881         | \$ 967        | -68.1%        | 27.7%       |
| 60 - 64                  | \$ 9,774,054         | \$ 815        | \$ 3,034,480         | \$ 253        | \$ 12,808,534       | \$ 1,067      | \$ 1,906,638         | \$ 634        | \$ 855,541          | \$ 285        | \$ 2,762,179         | \$ 919        | -78.4%        | -13.9%      |
| 65+                      | \$ 1,920,336         | \$ 395        | \$ 1,343,189         | \$ 276        | \$ 3,263,525        | \$ 672        | \$ 696,152           | \$ 574        | \$ 372,134          | \$ 307        | \$ 1,068,286         | \$ 881        | -67.3%        | 31.3%       |
| <b>Total</b>             | <b>\$ 40,764,731</b> | <b>\$ 400</b> | <b>\$ 14,003,588</b> | <b>\$ 137</b> | <b>\$54,768,319</b> | <b>\$ 537</b> | <b>\$ 11,326,261</b> | <b>\$ 427</b> | <b>\$ 3,968,796</b> | <b>\$ 150</b> | <b>\$ 15,295,058</b> | <b>\$ 577</b> | <b>-72.1%</b> | <b>7.5%</b> |

# Financial Summary (p. 1 of 2)

|  | Total        |              |                        | State Active |              |                        | Non-State Active |         |                        |
|--|--------------|--------------|------------------------|--------------|--------------|------------------------|------------------|---------|------------------------|
| Summary  | PY19         | 1Q20         | Variance to Prior Year | PY19         | 1Q20         | Variance to Prior Year | PY19             | 1Q20    | Variance to Prior Year |
| <b>Enrollment</b>                              |              |              |                        |              |              |                        |                  |         |                        |
| Avg # Employees                                | 4,653        | 4,837        | 4.0%                   | 3,878        | 4,078        | 5.2%                   | 4                | 4       | 0.0%                   |
| Avg # Members                                  | 8,488        | 8,832        | 4.1%                   | 7,445        | 7,812        | 4.9%                   | 5                | 5       | 0.0%                   |
| Ratio  | 1.8          | 1.8          | 0.5%                   | 1.9          | 1.9          | 0.0%                   | 1.3              | 1.3     | 0.0%                   |
| <b>Financial Summary</b>                       |              |              |                        |              |              |                        |                  |         |                        |
| Gross Cost                                     | \$45,094,672 | \$12,759,081 | -71.7%                 | \$35,711,039 | \$10,932,583 | -69.4%                 | \$45,961         | \$5,288 | -88.5%                 |
| Client Paid                                    | \$40,764,731 | \$11,326,261 | -72.2%                 | \$32,097,283 | \$9,689,772  | -69.8%                 | \$40,931         | \$4,713 | -88.5%                 |
| Employee Paid                                  | \$4,329,941  | \$1,432,820  | -66.9%                 | \$3,613,757  | \$1,242,811  | -65.6%                 | \$5,030          | \$574   | -88.6%                 |
| Client Paid-PEPY                               | \$8,745      | \$9,366      | 7.1%                   | \$8,277      | \$9,504      | 14.8%                  | \$10,233         | \$4,713 | -53.9%                 |
| Client Paid-PMPY                               | \$4,794      | \$5,129      | 7.0%                   | \$4,311      | \$4,961      | 15.1%                  | \$8,186          | \$3,771 | -53.9%                 |
| Client Paid-PEPM                               | \$729        | \$781        | 7.1%                   | \$690        | \$792        | 14.8%                  | \$853            | \$393   | -53.9%                 |
| Client Paid-PMPM                               | \$400        | \$427        | 6.8%                   | \$359        | \$413        | 15.0%                  | \$682            | \$314   | -54.0%                 |
| <b>High Cost Claimants (HCC's) &gt; \$100k</b> |              |              |                        |              |              |                        |                  |         |                        |
| # of HCC's                                     | 39           | 4            | -89.7%                 | 27           | 4            | -85.2%                 | 0                | 0       | 0.0%                   |
| HCC's / 1,000                                  | 4.6          | 0.5          | -90.2%                 | 3.6          | 0.5          | -85.9%                 | 0.0              | 0.0     | 0.0%                   |
| Avg HCC Paid                                   | \$274,612    | \$152,390    | -44.5%                 | \$246,453    | \$152,390    | -38.2%                 | \$0              | \$0     | 0.0%                   |
| HCC's % of Plan Paid                           | 26.3%        | 5.4%         | -79.5%                 | 20.7%        | 6.3%         | -69.6%                 | 0.0%             | 0.0%    | 0.0%                   |
| <b>Cost Distribution by Claim Type (PMPY)</b>  |              |              |                        |              |              |                        |                  |         |                        |
| Facility Inpatient                             | \$1,218      | \$849        | -30.3%                 | \$944        | \$782        | -17.2%                 | \$3,360          | \$0     | -100.0%                |
| Facility Outpatient                            | \$1,506      | \$1,660      | 10.2%                  | \$1,395      | \$1,617      | 15.9%                  | \$1,369          | \$1,374 | 0.4%                   |
| Physician                                      | \$1,923      | \$2,454      | 27.6%                  | \$1,844      | \$2,412      | 30.8%                  | \$3,030          | \$2,349 | -22.5%                 |
| Other  | \$148        | \$167        | 12.8%                  | \$127        | \$151        | 18.9%                  | \$427            | \$48    | -88.8%                 |
| Total  | \$4,794      | \$5,129      | 7.0%                   | \$4,311      | \$4,961      | 15.1%                  | \$8,186          | \$3,771 | -53.9%                 |

Annualized

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Annualized

# Financial Summary (p. 2 of 2)

|  | State Retirees |             |                        | Non-State Retirees |           |                        |                |
|--|----------------|-------------|------------------------|--------------------|-----------|------------------------|----------------|
| Summary  | PY19           | 1Q20        | Variance to Prior Year | PY19               | 1Q20      | Variance to Prior Year | HSB Peer Index |
| <b>Enrollment</b>                              |                |             |                        |                    |           |                        |                |
| Avg # Employees                                | 599            | 596         | -0.5%                  | 181                | 159       | -12.1%                 |                |
| Avg # Members                                  | 826            | 815         | -1.3%                  | 227                | 201       | -11.5%                 |                |
| Ratio  | 1.4            | 1.4         | -0.7%                  | 1.3                | 1.3       | 0.0%                   | 1.8            |
| <b>Financial Summary</b>                       |                |             |                        |                    |           |                        |                |
| Gross Cost                                     | \$7,418,807    | \$1,599,330 | -78.4%                 | \$1,918,864        | \$221,881 | -88.4%                 |                |
| Client Paid                                    | \$6,863,148    | \$1,437,635 | -79.1%                 | \$1,763,370        | \$194,141 | -89.0%                 |                |
| Employee Paid                                  | \$555,659      | \$161,695   | -70.9%                 | \$155,495          | \$27,740  | -82.2%                 |                |
| Client Paid-PEPY                               | \$11,461       | \$9,649     | -15.8%                 | \$9,769            | \$4,894   | -49.9%                 | \$6,209        |
| Client Paid-PMPY                               | \$8,313        | \$7,059     | -15.1%                 | \$7,777            | \$3,870   | -50.2%                 | \$3,437        |
| Client Paid-PEPM                               | \$955          | \$804       | -15.8%                 | \$814              | \$408     | -49.9%                 | \$517          |
| Client Paid-PMPM                               | \$693          | \$588       | -15.2%                 | \$648              | \$322     | -50.3%                 | \$286          |
| <b>High Cost Claimants (HCC's) &gt; \$100k</b> |                |             |                        |                    |           |                        |                |
| # of HCC's                                     | 9              | 0           | -100.0%                | 3                  | 0         | 0.0%                   |                |
| HCC's / 1,000                                  | 10.9           | 0.0         | -100.0%                | 13.2               | 0.0       | 0.0%                   |                |
| Avg HCC Paid                                   | \$339,256      | \$0         | -100.0%                | \$334,114          | \$0       | 0.0%                   |                |
| HCC's % of Plan Paid                           | 44.5%          | 0.0%        | -100.0%                | 56.8%              | 0.0%      | 0.0%                   |                |
| <b>Cost Distribution by Claim Type (PMPY)</b>  |                |             |                        |                    |           |                        |                |
| Facility Inpatient                             | \$3,028        | \$1,491     | -50.8%                 | \$3,554            | \$904     | -74.6%                 | \$1,057        |
| Facility Outpatient                            | \$2,243        | \$2,232     | -0.5%                  | \$2,477            | \$1,024   | -58.7%                 | \$1,145        |
| Physician                                      | \$2,713        | \$3,007     | 10.8%                  | \$1,587            | \$1,846   | 16.3%                  | \$1,122        |
| Other  | \$328          | \$330       | 0.6%                   | \$158              | \$97      | -38.6%                 | \$113          |
| Total  | \$8,313        | \$7,059     | -15.1%                 | \$7,777            | \$3,870   | -50.2%                 | \$3,437        |
|  | Annualized     |             |                        | Annualized         |           |                        |                |

# Paid Claims by Claim Type – State Participants

| Net Paid Claims - Total |                      |                       |                   |                      |                     |                       |                   |                      |               |
|-------------------------|----------------------|-----------------------|-------------------|----------------------|---------------------|-----------------------|-------------------|----------------------|---------------|
| State Participants      |                      |                       |                   |                      |                     |                       |                   |                      |               |
|                         | PY19                 |                       |                   |                      | 1Q20                |                       |                   |                      | % Change      |
|                         | Actives              | Pre-Medicare Retirees | Medicare Retirees | Total                | Actives             | Pre-Medicare Retirees | Medicare Retirees | Total                | Total         |
| Medical                 |                      |                       |                   |                      |                     |                       |                   |                      |               |
| Inpatient               | \$ 8,762,274         | \$ 2,599,386          | \$ 160,727        | \$ 11,522,387        | \$ 2,165,416        | \$ 286,395            | \$ 89,421         | \$ 2,541,233         | -77.9%        |
| Outpatient              | \$ 23,335,008        | \$ 3,620,613          | \$ 482,422        | \$ 27,438,043        | \$ 7,524,356        | \$ 837,775            | \$ 224,044        | \$ 8,586,174         | -68.7%        |
| <b>Total - Medical</b>  | <b>\$ 32,097,283</b> | <b>\$ 6,219,999</b>   | <b>\$ 643,149</b> | <b>\$ 38,960,431</b> | <b>\$ 9,689,772</b> | <b>\$ 1,124,170</b>   | <b>\$ 313,465</b> | <b>\$ 11,127,407</b> | <b>-71.4%</b> |

| Net Paid Claims - Per Participant per Month |         |                       |                   |        |         |                       |                   |        |          |
|---|---------|-----------------------|-------------------|--------|---------|-----------------------|-------------------|--------|----------|
|   | PY19    |                       |                   |        | 1Q20    |                       |                   |        | % Change |
|   | Actives | Pre-Medicare Retirees | Medicare Retirees | Total  | Actives | Pre-Medicare Retirees | Medicare Retirees | Total  | Total    |
| Medical                                     | \$ 690  | \$ 1,018              | \$ 596            | \$ 725 | \$ 792  | \$ 741                | \$ 1,161          | \$ 794 | 9.4%     |



# Paid Claims by Claim Type – Non-State Participants

| Net Paid Claims - Total |                  |                       |                   |                     |                 |                       |                   |                   |               |  |
|-------------------------|------------------|-----------------------|-------------------|---------------------|-----------------|-----------------------|-------------------|-------------------|---------------|--|
| Non-State Participants  |                  |                       |                   |                     |                 |                       |                   |                   |               |  |
|                         | PY19             |                       |                   |                     | 1Q20            |                       |                   |                   | % Change      |  |
|                         | Actives          | Pre-Medicare Retirees | Medicare Retirees | Total               | Actives         | Pre-Medicare Retirees | Medicare Retirees | Total             | Total         |  |
| Medical                 |                  |                       |                   |                     |                 |                       |                   |                   |               |  |
| Inpatient               | \$ 23,542        | \$ 854,839            | \$ 10,077         | \$ 888,459          | \$ 1,262        | \$ 36,045             | \$ 24,565         | \$ 61,872         | -93.0%        |  |
| Outpatient              | \$ 17,389        | \$ 754,444            | \$ 144,009        | \$ 915,842          | \$ 3,452        | \$ 112,177            | \$ 21,354         | \$ 136,982        | -85.0%        |  |
| <b>Total - Medical</b>  | <b>\$ 40,931</b> | <b>\$ 1,609,283</b>   | <b>\$ 154,087</b> | <b>\$ 1,804,301</b> | <b>\$ 4,713</b> | <b>\$ 148,222</b>     | <b>\$ 45,919</b>  | <b>\$ 198,854</b> | <b>-89.0%</b> |  |

| Net Paid Claims - Per Participant per Month |         |                       |                   |        |         |                       |                   |        |          |
|---|---------|-----------------------|-------------------|--------|---------|-----------------------|-------------------|--------|----------|
|   | PY19    |                       |                   |        | 1Q20    |                       |                   |        | % Change |
|   | Actives | Pre-Medicare Retirees | Medicare Retirees | Total  | Actives | Pre-Medicare Retirees | Medicare Retirees | Total  | Total    |
| Medical                                     | \$ 853  | \$ 1,048              | \$ 242            | \$ 813 | \$ 393  | \$ 472                | \$ 283            | \$ 407 | -49.9%   |

# Paid Claims by Claim Type – Total

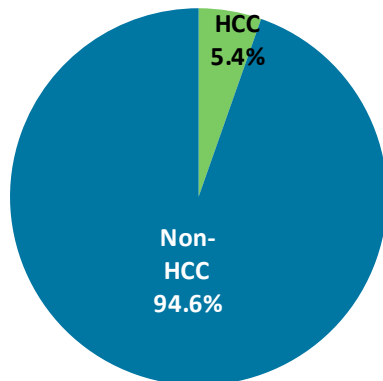
| Net Paid Claims - Total |                      |                       |                   |                      |                     |                       |                   |                      |          |               |
|-------------------------|----------------------|-----------------------|-------------------|----------------------|---------------------|-----------------------|-------------------|----------------------|----------|---------------|
| Total Participants      |                      |                       |                   |                      |                     |                       |                   |                      |          |               |
|                         | PY19                 |                       |                   |                      | 1Q20                |                       |                   |                      | % Change |               |
|                         | Actives              | Pre-Medicare Retirees | Medicare Retirees | Total                | Actives             | Pre-Medicare Retirees | Medicare Retirees | Total                | Total    |               |
| Medical                 |                      |                       |                   |                      |                     |                       |                   |                      |          |               |
| Inpatient               | \$ 8,785,816         | \$ 3,454,225          | \$ 170,805        | \$ 12,410,846        | \$ 2,166,678        | \$ 322,440            | \$ 113,987        | \$ 2,603,105         |          | -79.0%        |
| Outpatient              | \$ 23,352,397        | \$ 4,375,057          | \$ 626,431        | \$ 28,353,885        | \$ 7,527,807        | \$ 949,951            | \$ 245,397        | \$ 8,723,156         |          | -69.2%        |
| <b>Total - Medical</b>  | <b>\$ 32,138,214</b> | <b>\$ 7,829,282</b>   | <b>\$ 797,236</b> | <b>\$ 40,764,731</b> | <b>\$ 9,694,485</b> | <b>\$ 1,272,392</b>   | <b>\$ 359,384</b> | <b>\$ 11,326,261</b> |          | <b>-72.2%</b> |

| Net Paid Claims - Per Participant per Month |         |                       |                   |        |         |                       |                   |        |          |      |
|---|---------|-----------------------|-------------------|--------|---------|-----------------------|-------------------|--------|----------|------|
|   | PY19    |                       |                   |        | 1Q20    |                       |                   |        | % Change |      |
|   | Actives | Pre-Medicare Retirees | Medicare Retirees | Total  | Actives | Pre-Medicare Retirees | Medicare Retirees | Total  | Total    |      |
| Medical                                     | \$ 690  | \$ 1,024              | \$ 465            | \$ 729 | \$ 792  | \$ 695                | \$ 832            | \$ 781 |          | 7.1% |

# Cost Distribution – Medical Claims

| PY19             |               |                     |               |                    |               | 1Q20                     |                  |               |                     |               |                    |               |
|------------------|---------------|---------------------|---------------|--------------------|---------------|--------------------------|------------------|---------------|---------------------|---------------|--------------------|---------------|
| Avg # of Members | % of Members  | Total Paid          | % of Paid     | EE Paid            | % EE Paid     | Paid Claims Category     | Avg # of Members | % of Members  | Total Paid          | % of Paid     | EE Paid            | % EE Paid     |
| 32               | 0.4%          | \$10,660,448        | 26.2%         | \$223,955          | 5.2%          | \$100,000.01 Plus        | 4                | 0.0%          | \$609,558           | 5.4%          | \$3,746            | 0.3%          |
| 63               | 0.7%          | \$4,489,989         | 11.0%         | \$285,075          | 6.6%          | \$50,000.01-\$100,000.00 | 15               | 0.2%          | \$1,050,048         | 9.3%          | \$23,167           | 1.6%          |
| 148              | 1.7%          | \$5,378,700         | 13.2%         | \$370,909          | 8.6%          | \$25,000.01-\$50,000.00  | 35               | 0.4%          | \$1,293,627         | 11.4%         | \$9,228            | 0.6%          |
| 489              | 5.7%          | \$7,901,863         | 19.4%         | \$770,638          | 17.8%         | \$10,000.01-\$25,000.00  | 168              | 1.9%          | \$2,719,659         | 24.0%         | \$196,014          | 13.7%         |
| 592              | 7.0%          | \$4,367,753         | 10.7%         | \$713,266          | 16.5%         | \$5,000.01-\$10,000.00   | 196              | 2.2%          | \$1,432,524         | 12.6%         | \$191,401          | 13.4%         |
| 935              | 11.0%         | \$3,470,368         | 8.5%          | \$766,356          | 17.7%         | \$2,500.01-\$5,000.00    | 339              | 3.8%          | \$1,211,128         | 10.7%         | \$242,132          | 16.9%         |
| 5,310            | 62.5%         | \$4,495,610         | 11.0%         | \$1,195,579        | 27.6%         | \$0.01-\$2,500.00        | 5,336            | 60.4%         | \$3,009,717         | 26.6%         | \$758,630          | 53.3%         |
| 16               | 0.2%          | \$0                 | 0.0%          | \$4,162            | 0.1%          | \$0.00                   | 49               | 0.6%          | \$0                 | 0.0%          | \$8,503            | 0.6%          |
| 918              | 10.8%         | \$0                 | 0.0%          | \$0                | 0.0%          | No Claims                | 2,691            | 30.5%         | \$0                 | 0.0%          | \$0                | 0.0%          |
| <b>8,503</b>     | <b>100.0%</b> | <b>\$40,764,731</b> | <b>100.0%</b> | <b>\$4,329,941</b> | <b>100.0%</b> |                          | <b>8,832</b>     | <b>100.0%</b> | <b>\$11,326,261</b> | <b>100.0%</b> | <b>\$1,432,820</b> | <b>100.0%</b> |

**Distribution of HCC Medical Claims Paid**



**HCC – High Cost Claimant over \$100K**

| HCC's by AHRQ Clinical Classifications Chapter   |             |                  |               |
|--|-------------|------------------|---------------|
| AHRQ Chapter   | Patients    | Total Paid       | % Paid        |
| (CCS 13) Diseases Of The Musculoskeletal System And Connective Tissue                      | 3           | \$148,344        | 24.3%         |
| (CCS 5) Mental Illness   | 1           | \$141,024        | 23.1%         |
| (CCS 3) Endocrine; Nutritional; And Metabolic Diseases And Immunity Disorders              | 2           | \$133,306        | 21.9%         |
| (CCS 4) Diseases Of The Blood And Blood-Forming Organs                                     | 1           | \$121,031        | 19.9%         |
| (CCS 17) Symptoms; Signs; And Ill-Defined Conditions And Factors Influencing Health Status | 4           | \$64,153         | 10.5%         |
| (CCS 10) Diseases Of The Genitourinary System  | 1           | \$598            | 0.1%          |
| (CCS 18) Residual Codes; Unclassified; All E Codes [259. And 260.]                         | 3           | \$504            | 0.1%          |
| (CCS 2) Neoplasms  | 2           | \$186            | 0.0%          |
| (CCS 8) Diseases Of The Respiratory System   | 2           | \$169            | 0.0%          |
| (CCS 6) Diseases Of The Nervous System And Sense Organs                                    | 2           | \$146            | 0.0%          |
| (CCS 12) Diseases Of The Skin And Subcutaneous Tissue                                      | 1           | \$91             | 0.0%          |
| (CCS 16) Injury And Poisoning  | 1           | \$7              | 0.0%          |
| <b>Overall</b>   | <b>----</b> | <b>\$609,558</b> | <b>100.0%</b> |

# Utilization Summary (p. 1 of 2)

| Summary                     | Total    |          |                        | State Active |          |                        | Non-State Active |         |                        |
|-----------------------------|----------|----------|------------------------|--------------|----------|------------------------|------------------|---------|------------------------|
|                             | PY19     | 1Q20     | Variance to Prior Year | PY19         | 1Q20     | Variance to Prior Year | PY19             | 1Q20    | Variance to Prior Year |
| <b>Inpatient Facility</b>   |          |          |                        |              |          |                        |                  |         |                        |
| # of Admits                 | 507      | 179      | -64.7%                 | 441          | 150      | -66.0%                 | 1                | 0       | 0.0%                   |
| # of Bed Days               | 2,491    | 896      | -64.0%                 | 2,026        | 760      | -62.5%                 | 2                | 0       | 0.0%                   |
| Paid Per Admit              | \$20,394 | \$10,789 | -47.1%                 | \$15,930     | \$10,583 | -33.6%                 | \$16,801         | \$0     | 0.0%                   |
| Paid Per Day                | \$4,151  | \$2,155  | -48.1%                 | \$3,468      | \$2,089  | -39.8%                 | \$8,401          | \$0     | 0.0%                   |
| Admits Per 1,000            | 60       | 81       | 35.0%                  | 59           | 77       | 30.5%                  | 200              | 0       | 0.0%                   |
| Days Per 1,000              | 293      | 406      | 38.6%                  | 272          | 389      | 43.0%                  | 400              | 0       | 0.0%                   |
| Avg LOS                     | 4.9      | 5        | 2.0%                   | 4.6          | 5.1      | 10.9%                  | 2                | 0       | 0.0%                   |
| <b>Physician Office</b>     |          |          |                        |              |          |                        |                  |         |                        |
| OV Utilization per Member   | 4.4      | 5.3      | 20.5%                  | 4.2          | 5.1      | 21.4%                  | 5.6              | 5.6     | 0.0%                   |
| Avg Paid per OV             | \$94     | \$100    | 6.4%                   | \$95         | \$102    | 7.4%                   | \$105            | \$84    | 0.0%                   |
| Avg OV Paid per Member      | \$410    | \$532    | 29.8%                  | \$402        | \$521    | 29.6%                  | \$587            | \$470   | 0.0%                   |
| DX&L Utilization per Member | 8.9      | 11.2     | 25.8%                  | 8.4          | 10.5     | 25.0%                  | 14               | 18.4    | 0.0%                   |
| Avg Paid per DX&L           | \$78     | \$71     | -9.0%                  | \$75         | \$73     | -2.7%                  | \$106            | \$101   | 0.0%                   |
| Avg DX&L Paid per Member    | \$690    | \$791    | 14.6%                  | \$629        | \$764    | 21.5%                  | \$1,491          | \$1,865 | 0.0%                   |
| <b>Emergency Room</b>       |          |          |                        |              |          |                        |                  |         |                        |
| # of Visits                 | 1,453    | 483      | -66.8%                 | 1,261        | 405      | -67.9%                 | 0                | 0       | 0.0%                   |
| # of Admits                 | 192      | 68       | -64.6%                 | 154          | 48       | -68.8%                 | 0                | 0       | 0.0%                   |
| Visits Per Member           | 0.17     | 0.22     | 28.7%                  | 0.17         | 0.21     | 22.0%                  | 0                | 0       | 0.0%                   |
| Visits Per 1,000            | 171      | 219      | 27.9%                  | 169          | 207      | 22.7%                  | 0                | 0       | 0.0%                   |
| Avg Paid per Visit          | \$2,608  | \$2,557  | -2.0%                  | \$2,546      | \$2,609  | 2.5%                   | \$0              | \$0     | 0.0%                   |
| Admits Per Visit            | 0.13     | 0.14     | 8.3%                   | 0.12         | 0.12     | -1.2%                  | 0.00             | 0.00    | 0.0%                   |
| <b>Urgent Care</b>          |          |          |                        |              |          |                        |                  |         |                        |
| # of Visits                 | 2,450    | 693      | -71.7%                 | 2,232        | 632      | -71.7%                 | 0                | 0       | 0.0%                   |
| Visits Per Member           | 0.29     | 0.31     | 8.2%                   | 0.30         | 0.32     | 7.9%                   | 0.00             | 0.00    | 0.0%                   |
| Visits Per 1,000            | 288      | 314      | 9.0%                   | 300          | 324      | 7.9%                   | 0                | 0       | 0.0%                   |
| Avg Paid per Visit          | \$140    | \$154    | 10.0%                  | \$140        | \$154    | 10.0%                  | \$0              | \$0     | 0.0%                   |

Annualized

Annualized

Annualized

# Utilization Summary (p. 2 of 2)

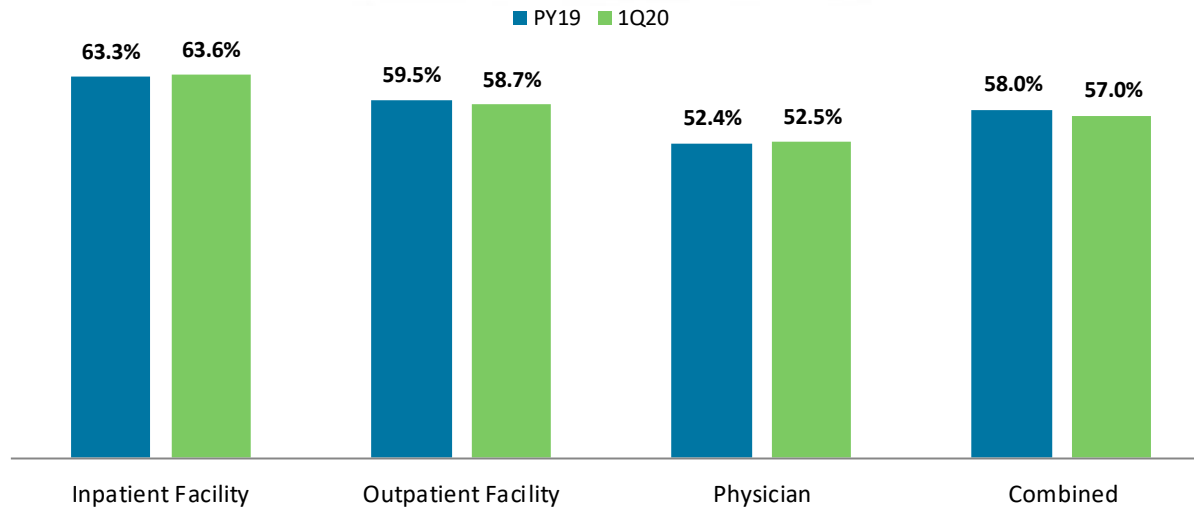
| Summary                     | State Retirees |          |                        | Non-State Retirees |          |                        | HSB Peer Index |
|-----------------------------|----------------|----------|------------------------|--------------------|----------|------------------------|----------------|
|                             | PY19           | 1Q20     | Variance to Prior Year | PY19               | 1Q20     | Variance to Prior Year |                |
| <b>Inpatient Facility</b>   |                |          |                        |                    |          |                        |                |
| # of Admits                 | 52             | 25       | -51.9%                 | 13                 | 4        | -69.2%                 |                |
| # of Bed Days               | 361            | 127      | -64.8%                 | 102                | 9        | -91.2%                 |                |
| Paid Per Admit              | \$47,923       | \$11,966 | -75.0%                 | \$61,977           | \$11,129 | -82.0%                 | \$16,173       |
| Paid Per Day                | \$6,903        | \$2,355  | -65.9%                 | \$7,899            | \$4,946  | -37.4%                 | \$3,708        |
| Admits Per 1,000            | 63             | 123      | 95.2%                  | 57                 | 80       | 40.4%                  | 61             |
| Days Per 1,000              | 437            | 624      | 42.8%                  | 450                | 179      | -60.2%                 | 264            |
| Avg LOS                     | 6.9            | 5.1      | -26.1%                 | 7.8                | 2.3      | -70.5%                 | 4.3            |
| <b>Physician Office</b>     |                |          |                        |                    |          |                        |                |
| OV Utilization per Member   | 5.6            | 7.2      | 28.6%                  | 5.0                | 6.7      | 34.0%                  | 3.3            |
| Avg Paid per OV             | \$85           | \$88     | 3.5%                   | \$86               | \$78     | -9.3%                  | \$50           |
| Avg OV Paid per Member      | \$473          | \$636    | 34.5%                  | \$431              | \$520    | 20.6%                  | \$167          |
| DX&L Utilization per Member | 12.1           | 15.8     | 30.6%                  | 12.2               | 16.2     | 32.8%                  | 8.3            |
| Avg Paid per DX&L           | \$88           | \$64     | -27.3%                 | \$104              | \$56     | -46.2%                 | \$67           |
| Avg DX&L Paid per Member    | \$1,069        | \$1,016  | -5.0%                  | \$1,274            | \$905    | -29.0%                 | \$554          |
| <b>Emergency Room</b>       |                |          |                        |                    |          |                        |                |
| # of Visits                 | 158            | 68       | -57.0%                 | 94                 | 10       | -89.4%                 |                |
| # of Admits                 | 30             | 18       | -40.0%                 | 8                  | 2        | -75.0%                 |                |
| Visits Per Member           | 0.19           | 0.33     | 75.7%                  | 0.41               | 0.20     | -51.4%                 | 0.17           |
| Visits Per 1,000            | 191            | 334      | 74.8%                  | 415                | 199      | -52.0%                 | 174            |
| Avg Paid per Visit          | \$2,991        | \$2,381  | -20.4%                 | \$1,195            | \$1,627  | 36.2%                  | \$1,684        |
| Admits Per Visit            | 0.19           | 0.26     | 36.8%                  | 0.09               | 0.20     | 122.2%                 | 0.14           |
| <b>Urgent Care</b>          |                |          |                        |                    |          |                        |                |
| # of Visits                 | 158            | 46       | -70.9%                 | 60                 | 15       | -75.0%                 |                |
| Visits Per Member           | 0.19           | 0.23     | 18.9%                  | 0.26               | 0.30     | 15.0%                  | 0.24           |
| Visits Per 1,000            | 191            | 226      | 18.3%                  | 265                | 299      | 12.8%                  | 242            |
| Avg Paid per Visit          | \$154          | \$180    | 16.9%                  | \$96               | \$76     | -20.8%                 | \$74           |

Annualized

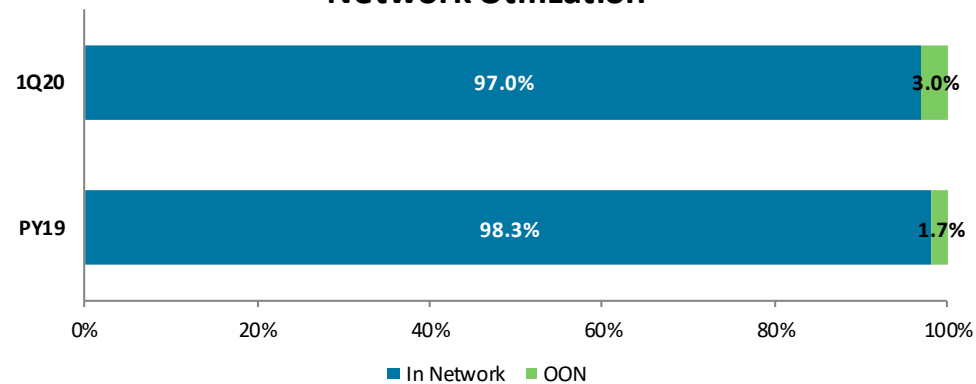
Annualized

# Provider Network Summary

## In Network Discounts



## Network Utilization



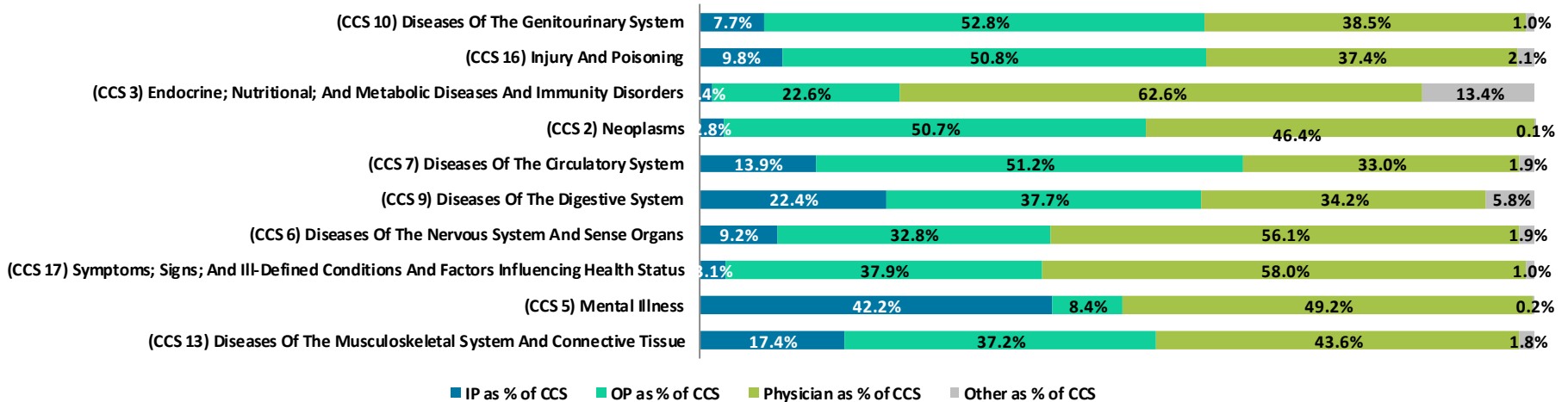
# AHRQ\* Clinical Classifications Summary



\*Developed at the Agency for Healthcare Research and Quality (AHRQ), the Clinical Classifications Software (CCS) is a tool for clustering patient diagnoses and procedures into a manageable number of clinically meaningful categories.

| AHRQ Clinical Classifications Chapter   | Total Paid          | % Paid        | Insured            | Spouse             | Child              | Male               | Female             |
|---|---------------------|---------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| (CCS 13) Diseases Of The Musculoskeletal System And Connective Tissue               | \$1,638,743         | 14.5%         | \$994,795          | \$396,016          | \$247,932          | \$603,285          | \$1,035,458        |
| (CCS 5) Mental Illness  | \$1,182,364         | 10.4%         | \$686,208          | \$139,604          | \$356,552          | \$350,802          | \$831,563          |
| (CCS 17) Symptoms; Signs; And Ill-Defined Conditions And Factors Influencing Health | \$1,074,390         | 9.5%          | \$632,124          | \$198,584          | \$243,682          | \$354,135          | \$720,255          |
| (CCS 6) Diseases Of The Nervous System And Sense Organs                             | \$923,138           | 8.2%          | \$551,034          | \$153,450          | \$218,654          | \$310,665          | \$612,473          |
| (CCS 9) Diseases Of The Digestive System  | \$826,489           | 7.3%          | \$565,528          | \$186,353          | \$74,608           | \$301,595          | \$524,895          |
| (CCS 7) Diseases Of The Circulatory System  | \$785,580           | 6.9%          | \$619,327          | \$124,878          | \$41,376           | \$336,230          | \$449,350          |
| (CCS 2) Neoplasms   | \$700,394           | 6.2%          | \$549,315          | \$139,584          | \$11,496           | \$189,745          | \$510,650          |
| (CCS 3) Endocrine; Nutritional; And Metabolic Diseases And Immunity Disorders       | \$685,261           | 6.1%          | \$569,584          | \$76,134           | \$39,542           | \$197,227          | \$488,033          |
| (CCS 16) Injury And Poisoning   | \$645,026           | 5.7%          | \$394,789          | \$103,138          | \$147,099          | \$281,458          | \$363,568          |
| (CCS 10) Diseases Of The Genitourinary System                                       | \$565,429           | 5.0%          | \$382,049          | \$123,473          | \$59,907           | \$167,788          | \$397,641          |
| (CCS 8) Diseases Of The Respiratory System  | \$488,663           | 4.3%          | \$297,872          | \$51,160           | \$139,630          | \$223,900          | \$264,763          |
| (CCS 11) Complications Of Pregnancy; Childbirth; And The Puerperium                 | \$439,619           | 3.9%          | \$331,376          | \$85,151           | \$23,092           | \$12,133           | \$427,486          |
| (CCS 1) Infectious And Parasitic Diseases   | \$369,126           | 3.3%          | \$214,413          | \$14,646           | \$140,067          | \$181,028          | \$188,099          |
| (CCS 18) Residual Codes; Unclassified; All E Codes [259. And 260.]                  | \$268,737           | 2.4%          | \$202,291          | \$47,439           | \$19,007           | \$116,507          | \$152,230          |
| (CCS 15) Certain Conditions Originating In The Perinatal Period                     | \$197,578           | 1.7%          | \$1,610            | \$225              | \$195,743          | \$61,242           | \$136,336          |
| (CCS 14) Congenital Anomalies   | \$182,361           | 1.6%          | \$5,821            | \$2,647            | \$173,893          | \$129,580          | \$52,781           |
| (CCS 4) Diseases Of The Blood And Blood-Forming Organs                              | \$181,355           | 1.6%          | \$46,070           | \$133,526          | \$1,759            | \$8,781            | \$172,574          |
| (CCS 12) Diseases Of The Skin And Subcutaneous Tissue                               | \$172,008           | 1.5%          | \$106,655          | \$30,081           | \$35,271           | \$66,544           | \$105,464          |
| <b>Total</b>  | <b>\$11,326,261</b> | <b>100.0%</b> | <b>\$7,150,860</b> | <b>\$2,006,091</b> | <b>\$2,169,311</b> | <b>\$3,892,644</b> | <b>\$7,433,617</b> |

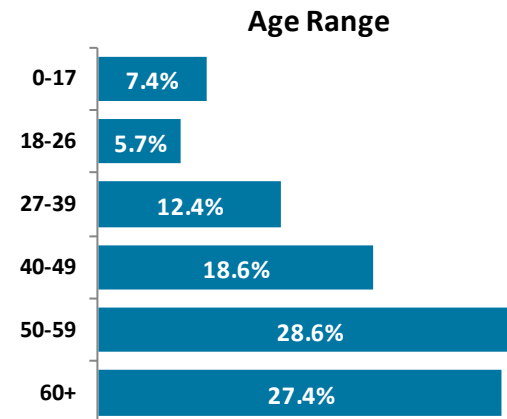
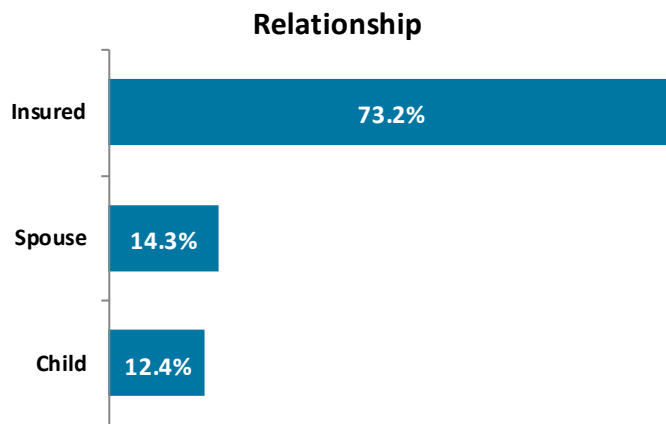
## Top 10 Categories by Claim Type



# AHRQ Category – Diseases of the Musculoskeletal System & Connective Tissue

| Diagnosis Category   | Patients | Claims | Total Paid         | % Paid        |
|--|----------|--------|--------------------|---------------|
| Spondylosis; Intervertebral Disc Disorders; Other Back Problems [205.]         | 727      | 2,843  | \$580,724          | 35.4%         |
| Non-Traumatic Joint Disorders  | 704      | 2,272  | \$516,635          | 31.5%         |
| Other Connective Tissue Disease [211.]   | 615      | 1,350  | \$239,496          | 14.6%         |
| Other Bone Disease And Musculoskeletal Deformities [212.]                      | 234      | 662    | \$183,174          | 11.2%         |
| Acquired Deformities   | 93       | 184    | \$97,713           | 6.0%          |
| Osteoporosis [206.]  | 30       | 43     | \$9,868            | 0.6%          |
| Systemic Lupus Erythematosus And Connective Tissue Disorders [210.]            | 21       | 43     | \$5,552            | 0.3%          |
| Infective Arthritis And Osteomyelitis (Except That Caused By Tb Or Std) [201.] | 4        | 31     | \$3,240            | 0.2%          |
| Pathological Fracture [207.]   | 4        | 5      | \$2,340            | 0.1%          |
|  | ----     | ----   | <b>\$1,638,743</b> | <b>100.0%</b> |

\*Patient and claim counts are unique only within the category

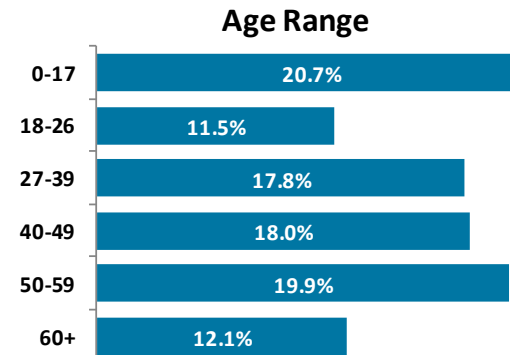
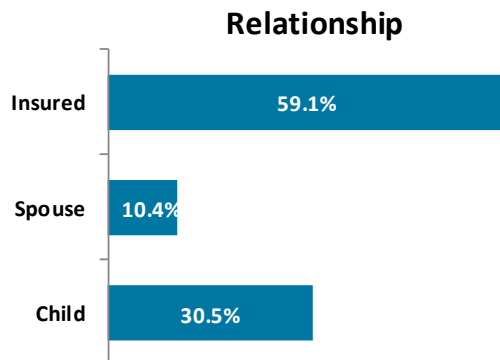




# AHRQ Category – Mental Illness

| Diagnosis Category   | Patients | Claims | Total Paid  | % Paid |
|--|----------|--------|-------------|--------|
| Mood Disorders [657]   | 429      | 1,528  | \$402,685   | 34.1%  |
| Miscellaneous Mental Disorders [670]                                   | 60       | 136    | \$194,004   | 16.4%  |
| Alcohol-Related Disorders [660]  | 30       | 101    | \$181,668   | 15.4%  |
| Anxiety Disorders [651]  | 320      | 936    | \$129,853   | 11.0%  |
| Adjustment Disorders [650]   | 212      | 791    | \$109,104   | 9.2%   |
| Substance-Related Disorders [661]                                      | 50       | 101    | \$47,057    | 4.0%   |
| Disorders Usually Diagnosed In Infancy Childhood Or Adolescence [655]  | 28       | 233    | \$34,537    | 2.9%   |
| Attention Deficit Conduct And Disruptive Behavior Disorders [652]      | 115      | 228    | \$30,803    | 2.6%   |
| Schizophrenia And Other Psychotic Disorders [659]                      | 14       | 71     | \$22,171    | 1.9%   |
| Suicide And Intentional Self-Inflicted Injury [662]                    | 10       | 21     | \$18,912    | 1.6%   |
| Developmental Disorders [654]  | 27       | 151    | \$9,653     | 0.8%   |
| Impulse Control Disorders Not Elsewhere Classified [656]               | 1        | 6      | \$1,018     | 0.1%   |
| Screening And History Of Mental Health And Substance Abuse Codes [663] | 8        | 10     | \$589       | 0.0%   |
| Delirium Dementia And Amnestic And Other Cognitive Disorders [653]     | 6        | 9      | \$309       | 0.0%   |
|  | ----     | ----   | \$1,182,364 | 100.0% |

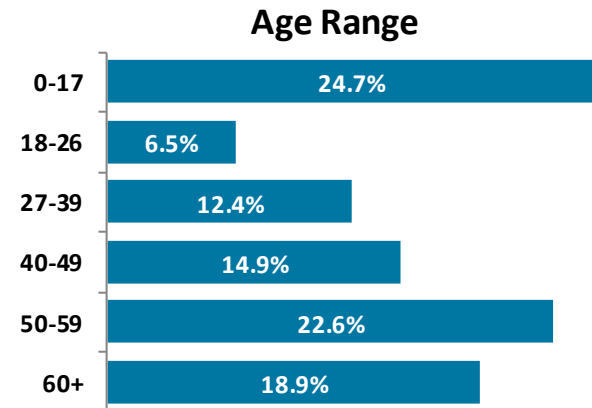
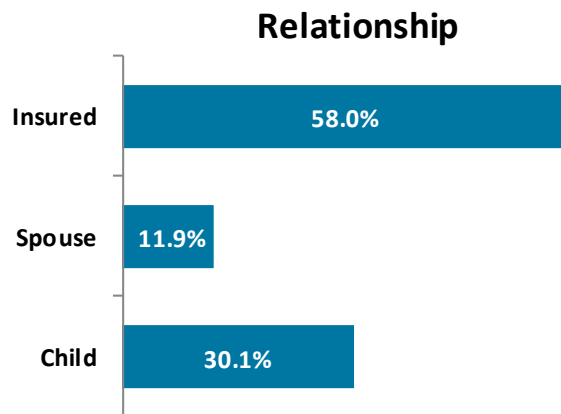
\*Patient and claim counts are unique only within the category



# AHRQ Category – Symptoms, Signs; and Ill-defined Conditions & Factors Inf Health

| Diagnosis Category                          | Patients | Claims | Total Paid         | % Paid        |
|---|----------|--------|--------------------|---------------|
| Factors Influencing Health Care             | 2,632    | 4,628  | \$748,530          | 69.7%         |
| Symptoms; Signs; And Ill-Defined Conditions | 704      | 1,250  | \$325,860          | 30.3%         |
|   | ---      | ---    | <b>\$1,074,390</b> | <b>100.0%</b> |

\*Patient and claim counts are unique only within the category

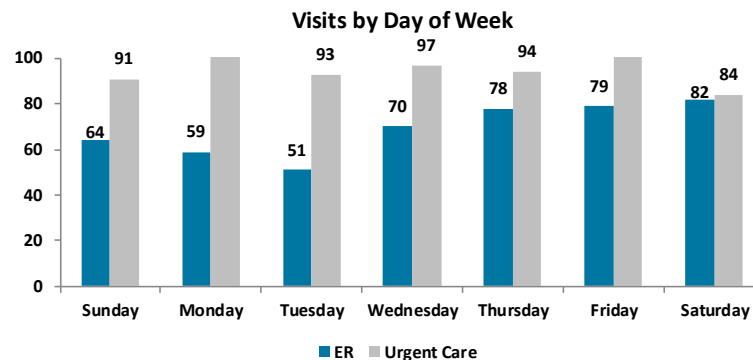
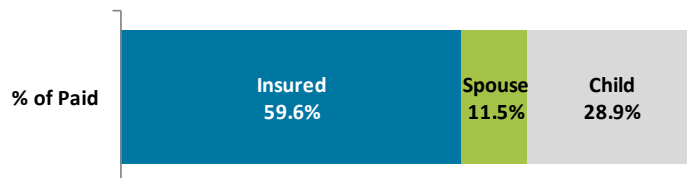


# Emergency Room / Urgent Care Summary

| ER/Urgent Care                   | PY19               |                  | 1Q20               |                  | HSB Peer Index |             |
|----------------------------------|--------------------|------------------|--------------------|------------------|----------------|-------------|
|                                  | ER                 | Urgent Care      | ER                 | Urgent Care      | ER             | Urgent Care |
| Number of Visits                 | 1,454              | 2,449            | 483                | 693              |                |             |
| Number of Admits                 | 192                | ----             | 68                 | ----             |                |             |
| Visits Per Member                | 0.17               | 0.29             | 0.22               | 0.31             | 0.17           | 0.24        |
| Visits/1000 Members              | 171                | 288              | 219                | 314              | 174            | 242         |
| Avg Paid Per Visit               | \$2,606            | \$139            | \$2,557            | \$154            | \$1,684        | \$74        |
| Admits per Visit                 | 0.13               | ----             | 0.14               | ----             | 0.14           |             |
| % of Visits with HSB ER Dx       | 79.4%              | ----             | 78.9%              | ----             |                |             |
| % of Visits with a Physician OV* | 67.9%              | 67.3%            | 81.7%              | 81.3%            |                |             |
| <b>Total Plan Paid</b>           | <b>\$3,788,451</b> | <b>\$341,606</b> | <b>\$1,234,911</b> | <b>\$106,952</b> |                |             |

\*looks back 12 months from ER visit

Annualized      Annualized

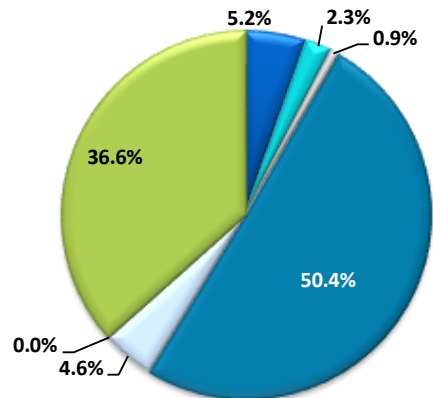


| ER / UC Visits by Relationship |            |           |             |           |              |            |
|--------------------------------|------------|-----------|-------------|-----------|--------------|------------|
| Relationship                   | ER         | Per 1,000 | Urgent Care | Per 1,000 | Total        | Per 1,000  |
| Insured                        | 305        | 63        | 396         | 82        | 701          | 145        |
| Spouse                         | 69         | 72        | 66          | 69        | 135          | 141        |
| Child                          | 109        | 36        | 231         | 76        | 340          | 112        |
| <b>Total</b>                   | <b>483</b> | <b>55</b> | <b>693</b>  | <b>78</b> | <b>1,176</b> | <b>133</b> |

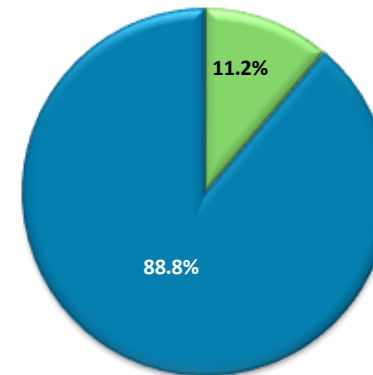
# Savings Summary – Medical Claims

| Description                   | Dollars             | PPPM         | % of Eligible |
|-------------------------------|---------------------|--------------|---------------|
| Eligible Charges              | \$30,929,994        | \$2,131      | 100.0%        |
| COB                           | \$1,616,287         | \$111        | 5.2%          |
| Medicare                      | \$696,249           | \$48         | 2.3%          |
| Excess/Maximums               | \$263,004           | \$18         | 0.9%          |
| PPO Discount                  | \$15,595,373        | \$1,075      | 50.4%         |
| Deductible                    | \$1,432,820         | \$99         | 4.6%          |
| Coinsurance                   | \$0                 | \$0          | 0.0%          |
| <b>Total Participant Paid</b> | <b>\$1,432,820</b>  | <b>\$99</b>  | <b>4.6%</b>   |
| <b>Total Plan Paid</b>        | <b>\$11,326,261</b> | <b>\$781</b> | <b>36.6%</b>  |

|                                      |              |
|--------------------------------------|--------------|
| <b>Total Participant Paid - PY18</b> | <b>\$77</b>  |
| <b>Total Plan Paid - PY18</b>        | <b>\$729</b> |



■ COB  
■ Excess/Maximums  
■ Deductible  
■ Medicare  
■ PPO Discount  
■ Coinsurance



■ Total Participant Paid  
■ Total Plan Paid

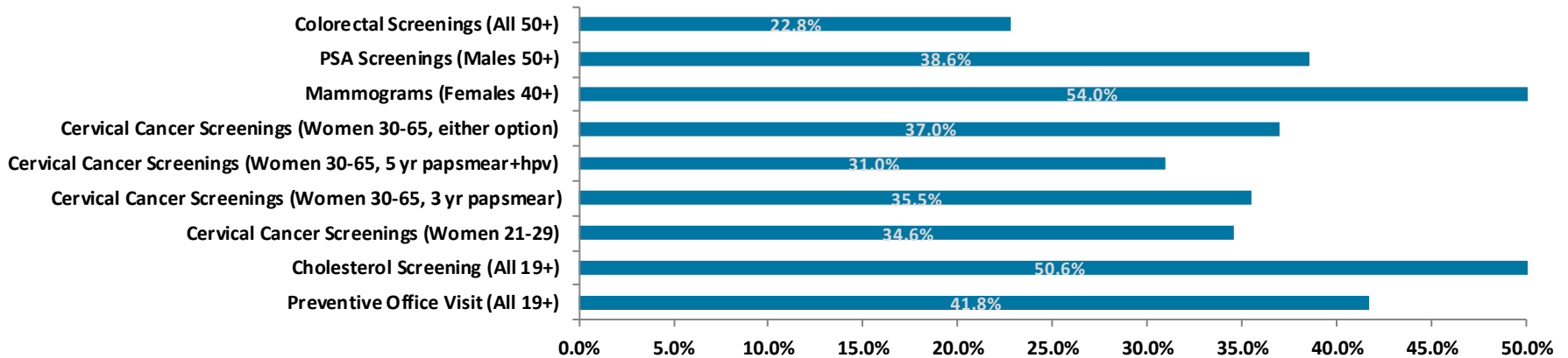
# Preventive Services Compliance

\*Based on 15 mo. of utilization/12 mo. paid data on members with 9 mo. of service or greater;

Colorectal screenings look back to July 2011.

| Service   | Female   |           |             | Male     |           |             | Total    |           |             |
|---|----------|-----------|-------------|----------|-----------|-------------|----------|-----------|-------------|
|   | Eligible | Compliant | % Compliant | Eligible | Compliant | % Compliant | Eligible | Compliant | % Compliant |
| Preventive Office Visit (All 19+)                           | 3,713    | 1,949     | 52.5%       | 2,742    | 746       | 27.2%       | 6,455    | 2,695     | 41.8%       |
| Cholesterol Screening (All 19+)                             | 3,713    | 1,946     | 52.4%       | 2,742    | 1,322     | 48.2%       | 6,455    | 3,267     | 50.6%       |
| Cervical Cancer Screenings (Women 21-29)                    | 457      | 158       | 34.6%       | ----     | ----      | ----        | 457      | 158       | 34.6%       |
| Cervical Cancer Screenings (Women 30-65, 3 yr papsmear)     | 2,939    | 1,043     | 35.5%       | ----     | ----      | ----        | 2,939    | 1,043     | 35.5%       |
| Cervical Cancer Screenings (Women 30-65, 5 yr papsmear+hpv) | 2,939    | 911       | 31.0%       | ----     | ----      | ----        | 2,939    | 911       | 31.0%       |
| Cervical Cancer Screenings (Women 30-65, either option)     | 2,939    | 1,087     | 37.0%       | ----     | ----      | ----        | 2,939    | 1,087     | 37.0%       |
| Mammograms (Females 40+)                                    | 2,478    | 1,338     | 54.0%       | ----     | ----      | ----        | 2,478    | 1,338     | 54.0%       |
| PSA Screenings (Males 50+)                                  | ----     | ----      | ----        | 1,353    | 522       | 38.6%       | 1,353    | 522       | 38.6%       |
| Colorectal Screenings (All 50+)                             | 1,773    | 434       | 24.5%       | 1,353    | 277       | 20.5%       | 3,126    | 712       | 22.8%       |

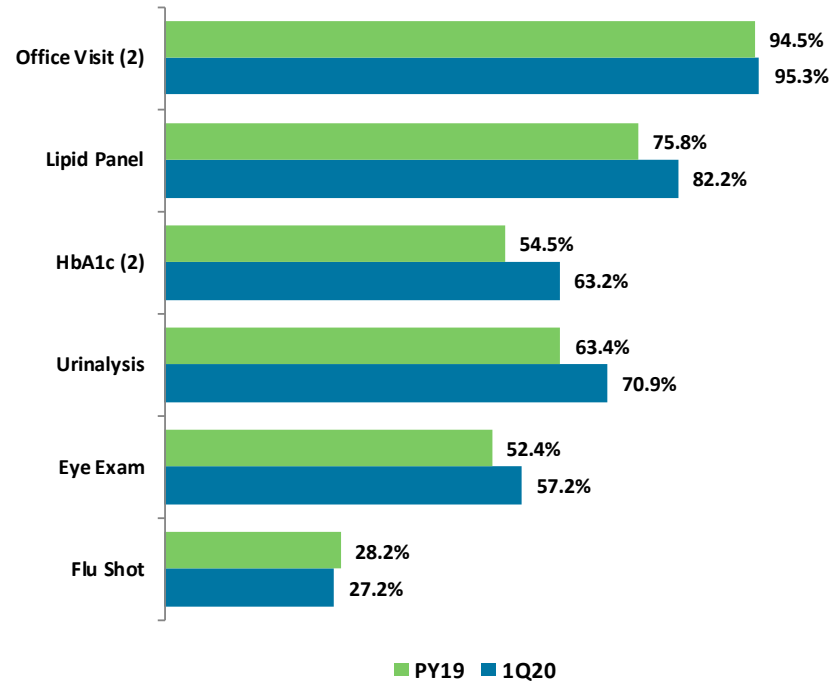
## Overall Preventive Services Compliance Rates



# Diabetic Disease Compliance

\*Based on 15 mo. of utilization/12 mo. paid data on members with 9 mo. of service or greater;

| Diabetic Population |      |      |
|---------------------|------|------|
| Year                | PY19 | 1Q20 |
| Members             | 525  | 533  |



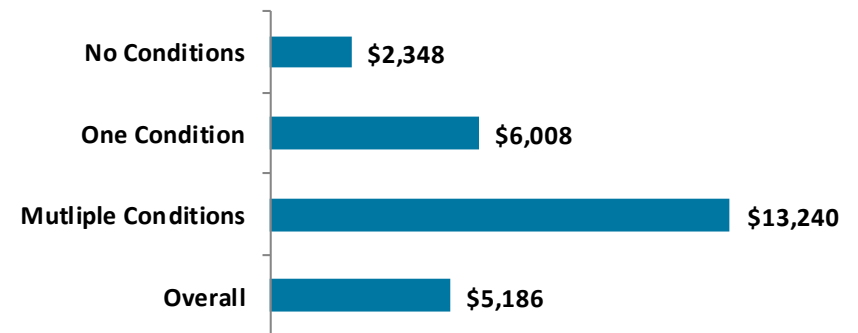
# Chronic Conditions Summary

\*Based on 15 mo. of utilization/12 mo. paid data on members with 9 mo. of service or greater;

| Condition                                    | Total Members | Avg Members | Per 1,000 | Avg Age | Total Cost  | Average Cost | Compliance Rate | Compliance Measure  |
|--|---------------|-------------|-----------|---------|-------------|--------------|-----------------|---|
| Asthma                                       | 394           | 386         | 48        | 38      | \$3,772,867 | \$9,576      | 100.0%          | 1 Office Visit  |
| Cancer                                       | 279           | 275         | 34        | 58      | \$5,512,773 | \$19,759     | ----            | ----  |
| Chronic Kidney Disease                       | 66            | 65          | 8         | 56      | \$1,431,270 | \$21,686     | ----            | ----  |
| Chronic Obstructive Pulmonary Disease (COPD) | 92            | 91          | 11        | 61      | \$1,685,864 | \$18,325     | 98.9%           | 1 Office Visit  |
| Congestive Heart Failure (CHF)               | 29            | 29          | 4         | 54      | \$2,265,444 | \$78,119     | 13.8%           | 1 Office Visit, 1 Lipid Profile, 1 Wellness Visit                                 |
| Coronary Artery Disease (CAD)                | 133           | 129         | 16        | 61      | \$2,308,983 | \$17,361     | 21.1%           | 1 Office Visit, 1 Lipid Profile, 1 Wellness Visit                                 |
| Depression                                   | 563           | 549         | 68        | 41      | \$6,030,790 | \$10,712     | 97.9%           | 1 Office Visit  |
| Diabetes                                     | 533           | 522         | 64        | 55      | \$4,979,586 | \$9,343      | 31.7%           | 2 Office Visits, 1 Lipid Profile, 2 HbA1c's, 1 Urinalysis, 1 Eye Exam, 1 Flu Shot |
| Hyperlipidemia                               | 740           | 728         | 89        | 54      | \$5,944,285 | \$8,033      | 38.1%           | 1 Office Visit, 1 Lipid Profile, 1 Wellness Visit                                 |
| Hypertension                                 | 810           | 789         | 98        | 56      | \$8,118,246 | \$10,023     | 29.0%           | 1 Office Visit, 1 Lipid Profile, 1 Wellness Visit                                 |
| Obesity                                      | 273           | 266         | 33        | 46      | \$2,597,528 | \$9,515      | 0.0%            | ----  |

| # of Conditions     | Avg Members  | Average Age | Relationship |              |              |
|---------------------|--------------|-------------|--------------|--------------|--------------|
|                     |              |             | Insured      | Spouse       | Child        |
| No Conditions       | 4,706        | 30          | 41.1%        | 8.0%         | 50.9%        |
| One Condition       | 2,139        | 45          | 68.8%        | 13.1%        | 18.2%        |
| Multiple Conditions | 1,441        | 54          | 80.7%        | 16.0%        | 3.3%         |
| <b>Overall</b>      | <b>8,286</b> | <b>38</b>   | <b>55.0%</b> | <b>10.7%</b> | <b>34.3%</b> |

## Cost per Member Type



**Public Employees' Benefits Program - RX Costs  
PY 2020 - Quarter Ending September 30, 2019**

**Express Scripts**

| <b>1Q FY2020 EPO</b>  |                       | <b>1Q FY2019 EPO</b>  | <b>Difference</b>     | <b>% Change</b> |
|---|-----------------------|-----------------------|-----------------------|-----------------|
| <b>Membership Summary</b>                                     |                       |                       |                       |                 |
| Member Count (Membership)                                     | 8,832                 | 8,479                 | 353                   | 4.2%            |
| Utilizing Member Count (Patients)                             | 5,297                 | 4,886                 | 411                   | 8.4%            |
| Percent Utilizing (Utilization)                               | 60.0%                 | 57.6%                 | 0                     | 4.1%            |
| <b>Claim Summary</b>  |                       |                       |                       |                 |
| Net Claims (Total Rx's)                                       | 42,787                | 39,431                | 3,356                 | 8.5%            |
| Claims per Elig Member per Month (Claims PMPM)                | 1.61                  | 1.55                  | 0.06                  | 3.9%            |
| Total Claims for Generic (Generic Rx)                         | 37,154                | 34,180                | 2,974.00              | 8.7%            |
| Total Claims for Brand (Brand Rx)                             | 5,633                 | 5,251                 | 382.00                | 7.3%            |
| Total Claims for Brand w/Gen Equiv (Multisource Brand Claims) | 702                   | 633                   | 69.00                 | 10.9%           |
| Total Non-Specialty Claims                                    | 42,409                | 39,178                | 3,231.00              | 8.2%            |
| Total Specialty Claims  | 378                   | 253                   | 125.00                | 49.4%           |
| <b>Generic % of Total Claims (GFR)</b>                        | <b>86.8%</b>          | <b>86.7%</b>          | 0.00                  | 0.2%            |
| Generic Effective Rate (GCR)                                  | <b>98.1%</b>          | <b>98.2%</b>          | (0.00)                | 0.0%            |
| Mail Order Claims   | 4,185                 | 3,382                 | 803.00                | 23.7%           |
| Mail Penetration Rate*  | 10.8%                 | 9.4%                  | 0.01                  | 1.4%            |
| <b>Claims Cost Summary</b>                                    |                       |                       |                       |                 |
| Total Prescription Cost (Total Gross Cost)                    | \$4,865,324.00        | \$3,529,594.00        | \$1,335,730.00        | 37.8%           |
| Total Generic Gross Cost                                      | \$939,969.00          | \$824,022.00          | \$115,947.00          | 14.1%           |
| Total Brand Gross Cost  | \$3,925,355.00        | \$2,705,573.00        | \$1,219,782.00        | 45.1%           |
| Total MSB Gross Cost  | \$135,251.00          | \$81,434.00           | \$53,817.00           | 66.1%           |
| Total Ingredient Cost   | \$4,845,268.00        | \$3,510,633.00        | \$1,334,635.00        | 38.0%           |
| Total Dispensing Fee  | \$19,432.00           | \$18,532.00           | \$900.00              | 4.9%            |
| Total Other (e.g. tax)  | \$624.00              | \$430.00              | \$194.00              | 45.1%           |
| Avg Total Cost per Claim (Gross Cost/Rx)                      | <b>\$113.71</b>       | <b>\$89.51</b>        | \$24.20               | 27.0%           |
| Avg Total Cost for Generic (Gross Cost/Generic Rx)            | \$25.30               | \$24.11               | \$1.19                | 4.9%            |
| Avg Total Cost for Brand (Gross Cost/Brand Rx)                | \$696.85              | \$515.25              | \$181.60              | 35.2%           |
| Avg Total Cost for MSB (MSB Gross Cost/MSB ARx)               | \$192.67              | \$128.65              | \$64.02               | 49.8%           |
| <b>Member Cost Summary</b>                                    |                       |                       |                       |                 |
| <b>Total Member Cost</b>                                      | <b>\$824,831.00</b>   | <b>\$722,055.00</b>   | \$102,776.00          | 14.2%           |
| Total Copay   | \$824,831.00          | \$722,055.00          | \$102,776.00          | 14.2%           |
| Total Deductible  | \$0.00                | \$0.00                | \$0.00                | 0.0%            |
| Avg Copay per Claim (Copay/Rx)                                | \$19.28               | \$18.31               | \$0.97                | 5.3%            |
| <b>Avg Participant Share per Claim (Copay+Deductible/RX)</b>  | <b>\$19.28</b>        | <b>\$18.31</b>        | <b>\$0.97</b>         | <b>5.3%</b>     |
| Avg Copay for Generic (Copay/Generic Rx)                      | \$7.57                | \$6.36                | \$1.21                | 19.0%           |
| Avg Copay for Brand (Copay/Brand Rx)                          | \$96.50               | \$96.13               | \$0.37                | 0.4%            |
| Avg Copay for Brand w/ Generic Equiv (Copay/Multisource Rx)   | \$27.64               | \$27.42               | \$0.22                | 0.8%            |
| <b>Net PMPM (Participant Cost PMPM)</b>                       | <b>\$31.13</b>        | <b>\$28.39</b>        | \$2.74                | 9.7%            |
| Copay % of Total Prescription Cost (Member Cost Share %)      | 17.0%                 | 20.5%                 | -3.5%                 | -17.1%          |
| <b>Plan Cost Summary</b>                                      |                       |                       |                       |                 |
| <b>Total Plan Cost (Plan Cost)</b>                            | <b>\$4,040,493.00</b> | <b>\$2,807,539.00</b> | <b>\$1,232,954.00</b> | <b>43.9%</b>    |
| Total Non-Specialty Cost (Non-Specialty Plan Cost)            | \$2,144,606.00        | \$1,879,864.00        | \$264,742.00          | 14.1%           |
| Total Specialty Drug Cost (Specialty Plan Cost)               | \$1,895,887.00        | \$928,675.00          | \$967,212.00          | 104.1%          |
| <b>Avg Plan Cost per Claim (Plan Cost/Rx)</b>                 | <b>\$94.43</b>        | <b>\$71.20</b>        | \$23.23               | 32.6%           |
| Avg Plan Cost for Generic (Plan Cost/Generic Rx)              | \$17.73               | \$17.75               | (\$0.02)              | -0.1%           |
| Avg Plan Cost for Brand (Plan Cost/Brand Rx)                  | \$600.35              | \$419.12              | \$181.23              | 43.2%           |
| Avg Plan Cost for MSB (MSB Plan Cost/MSB ARx)                 | \$165.02              | \$101.23              | \$63.79               | 63.0%           |
| <b>Net PMPM (Plan Cost PMPM)</b>                              | <b>\$152.49</b>       | <b>\$110.37</b>       | <b>\$42.12</b>        | <b>38.2%</b>    |
| PMPM for Specialty Only (Specialty PMPM)                      | \$80.94               | \$73.90               | \$7.04                | 9.5%            |
| PMPM without Specialty (Non-Specialty PMPM)                   | \$71.55               | \$36.47               | \$35.08               | 96.2%           |
| Rebates (Q1 FY2020 estimated)                                 | \$916,199.00          | \$707,497.00          | \$208,702.00          | 29.5%           |
| <b>Net PMPM (Plan Cost PMPM factoring Rebates)</b>            | <b>\$117.92</b>       | <b>\$82.56</b>        | <b>\$35.36</b>        | <b>42.8%</b>    |
| PMPM for Specialty Only (Specialty PMPM)                      | \$56.81               | \$52.74               | \$4.07                | 7.7%            |
| PMPM without Specialty (Non-Specialty PMPM)                   | \$61.10               | \$29.82               | \$31.28               | 104.9%          |



## **Appendix C**





HEALTH PLAN OF NEVADA  
A UnitedHealthcare Company



# Performance Standards and Guarantees Quarterly Update for July 2019 -September 2019

November 15, 2019

**Health Plan of Nevada HMO**  
**Performance Standards and Guarantees- Self Reported**  
 Quarterly Report for July 2019 – September 2019

| Service Performance Standard (Metric) | Guarantee Measurement  | Actual   | Pass/Fail |
|---------------------------------------|--|----------|-----------|
| I. Claims Processing                  | 97% - Claims Financial Accuracy  | 100%     | Pass      |
|                                       | 95% - Claims Procedural Accuracy   | 100%     | Pass      |
|                                       | 95% in 30 working days - Clean claims turnaround for unaffiliated providers                              | 99%      | Pass      |
| II. Participant Correspondence        | ID Card Turnaround- Mailed within 10 working days of date of eligibility input                           | 7 days   | Pass      |
|                                       | Membership materials (electronic)- Available within 10 working days of date of eligibility input         | 9 days   | Pass      |
| III. Customer Service- Telephone      | Speed to queue and answer by live voice- Within 60 seconds   | 8 sec    | Pass      |
|                                       | 5% or less - Telephone abandonment rate  | 1%       | Pass      |
| IV. Other Customer Service            | 98% - Resolved resolution within 30 days of receipt of written correspondence (i.e. complaint or appeal) | 100%     | Pass      |
|                                       | Notification to member regarding PCP disenrollment - within 30 working days                              | 100%     | Pass      |
|                                       | Primary Care Physician /Member Ratio - 1 to 2450   | 1 to 313 | Pass      |

November 15, 2019

# 4.3.

## 4. Consent Agenda (Peter Long, Board Chair) (**All Items for Possible Action**)

Consent items will be considered together and acted on in one motion unless an item is removed to be considered separately by the Board.

### 4.3 Quarterly vendor reports for timeframe July 1, 2019 – September 30, 2019

4.3.1 HealthSCOPE Benefits – Obesity Care Management Program

4.3.2 HealthSCOPE Benefits – Diabetes Care Management Program

4.3.3 American Health Holdings - Utilization and Large Case Management

4.3.4 The Standard Insurance – Basic Life and Long-Term Disability Insurance

4.3.5 Willis Towers Watson’s Individual Marketplace Enrollment & Performance Report

4.3.6 Hometown Health Providers and Sierra Healthcare Options – PPO Network



# 4.3.1.

## 4. Consent Agenda (Peter Long, Board Chair) (**All Items for Possible Action**)

Consent items will be considered together and acted on in one motion unless an item is removed to be considered separately by the Board.

### 4.3 Quarterly vendor reports for timeframe July 1, 2019 – September 30, 2019

#### 4.3.1. HealthSCOPE Benefits – Obesity Care Management Program





# HSB DATASCOPE™

## Obesity Care Management Report

### Nevada Public Employees' Benefits Program

July 2019 – September 2019

Reimagine | Rediscover **Benefits**

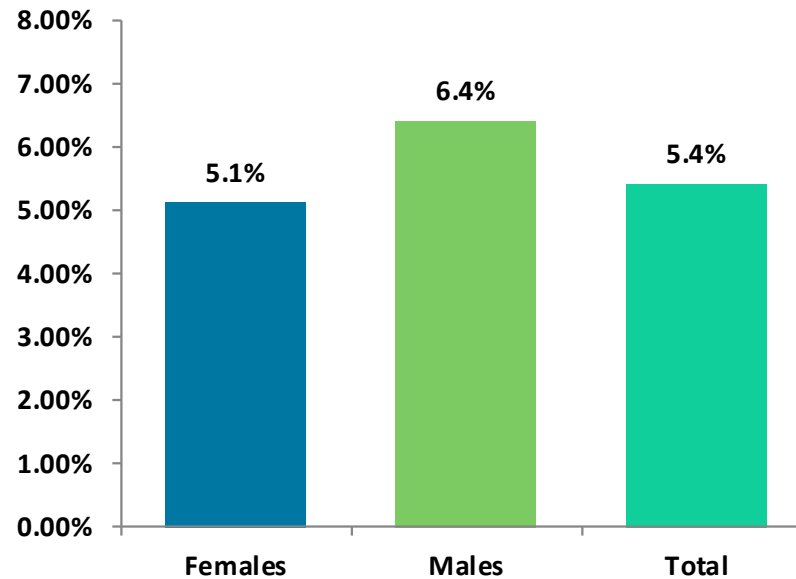


# Obesity Care Management Overview

\*Non-Participant is defined as a member who has been diagnosed with obesity in the past 12 months, but is not enrolled in the program

| PEBP 1Q20                  |         |         |          |
|----------------------------|---------|---------|----------|
| Weight Management Summary  | Females | Males   | Total    |
| # Mbrs Enrolled in Program | 857     | 224     | 1,081    |
| Average # Lbs. Lost        | 10.8    | 15.6    | 11.8     |
| Total # Lbs. Lost          | 9,291.2 | 3,498.8 | 12,790.0 |
| % Lbs. Lost                | 5.1%    | 6.4%    | 5.4%     |
| Average Cost/ Member       | \$4,754 | \$4,102 | \$4,619  |

**% Pounds Lost**



# Obesity Care Management – Financial Summary

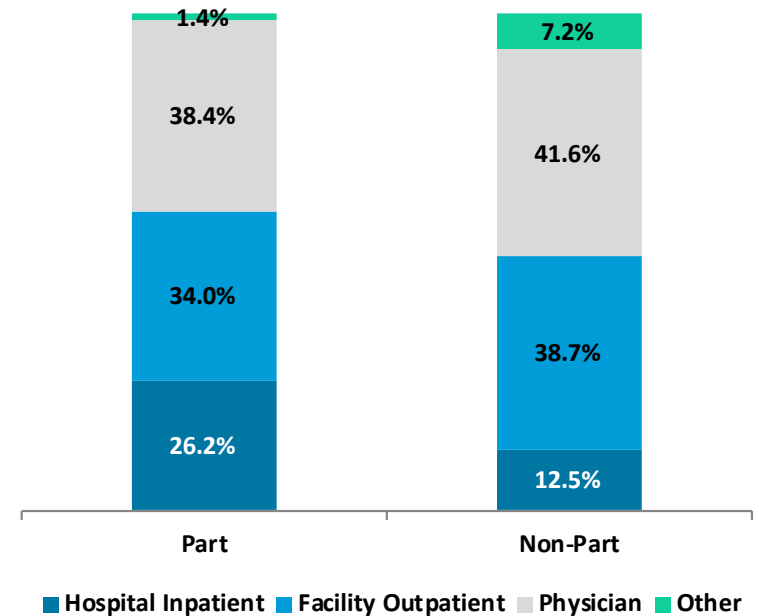
\*Non-Participant is defined as a member who has been diagnosed with obesity in the past 12 months, but is not enrolled in the program

| Summary  | Participants | Non-Participants | Variance |
|--|--------------|------------------|----------|
| <b>Enrollment</b>                              |              |                  |          |
| Avg # Employees                                | 945          | 596              | 58.5%    |
| Avg # Members                                  | 1,039        | 801              | 29.8%    |
| Member/Employee Ratio                          | 1.1          | 1.3              | -17.9%   |
| <b>Financial Summary</b>                       |              |                  |          |
| Gross Cost                                     | \$1,784,173  | \$1,811,377      |          |
| Client Paid                                    | \$1,318,694  | \$1,400,197      |          |
| Employee Paid                                  | \$465,479    | \$411,180        |          |
| Client Paid-PEPY                               | \$5,580      | \$9,392          | -40.6%   |
| Client Paid-PMPY                               | \$5,075      | \$6,995          | -27.4%   |
| Client Paid-PEPM                               | \$465        | \$783            | -40.6%   |
| Client Paid-PMPM                               | \$423        | \$583            | -27.4%   |
| <b>High Cost Claimants (HCC's) &gt; \$100k</b> |              |                  |          |
| # of HCC's                                     | 2            | 0                |          |
| HCC's / 1,000                                  | 1.9          | 0.0              | 0.0%     |
| Avg HCC Paid                                   | \$163,285    |                  | 0.0%     |
| HCC's % of Plan Paid                           | 24.8%        | 0.0%             | 0.0%     |
| <b>Cost Distribution - PMPY</b>                |              |                  |          |
| Hospital Inpatient                             | \$1,328      | \$872            | 52.3%    |
| Facility Outpatient                            | \$1,728      | \$2,706          | -36.1%   |
| Physician                                      | \$1,951      | \$2,910          | -33.0%   |
| Other  | \$69         | \$507            | -86.4%   |
| Total  | \$5,075      | \$6,995          | -27.4%   |

Annualized

Annualized

**Cost Distribution by Claim Type**



# Obesity Care Management – Utilization Summary

\*Non-Participant is defined as a member who has been diagnosed with obesity in the past 12 months, but is not enrolled in the program

| Summary                     | Participants | Non-Participants | Variance |
|-----------------------------|--------------|------------------|----------|
| <b>Inpatient Facility</b>   |              |                  |          |
| # of Admits                 | 19           | 14               |          |
| # of Bed Days               | 82           | 69               |          |
| Paid Per Admit              | \$20,705     | \$13,633         | 51.9%    |
| Paid Per Day                | \$4,798      | \$2,766          | 73.5%    |
| Admits Per 1,000            | 73           | 70               | 4.3%     |
| Days Per 1,000              | 316          | 345              | -8.4%    |
| Avg LOS                     | 4.3          | 4.9              | -12.2%   |
| <b>Physician Office</b>     |              |                  |          |
| OV Utilization per Member   | 10.7         | 9.4              | 13.8%    |
| Avg Paid per OV             | \$68         | \$58             | 17.2%    |
| Avg OV Paid per Member      | \$728        | \$544            | 33.8%    |
| DX&L Utilization per Member | 16.6         | 20.5             | -19.0%   |
| Avg Paid per DX&L           | \$46         | \$58             | -20.7%   |
| Avg DX&L Paid per Member    | \$767        | \$1,186          | -35.3%   |
| <b>Emergency Room</b>       |              |                  |          |
| # of Visits                 | 74           | 63               |          |
| # of Admits                 | 8            | 4                |          |
| Visits Per Member           | 0.28         | 0.31             | -9.7%    |
| Visits Per 1,000            | 285          | 315              | -9.5%    |
| Avg Paid per Visit          | \$2,263      | \$2,881          | -21.5%   |
| Admits Per Visit            | 0.11         | 0.06             | 83.3%    |
| <b>Urgent Care</b>          |              |                  |          |
| # of Visits                 | 136          | 110              |          |
| Visits Per Member           | 0.52         | 0.55             | -5.5%    |
| Visits Per 1,000            | 523          | 550              | -4.9%    |
| Avg Paid per Visit          | \$45         | \$115            | -60.9%   |

Annualized      Annualized

# 4.3.2.

## 4. Consent Agenda (Peter Long, Board Chair) **(All Items for Possible Action)**

Consent items will be considered together and acted on in one motion unless an item is removed to be considered separately by the Board.

### 4.3. Quarterly vendor reports for timeframe July 1, 2019 – September 30, 2019

#### 4.3.2. HealthSCOPE Benefits – Diabetes Care Management Program



# HSB DATASCOPE™

## Diabetes Care Management Report

### Nevada Public Employees' Benefits Program

July 2019 – September 2019

Reimagine | Rediscover **Benefits**



# Diabetes Care Management – Financial Summary

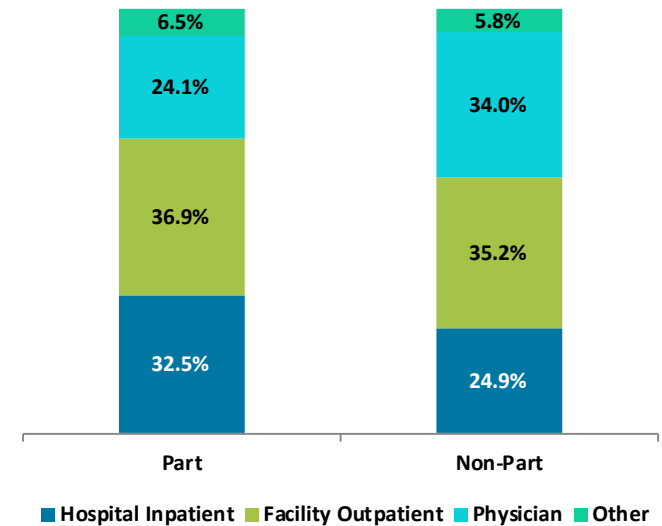
\*Non-Participant is defined as a member who has been diagnosed with diabetes in the past 12 months, but is not enrolled in the program  
 \*Analysis based on active members

| Summary  | Participants | Non-Participants | Variance |
|--|--------------|------------------|----------|
| <b>Enrollment</b>                              |              |                  |          |
| Avg # Employees                                | 442          | 1,413            | -68.7%   |
| Avg # Members                                  | 614          | 1,767            | -65.2%   |
| Member/Employee Ratio                          | 1.4          | 1.3              | 11.2%    |
| <b>Financial Summary</b>                       |              |                  |          |
| Gross Cost                                     | \$1,548,828  | \$4,755,021      |          |
| Client Paid                                    | \$1,202,952  | \$3,786,783      |          |
| Employee Paid                                  | \$345,875    | \$968,238        |          |
| Client Paid-PEPY                               | \$10,878     | \$10,720         | 1.5%     |
| Client Paid-PMPY                               | \$7,833      | \$8,574          | -8.6%    |
| Client Paid-PEPM                               | \$907        | \$893            | 1.6%     |
| Client Paid-PMPM                               | \$653        | \$714            | -8.5%    |
| <b>High Cost Claimants (HCC's) &gt; \$100k</b> |              |                  |          |
| # of HCC's                                     | 1            | 3                |          |
| HCC's / 1,000                                  | 1.6          | 1.7              | 0.0%     |
| Avg HCC Paid                                   | \$258,720    | \$154,469        | 0.0%     |
| HCC's % of Plan Paid                           | 21.5%        | 12.20%           | 0.0%     |
| <b>Cost Distribution - PMPY</b>                |              |                  |          |
| Hospital Inpatient                             | \$2,547      | \$2,139          | 19.1%    |
| Facility Outpatient                            | \$2,891      | \$3,017          | -4.2%    |
| Physician                                      | \$1,884      | \$2,918          | -35.4%   |
| Other  | \$510        | \$500            | 2.0%     |
| Total  | \$7,833      | \$8,574          | -8.6%    |

Annualized

Annualized

## Cost Distribution by Claim Type





# Diabetes Care Management – Utilization Summary

\*Non-Participant is defined as a member who has been diagnosed with diabetes in the past 12 months, but is not enrolled in the program  
 \*Analysis based on active members

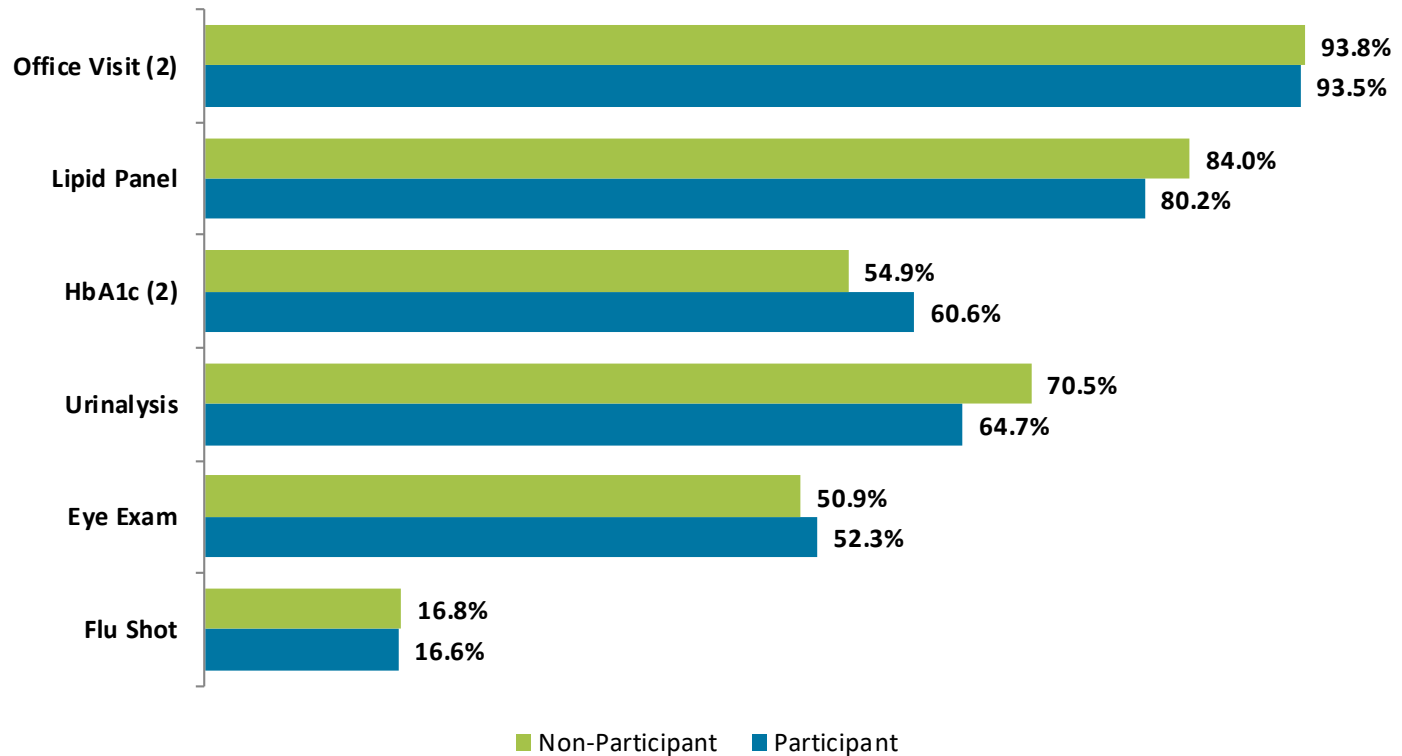
| Summary                     | Participants | Non-Participants | Variance |
|-----------------------------|--------------|------------------|----------|
| <b>Inpatient Facility</b>   |              |                  |          |
| # of Admits                 | 17           | 61               |          |
| # of Bed Days               | 87           | 219              |          |
| Paid Per Admit              | \$22,660     | \$14,248         | 59.0%    |
| Paid Per Day                | \$4,428      | \$3,969          | 11.6%    |
| Admits Per 1,000            | 111          | 138              | -19.6%   |
| Days Per 1,000              | 566          | 496              | 14.1%    |
| Avg LOS                     | 5.1          | 3.6              | 41.7%    |
| <b>Physician Office</b>     |              |                  |          |
| OV Utilization per Member   | 7.4          | 9.5              | -22.1%   |
| Avg Paid per OV             | \$58         | \$54             | 7.4%     |
| Avg OV Paid per Member      | \$428        | \$515            | -16.9%   |
| DX&L Utilization per Member | 18.2         | 24.6             | -26.0%   |
| Avg Paid per DX&L           | \$63         | \$50             | 26.0%    |
| Avg DX&L Paid per Member    | \$1,143      | \$1,237          | -7.6%    |
| <b>Emergency Room</b>       |              |                  |          |
| # of Visits                 | 46           | 176              |          |
| # of Admits                 | 8            | 44               |          |
| Visits Per Member           | 0.3          | 0.40             | -25.0%   |
| Visits Per 1,000            | 300          | 398              | -24.6%   |
| Avg Paid per Visit          | \$1,722      | \$2,526          | -31.8%   |
| Admits Per Visit            | 0.17         | 0.25             | -32.0%   |
| <b>Urgent Care</b>          |              |                  |          |
| # of Visits                 | 33           | 180              |          |
| Visits Per Member           | 0.21         | 0.41             | -48.8%   |
| Visits Per 1,000            | 215          | 408              | -47.3%   |
| Avg Paid per Visit          | \$61         | \$87             | -29.9%   |

Annualized      Annualized

# Diabetic Compliance

\*Based on 15 mo. of utilization/12 mo. paid data on members with 9 mo. of service or greater

| Diabetic Population |             |                 |
|---------------------|-------------|-----------------|
| Year                | Participant | Non-Participant |
| Members             | 459         | 1,836           |



# 4.3.3.

## 4. Consent Agenda (Peter Long, Board Chair) **(All Items for Possible Action)**

Consent items will be considered together and acted on in one motion unless an item is removed to be considered separately by the Board.

### 4.3. Quarterly vendor reports for timeframe July 1, 2019 – September 30, 2019

#### 4.3.3. America Health Holdings – Utilization and Large Case Management





# Public Employees' Benefits Program – State of Nevada

Medical Management Review  
Q1 PY 2020

July 1, 2019 – September 30, 2019

# Table of Contents

## Return on Investment

## Medical Management Summary

- Utilization Management Summary
- Case Management Summary
- Post-Discharge Counseling

## Utilization Analysis

## Glossary

- Utilization Management Summary
- Case Management Summary

## Return on Investment

The following table summarizes medical management savings and ROI for the Public Employees' Benefits Program during the period July 1, 2019 through September 30, 2019. Utilization Management savings are achieved through medical necessity reviews of requested inpatient bed days and outpatient services. Case Management savings are estimated costs that would have been incurred to the plan, had we not intervened.

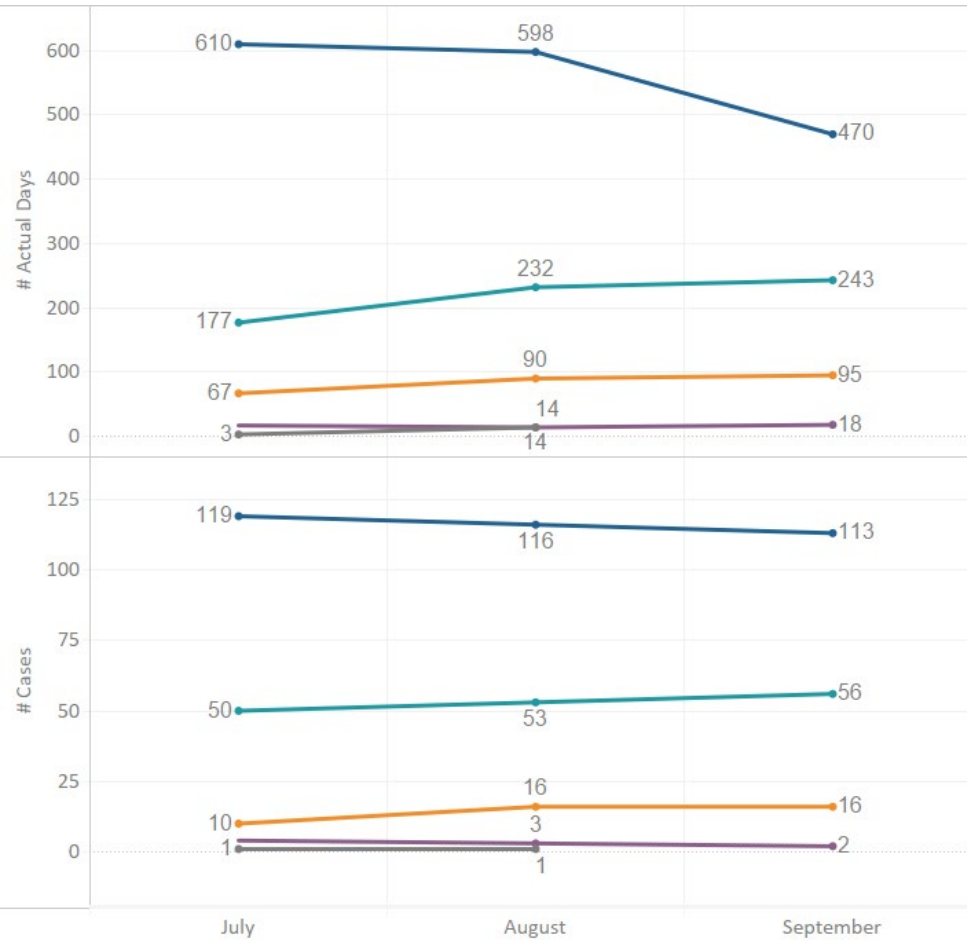
| 7/1/2019 - 9/30/2019   |           |                   |          |
|------------------------|-----------|-------------------|----------|
|                        | Fees      | Estimated Savings | ROI      |
| Utilization Management | \$146,351 | \$854,676         | 5.8 to 1 |
| Case Management        | \$294,385 | \$1,105,672       | 3.8 to 1 |
| Total                  | \$440,736 | \$1,960,348       | 4.4 to 1 |

| Utilization Management Breakout |            |
|---------------------------------|------------|
| Inpatient Savings:              | \$ 786,700 |
| Outpatient Savings:             | \$ 67,976  |
| Total:                          | \$ 854,676 |

# Utilization Management



## Acute Inpatient Activity Summary



July 1, 2019 - September 30, 2019

|                    | # Cases    | # Actual Days | # Requested Days | # Days Approved | # Saved Days | Estimated Savings |
|--------------------|------------|---------------|------------------|-----------------|--------------|-------------------|
| Medical            | 348        | 1,678         | 1,697            | 1,643           | 54           | \$332,550         |
| Surgical           | 159        | 652           | 657              | 625             | 32           | \$413,792         |
| Mental Health      | 42         | 252           | 254              | 248             | 6            | \$8,320           |
| Substance Abuse    | 9          | 49            | 49               | 34              | 15           | \$18,623          |
| Obstetrics         | 2          | 17            | 17               | 17              | 0            | \$0               |
| <b>Grand Total</b> | <b>560</b> | <b>2,648</b>  | <b>2,674</b>     | <b>2,567</b>    | <b>107</b>   | <b>\$773,284</b>  |

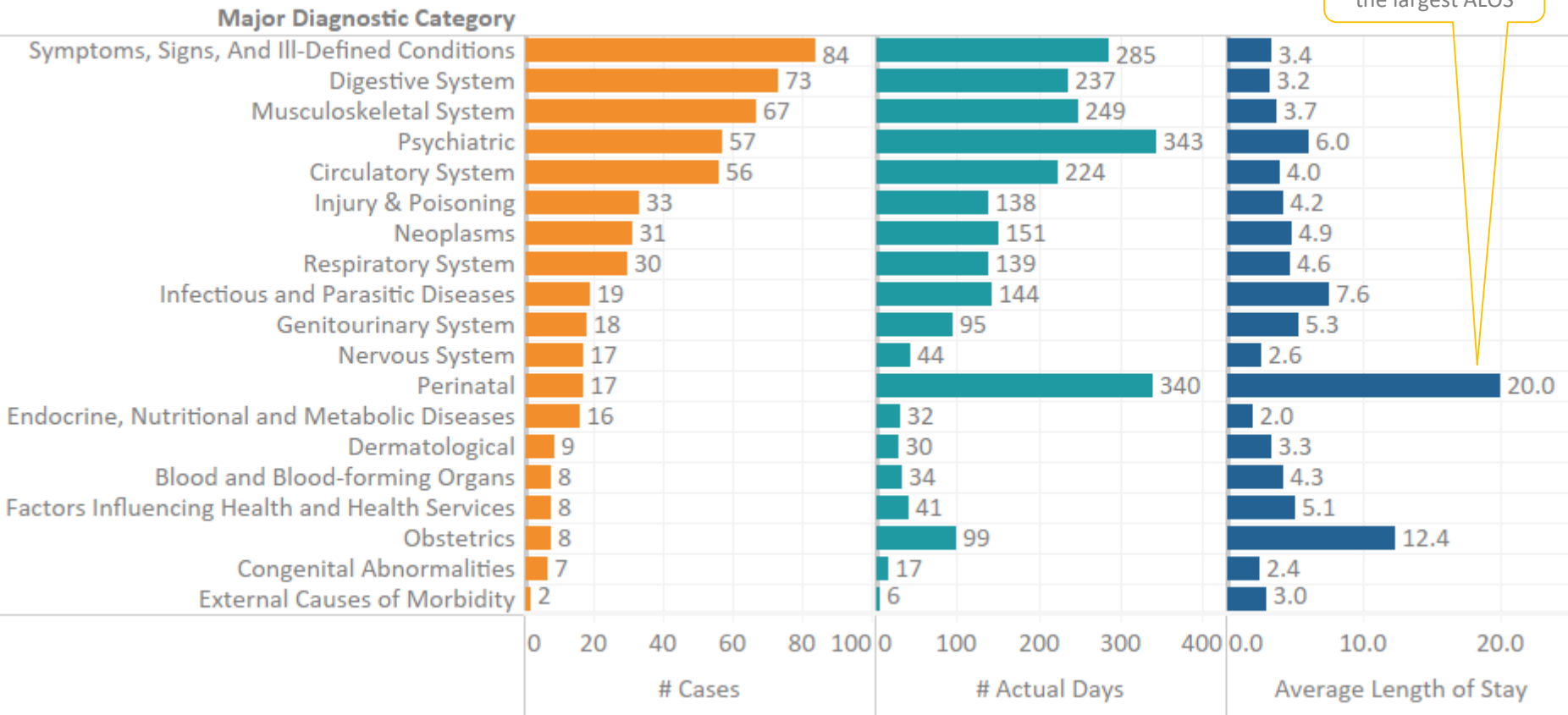
As a result of the Utilization Review process, 107 unnecessary bed days were saved resulting in **\$773,284** in estimated savings

- Medical
- Mental Health
- Obstetrics
- Substance Abuse
- Surgical

## Acute Inpatient – Cases and Actual Days by Diagnostic Categories

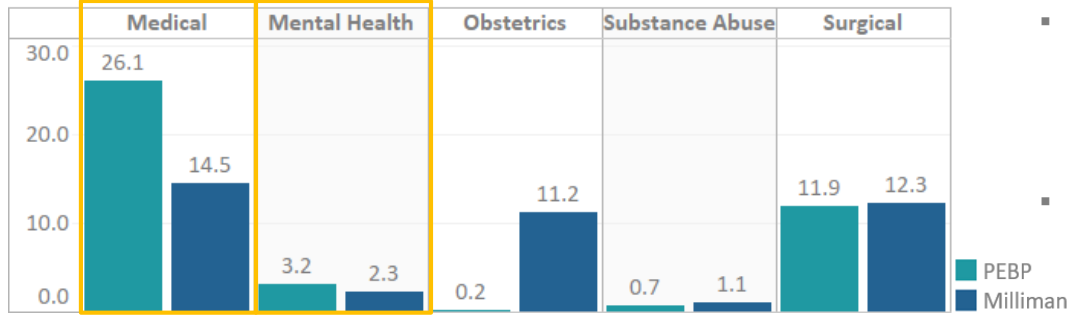
The graph below presents the number of cases, actual days, and average length of stay of the top major diagnostic categories during the report period.

Perinatal represents the largest ALOS



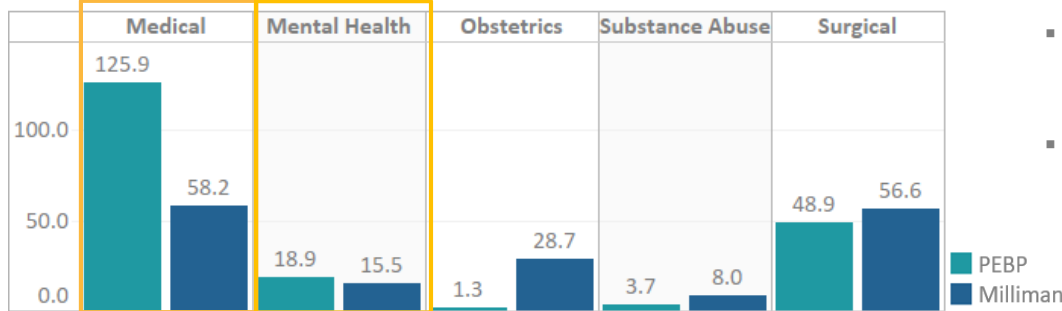
## Acute Inpatient – Utilization Benchmarks

Admissions per 1,000



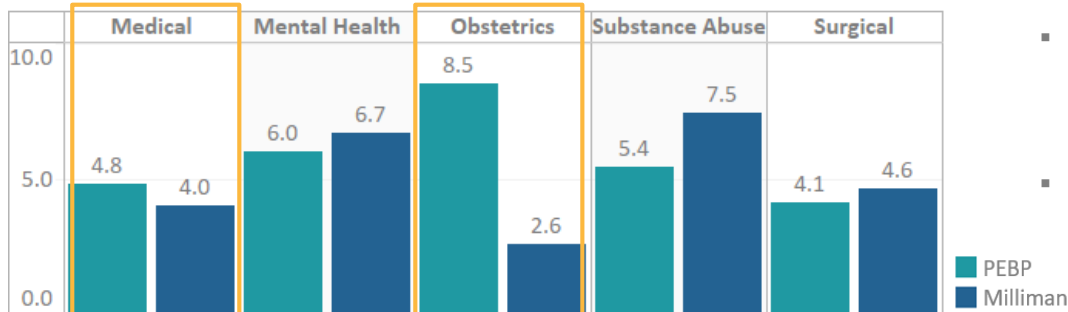
- Medical: Admissions were **80.0%** higher than Milliman benchmark. There were 328 admissions during the 1st quarter of PY 2020.
  - 2 members had 4 inpatient admissions
  - 6 members had 3 inpatient admissions
  - 36 members had 2 inpatient admissions
- Mental Health: Admissions were 39.1% higher than Milliman benchmark. There were 38 admissions during the 1st quarter of PY 2020.
  - 1 members had 3 inpatient admissions
  - 5 members had 2 inpatient admissions

Days per 1,000



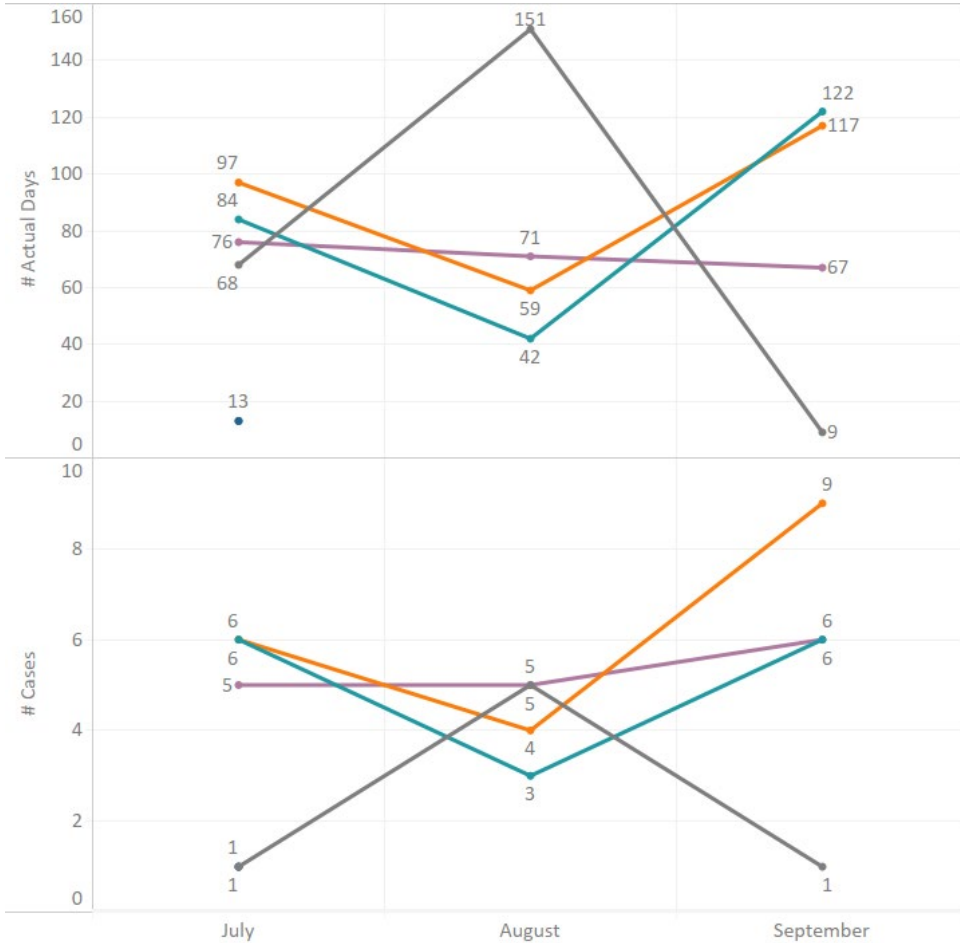
- Medical: Days were 116.3% higher than Milliman benchmark.
  - 12 members utilized 20 or more days each during the 1st quarter of PY 2020
- Mental Health: Days were 21.9% higher than Milliman benchmark.
  - 3 members utilized 16 or more days each during the 1st quarter of PY 2020

Average Length of Stay



- Medical: ALOS were **0.8** days higher than Milliman benchmark.
  - 107 of the 348 cases were above the benchmark
  - Removal of 12 outlier cases that consumed 20 or more days each resulted in an ALOS of 3.8
- Obstetrics: ALOS were **5.9** days higher than Milliman benchmark.
  - There were only 2 cases for obstetrics, and both were above the benchmark

## Non-Acute Inpatient Activity Summary



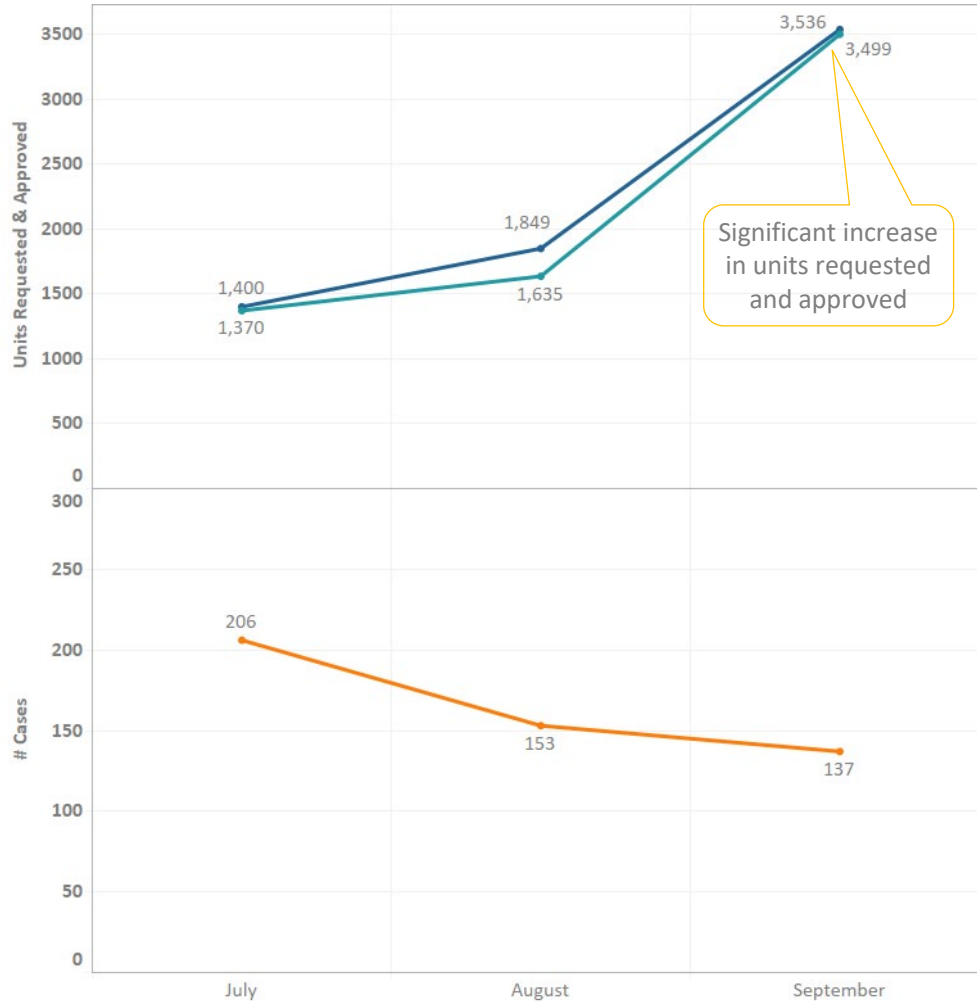
July 1, 2019 - September 30, 2019

|                             | # Cases   | # Actual Days | # Requested Days | # Days Approved | # Saved Days | Estimated Savings |
|-----------------------------|-----------|---------------|------------------|-----------------|--------------|-------------------|
| Residential Substance Abuse | 19        | 273           | 276              | 275             | 1            | \$903             |
| Skilled Nsg Facility        | 16        | 214           | 218              | 208             | 10           | \$6,808           |
| Medical Rehab               | 15        | 248           | 254              | 252             | 2            | \$5,705           |
| Long Term Acute             | 7         | 228           | 228              | 228             | 0            | \$0               |
| Residential Mental Health   | 1         | 13            | 13               | 13              | 0            | \$0               |
| <b>Grand Total</b>          | <b>58</b> | <b>976</b>    | <b>989</b>       | <b>976</b>      | <b>13</b>    | <b>\$13,416</b>   |

As a result of the Utilization Review process, 13 unnecessary bed days were saved resulting in **\$13,416** in estimated savings

- Long Term Acute
- Medical Rehab
- Residential Mental Health
- Residential Substance Abuse
- Skilled Nsg Facility

## Outpatient – Summary



Surgery represents 51% of all case types

July 1, 2019 - September 30, 2019

|                        | # Cases    | Units Requested | Units Approved | Units Saved | Estimated Savings |
|------------------------|------------|-----------------|----------------|-------------|-------------------|
| <b>Surgery</b>         | 255        | 651             | 646            | 5           | \$8,075           |
| <b>Diagnostic Test</b> | 105        | 153             | 127            | 26          | \$36,650          |
| <b>Med Treatment</b>   | 54         | 2,037           | 2,002          | 35          | \$21,773          |
| <b>DME</b>             | 53         | 3,024           | 2,821          | 203         | \$1,479           |
| <b>Home Health</b>     | 9          | 256             | 256            | 0           | \$0               |
| <b>Home Infusion</b>   | 9          | 467             | 458            | 9           | \$0               |
| <b>MH/SA</b>           | 8          | 107             | 104            | 3           | \$0               |
| <b>PT/OT/ST</b>        | 3          | 90              | 90             | 0           | \$0               |
| <b>Grand Total</b>     | <b>496</b> | <b>6,785</b>    | <b>6,504</b>   | <b>281</b>  | <b>\$67,976</b>   |

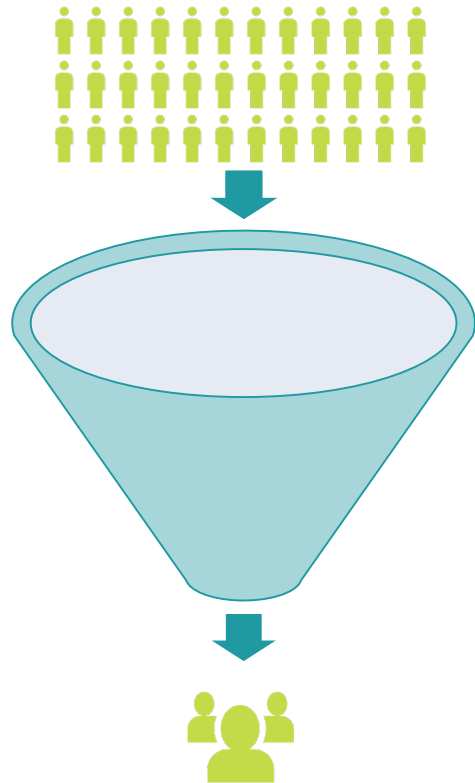
There were 281 units saved resulting in \$67,976 in estimated savings

- # Cases
- Units Approved
- Units Requested

Outpatient savings are based on the number of non-certified units by each procedure (CPT, HCPCS) multiplied by unit or days within an authorization or Therapies sessions one unit equals one day.

## Case Management Referrals from Utilization Management

A critical function of Utilization Management is to identify members who are in need of more extensive Case Management services. One procedure that fulfills this function is the trigger of Utilization Management cases that meet specific requirements to Case Management.



- 618 inpatient cases were completed in Utilization Review
- 496 outpatient cases were completed in Utilization Review
  
- 351 inpatient cases (56.8%) automatically triggered to Case Management
- 137 outpatient cases (27.6%) automatically triggered to Case Management
  
- 153 inpatient cases (43.6%) were deemed appropriate for Case Management
- 16 outpatient cases (11.7%) were deemed appropriate for Case Management
  
- AHH BoB UM inpatient referrals to CM acceptance rate = 30.7%
- AHH BoB UM outpatient referrals to CM acceptance rate = 14.5%

# Case Management

## Case Management Summary

In the report period, our Case Managers performed interventions on behalf of the Public Employees' Benefits Program plan. Through their work with members, facilities and physicians, these Case Managers achieved over \$1.1M in estimated savings. Savings are costs that potentially would have incurred to the plan, had we not intervened.

The following tables illustrate overall case activity and total savings achieved for the report period:

| Case Activity     | 7/1/2019- 9/30/2019 |
|-------------------|---------------------|
| Beginning Cases   | 91                  |
| Opened Cases      | 228                 |
| Closed Cases      | 137                 |
| Ending Open Cases | 182                 |

| Total Case Management Savings |
|-------------------------------|
| \$1,105,672                   |

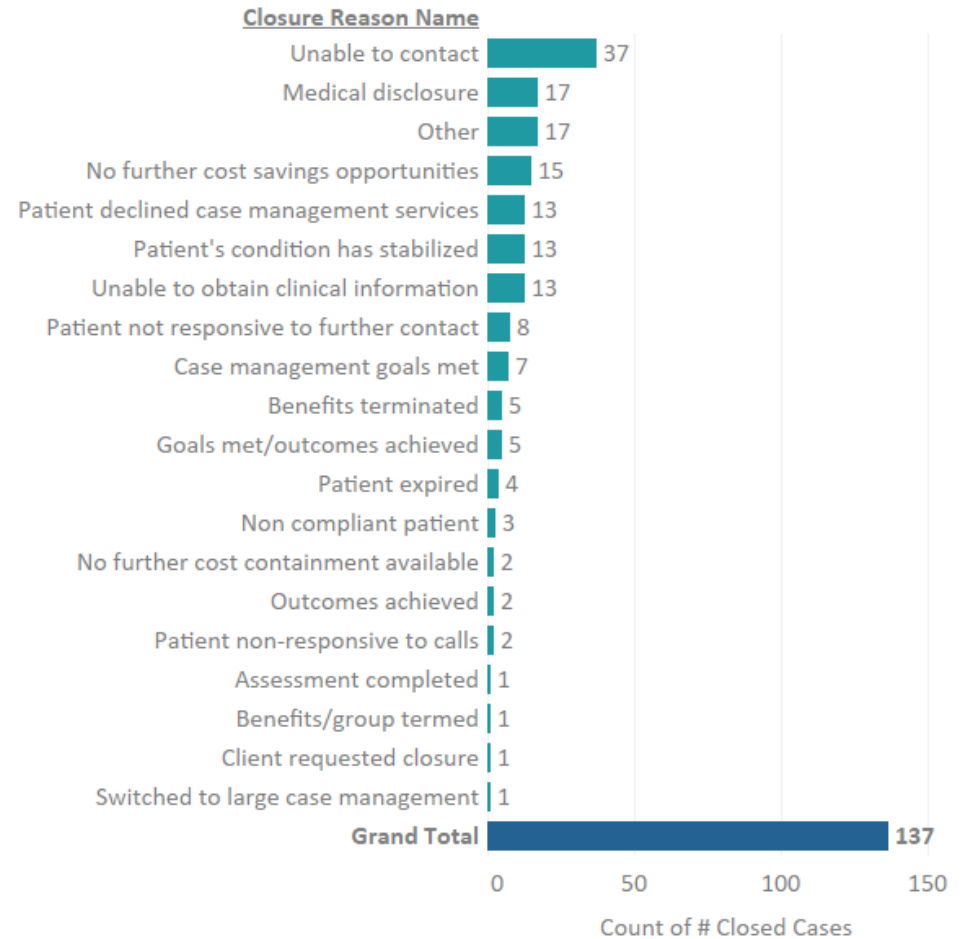
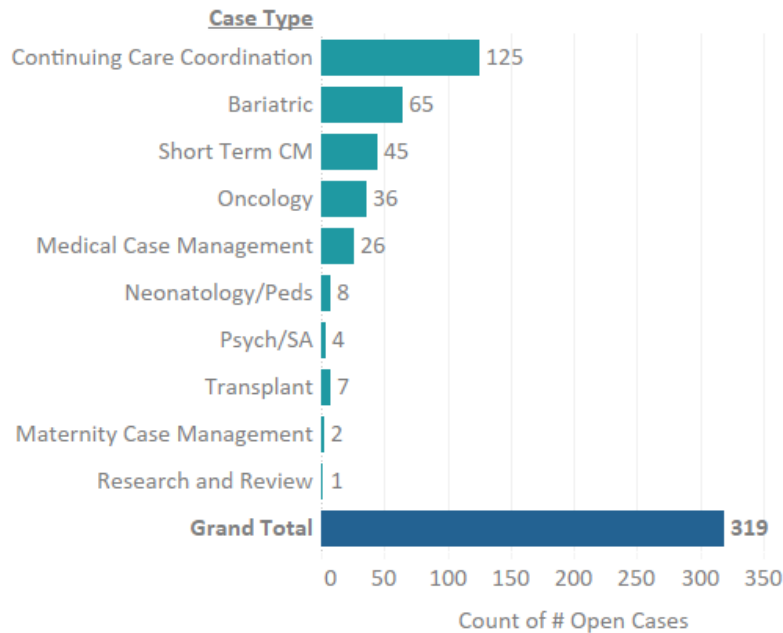
Average Savings per Case = **\$3,466**

(based on 319 cases in an open state between 7/01/2019 and 9/30/2019)



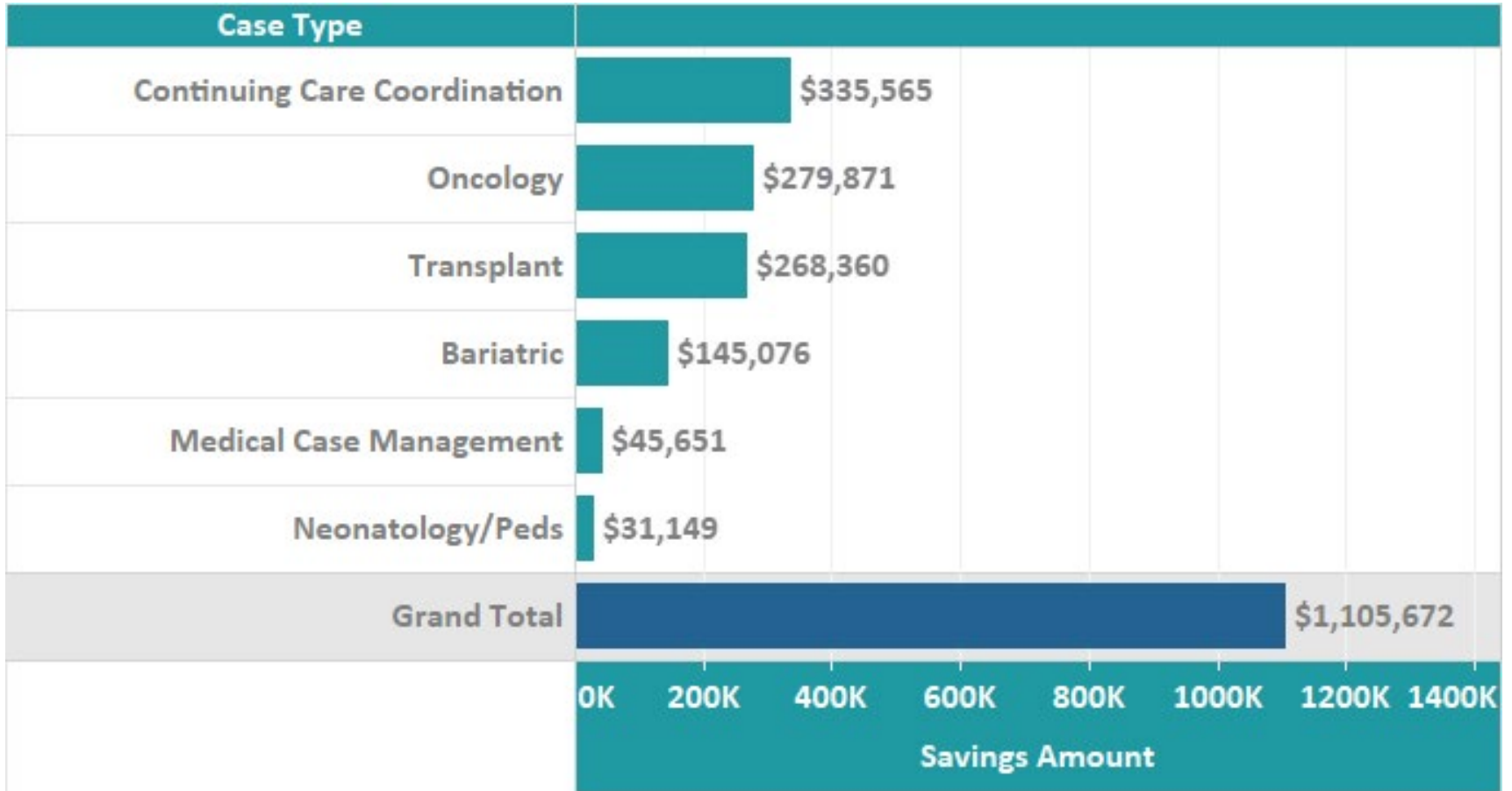
## Case Management Activity

The following tables summarize the number of open cases by case type and closed cases by closure reason.



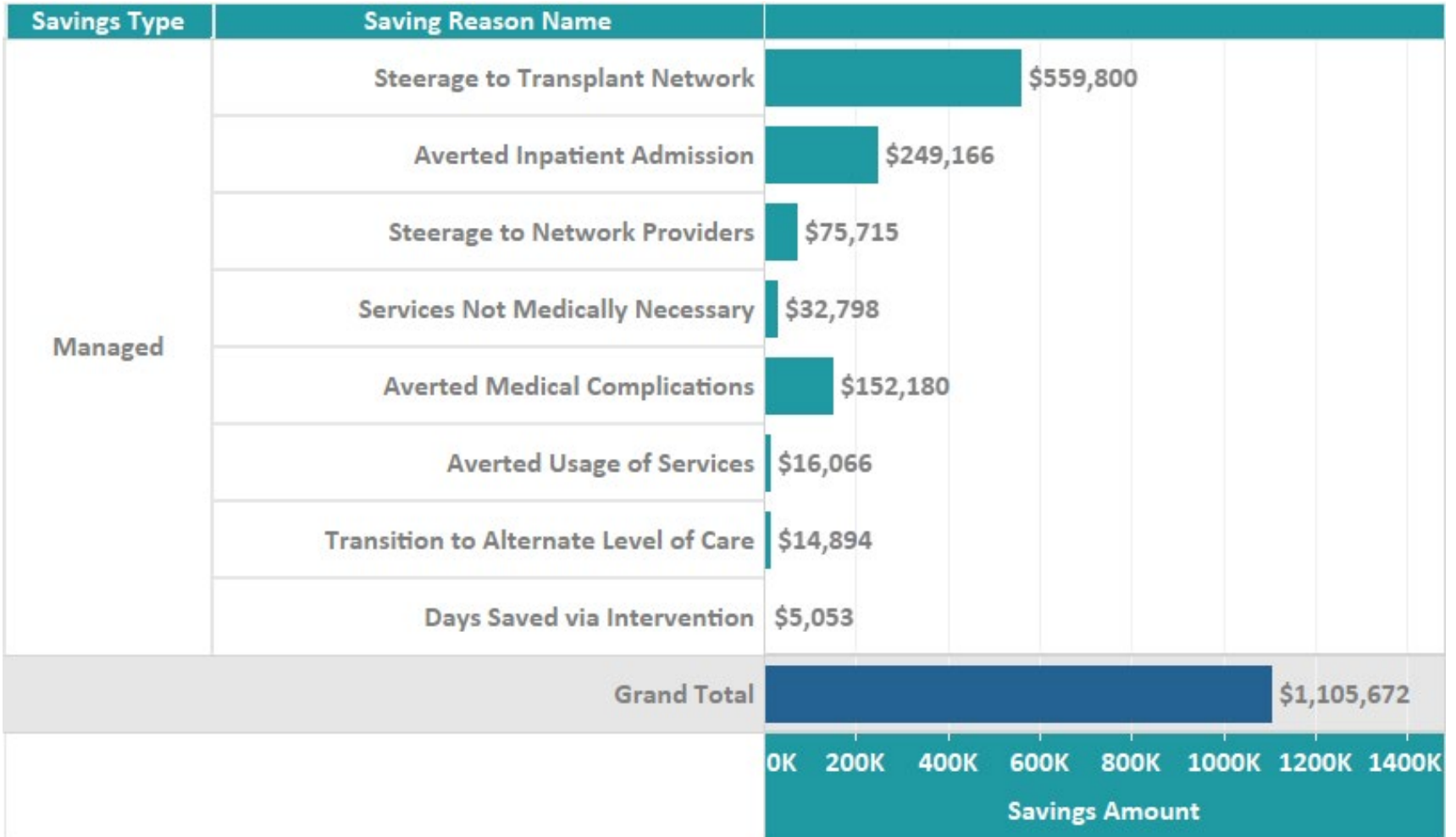
## Savings by Case Type

The following graph presents savings by case type for the report period.



## Case Management by Savings Reasons

The following graph presents savings by savings reason for the report period.



# Post-Discharge Counseling

## Participation Summary

The tables below presents the Public Employees' Benefits Program Post-Discharge Counseling participation rate compared to the AHH Book of Business rate.

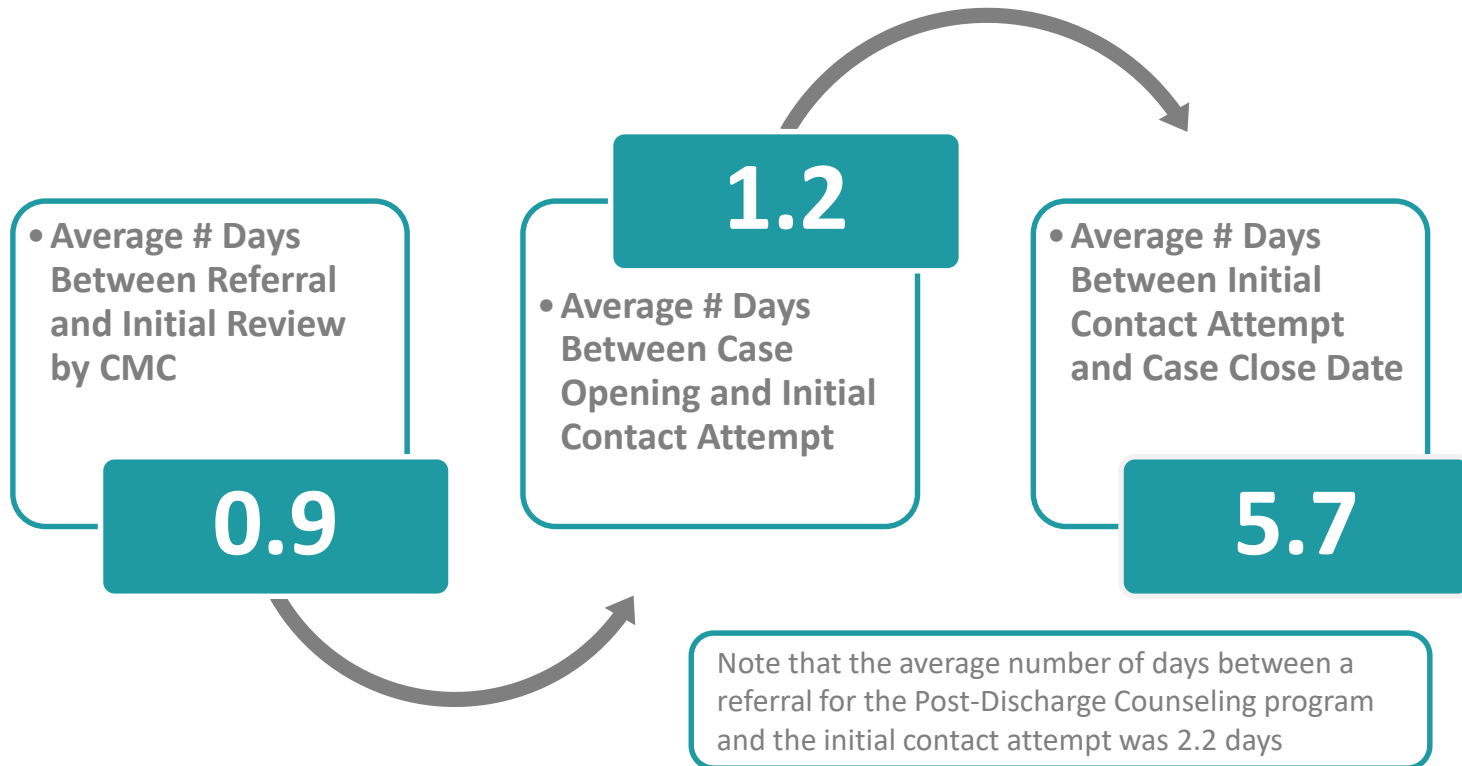
| Program Metric                             | July 1, 2019 -<br>September 30, 2019 | AHH BOB   |
|--|--------------------------------------|---|
| # Cases Identified                         | 356                                  | AHH BOB Percent of<br>Cases with Successful<br>Outreach |
| # Participating Cases                      | 101                                  |   |
| <b>% of Cases with Successful Outreach</b> | <b>28.4%</b>                         | <b>50.0%</b>  |



The participation rate for the 2019 report period was lower compared to the AHH BOB rate

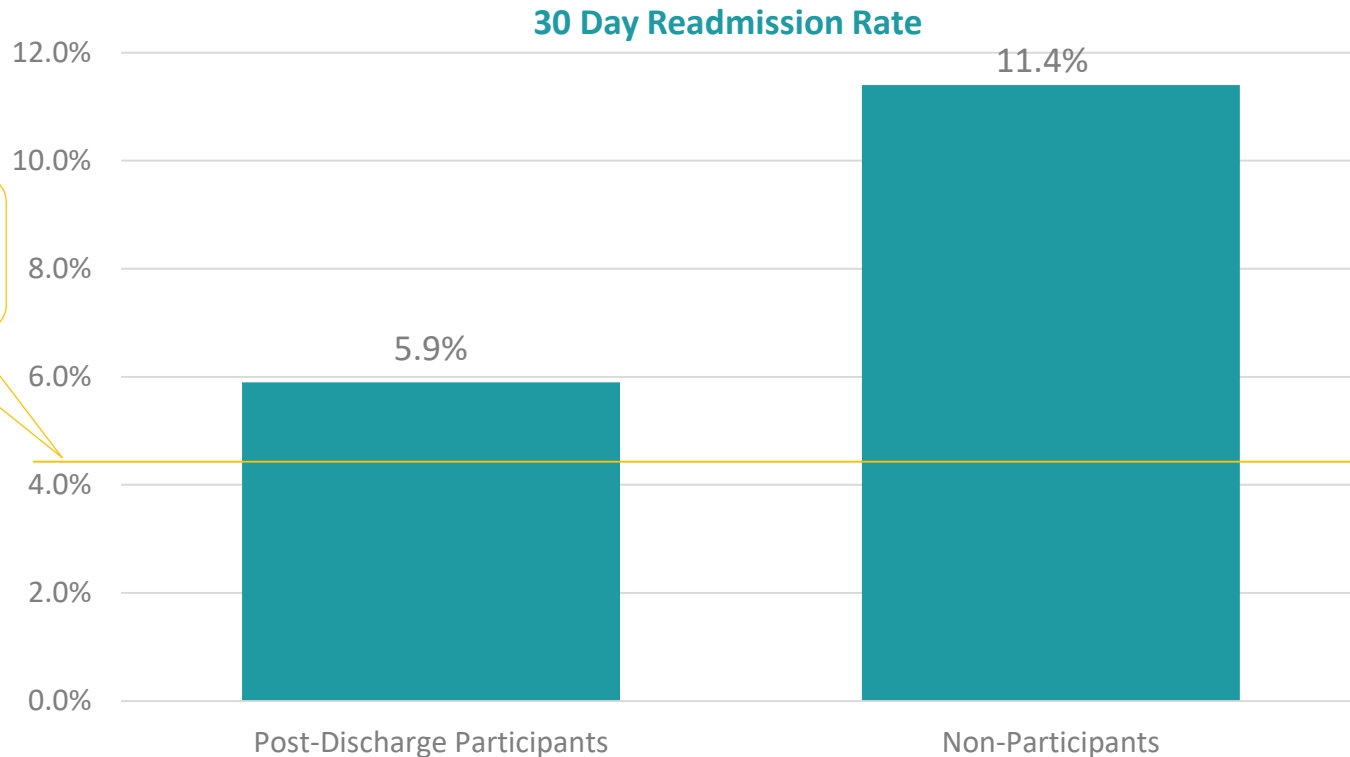
## Average Turnaround Time

The table below presents a summary of the average turnaround times for the Post-Discharge Counseling program. Following a referral to the Post-Discharge Counseling program, the CMC will complete an initial review of the case and determine if the case is appropriate for the program. Once the case is reviewed and deemed appropriate, the case will be referred to a case manager who will review the case and subsequently make an initial contact attempt.



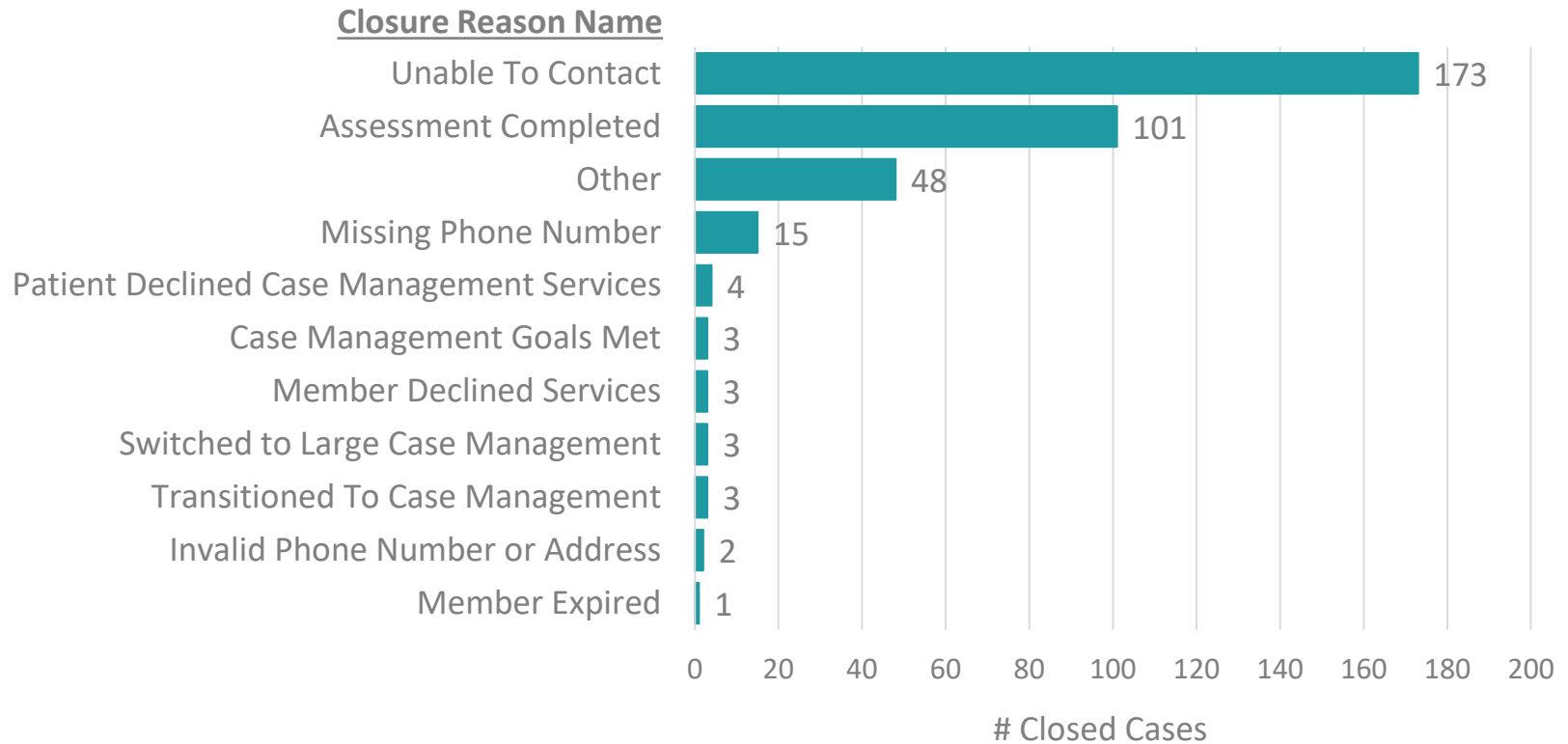
## 30 Day Readmission Rate

There were three 30-day readmissions for members that participated in the Post-Discharge Counseling program during the report period. The 30-day readmission rate for participants in this program was below the rate for non-participation, illustrating the effectiveness of the Post-Discharge program.



## Case Closure Reason

Post-Discharge Counseling cases are closed for a variety of reasons and a case may have more than one closure reason. The following graph presents the number of closed cases by closure reason during the report period.





# Utilization Analysis



## Observations

- Medical was higher than the Milliman benchmark for acute inpatient admissions, days, and ALOS
- Outpatient had over 100% increase in units requested and approved
- Surgery represented 51% of all outpatient cases and accounted for 12% of savings
- Continuing care coordination and bariatric make up approximately 60% of CM case types



## Insights

- Medical represented over 60% of acute inpatient days and cases with the primary diagnostic category of perinatal (23% of perinatal days was consumed by one case)
- The major increase in outpatient units requested and approved was in DME followed by med treatment services
- Musculoskeletal system represented approximately 25% of surgery outpatient cases, units requested, and units approved
- CM CCC and Bariatric primary diagnostic category:
  - Neoplasm represent 44% of open CCC cases
  - Endocrine, nutritional and metabolic diseases represent 92% of open Bariatric cases



## Proposed Changes/Recommendations

- American Health to review outpatient pre-certification requirements and provide recommended changes for PEBP consideration
- Consider adopting a Maternity Education program providing education to support to expectant mothers and reduce instances of complications and subsequent high-dollar claims.

# Glossary Utilization Management

## Inpatient Services

- Emergent- Admission via emergency room
- Urgent- Direct admission from a doctor's office or other provider without an emergency room visit
- Elective- Scheduled admission for elective services
- Medical- Medical treatment without surgical intervention for diagnosis, includes admissions for complications of pregnancy without delivery
- Surgical- Surgical procedure performed during an admission
- Obstetrics- Admission associated with a delivery
- Mental Health- Psychiatric Conditions
- Substance Abuse- Chemical substance abuse and alcohol dependency in which detoxification and rehab requires acute monitoring

## Non-Acute Inpatient Services

- Medical Rehab- Admission to an acute level of care for rehabilitation services due to a medical/surgical condition
- Long Term Acute Care (LTAC)- Admission to a long term acute/sub-acute facility
- Skilled Nursing Facility (SNF)- Admission to a facility for skilled level of care
- Residential Substance Abuse- Admission for sub-acute rehabilitation services to treat substance abuse conditions
- Hospice Inpatient- Admission to a facility for hospice care
- Residential Mental Health- Admission for sub-acute rehabilitation services to treat psychiatric conditions

## Outpatient Services

- Outpatient- Services are provided in a hospital on an outpatient basis or a free standing facility

- Surgery- Includes percutaneous transluminal coronary angioplasty (ptca) procedures
- Diagnostic Test- Radiology testing or other invasive procedures for diagnostic purposes
- PT/OT/ST- Physical Therapy, Occupational Therapy, or Speech Therapy services
- Medical Treatment- Includes services such as chemotherapy, radiation therapy, allergy testing/treatment, cardiac rehab services, and pulmonary rehab services
- Home Health- Nursing services provided in the home
- Home Enteral Feeding- Enteral feeding services provided in the home
- Home Infusion- Infusion services provided in the home
- DME- Durable medical equipment, orthotics, and prosthesis
- Hospice Home- Home hospice care

## Statistics

- Report Period- Data based on cases with discharge/end date within the report period
- # Cases- Number of completed cases with a discharge date within the time period
- % Total Cases- Number of cases for line item divided by the total number of cases
- Actual Days- Sum of actual Length of Stay for all cases on a line item
- % Actual Days- Actual days divided by sum of subtotal actual days
- Average Length of Stay (ALOS)- Actual days divided by number of cases for a line item
- CM Accepted- Counted when a UR case has been referred to and opened to case management. This does not indicate communication has occurred between a CM and patient or that they are accepting of CM Services.

# Glossary Utilization Management (Continued)

## Acute Inpatient Statistics

- Milliman Commercial Population- National Benchmark for acute care utilization statistics for a moderately-managed population
- Admissions/1000- Period- Number of admissions in period per 1000 total lives (# of admissions for present quarter times 4 divided by total lives)
- Admissions/1000- YTD- Annualized # of admissions per 1000 total lives (# of admissions YTD times 4 divided by present quarter divided by total lives)
- Days/1000- Period-Number of actual inpatient days per 1000 total lives (# of days for present quarter times 4 divided by total lives)
- Days/1000- YTD- Annualized number of admissions per 1000 total lives (# of days YTD times 4 divided by present quarter divided by covered lives)
- Average Length of Stay (ALOS)- Number of inpatient days divided by the number of cases

## Savings Summary

- Requested Days- Total number of days requested by a provider for all cases
- Saved Days- Requested days minus Certified Days
- Saved Services- Requested outpatient days, services, and units minus Certified Days, Services, and Units
- Savings- Number of Saved Days multiplied by the Milliman Cost Per Day amount listed in legend

# Glossary Case Management

- Managed Savings- An avoidance of potential charges that are realized through the intervention/actions of the case manager
- Alternate Payer Source- Identified separate responsible party such as Medicare or Worker's Compensation
- Averted Inpatient Admission- Assessed patient education, environment, and compliance and acted accordingly to reduce unnecessary admissions
- Averted Medical Complication- Prevented usages of services related to complications/exacerbations
- Averted Usage of Services- Lead to early discharge or decrease in services
- Days Saved via Intervention- Treatment provided at a less restrictive environment or early discharge or care continued at an alternate lower cost location/provider
- Development of Alternate Care Plan- Analysis determined a lower level of care would be appropriate
- Patient Advocacy- A part of case management that provides clinical, financial and emotional support for members and families; care coordination for health care services to reduce gaps in care; side-effect management and educational support to ensure best outcomes
- Referral to Specialist/Medical Consultant- Ensured patient had the most appropriate physician treatment plan
- Services not Medically Necessary- Approved only appropriate services
- Services reduced via Interventions- Negotiated a reduction in services or a timely discharge to next appropriate level of care
- Steerage to Network Providers- Facilitated the transitions to network providers
- Transition to Alternate Level of Care- Facilitated a timely transfer to a lower level of care

## Contacts

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Account Executive

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614.933.6606



# 4.3.4.

## 4. Consent Agenda (Peter Long, Board Chair) (**All Items for Possible Action**)

Consent items will be considered together and acted on in one motion unless an item is removed to be considered separately by the Board.

### 4.3. Quarterly vendor reports for timeframe July 1, 2019 – September 30, 2019

#### 4.3.4. The Standard Insurance – Basic Life and Long-Term Disability Insurance





# The Standard

Quarterly Report: Basic Life  
Insurance and Long Term  
Disability:  
Quarter Ending  
September 30, 2019



Board Meeting Date: January 23, 2020

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## Report Table of Contents

|  |        |
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| Basic Life Insurance & Long Term Disability Executive Summary                | Page 3 |
| Basic Life Insurance Claims by Plan Year and Participant Type                | Page 4 |
| Basic Life Insurance Claims by Diagnostic Category                           | Page 4 |
| Basic Life Insurance Earned Premiums & Liability by Participant Type         | Page 5 |
| Basic Life Retiree Insurance Earned Premiums & Liability by Participant Type | Page 6 |
| Long Term Disability Claims by Plan Year                                     | Page 7 |
| Long Term Disability Claims by Diagnostic Category                           | Page 7 |
| Long Term Disability Earned Premiums & Liability                             | Page 8 |
| Claim Appeals  | Page 9 |

Board Meeting Date: January 23, 2020

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## **Basic Life Insurance & Long Term Disability Executive Summary**

Most Recent Five Plan Years: July 01, 2015 to September 30, 2019

This is the initial report for the 2019-20 plan year, providing information for the most recent 5-year plan period, beginning July 1, 2015 and ending September 30, 2019.

### **Basic Life**

Because this is the first report for the plan year, there's not much to report on an incidence basis for Basic Life. Incidence (page 4) is reported on an incurred rather than paid basis. We paid 7 employee claims incurred during the first quarter, along with 25 retiree claims. For the recently completed 2018-19 plan year, the overall Basic Life incidence was down, 7.7 claim per 1,000 insureds compared to a most recent for five-year average of 8.5. Incidence for both employees and retirees contributed to those results with active employees at 1.7 claims and retirees at 17.2 claims per 1,000 compared to five-year averages of 1.74 and 19.6, respectively.

As with incidence, the Basic Life loss ratio for active employees (page 5) for the most recent quarter was 16%. For the 2018-19 plan year, the loss ratio for active employees was 28%, an increase from the prior year which was 23%. Retirees resulted in a 253% loss ratio for the most recent quarter, compared to a 315% loss ratio for the 2018-19 plan year. Overall, the most recent combined Basic Life loss ratio was 87%, compared to most recent 2018-19 plan year loss ratio of 93%.

### **Long Term Disability**

With only one quarter of information, there is little credibility to LTD claim experience for the current plan year. We approved 3 claims incurred during the quarter. LTD claim incidence (page 7) for the 2018-19 plan year was exceptional with only 18 claims during the entire plan year, an incidence of 0.7 claims per 100, well below the five-year average of 1.26. It's worth noting that PEBPs incidence levels were much better than our overall public sector LTD block for plans with a 180-day Benefit Waiting Period.

LTD loss ratios (page 8) are reported on a cash basis, without regard for incurred date. As you would expect given the exceptional incidence results, the loss ratio for the 2018-19 plan year was very good at 42%. This trended higher than the 31% loss ratio in the 2017-2018 plan year. The first quarter loss ratio of 87% for the 2019-20 plan year has trended much higher.



## Basic Life Insurance Claims by Plan Year and Participant Type

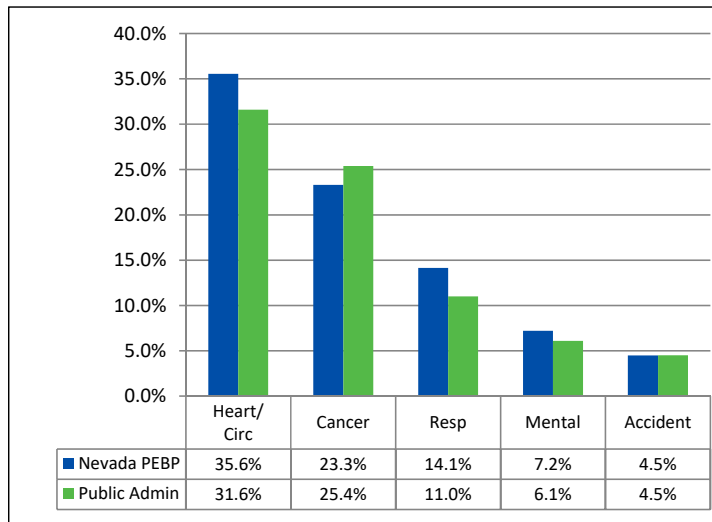
Most Recent Five Plan Years: July 01, 2015 to September 30, 2019

| Participant Type | From Jul-15<br>Through Jun-16 |            | From Jul-16<br>Through Jun-17 |            | From Jul-17<br>Through Jun-18 |            | From Jul-18<br>Through Jun-19 |            | From Jul-19<br>Through Jun-20 |            |
|------------------|-------------------------------|------------|-------------------------------|------------|-------------------------------|------------|-------------------------------|------------|-------------------------------|------------|
|                  | Count                         | Inc./ 1000 | Count                         | Inc./ 1000 | Count                         | Inc./ 1000 | Count                         | Inc./ 1000 | Count                         | Inc./ 1000 |
| Actives          | 41                            | 1.7        | 51                            | 2.0        | 41                            | 1.6        | 46                            | 1.7        | 7                             | 0.3        |
| Retirees         | 271                           | 18.4       | 321                           | 21.6       | 294                           | 19.4       | 270                           | 17.2       | 25                            | 1.6        |
| <b>Totals</b>    | <b>312</b>                    | <b>8.4</b> | <b>372</b>                    | <b>9.5</b> | <b>335</b>                    | <b>8.4</b> | <b>316</b>                    | <b>7.7</b> | <b>32</b>                     | <b>0.7</b> |

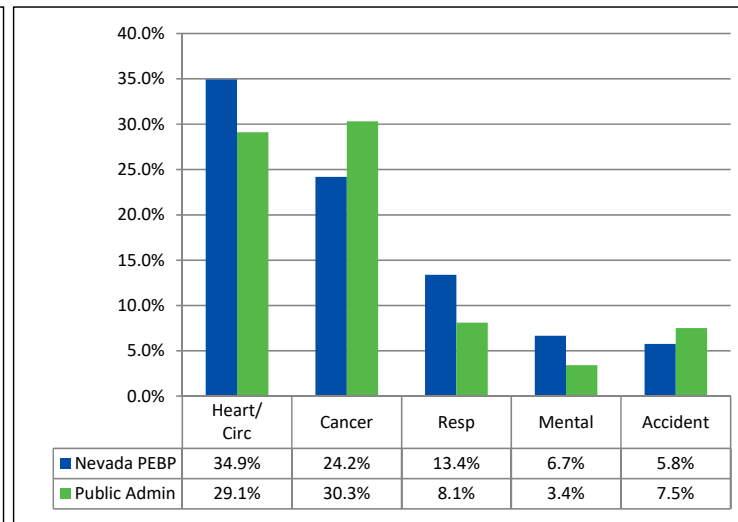
## Basic Life Insurance Claims by Diagnostic Category

Public Admin benchmark is from SIC book of business for most recent 5 calendar years

Top Five Diagnostic Categories by Incidence



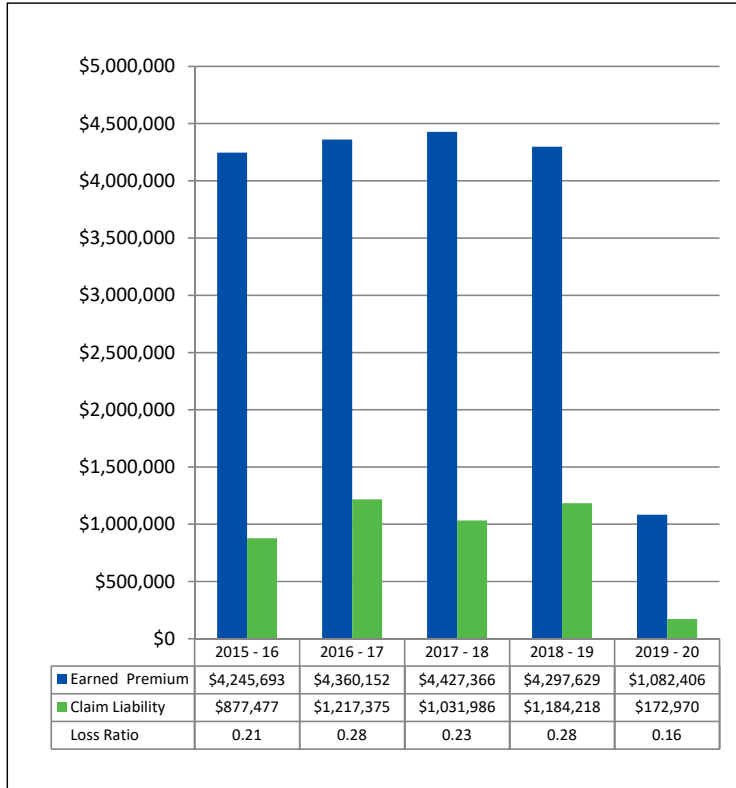
Top Five Diagnostic Categories by Liability



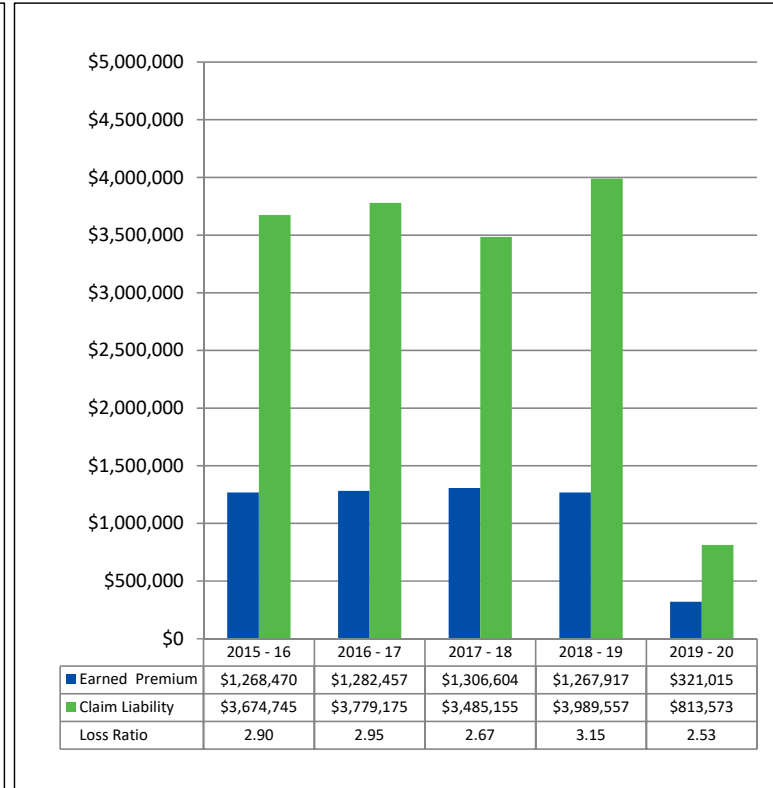
## Basic Life Insurance Earned Premiums & Liability by Participant Type

Most Recent Five Plan Years: July 01, 2015 to September 30, 2019

### Active Participants



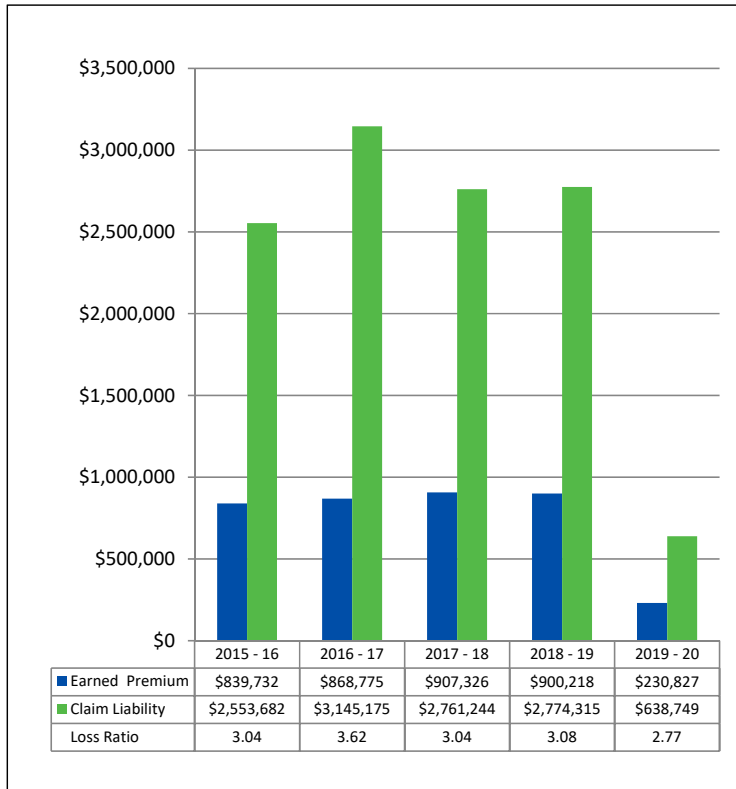
### Retired Participants



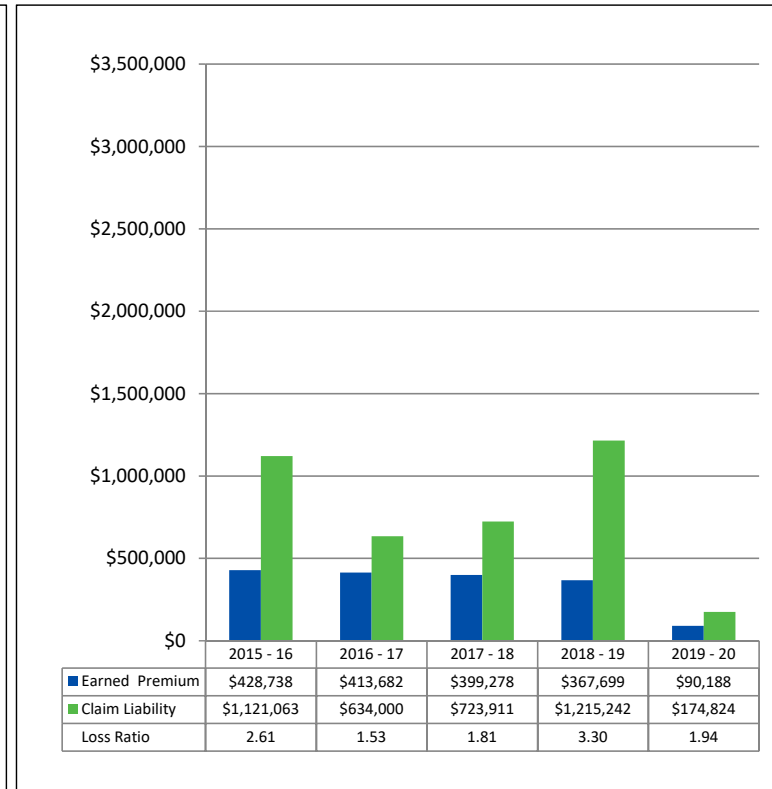
## Basic Life Retiree Insurance Earned Premiums & Liability by Participant Type

Most Recent Five Plan Years: July 01, 2015 to September 30, 2019

### State Retired Participants



### Non-State Retired Participants



## Long Term Disability Claims by Plan Year

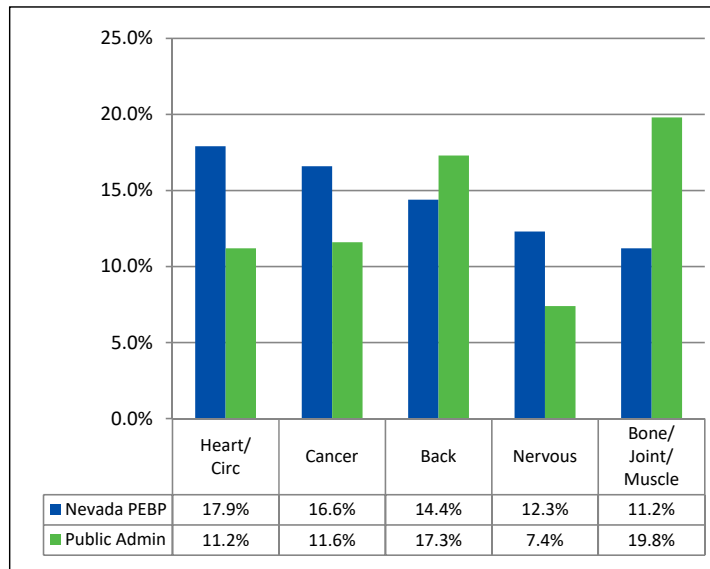
Most Recent Five Plan Years: July 01, 2015 to September 30, 2019

|            | From Jul-15    |            | From Jul-16    |            | From Jul-17    |            | From Jul-18    |            | From Jul-19    |            |
|------------|----------------|------------|----------------|------------|----------------|------------|----------------|------------|----------------|------------|
|            | Through Jun-16 |            | Through Jun-17 |            | Through Jun-18 |            | Through Jun-19 |            | Through Jun-20 |            |
|            | Count          | Inc./ 1000 | Count          | Inc./ 1000 | Count          | Inc./ 1000 | Count          | Inc./ 1000 | Count          | Inc./ 1000 |
| LTD Claims | 28             | 1.1        | 36             | 1.4        | 29             | 1.1        | 18             | 0.7        | 3              | 0.1        |

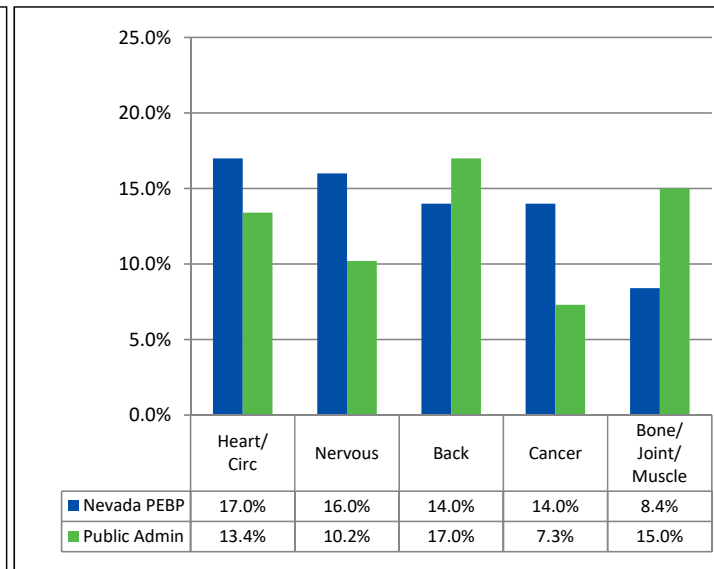
## Long Term Disability Claims by Diagnostic Category

Public Admin benchmark is from SIC book of business for most recent 5 calendar years

Top Five Diagnostic Categories by Incidence

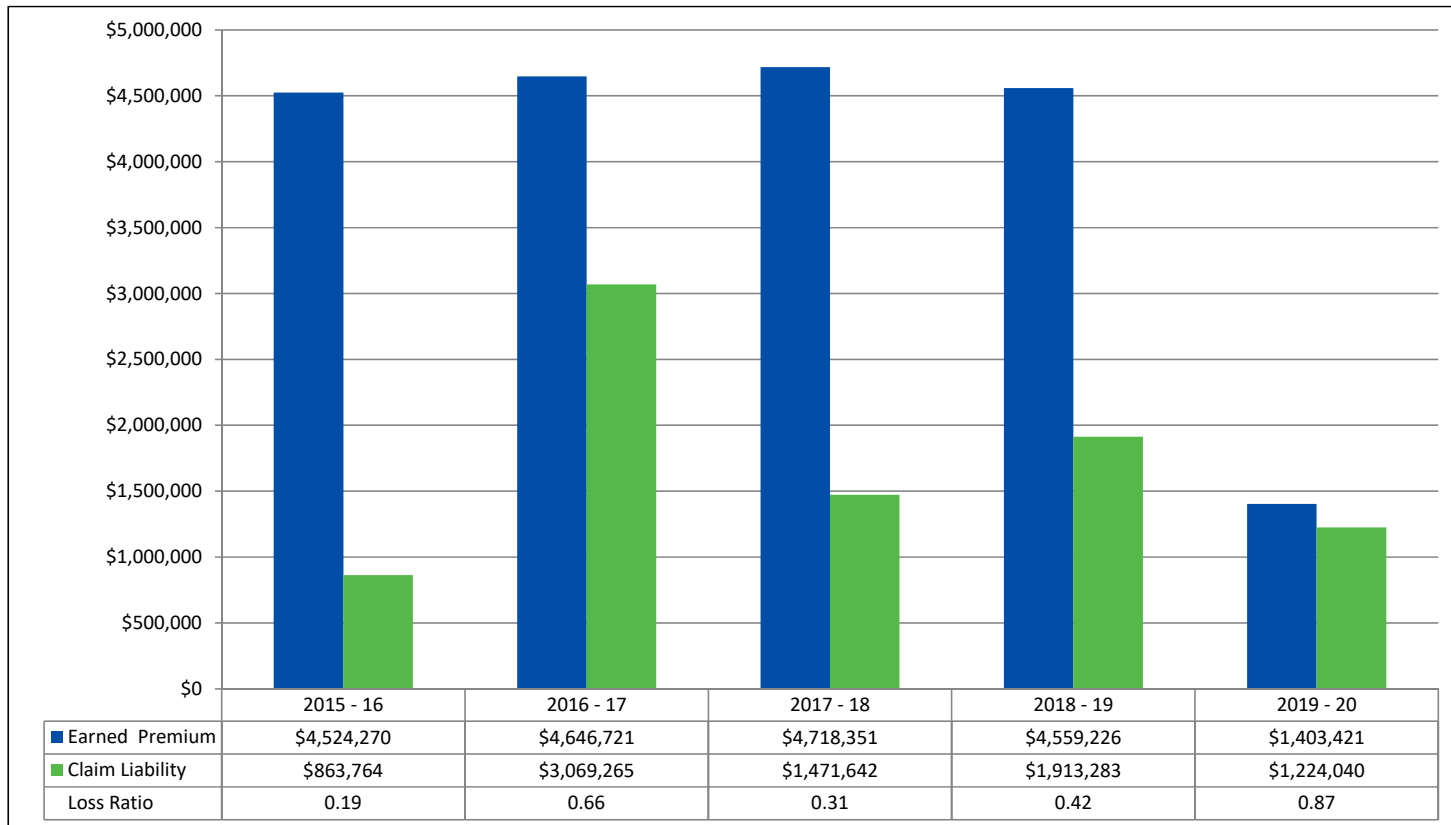


Top Five Diagnostic Categories by Liability



## Long Term Disability Earned Premiums & Liability

Most Recent Five Plan Years: July 01, 2015 to September 30, 2019



Board Meeting Date: January 23, 2020

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## Claim Appeals

Quarterly Update for Plan Year to Date July 01, 2019 to September 30, 2019

|                              | In Process | Decision | Decision  | Total    |
|------------------------------|------------|----------|-----------|----------|
|                              |            | Upheld   | Overtured |          |
| <b>Claim Appeals</b>         |            |          |           |          |
| Life Insurance Claims        | 0          | 0        | 0         | 0        |
| Long-Term Disability Claims  | 0          | 0        | 0         | 0        |
| Short-Term Disability Claims | 0          | 0        | 0         | 0        |
| <b>Total Appeals</b>         | <b>0</b>   | <b>0</b> | <b>0</b>  | <b>0</b> |

Board Meeting Date: January 23, 2020

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# 4.3.5.

## 4. Consent Agenda (Peter Long, Board Chair) **(All Items for Possible Action)**

Consent items will be considered together and acted on in one motion unless an item is removed to be considered separately by the Board.

### 4.3 Quarterly vendor reports for timeframe July 1, 2019 – September 30, 2019

#### 4.3.5. Willis Towers Watson's Individual Marketplace Enrollment & Performance Report



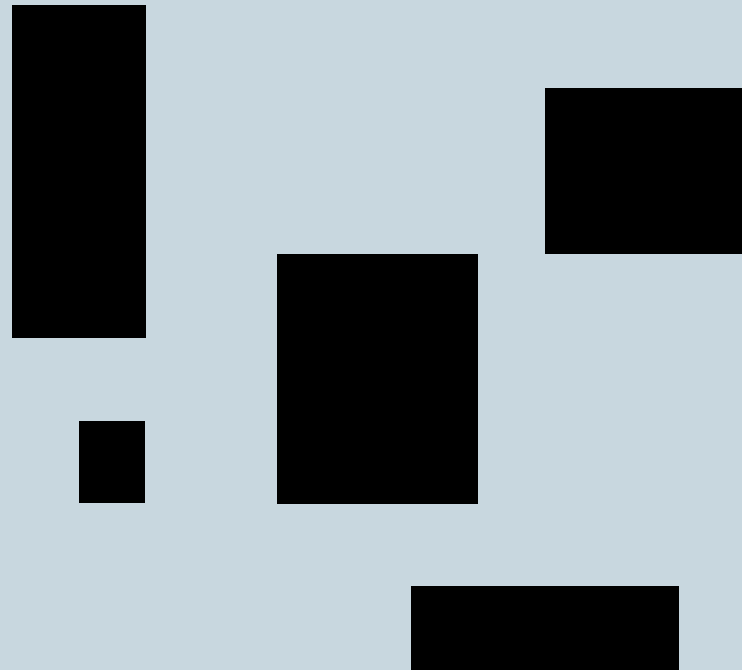
# Nevada Public Employees Benefit Program

Quarterly Update – 1st Quarter Plan Year 2020

Willis Towers Watson's Individual Marketplace



December 6, 2019



# The Public Employees Benefit Program Executive Dashboard

Quarterly Update – 1st Quarter Plan Year 2020

## Executive Summary

### Plan Enrollment:

- At the end of Q1 2020, PEBP's total enrollment into Medicare policies through Willis Towers Watson's Individual Marketplace increased to 12,863. Since inception, 101 carriers have been selected by PEBP's retirees with current enrollment in 1,264 different plans.
- Medicare Supplement (MS) plan selection remained consistent at 80% of the total population with the majority of participants selecting AARP and Anthem BCBS of Nevada as their insurer; each carrier holds plans for 6,425 and 2,091 enrollees respectively. The average monthly premium cost for MS plans remained consistent at \$147.
- The percentage of Medicare Advantage (MA or MAPD) plans selected remaining consistent at 20%. Top MA carriers include Hometown Health Plan with 1,345 individual plan selection and Humana with 389 individual plan selections. The average monthly premium cost to PEBP participants is \$27.

### Customer Satisfaction:

- Q1 2020, PEBP participant satisfaction with Enrollment Calls had an average satisfaction score result of 4.6 out of 5.0 based on 67 surveys returned.
- For Q4 2019, the average Service Call Satisfaction score results were 4.4 out of 5.0. For Q1 2020, the score was 4.3 with 310 survey responses.
- The combined average satisfaction score for Enrollment Calls and Service Calls was 4.3 out of 5.0 for Q1 2020.
- For Funding Calls, PEBP customer satisfaction was 4.3 out of 5.0. This was an increase when compared to Q4 2019. There were 140 survey responses in Q4, 2019 compared to 217 survey responses for Q1.

### Health Reimbursement Arrangement:

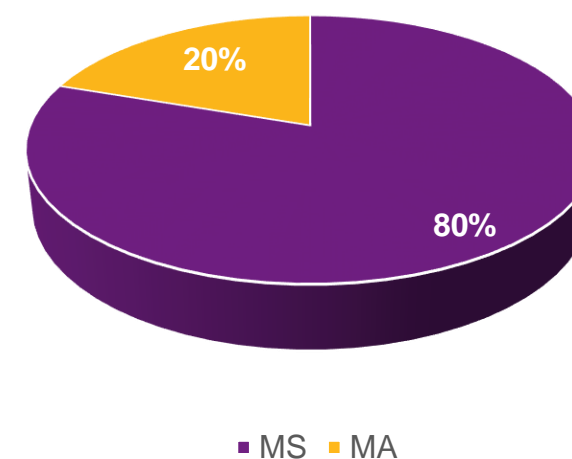
- At the end of Q1 2020 there were 12,206 Health Reimbursement Arrangement (HRA) accounts for PEBP participants.
- There were 85,670 claims submitted against the HRA for reimbursement in Q1, with 79% being submitted via Auto-Reimbursement, meaning that participants did not have to manually submit 68,075 claims for Premium Reimbursement.
- The total reimbursement amount processed for Q1 was \$7,657,249.

## Summary of Retiree Decisions and Costs

| Retiree Plan Selection Through 9/30/2019      |        | Previous Qtr |
|---|--------|--------------|
| Total enrolled through individual marketplace | 12,863 | 12,764       |
| Number of carriers**                          | 101    | 100          |
| Number of plans**                             | 1,264  | 1,210        |

| Plan Type Selection Through 9/30/2019 |        | Previous Qtr |
|---------------------------------------|--------|--------------|
| Medicare Advantage (MA, MAPD)         | 2,550  | 2,525        |
| Medicare Supplement (MS)              | 10,323 | 10,240       |

### Medical Enrollment



"The percentage of Medicare Advantage plans selected by PEBP's retiree population is now slightly below the average for Willis Towers Watson's Book of Business."

| Plan Type                     | Number Enrolled | Average Premium |
|-------------------------------|-----------------|-----------------|
| Medicare Supplement           | 10,323          | \$147           |
| Medicare Advantage (MA, MAPD) | 2,550           | \$0 / \$28      |
| Part D drug coverage          | 8,640           | \$26            |
| Dental coverage               | 1,129           | \$36            |
| Vision coverage               | 1,882           | \$14            |

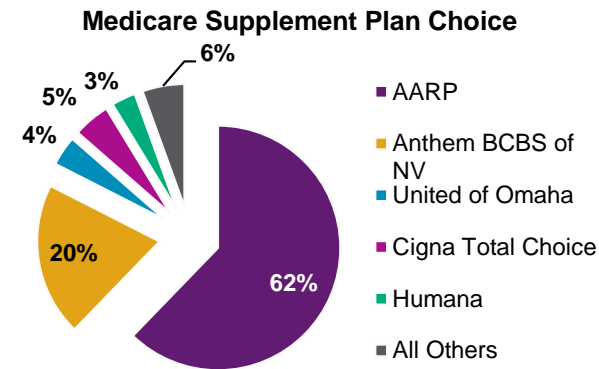
\*\* Reflects total carriers and plans that PEBP participants have enrolled in nationwide, since inception.

# The Public Employees Benefit Program Executive Dashboard

Quarterly Update – 1st Quarter Plan Year 2020

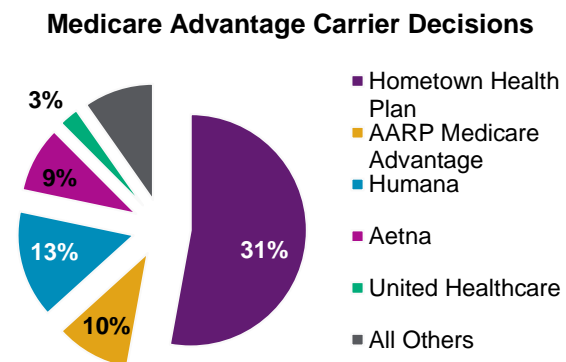
## Summary of Retiree Carrier Choice

| Top Medicare Supplement Plans | Total |
|-------------------------------|-------|
| AARP                          | 6,425 |
| Anthem BCBS of NV             | 2,091 |
| Cigna Total Choice            | 501   |
| Humana                        | 328   |
| United of Omaha               | 406   |



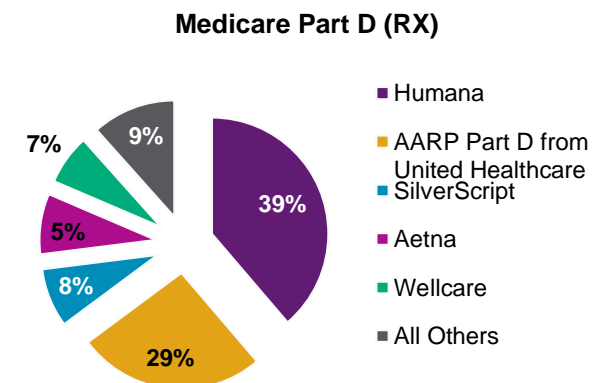
| Cost Data For MS Plans | Cost  |
|------------------------|-------|
| Minimum                | \$22  |
| Average                | \$147 |
| Median                 | \$143 |
| Maximum                | \$411 |

| Top Medicare Advantage Plans | Total |
|------------------------------|-------|
| AARP Medicare Advantage      | 286   |
| Aetna                        | 226   |
| Hometown Health Plan         | 1,345 |
| Humana                       | 389   |
| United Healthcare            | 69    |



| Cost Data For MA Plans | Cost  |
|------------------------|-------|
| Minimum                | \$0   |
| Average                | \$27  |
| Median                 | \$0   |
| Maximum                | \$223 |

| Top Medicare Part D (RX) | Total |
|--------------------------|-------|
| AARP Medicare Advantage  | 2,191 |
| Aetna                    | 818   |
| Humana                   | 3,254 |
| SilverScript             | 694   |
| WellCare                 | 752   |



| Cost Data For Part D (RX) | Cost  |
|---------------------------|-------|
| Minimum                   | \$10  |
| Average                   | \$26  |
| Median                    | \$23  |
| Maximum                   | \$130 |

# The Public Employees Benefit Program Executive Dashboard

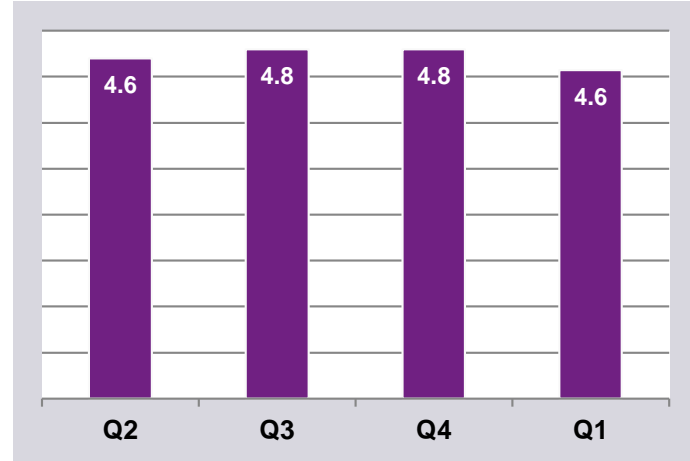
Quarterly Update – 1st Quarter Plan Year 2020

## Customer Service – Voice of the Customer (VoC)

Individual Marketplace conducts phone and email surveys of all participant transactions. Each survey contains approximately 12-16 questions. Responses are scanned by IBM Mindshare Analytics which expose trends within an hour, alerting Individual Marketplace of issues and allowing for real-time feedback and adjustments

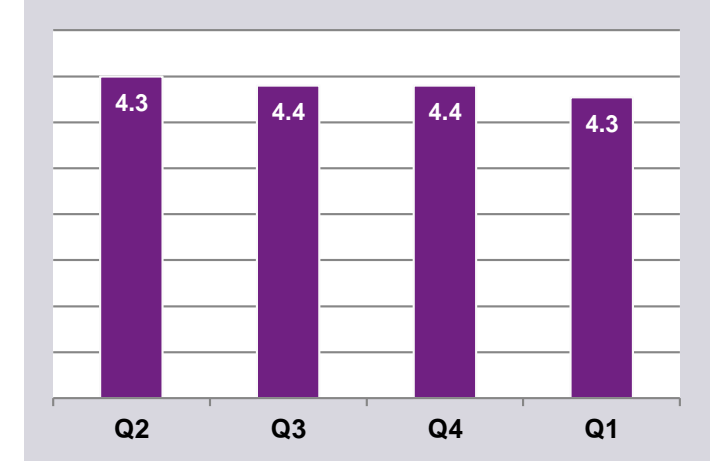
### Q1 Enrollment Satisfaction

| CSAT score | Count     | %           |
|------------|-----------|-------------|
| 5          | 47        | 70%         |
| 4          | 14        | 21%         |
| 3          | 4         | 6%          |
| 2          | 1         | 1%          |
| 1          | 1         | 1%          |
|            | <b>67</b> | <b>100%</b> |



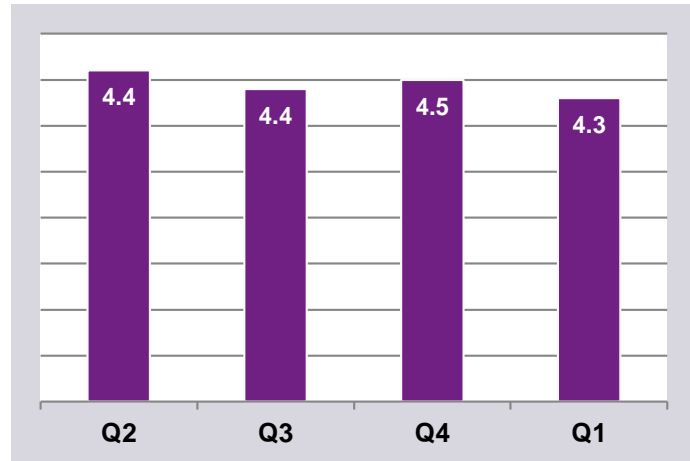
### Q1 Service Satisfaction

| CSAT score | Count      | %           |
|------------|------------|-------------|
| 5          | 194        | 63%         |
| 4          | 61         | 20%         |
| 3          | 22         | 7%          |
| 2          | 11         | 4%          |
| 1          | 22         | 7%          |
|            | <b>310</b> | <b>100%</b> |



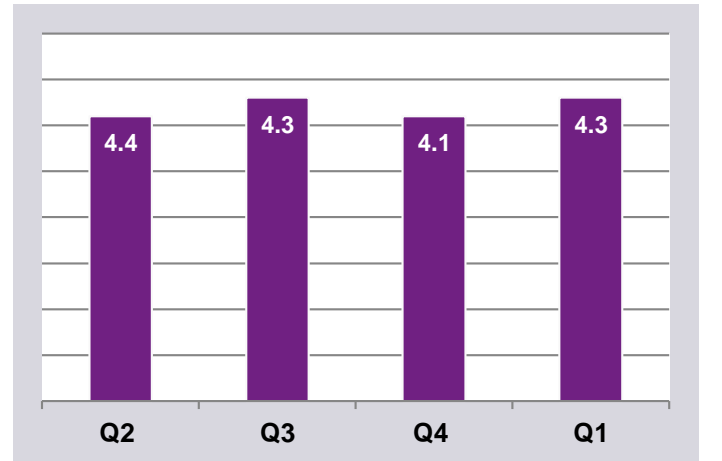
### Q1 Enrollment & Service Combined

| CSAT score | Count      | %           |
|------------|------------|-------------|
| 5          | 241        | 64%         |
| 4          | 75         | 20%         |
| 3          | 26         | 7%          |
| 2          | 12         | 3%          |
| 1          | 23         | 6%          |
|            | <b>377</b> | <b>100%</b> |



### Q1 HRA Satisfaction

| CSAT score | Count      | %           |
|------------|------------|-------------|
| 5          | 134        | 62%         |
| 4          | 47         | 22%         |
| 3          | 14         | 6%          |
| 2          | 12         | 6%          |
| 1          | 10         | 5%          |
|            | <b>217</b> | <b>100%</b> |



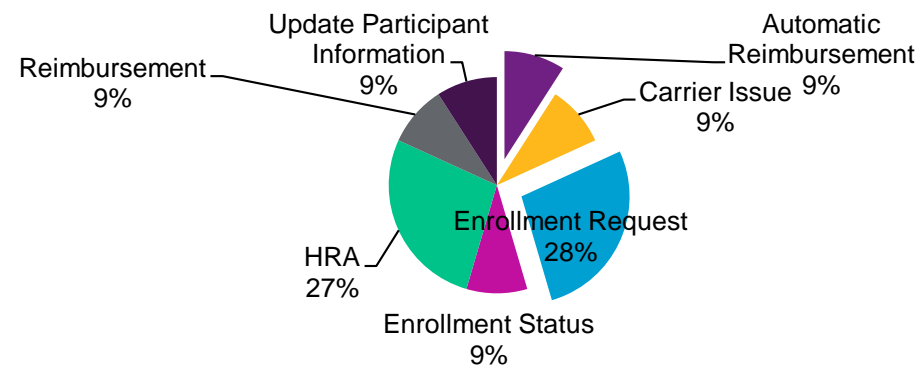
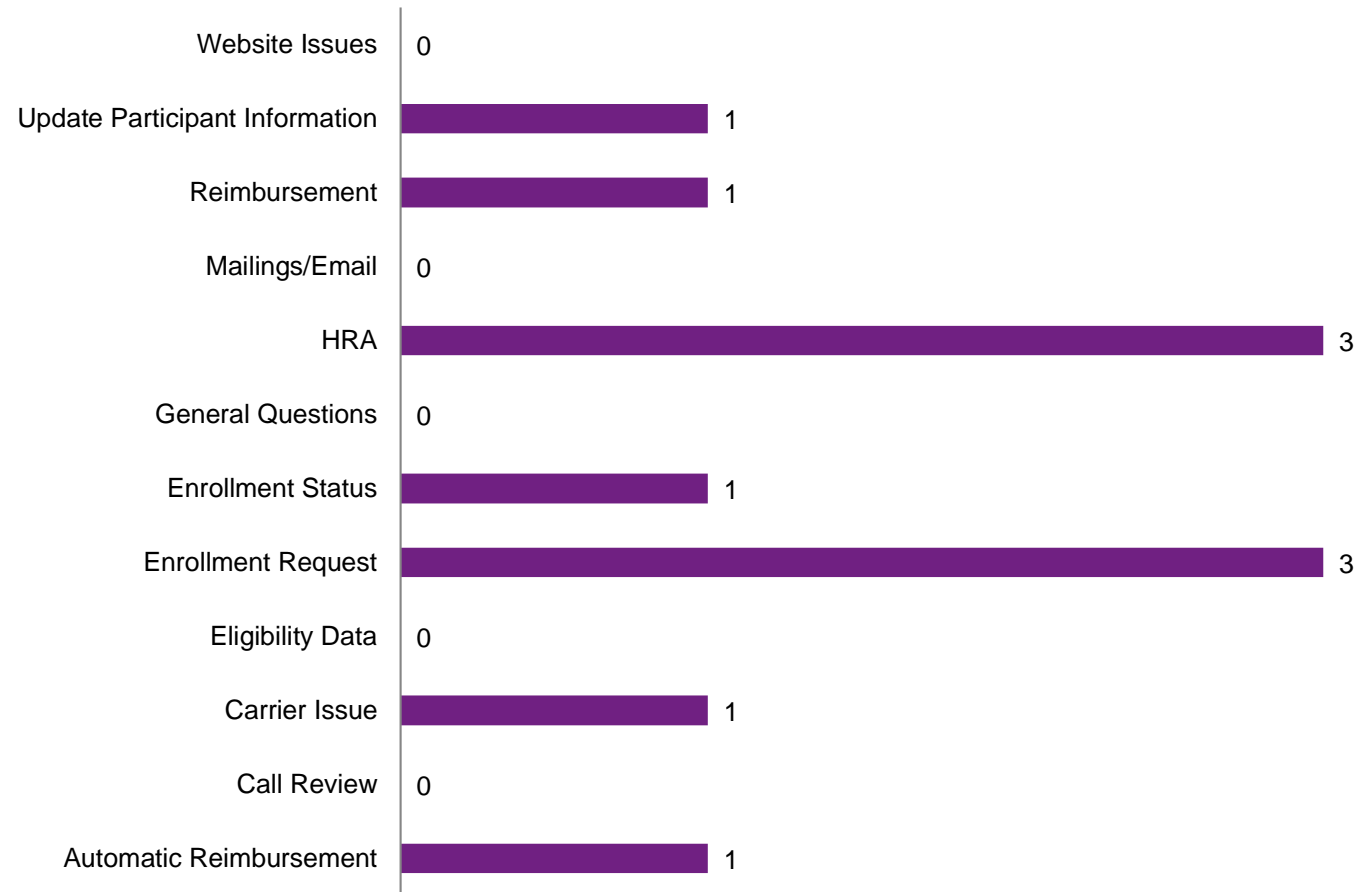


# The Public Employees Benefit Program Executive Dashboard

Quarterly Update – 1st Quarter Plan Year 2020

## Customer Service – Issues Log Resolution

Each quarter a certain number of participant inquiries are received by both PEBP and Willis Towers Watson that require escalation to Individual Marketplace Issues Log. Items on the Issues Log are carefully evaluated and continuously monitored by seasoned Willis Towers Watson staff until resolution is reached. The total number of inquiries reviewed during Q1-PY20 is 11 and are associated with the following categories:



## Health Reimbursement Account (HRA)

| Claim Activity for the Qtr. | Total          |
|-----------------------------|----------------|
| HRA accounts                | 12,206         |
| Number of claims paid       | 85,670         |
| Accounts with no balance    | 6,347          |
| Claims paid amount          | \$7,657,249.63 |

| Claims By Source | Total  |
|------------------|--------|
| A/R file         | 68,075 |
| Mail             | 14,078 |
| Web              | 3,517  |

| Call Category             | Total |
|---------------------------|-------|
| General / Instructional   | 1,100 |
| Denial Reason Explanation | 89    |
| Date EFT / Mail Issued    | 88    |
| Available Balance         | 66    |
| Premium Inquiries         | 48    |

# The Public Employees Benefit Program Executive Dashboard

Quarterly Update – 1st Quarter Plan Year 2020

## Performance Guarantees\*

| Category  | Commitment   | Outcome      | PG MET |
|---|--|--------------|--------|
| Claims Turnaround Time  | ≤ 2 days   | 0.40 Days    | Yes    |
| Claim Financial Accuracy                                      | ≥ 98%  | 99.19%       | Yes    |
| Claim Processing Financial Accuracy                           | ≥ 98%  | 99.27%       | Yes    |
| Reports   | ≤ 15 business days   | As Scheduled | Yes    |
| HRA Web Services  | ≥ 99%  | >99%         | Yes    |
| Benefits Administration Customer Service Avg. Speed to Answer | ≤ 2 min. in Q1<br>≤ 90 sec in Q2 and Q3<br>≤ 5 minutes in Q4 | 15 Seconds   | Yes    |
| Benefits Administration Customer Service Abandonment Rate     | ≤ 5%   | 0.30%        | Yes    |
| Customer Satisfaction   | ≥ 80%  | 91%          | Yes    |
| Disclosure of Subcontractors                                  | 100%   | 100%         | Yes    |
| Unauthorized Transfer of PEBP Data                            | 100%   | 100%         | Yes    |

\*Please note that the performance guarantees are ultimately measured based on the annual audit period.

# The Public Employees Benefit Program Executive Dashboard

Quarterly Update – 1st Quarter Plan Year 2020

## Operations Report

### Fall Retiree Meetings:

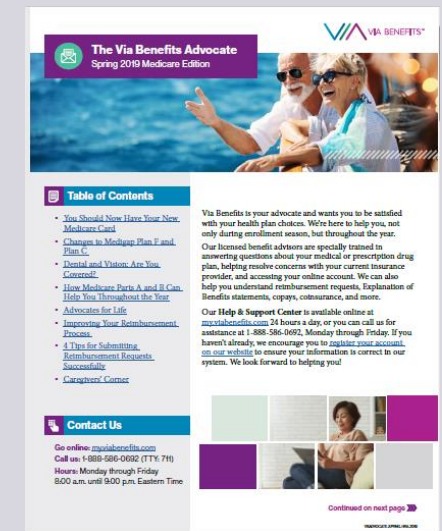
The Fall Retiree Meetings were held on October 9, October 10, and October 11 in Las Vegas, Carson City, and Reno. At each location there were two meetings per day with the morning meeting focusing on participants aging-in to Medicare and the afternoon meeting focusing on the HRA for those that are already Medicare eligible. The below chart includes information about the meeting attendance and additional comments.

| Date       | Location  | Attendance                                 |
|------------|---|--|
| October 9  | College of Southern Nevada<br>North Las Vegas Campus<br>Horn Theater<br>3200 E. Cheyenne Ave<br>North Las Vegas, NV 89030 | Age-in Meetings; ~100<br>HRA Meetings: ~35 |
| October 10 | Nevada Army National Guard<br>Auditorium<br>2460 Fairview Dr.<br>Carson City, NV 89701                                    | Age-in Meetings; ~105<br>HRA Meetings: ~50 |
| October 11 | Truckee Meadows Community College<br>Sierra Building, Room 105<br>7000 Dandini Boulevard<br>Reno, NV 89512                | Age-in Meetings; ~105<br>HRA Meetings: ~25 |

### Communications:

Below is information on communications that are currently in process or will be coming up.

- Fall Newsletter
  - This communication is sent to participants via email and was sent at the end of September. The intent of this communication is to educate participants on different areas like Medicare Open Enrollment, HRA, Direct Deposit, and Auto-Reimbursement functionality.



# The Public Employees Benefit Program Executive Dashboard

Quarterly Update – 1st Quarter Plan Year 2020

## Nevada PEBP Historical Call Statistics

The below charts reflect the historical call statistics for Nevada PEBP for 2019.

| Month     | Average Wait Time | Total Calls | Abandoned Calls | Average Handle Time | Outreach Attempts |
|-----------|-------------------|-------------|-----------------|---------------------|-------------------|
| January   | 1m 10s            | 2,623       | 89              | 22m 17s             | 356               |
| February  | 24s               | 1,732       | 11              | 22m 23s             | 160               |
| March     | 14s               | 1,584       | 5               | 23m 24s             | 228               |
| April     | 14s               | 1,602       | 6               | 24m 00s             | 230               |
| May       | 15s               | 1,780       | 3               | 24m 41s             | 192               |
| June      | 15s               | 1,475       | 4               | 26m 58s             | 201               |
| July      | 15s               | 2,070       | 3               | 25m 38s             | 227               |
| August    | 15s               | 1,706       | 6               | 25m 31s             | 246               |
| September | 15s               | 1,494       | 7               | 26m 17s             | 193               |
| October   | 1m 07s            | 2,958       | 72              | 31m 16s             | 409               |
| November  | 6m 52s            | 4,037       | 604             | 35m 06s             | 446               |
| December  |                   |             |                 |                     |                   |

# The Public Employees Benefit Program Executive Dashboard

Quarterly Update – 1st Quarter Plan Year 2020

## Nevada PEBP Historical Call Statistics

The below charts reflect the historical call statistics for Nevada PEBP for 2018.

| Month     | Average Wait Time | Total Calls | Abandoned Calls | Average Handle Time | Outreach Attempts |
|-----------|-------------------|-------------|-----------------|---------------------|-------------------|
| January   | 03m 32s           | 2,671       | 223             | 21m 39s             | 266               |
| February  | 25s               | 1,890       | 8               | 18m 01s             | 318               |
| March     | 22s               | 2,001       | 13              | 19m 03s             | 354               |
| April     | 13s               | 1,750       | 7               | 21m 01s             | 170               |
| May       | 14s               | 1,653       | 3               | 22m 45s             | 192               |
| June      | 13s               | 1,615       | 8               | 23m 47s             | 329               |
| July      | 16s               | 1,589       | 2               | 25m 18s             | 282               |
| August    | 15s               | 1,379       | 0               | 26m 19s             | 224               |
| September | 15s               | 1,686       | 1               | 22m 56s             | 336               |
| October   | 37s               | 2,484       | 36              | 29m 16s             | 357               |
| November  | 33s               | 2,441       | 23              | 32m 10s             | 271               |
| December  | 34s               | 2,241       | 24              | 25m 27s             | 322               |



# 4.3.6.

## 4. Consent Agenda (Peter Long, Board Chair) **(All Items for Possible Action)**

Consent items will be considered together and acted on in one motion unless an item is removed to be considered separately by the Board.

### 4.3 Quarterly vendor reports for timeframe July 1, 2019 – September 30, 2019

#### 4.3.6. Hometown Health Providers and Sierra Healthcare Options – PPO Network





# Hometown Health Providers & Sierra Healthcare Options

Q1 PY2020

July 1st, 2019 – Sept 30, 2019

*Hometown  
Health* 



SIERRA HEALTH-CARE OPTIONS, INC.<sup>SM</sup>

*N e v a d a* PUBLIC EMPLOYEES' BENEFITS PROGRAM



November 15, 2019

| Service Performance Standard(Metric)                         | Guarantee Measurement  | Actual | Pass/Fail |
|--|--|--------|-----------|
| I. EDI claims repricing                                      | 95%- Turnaround time frame for repricing of medical claims within 3 business days of receipt from PEBP's TPA   | 93.0%  | Fail      |
|  | 97%- Accuracy of claims repriced by the PPONetwork must be accurate and must not cause a claim adjustment by PEBP's TPA  | 99.45% | Pass      |
| II. A. Hometown Health Provider Data Changes*                | 100%- Data changes must be provided to PEBP's TPA within 30 calendar days following the effective date of the change   | 100%   | Pass      |
|  | 100%- Provider fee schedule revisions must be provided to PEBP's TPA within 30 calendar days following the effective date of the change  | 100%   | Pass      |
| II. B. Sierra Healthcare Options(SHO) Provider Data Changes* | 100%- Data changes must be provided to PEBP's TPA within 30 calendar days following the effective date of the change   | 100%   | Pass      |
|  | 100%- Provider fee schedule revisions must be provided to PEBP's TPA within 30 calendar following the effective date of the change<br><br>(100% of the ACT's are routed to the State of Nevada within 30 days of notification of the add, change or term. Please note: the effective date of add, change or term can be greater than 30 days based on the date SHO receives the notification or signed document from the provider) | 100%   | Pass      |
| III. Data Reporting  | A. Standard reports must be delivered within 10 days of end of reporting period or event as determined by PEBP.  | 100%   | Pass      |
|  | B. Special reports requested by PEBP and/or PEBP's Consultant/Actuary must be delivered within 10 days of agreed response date.  | 100%   | Pass      |
| IV. Subcontractor disclosure                                 | 100%- of all subcontractors utilized by vendor are disclosed prior to any work being done on behalf of PEBP. Business Associate Agreements completed by all subcontractors.  | 100%   | Pass      |
| V. Website   | 100%- Network website must be updated within 30 calendar days as provider information changes take effect  | 100%   | Pass      |

11/15/2019

Hometown Health

SIERRA HEALTH-CARE OPTIONS, INC.™

# 4.4.

## 4. Consent Agenda (Peter Long, Board Chair) **(All Items for Possible Action)**

Consent items will be considered together and acted on in one motion unless an item is removed to be considered separately by the Board.

- 4.4. Acceptance of the annual PEBP Appeals and Complaints Summary for submission to the Nevada Division of Insurance.





**STEVE SISOLAK**  
*Governor*

**PETER LONG**  
*Board Chair*



STATE OF NEVADA  
**PUBLIC EMPLOYEES' BENEFITS PROGRAM**  
901 S. Stewart Street, Suite 1001 | Carson City, Nevada 89701  
Telephone 775-684-7000 | 1-800-326-5496 | Fax 775-684-7028  
[www.pebp.state.nv.us](http://www.pebp.state.nv.us)



ACCREDITED  
CORE  
Expires 04/01/2021

**LAURA RICH**  
*Interim Executive Officer*

January 23, 2020

Barbara Richardson, Insurance Commissioner  
Nevada Division of Insurance  
1818 E. College Parkway, Suite 103  
Carson City, NV 89706

Re: Public Employees' Benefits Program (PEBP) Appeals and Complaints Summary Report  
calendar year 2019

Dear Commissioner Richardson:

In accordance with NAC 287.750, PEBP presents to the Nevada Division of Insurance its annual Appeals and Complaints Summary Report for calendar year 2019. As required by code, the name of the employee(s) responsible for appeals and descriptions of notification procedures and explanation of rights are listed below, followed by a narrative summary of the attached appeals and complaints log. A graph showing the number of appeals and complaints received in calendar years 2012 through 2019 has been included for historical comparison.

NAC 287.750(1)(a), name and title of the employee responsible for the system for resolving complaints:

Nancy Spinelli, Quality Control Officer, PEBP  
Laura Landry, Quality Control Analyst, PEBP

NAC 287.750(1)(b), NRS 695G.200, a description of the procedure used to notify an insured of the decision regarding his complaint:

PEBP is contracted with HealthSCOPE Benefits (HSB) located in Little Rock, Arkansas, to provide third-party administration services for the Consumer Driven Health Plan (CDHP) and the Exclusive Provider Organization (EPO). As PEBP's claims administrator, HSB receives claims from physicians, dentists, laboratories, and other providers. HSB reviews the claims and processes them in accordance with provisions located in the applicable plan year PEBP Master Plan Document. Included at the bottom of every explanation of benefits (EOB) notice sent by HSB to participants is a statement that reads:

“If you have any questions about this explanation of benefits, please call Customer Service at the toll-free number on your ID card or send a written request to Attn: Claim Inquiry, PO Box 2860, Little Rock, AR 72203. If you are not satisfied with this decision, either you or your authorized representative can start the appeal process by sending a written request to Attn: Claim Appeals, PO Box 2860, Little Rock, AR 72203 within 180 days of receipt of this explanation of benefits (unless a longer term is permitted by your plan). Please note that if you choose to designate an authorized representative, you must make this designation to us in writing.

Please follow the steps below to make sure that your appeal is processed in a timely manner.

- Send a copy of this explanation of benefits along with any relevant additional information (e.g., benefit documents, medical records) that helps to determine if your claim is covered under the plan. Contact Customer Service if you need help or have further questions.
- Include: 1) Your name, 2) Account number from the front of this form, 3) ID number from the front of this form, 4) Name of the patient and relationship, and 5) “Attention: Claim Appeals Unit” on all supporting documents.
- Contact Customer Service at the number on the front of this form to request access to and copies of all documents, records and other information about your claim, free of charge. You have the right to billing and diagnosis codes as well.
- If your situation is urgent, you may request an expedited appeal which will generally be conducted within 72 hours. If you believe that your situation is urgent, follow the instructions above for filing an internal appeal and call 1-888-763-8232 to request a simultaneous external review if permitted by your plan.

This is the first step available to every participant in the three-level claims appeal process afforded by the PEBP CDHP or EPO plan. All participants have the right to file a Level 1 appeal when they feel a claim, in whole or in part, has been paid or denied in a manner contrary to CDHP/EPO provisions. The written request for appeal is to be mailed to the HealthSCOPE Benefits address listed on the EOB. HealthSCOPE’s decision on the Level 1 appeal is mailed to the PEBP participant in writing. If HealthSCOPE approves the appeal, they reprocess the related claim(s). If HealthSCOPE Benefits denies the Level 1 appeal, the denial letter to the participant includes instructions on how to proceed to a Level 2 appeal, if the participant deems necessary. Level 2 appeals are adjudicated by PEBP, and decisions on approval or denial are sent to participants in writing. If the Level 2 appeal is denied, the denial letter to the participant will include instructions on how to proceed to an External Review. External Reviews are managed by the Nevada Office of Consumer Health Assistance (OCHA).

The claim appeal process that PEBP describes in its Master Plan Document is in compliance with the requirements established by the Patient Protection and Affordable Care Act of 2010 (PPACA) and the Nevada Insurance Statutes in NRS 695G. Forms for completing the various

Barbara Richardson, Insurance Commissioner  
Nevada Division of Insurance  
January 23, 2020  
Page 3

levels of review are available by logging in to the E-PEBP Portal at [www.pebp.state.nv.us](http://www.pebp.state.nv.us) or by calling the PEBP office.

### **Summary Narrative**

The PEBP Quality Control Appeals and Complaints Summary Report lists 5 external reviews, 20 appeals and 106 complaints received in calendar year 2019, categorized by vendor or program, then by type. This compares to 2 external reviews; 11 appeals and 123 complaints received in 2018.

The 2019 Appeals and Complaints have stayed relatively level, although PEBP experienced an increase in appeals compared to 2018. This increase can be attributed to out-of-network utilization/balance billing, benefit limitations and exclusions. Towers Watson's VIA Benefits experienced only a minor increase in complaints with 20 in 2019 compared to 17 in 2018. Additionally, PEBP continues to dedicate staff resources to provide weekly pre-Medicare retiree educational sessions to assist retirees transitioning to VIA Benefits as well as weekly one-on-one appointments with an HRA specialist. Express Script's (ESI) experienced no change in complaints having 44 each year for 2018 and 2019. American Health Holding replaced Hometown Health as the new medical management vendor effective July 1, 2019. During the first six months of their contract, American Health Holding has received only 2 complaints related to pre-certification and 1 request for external review for medical necessity. The percentage of complaints for PEBP, Healthscope Benefits, statewide PPO network, Health Plan of Nevada, and Standard Insurance experienced slight to no changes in 2019.

Sincerely,

Laura Landry  
Quality Control Analyst  
Public Employees' Benefits Program  
775-684-7000  
[llandry@peb.nv.gov](mailto:llandry@peb.nv.gov)







**STEVE SISOLAK**  
*Governor*

**PETER LONG**  
*Board Chair*



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ACCREDITED  
CORE  
Expires 04/01/2021

**LAURA RICH**  
*Interim Executive Officer*

January 23, 2020

Richard Whitley, MS, Director  
Office of Consumer Health Assistance  
555 E. Washington Avenue, Suite 4800  
Las Vegas, NV 89101

Re: Public Employees' Benefits Program (PEBP) Appeals and Complaints Summary Report  
calendar year 2018

Dear Mr. Whitley:

In accordance with NAC 287.750, PEBP presents to the Nevada Division of Insurance its annual Appeals and Complaints Summary Report for calendar year 2019. As required by code, the name of the employee(s) responsible for appeals and descriptions of notification procedures and explanation of rights are listed below, followed by a narrative summary of the attached appeals and complaints log. A graph showing the number of appeals and complaints received in calendar years 2012 through 2019 has been included for historical comparison.

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Richard Whitley, MS, Director  
Office of Consumer Health Assistance  
January 23, 2020  
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Sincerely,

Laura Landry  
Quality Control Analyst  
Public Employees' Benefits Program  
775-684-7000  
[llandry@peb.nv.gov](mailto:llandry@peb.nv.gov)





**Complaints - ExpressScripts**

|                        | Jan-19   | Feb-19   | Mar-19   | Apr-19   | May-19   | Jun-19   | Jul-19   | Aug-19   | Sep-19   | Oct-19   | Nov-19   | Dec-19   | YTD Total | % of Total   |
|------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|--------------|
| ESI-Plan Design        | 1        | 1        |          | 3        | 1        | 1        | 1        |          | 2        | 1        |          |          | 11        | 25.0%        |
| ESI-Customer Service   | 1        | 4        | 2        | 1        | 1        | 3        |          |          | 2        |          | 1        |          | 15        | 34.1%        |
| ESI-CDHP RX Prior Auth |          |          |          | 1        |          |          |          | 2        | 4        |          | 2        |          | 9         | 20.5%        |
| ESI-EPO RX Prior Auth  |          |          |          |          |          |          | 1        |          |          |          |          |          | 1         | 2.3%         |
| ESI-CDHP RX Price      |          | 2        |          |          |          | 1        |          |          |          | 1        |          |          | 4         | 9.1%         |
| ESI-EPO RX Price       |          | 1        | 1        |          | 2        |          |          |          |          |          |          |          | 4         | 9.1%         |
| <b>Total</b>           | <b>2</b> | <b>8</b> | <b>3</b> | <b>5</b> | <b>4</b> | <b>5</b> | <b>2</b> | <b>2</b> | <b>8</b> | <b>2</b> | <b>3</b> | <b>0</b> | <b>44</b> | <b>33.6%</b> |

**Complaints - Aetna Network**

|                        | Jan-19 | Feb-19 | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | YTD Total | % of Total  |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------|-------------|
| Aetna-Customer Service |        |        |        |        |        |        |        |        |        |        |        |        | 0         | 0.0%        |
| <b>Total</b>           |        |        |        |        |        |        |        |        |        |        |        |        | <b>0</b>  | <b>0.0%</b> |

**Complaints - PEBP**

|                       | Jan-19   | Feb-19   | Mar-19   | Apr-19   | May-19   | Jun-19   | Jul-19   | Aug-19   | Sep-19   | Oct-19   | Nov-19   | Dec-19   | YTD Total | % of Total  |
|-----------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-------------|
| PEBP-Customer Service | 1        | 1        |          | 1        |          |          |          |          |          |          |          | 1        | 4         | 40.0%       |
| PEBP-Plan Design      |          |          |          |          |          |          |          | 1        |          |          |          | 1        | 2         | 20.0%       |
| PEBP-Eligibility      | 1        | 1        |          | 1        |          |          |          |          |          |          |          | 1        | 4         | 40.0%       |
| <b>Total</b>          | <b>2</b> | <b>2</b> | <b>0</b> | <b>2</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>1</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>3</b> | <b>10</b> | <b>7.6%</b> |

**Complaints - SHO/HTH EPO/PPO Network**

|                        | Jan-19   | Feb-19   | Mar-19   | Apr-19   | May-19   | Jun-19   | Jul-19   | Aug-19   | Sep-19   | Oct-19   | Nov-19   | Dec-19   | YTD Total | % of Total   |
|------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|--------------|
| HTH-Network Providers  |          | 3        | 1        |          | 3        |          |          |          | 1        |          | 1        |          | 9         | 52.9%        |
| SHO -Network Providers | 1        |          |          | 1        |          |          |          |          |          | 3        | 1        | 2        | 8         | 47.1%        |
| <b>Total</b>           | <b>1</b> | <b>3</b> | <b>1</b> | <b>1</b> | <b>3</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>1</b> | <b>3</b> | <b>2</b> | <b>2</b> | <b>17</b> | <b>13.0%</b> |

**Complaints - Standard Insurance**

|                      | Jan-19   | Feb-19   | Mar-19   | Apr-19   | May-19   | Jun-19   | Jul-19   | Aug-19   | Sep-19   | Oct-19   | Nov-19   | Dec-19   | YTD Total | % of Total  |
|----------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-------------|
| STD-Customer Service |          |          |          |          |          |          |          |          |          |          |          |          | 0         | 0.0%        |
| STD- Plan Design     |          |          |          |          |          |          |          |          |          |          |          |          | 0         | 0.0%        |
| <b>Total</b>         | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b>  | <b>0.0%</b> |

**Complaints - TW/VIA Benefits**

|                        | Jan-19   | Feb-19   | Mar-19   | Apr-19   | May-19   | Jun-19   | Jul-19   | Aug-19   | Sep-19   | Oct-19   | Nov-19   | Dec-19   | YTD Total | % of Total   |
|------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|--------------|
| VIA-Carrier Issues     |          |          |          | 1        |          |          |          |          |          |          |          |          | 1         | 5.0%         |
| VIA-Customer Service   | 1        |          |          | 1        |          | 1        |          | 1        |          | 1        |          |          | 5         | 25.0%        |
| VIA-Disenroll/Over-pmt |          |          |          |          | 2        | 1        | 1        |          |          | 1        |          |          | 5         | 25.0%        |
| VIA-Enrollment         |          | 1        |          |          | 1        |          |          |          | 1        | 1        |          | 1        | 5         | 25.0%        |
| VIA-HRA Funding        |          |          | 2        |          |          |          | 1        |          |          | 1        |          |          | 4         | 20.0%        |
| <b>Total</b>           | <b>1</b> | <b>1</b> | <b>2</b> | <b>2</b> | <b>3</b> | <b>2</b> | <b>2</b> | <b>1</b> | <b>1</b> | <b>4</b> | <b>0</b> | <b>1</b> | <b>20</b> | <b>15.3%</b> |

**Complaints - American Health Holding UM/CM**

|                      | Jan-19   | Feb-19   | Mar-19   | Apr-19   | May-19   | Jun-19   | Jul-19   | Aug-19   | Sep-19   | Oct-19   | Nov-19   | Dec-19   | YTD Total | % of Total  |
|----------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-------------|
| AHH-Customer Service |          |          |          |          |          |          |          |          |          |          |          |          | 0         | 0.0%        |
| AHH-UM/Pre-Cert      |          |          |          |          |          |          |          |          |          | 2        |          |          | 2         | 100.0%      |
| <b>Total</b>         | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>2</b> | <b>0</b> | <b>0</b> | <b>2</b>  | <b>1.5%</b> |

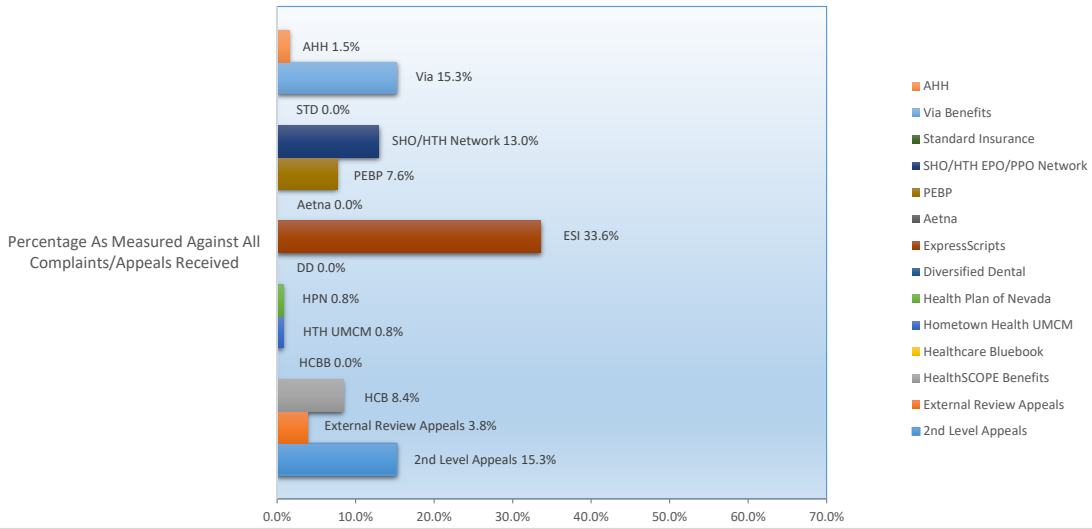
**Summary Report Totals**

| Jan-19 | Feb-19 | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | YTD Total |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------|
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------|

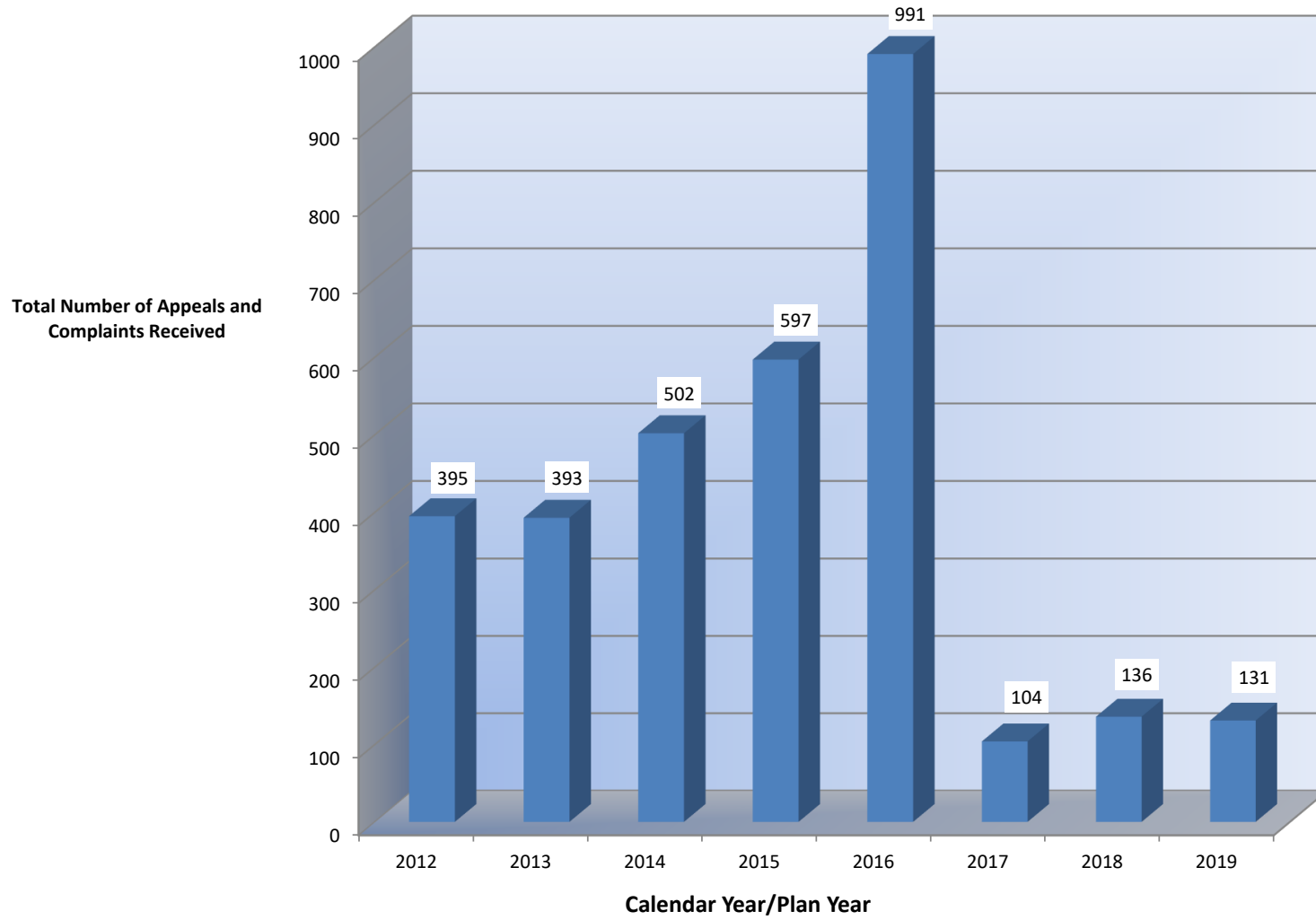
**Appeals & Complaints Totals**

|    |    |   |    |    |   |   |   |    |    |   |   |     |
|----|----|---|----|----|---|---|---|----|----|---|---|-----|
| 10 | 20 | 7 | 14 | 14 | 8 | 8 | 5 | 15 | 14 | 7 | 9 | 131 |
|----|----|---|----|----|---|---|---|----|----|---|---|-----|

**PEBP PY2019 Complaints/Appeals Summary Report**



## PEBP Complaints and Appeals History Comparison 2012 - 2019





# 4.5.

## 4. Consent Agenda (Peter Long, Board Chair) **(All Items for Possible Action)**

Consent items will be considered together and acted on in one motion unless an item is removed to be considered separately by the Board.

4.5. Acceptance of Health Claim Auditors' quarterly audit findings for HealthSCOPE Benefits for the timeframe of July 1, 2019 – September 30, 2019.



*Claims and System  
Audit Report  
for*

*N e v a d a* PUBLIC EMPLOYEES' BENEFITS PROGRAM



**PEBP**

*Health Matters.*

**Audit Period: PEBP Plan Year 2020, Quarter One  
July, August and September 2019**

*Audited Vendor:*



*Submitted By:  
Health Claim Auditors, Inc.  
October 2019*

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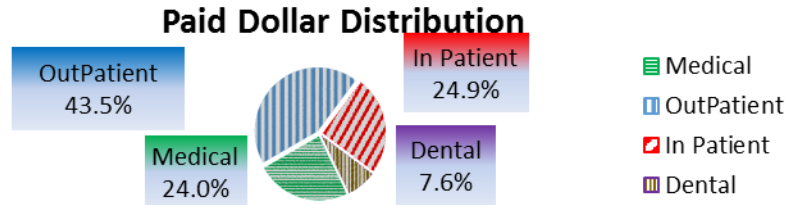
## EXECUTIVE SUMMARY

### *Audited Random Selection Data*

Total number of claims: 500

Total Charge Value of random selection: \$1,033,860.82

Total Paid Value of random selection: \$ 259,647.98



### *Performance Guaranteed Metric Results*

| Metric                           | Guarantee Measurement   | Actual              | Pass/Fail |
|----------------------------------|---|---------------------|-----------|
| Payment Accuracy                 | ≥ 98% of claims audited are to be paid accurately   | 99.4%               | Pass      |
| Financial Accuracy               | ≥ 99% of the dollars paid for the audited claims is to be paid accurately   | 99.65%              | Pass      |
| Claim Processing Turnaround Time | - 99% of all claims are to be processed within 30 days.   | 99.59%              | Pass      |
| Customer Service                 | -Telephone Response Time: ≤ 30 seconds.   | 20 sec.             | Pass      |
|                                  | -Telephone Abandonment Rate: ≤ 2%.  | 1.66%               | Pass      |
|                                  | -First Call Resolution: ≥ 95%   | 95.03%              | Pass      |
| Data Reporting                   | -100% of standard reports w/in 10 bus. days<br>-Annual/Regulatory Documents w/in 10 business days of Plan Year end  | No Exceptions Noted | Pass      |
| Disclosure of Subcontractors     | -Report access of PEBP data within 30 c. days<br>-Removal of PEBP member PHI within 3 business days after knowledge | No Exceptions Noted | Pass      |

The following notations within the Executive Summary section are reported as follow up to previous findings and/or issues considered as an “outlier” of findings typically detected within the PEBP quarterly audits which require attention and/or acknowledgement for possible action(s).

### *Previous Recommendation(s)*

HCA is pleased to report that all previous recommendations accepted by the PEBP Board of Directors has been implemented and/or in the process of application.

## *Current/Updated Issue Findings*

### **1) Repricing by Hometown Health**

Previous audits have detected a trend in which the allowable rates repriced by Hometown Health and provided to HealthSCOPE for adjudication of Preferred Provider Organization (PPO) network claims are incorrect. Claims within this audit reflect as adjusted and/or audited as bias errors (not charged to HealthSCOPE performance statistics) due to incorrect repriced rate(s) provided during the original adjudication(s).

The audit for this period identified 2,868 claims incorrectly repriced as “NON PPO” for submissions by PPO providers due to a change HTH made to improve the system logic causing HSB to apply Usual & Customary (U&C) rates versus the network negotiated rates and the addition of incorrect member deductibles and copayment(s).

The errors within this issue were identified in September 2019 and repriced by HTH in October 2019. HealthSCOPE has confirmed that all the claims affected by this issue were adjusted and repaid with a completion date of 04 November 2019.

- 2) An issue detected within this audit concerns a HealthSCOPE system issue regarding routine colonoscopies. PEBP changed the frequency to obtain these to reflect what ages and how often these can be done. The HSB system was changed to accommodate this but it has caused an issue where only one claim (facility or surgeon, whichever comes in first) to be paid as routine with the other paid as illness. HSB was made aware of this and has opened a ticket for plan building to correct as well as having a report run to identify all potential claims that this has affected.

## Trends/Issues

The audit revealed the following issues or trends detected from the random selection and bias selected claims. Please note: the reference numbers in **bold type** are claims from the random selection and are included within the statistical calculations. Reference numbers in normal type were identified as issues in bias claims as defined earlier and are not included within the statistical calculations of this audit. Specific information regarding supporting reference numbers can be found in the Audit Results Section in numerical sequence, which begins on page 26.

**Incorrect rate due to network re-pricing;**

Supporting reference nos. 012, 091, 102, 163 and 458

**Provider repriced as non-par by network in error;**

Supporting reference nos. 001, 308, 479 and 480

**Routine colonoscopy charge paid as medical;**

Supporting reference nos. 248, 272, 364 and 448

**Claim not reprocessed after requested information received;**

Supporting reference nos. 237 and 246

**Corrected claim denied as duplicate in error;**

Supporting reference nos. 358 and 488

**Claim denied in error;** Supporting reference nos. 417 and 492

**Incorrect allowable used for assistant surgeon;**

Supporting reference no. **014**

**Add on CPT code bundled in error;**

Supporting reference no. 091

**Duplicate paid;** Supporting reference no. 149

**Preventive claim paid as medical;** Supporting reference no. 340

**Incorrect network used;** Supporting reference no. **395**

**Paid under incorrect patient;** Supporting reference no. 431

**Discount not applied;** Supporting reference no. **480**

# CLAIM PROCEDURES/SYSTEM CAPABILITIES/SUPPORT DATA

## *Introduction*

In October 2019, Health Claim Auditors, Inc. (HCA) performed a Claims and System Audit of HealthSCOPE Benefits (HealthSCOPE) located in Little Rock, Arkansas on behalf of The State of Nevada Public Employees' Benefits Program (PEBP).

This audit was performed by collecting information to assure that HealthSCOPE is doing an effective job of controlling claim costs while paying claims accurately within a reasonable period of time. This report was presented to HealthSCOPE for any additional comments and responses on 24 October 2019.

## *Breakdown of Claims Audited*

The individual claims audited were randomly selected from PEBP's claims listings as supplied by HealthSCOPE. These claims had dates of service ranging from March 2018 to September 2019 and were processed by HealthSCOPE from 01 July 2019 through 30 September 2019 (PEBP's First Quarter Plan Year 2020). These claims were stratified by dollar volume to assure that HCA audited all types of claims. The audit also includes large dollar paid amounts that are considered as bias\* selected claims.

\*Bias claims are not part of the random selection but were audited by HCA because of some "out of the ordinary" characteristic of the claim. There are multiple criteria to identify the "out of the ordinary" characteristics. Examples are duplicates, CPT up coding, exceeding benefit limits, etc.

The breakdown of the 500 random selected claims audited is as follows:

| Type of Service | Charge Amount         | Paid Amount          | Paid Distribution | No. of Claims |
|-----------------|-----------------------|----------------------|-------------------|---------------|
| Medical         | \$ 205,199.04         | \$ 62,168.49         | 24.0%             | 337           |
| Outpt. Hospital | \$ 490,153.20         | \$ 113,178.78        | 43.5%             | 55            |
| Inpt. Hospital  | \$ 279,489.58         | \$ 64,598.16         | 24.9%             | 5             |
| Dental          | \$ 59,019.00          | \$ 19,702.55         | 7.6%              | 103           |
| <b>TOTAL</b>    | <b>\$1,033,860.82</b> | <b>\$ 259,647.98</b> | <b>100%</b>       | <b>500</b>    |

## *Payment Accuracy*

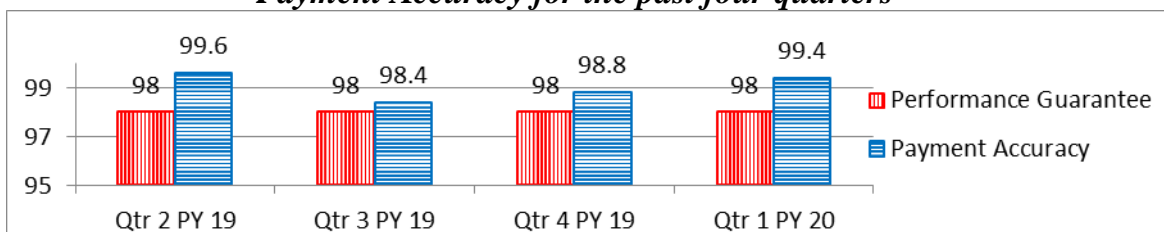
Per PEBP, the Service Performance Standards and Financial Guarantees Agreement for the payment accuracy is to be 98% or above of claims adjudicated are to be paid correctly or a penalty of 2.5% of Quarterly Administration Fees for each percentage (%) point, or fraction thereof, below performance guarantee is to be applied. Payment Accuracy is calculated by dividing the total number of claims not containing payment errors in the audit period by the number of claims audited within the random selection.



The Payment Accuracy Percentage of the number of claims paid correctly from the HealthSCOPE random selection for this audited quarter is 99.4%.

|  |       |
|--|-------|
| Number of claims:                      | 500   |
| Number of claims paid incorrectly:     | 3     |
| Percentage of claims paid incorrectly: | 0.6%  |
| Number of claims paid correctly:       | 497   |
| Percentage of claims paid correctly:   | 99.4% |

***Payment Accuracy for the past four quarters***



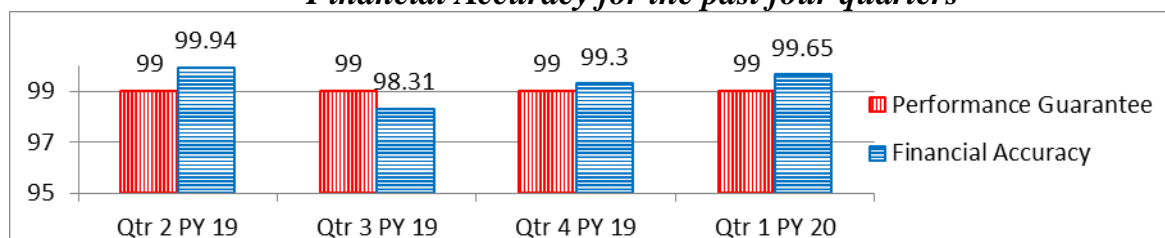
***Financial Accuracy***

Per PEBP, the Service Performance Standards and Financial Guarantees Agreement for the financial accuracy of the total dollars paid for claims adjudicated is to be paid correctly at 99% or above or a penalty of 2.5% of Quarterly Administration Fees for each percentage (%) point, or fraction thereof, below performance guarantee is to be applied. Financial Accuracy is calculated by dividing the total audited dollars paid correctly by the total audited dollars processed within the random selection.

The Financial Accuracy Percentage of paid dollars remitted correctly on the HealthSCOPE claims selected randomly for this audited quarter is 99.65%. This audit reflected eighty-six and seven tenths percent (86.7%) of the audited errors within the valid random selection were overpayments.

|  |               |
|--|---------------|
| <b>Paid dollars audited</b>                        | \$ 259,647.98 |
| <b>Amount of paid dollars remitted incorrectly</b> | \$ 921.38     |
| <b>Percentage of Dollars paid incorrectly</b>      | 0.35%         |
| <b>Paid Dollars of claims paid correctly</b>       | \$ 258,726.60 |
| <b>Percentage of Dollars Paid correctly</b>        | 99.65%        |

***Financial Accuracy for the past four quarters***



### *Historical Statistical Data of Performance Guarantees*

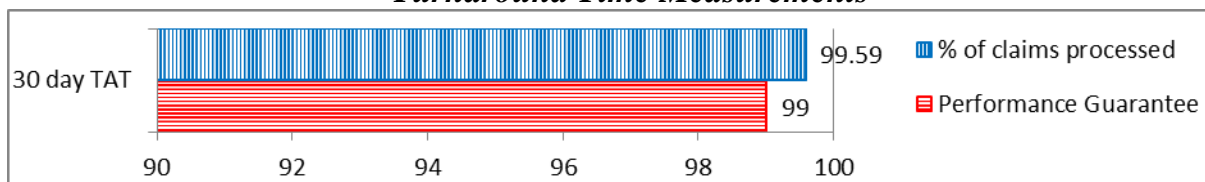
The following reflects the historical statistical data since the origin of PEBP medical claims administration by HealthSCOPE. The entries designated in **bold red type** are measurable categories with underperformance of the Service Performance Guarantees Agreement.

| Period Audited                    | Payment Accuracy | Financial Accuracy | Turnaround Time | Telephone Response | Telephone Abandon Rate | First Call Resolution |
|-----------------------------------|------------------|--------------------|-----------------|--------------------|------------------------|-----------------------|
| 1 <sup>st</sup> Qtr PY 2012       | 95.7%            | 98.6%              | 7.6 days        | :17                | 1.43%                  | N/A                   |
| 2 <sup>nd</sup> Qtr PY 2012       | <b>93.3%</b>     | <b>97.3%</b>       | 12.7 days       | :12                | 1.16%                  | N/A                   |
| 3 <sup>rd</sup> Qtr PY 2012       | <b>96.8%</b>     | <b>98.6%</b>       | 3.7 days        | :18                | 1.32%                  | N/A                   |
| 4 <sup>th</sup> Qtr PY 2012       | <b>95.8%</b>     | 99.5%              | 11.4 days       | :14                | 0.93%                  | N/A                   |
| 1 <sup>st</sup> Qtr PY 2013       | 97.2%            | 99.4%              | 10.4 days       | :20                | 1.06%                  | N/A                   |
| 2 <sup>nd</sup> Qtr PY 2013       | 98.5%            | 99.3%              | 7.3 days        | :11                | 0.87%                  | N/A                   |
| 3 <sup>rd</sup> Qtr PY 2013       | 98.0%            | <b>95.7%</b>       | 6.4 days        | :25                | 1.98%                  | N/A                   |
| 4 <sup>th</sup> Qtr PY 2013       | 98.4%            | 99.7%              | 6.2 days        | :29                | 1.61%                  | N/A                   |
| 1 <sup>st</sup> Qtr PY 2014       | 98.8%            | 99.6%              | 5.4 days        | :14                | 0.84%                  | N/A                   |
| 2 <sup>nd</sup> Qtr PY 2014       | 99.2%            | 99.2%              | 5.9 days        | :29                | 1.96%                  | N/A                   |
| 3 <sup>rd</sup> Qtr PY 2014       | 98.0%            | <b>98.5%</b>       | 5.2 days        | <b>:30.5</b>       | 1.92%                  | N/A                   |
| 4 <sup>th</sup> Qtr PY 2014       | 99.0%            | 99.8%              | 4.4 days        | :28                | 1.96%                  | N/A                   |
| 1 <sup>st</sup> Qtr PY 2015       | 98.8%            | 99.27%             | 4.9 days        | :29.4              | 1.94%                  | N/A                   |
| 2 <sup>nd</sup> Qtr PY 2015       | 99.0%            | 99.35%             | 8.1 days        | :22                | 1.18%                  | N/A                   |
| 3 <sup>rd</sup> Qtr PY 2015       | 98.6%            | 99.8%              | 5.9 days        | :29.7              | 1.97%                  | N/A                   |
| 4 <sup>th</sup> Qtr PY 2015       | 99.6%            | <b>95.6%</b>       | 4.9 days        | :29.4              | 1.91%                  | N/A                   |
| 1 <sup>st</sup> Qtr PY 2016       | 99.0%            | <b>98.9%</b>       | 4.8 days        | :29.1              | 1.94%                  | N/A                   |
| 2 <sup>nd</sup> Qtr PY 2016       | 98.6%            | 99.7%              | 3.5 days        | :24.0              | 1.14%                  | N/A                   |
| 3 <sup>rd</sup> Qtr PY 2016       | 98.8%            | <b>98.53%</b>      | 5.3 days        | :29.0              | 1.96%                  | N/A                   |
| 4 <sup>th</sup> Qtr PY 2016       | 99.0%            | 99.52%             | 6.3 days        | :29.5              | 1.98%                  | N/A                   |
| 1 <sup>st</sup> Qtr PY 2017       | 99.0%            | 99.23%             | 6.6 days        | :29.8              | 1.93%                  | N/A                   |
| 2 <sup>nd</sup> Qtr PY 2017       | 99.6%            | 99.78%             | 4.3 days        | :29.3              | 1.96%                  | N/A                   |
| 3 <sup>rd</sup> Qtr PY 2017       | 98.2%            | <b>93.83%</b>      | 3.7 days        | :29.8              | 1.97%                  | N/A                   |
| 4 <sup>th</sup> Qtr PY 2017       | 99.0%            | 99.66%             | 4.6 days        | :29.3              | 1.98%                  | N/A                   |
| 1 <sup>st</sup> Qtr PY 2018       | 99.2%            | 99.83%             | 4.4 days        | :26.0              | 1.61%                  | 98.79%                |
| 2 <sup>nd</sup> Qtr PY 2018       | 99.6%            | 99.9%              | 4.3 days        | :12.8              | 1.12%                  | 98.28%                |
| 3 <sup>rd</sup> Qtr PY 2018       | 98.6%            | 99.7%              | 3.5 days        | :28.5              | 1.97%                  | 98.65%                |
| 4 <sup>th</sup> Qtr PY 2018       | 99.4%            | 99.5%              | 4.2 days        | :21.0              | 1.50%                  | 97.65%                |
| 1 <sup>st</sup> Qtr PY 2019       | 98.8%            | <b>98.2%</b>       | 5.4 days        | :21.0              | 1.49%                  | 97.85%                |
| 2 <sup>nd</sup> Qtr PY 2019       | 99.6%            | 99.9%              | 5.6 days        | :21.0              | 1.40%                  | 97.18%                |
| 3 <sup>rd</sup> Qtr PY 2019       | 98.4%            | <b>98.31%</b>      | 5.8 days        | :14.0              | 1.21%                  | 95.89%                |
| 4 <sup>th</sup> Qtr PY 2019       | 98.8%            | 99.30%             | 6.7 days        | :14.0              | 1.09%                  | 96.38%                |
| <b>1<sup>st</sup> Qtr PY 2020</b> | <b>99.4%</b>     | <b>99.65%</b>      | <b>7.1 days</b> | <b>:20.0</b>       | <b>1.66%</b>           | <b>95.03%</b>         |

### ***Turnaround Time***

Per the Service Performance Standards and Financial Guarantees Agreement, the turnaround time for payments of claims is measured in calendar days from the date HealthSCOPE receives the claim until the date of process. Ninety nine percent (99%) of complete claims adjudicated are to be processed within thirty (30) calendar days, excluding federal holidays, or a penalty of two percent (2.0%) of Quarterly Administration fees for each two and a half percent (2.5%) of non-compliance complete claims is to be applied. HCA had requested the report that reflects the measurement of this issue. This report reflected that 99.59% of “complete” claims were processed within 30 calendar days, in compliance with the performance guarantee. This report also displayed the total turnaround process time for all claims at 7.1 days.

***Turnaround Time Measurements***



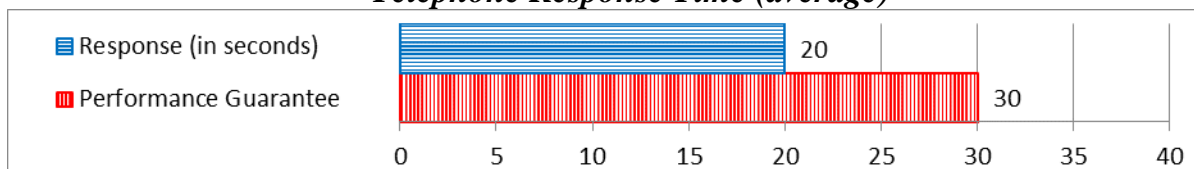
The turnaround time, measured only from the random selected claims, for Medical claims 16.7 calendar days, Out Patient Hospital claims was 19.9 calendar days, In Patient Hospital claims was 21.8 calendar days and Dental claims was 3.4 calendar days.

During the audit period of 01 July 2019 to 30 September 2019, HealthSCOPE had received 1,411 PEBP e-mail inquiries for information via the internet. The average turnaround time for these inquiries was calculated at approximately 7.0 hours.

### ***Customer Service Satisfaction***

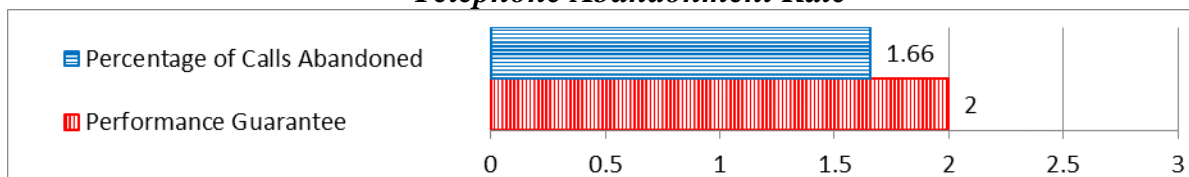
Per the Service Performance Standards and Financial Guarantees Agreement, the telephone response time reflects all calls must be answered within thirty (30) seconds or a penalty of one percent (1%) of Quarterly Administration fees for each second in non-compliance is to be applied. HCA has reviewed the appropriate report for the PEBP first fiscal quarter Plan Year 2020, which revealed the average incoming answer speed to be 20.0 seconds (0:20.0). The telephone response time was 19 seconds for July 2019, 20 seconds for August 2019 and 20 seconds for September 2019.

***Telephone Response Time (average)***



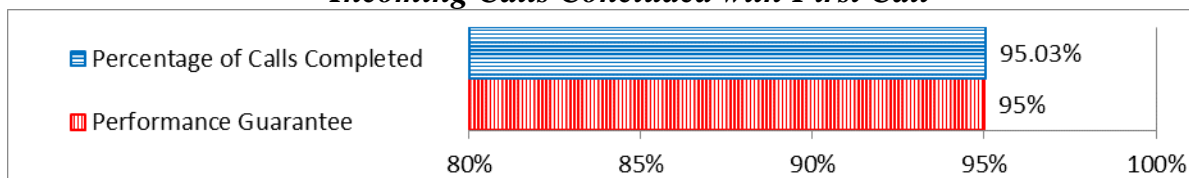
Per the Service Performance Standards and Financial Guarantees Agreement, the abandonment rate must be under two percent (2%) of total calls or a penalty of one percent (1%) of Quarterly Administration fees for each percentage point or fraction thereof in non-compliance is to be applied. HCA has reviewed the appropriate report for the PEBP first fiscal quarter Plan Year 2020, which revealed the abandoned calls ratio to be 1.66%. The telephone abandonment rate was 1.73% for July 2019, 1.49% for August 2019 and 1.75% for September 2019.

***Telephone Abandonment Rate***



Per the Service Performance Standards and Financial Guarantees Agreement, ninety five percent (95%) of incoming PEBP member problems must be resolved to conclusion on the first call or a penalty of one percent (1%) of Quarterly Administration fees for non-compliance is to be applied. HCA has reviewed the appropriate report for the PEBP fourth fiscal quarter Plan Year 2020, which revealed that HealthSCOPE documented 95.03% of incoming calls were brought to completion on the first call.

***Incoming Calls Concluded with First Call***



HealthSCOPE has eighty plus (80+) Customer Service Reps (CSRs), of which, the majority are in the Little Rock office with an average of eight (8) years experience.

Health SCOPE currently has eighteen (18) CSRs dedicated to the PEBP plan.

HealthSCOPE stated that customer service hours of operation will be applied to PEBP direction for proper service levels.

Benefit data is supplied by electronic documentation so that the analyst may explain benefit information to clients, members and providers by HealthSCOPE.

HealthSCOPE stated that the customer service representatives will not have the ability to make system changes.

HealthSCOPE’s telephone conversations are documented for future reference.

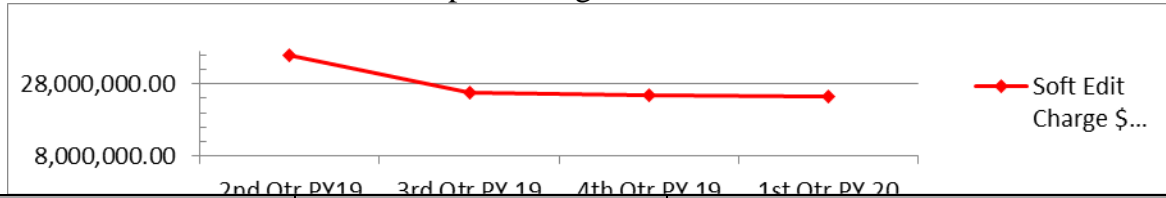
HealthSCOPE does have an audit process for Customer Service Representatives.

HealthSCOPE is able to monitor trends/errors found through Customer Service.

HealthSCOPE can conduct customer service satisfaction surveys to determine employee satisfaction of claims administration and service upon client request.

## Soft Denied Claims

The audit identifies the volume of claims adjudicated and placed in a “soft denied” status. HCA recognizes and respects the need to place certain claims in a soft denied status such as claims that require additional information or special calculation of payment. It is important to include this data within this report to disclose the outstanding unpaid claims that could create an artificial debit/savings during the time that these claims were adjudicated. Note: The measurement of this data was provided as a “snapshot” report. The report reflected the “soft edit” amounts as they were reported on the specific day that the report was recorded. The report for the current claims placed in a “soft denied” status reflect a total of 4,992 claims representing \$ 24,614,175.86.



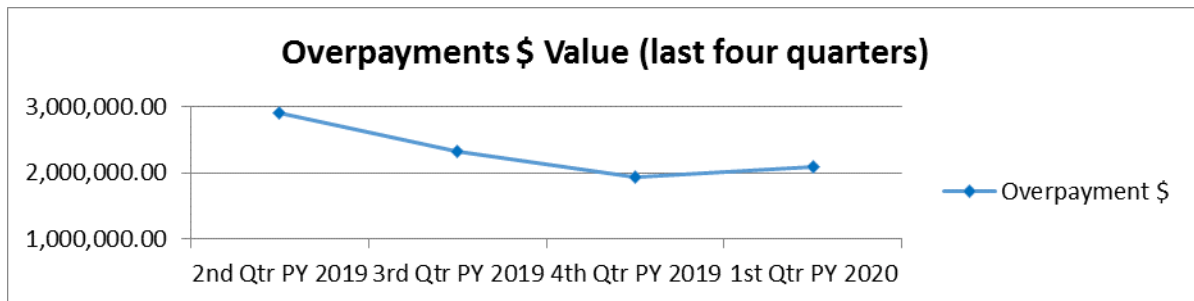
| Audit Period                      | Total Number of Claims | Charge Amount Value of Soft Edits |
|-----------------------------------|------------------------|-----------------------------------|
| 1 <sup>st</sup> Qtr PY 2012       | 2,607                  | \$ 7,544,177.55                   |
| 2 <sup>nd</sup> Qtr PY 2012       | 4,068                  | \$10,697,954.53                   |
| 3 <sup>rd</sup> Qtr PY 2012       | 1,536                  | \$ 6,472,249.56                   |
| 4 <sup>th</sup> Qtr PY 2012       | 559                    | \$ 2,205,318.16                   |
| 1 <sup>st</sup> Qtr PY 2013       | 1,053                  | \$ 3,413,738.12                   |
| 2 <sup>nd</sup> Qtr PY 2013       | 1,107                  | \$ 5,019,961.70                   |
| 3 <sup>rd</sup> Qtr PY 2013       | 1,023                  | \$ 4,179,542.34                   |
| 4 <sup>th</sup> Qtr PY 2013       | 1,094                  | \$ 3,049,481.74                   |
| 1 <sup>st</sup> Qtr PY 2014       | 1,389                  | \$ 3,853,629.07                   |
| 2 <sup>nd</sup> Qtr PY 2014       | 1,157                  | \$ 2,510,539.33                   |
| 3 <sup>rd</sup> Qtr PY 2014       | 1,621                  | \$ 7,873,432.21                   |
| 4 <sup>th</sup> Qtr PY 2014       | 1,487                  | \$ 4,665,197.77                   |
| 1 <sup>st</sup> Qtr PY 2015       | 1,404                  | \$ 5,901,903.17                   |
| 2 <sup>nd</sup> Qtr PY 2015       | 1,668                  | \$ 6,930,288.41                   |
| 3 <sup>rd</sup> Qtr PY 2015       | 2,897                  | \$10,800,874.08                   |
| 4 <sup>th</sup> Qtr PY 2015       | 2,498                  | \$10,685,255.24                   |
| 1 <sup>st</sup> Qtr PY 2016       | 3,071                  | \$13,027,717.82                   |
| 2 <sup>nd</sup> Qtr PY 2016       | 2,543                  | \$13,547,682.34                   |
| 3 <sup>rd</sup> Qtr PY 2016       | 2,871                  | \$10,360,017.78                   |
| 4 <sup>th</sup> Qtr PY 2016       | 3,107                  | \$15,262,995.27                   |
| 1 <sup>st</sup> Qtr PY 2017       | 2,580                  | \$ 8,558,641.28                   |
| 2 <sup>nd</sup> Qtr PY 2017       | 3,876                  | \$15,960,661.94                   |
| 3 <sup>rd</sup> Qtr PY 2017       | 3,696                  | \$18,864,824.74                   |
| 4 <sup>th</sup> Qtr PY 2017       | 4,768                  | \$20,217,736.28                   |
| 1 <sup>st</sup> Qtr PY 2018       | 3,926                  | \$15,683,180.63                   |
| 2 <sup>nd</sup> Qtr PY 2018       | 4,073                  | \$20,576,701.38                   |
| 3 <sup>rd</sup> Qtr PY 2018       | 4,144                  | \$17,375,843.66                   |
| 4 <sup>th</sup> Qtr PY 2018       | 4,544                  | \$21,591,987.11                   |
| 1 <sup>st</sup> Qtr PY 2019       | 4,624                  | \$24,992,938.88                   |
| 2 <sup>nd</sup> Qtr PY 2019       | 5,558                  | \$36,168,714.98                   |
| 3 <sup>rd</sup> Qtr PY 2019       | 5,476                  | \$25,662,843.33                   |
| 4 <sup>th</sup> Qtr PY 2019       | 5,248                  | \$24,848,496.79                   |
| <b>1<sup>st</sup> Qtr PY 2020</b> | <b>4,992</b>           | <b>\$24,614,175.86</b>            |

**Overpayments**

HCA requested an overpayment report that reflects the identified current outstanding overpayments incurred since the beginning of the contract period with HealthSCOPE. This report reflected a current total potential recovery value of \$1,940,930.88 (an increase of \$152,555.74). Detailed information regarding outstanding overpayments can be reviewed in a separate Supplemental Report, which for confidentiality purposes, is not included in this report but is made available to PEBP staff should they request it.

HSB’s policy is to keep all identified overpayments active for potential recoupment(s) The breakout of overpayments identified by the year paid are as follows:

| <u>Period</u>                       | <u>Due/Potential Recovery</u> |
|-------------------------------------|-------------------------------|
| - Fiscal Year 2012                  | \$ 108,925.13                 |
| - Fiscal Year 2013                  | \$ 147,942.33                 |
| - Fiscal Year 2014                  | \$ 63,408.28                  |
| - Fiscal Year 2015                  | \$ 171,529.51                 |
| - Fiscal Year 2016                  | \$ 194,078.02                 |
| - Fiscal Year 2017                  | \$ 119,586.14                 |
| - Fiscal Year 2018                  | \$ 384,589.26                 |
| - Fiscal Year 2019                  | \$ 298,158.36                 |
| - <u>Fiscal Year 2020 (to date)</u> | <u>\$ 605,269.59</u>          |
| <b>TOTAL</b>                        | <b>\$2,093,486.62</b>         |



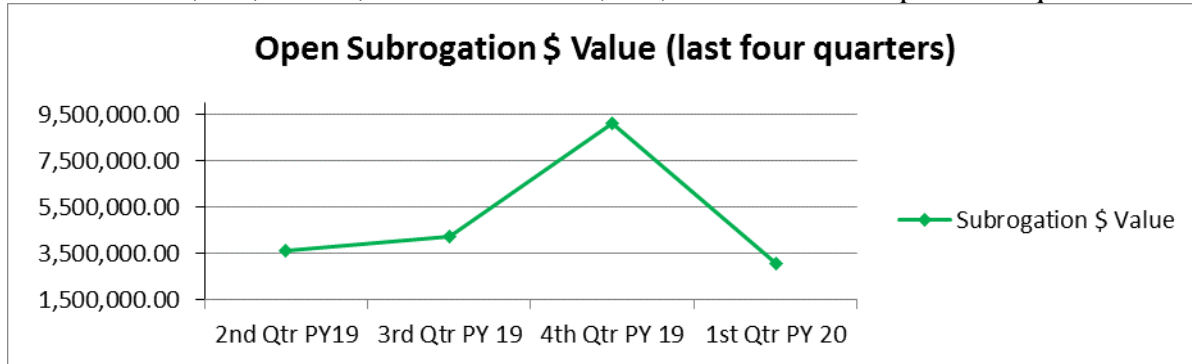
Of the 1,113 most current (4<sup>th</sup> Qtr Plan Year 2019 + 1<sup>st</sup> Qtr Plan Year 2020) identified outstanding overpayments (HSB only), 51% were found to be caused by external sources that are not a cause of the HealthSCOPE adjudication processes. Breakout of the HealthSCOPE's most current overpayments (by claim count) are listed by reason as follows:

|        |   |
|--------|---|
| 20.27% | No COB on file  |
| 16.31% | Incorrect Benefit Applied   |
| 13.78% | Corrected HTH Network Pricing                                     |
| 10.27% | SHO Pricing Correction  |
| 10.00% | COB incorrectly calculated or not applied                         |
| 9.28%  | Provider caused, rebilled, charges billed in error, corrected EOB |
| 6.31%  | Retro termination   |
| 5.14%  | Incorrect Rate Applied  |
| 1.98%  | Duplicate   |
| 0.90%  | Paid in excess of max limit                                       |
| 0.90%  | Service not covered   |
| 0.63%  | Previous Information Received                                     |
| 0.63%  | Paid NON PPO as PPO   |
| 0.54%  | Adjusted after medical review                                     |
| 0.54%  | Processed under the incorrect provider                            |
| 0.36%  | Incorrect assignment applied                                      |
| 0.36%  | Processed under incorrect patient                                 |
| 0.27%  | Stop Payment  |
| 0.27%  | Eligibility   |
| 0.18%  | Category error  |
| 0.18%  | Pre-Certification   |
| 0.18%  | Benefit Clarification   |
| 0.18%  | Denied in Error   |
| 0.09%  | Asst Surgeon paid as Surgeon                                      |
| 0.09%  | Subrogation error   |
| 0.09%  | Entry Error   |
| 0.09%  | Paid PPO provider as NON PPO                                      |
| 0.09%  | Multiple Surgery Reduction not applied                            |
| 0.09%  | Stale Dated Check   |

## ***Subrogation***

HCA requested a subrogation report that can be reviewed in a separate Supplemental Report, which for confidentiality purposes is not included in this report. It is made available to PEBP staff should they request it.

This report reflects open subrogation claims representing a current potential recovery amount of \$3,049,326.35; a decrease of \$6,032,953.09 from the previous quarter.



Reports received from HealthSCOPE reflect that subrogation recoveries for the audited period was \$216,634.45. After contingency fees were paid, PEBP received \$162,475.85.

HealthSCOPE system will apply a pursue and pay subrogation policy as directed by PEBP. Per HealthSCOPE, subrogation is determined and pursued on all claims where the total amount paid equals to or exceeds \$1000 (one thousand).

HealthSCOPE does identify possible subrogation cases internally. HealthSCOPE utilizes a third party vendor for recovery of monies. Vendors are paid a contingency of which the administrator receives a portion of and disclosed within RFP 1983 for Third Party Claims Administration.

HealthSCOPE does not conduct auditing of outstanding subrogation cases sent to their vendors, but sends any cases not picked up by the main vendor to another vendor for review.

HealthSCOPE depends on the external vendors to conduct the appropriate International Classification of Diseases (ICD) sweep checks for subrogation detections. HealthSCOPE is currently utilizing the new ICD-10 conversions and the coding has been completed within their system.

Per HealthSCOPE, claims related to Worker's Compensation are denied.

Recoupment and payments for subrogation claims are assigned as directed by PEBP.



### ***High Dollar Claimants***

Per the request of PEBP staff, HCA has requested a report to identify the number of active, retiree or COBRA elected participants or dependents who have obtained a plan paid level of \$750,000.00 or greater.

This report reflected thirty-nine (39) active members and twenty-nine (29) dependents for a total of 68 active participants, who have obtained this level of plan payment participation representing an accrued dollar paid amount of \$92,995,906.24.

### ***Personnel***

The audit included a review of the HealthSCOPE personnel dedicated or assigned to PEBP. The current Organization Chart for individuals assigned to the PEBP plan, is, with changes, as follows:

- State of Nevada Manager;
- Vice President – Quality Assurance;
- Sr. Vice President Operations Customer Care;
- Executive Account Manager;
- Client Relations Manager;
- Financial Operations Director;
- Provider Maintenance Specialist;
- Financial Analysts, 3 individuals;
- Funding Supervisor;
- Claims Administration Manager;
- Claims Administration Supervisor;
- Claims Analysts, 15 individuals;
- Eligibility Director;
- Eligibility Supervisor;
- Customer Service Vice President;
- Customer Service Director;
- Customer Service Representatives, **CHANGE**, 3 individuals added and 3 removed for a total of 18 individuals;
- Scanning Services Manager;
- Recoveries Manager;
- Recoveries Specialists, 2 individuals;
- Vice President Data Services;
- Senior Data Analyst;
- Chief Information Officer;
- Data Architect
- Computer Domain Hosting (CDH) Services Manager;
- Sr. Vice President-Legal and Compliance;
- COBRA Service Manager;
- Customer Care Supervisor;
- Customer Care Representatives, 3 individuals.

## **HealthSCOPE POLICY/PROCEDURES/SYSTEM CAPABILITIES**

The following section displays HealthSCOPE policies, procedures and system capabilities as they pertain to adjudication of PEBP claims. Due that system edit and functions do not change frequently, the following section appears only in the first quarter audit each Plan Year.

### ***Eligibility***

The HealthSCOPE system systematically denies claims for services rendered prior to or after the effective date.

The HealthSCOPE system systematically adjudicates claims pertinent to the date of service for those claims received prior to or after any benefit changes.

The HealthSCOPE system has the capability to load by line of coverage tiers (i.e.: single medical/family dental, etc.).

HealthSCOPE can, if requested, request divorce decrees or court orders for those dependents of divorced or separated parents.

The HealthSCOPE system will enforce IRS regulations if the Plan Document does not require stricter requirements.

Disabled (handicapped) dependent status is determined by PEBP when a covered dependent child has reached the age of 26, which would terminate his/her status as a dependent. HealthSCOPE can determine disabled dependent status with internal medical personnel if required.

HealthSCOPE has stated that they would not ever add a member dependent without PEBP authorization.

HealthSCOPE stated that the turnaround time to add or delete a member's eligibility is within 24 hours of receipt.

If a member is terminated retroactively, HealthSCOPE will review that member's claim history to determine any overpayments for possible recoveries and proceed per PEBP instructions.

### ***Deductibles, Out-of-Pocket and Benefit Maximums***

The HealthSCOPE system is capable of separate PPO and Non PPO accumulators.

All deductibles, out-of-pocket expenses and most benefit maximums are tracked by the HealthSCOPE system.

The HealthSCOPE system contains automated carry over deductible features if necessary.

HealthSCOPE system contains integrated deductibles for dental and medical claims.

HealthSCOPE does have experience of applying the Prescription Drug and Medical claims deductibles as reflected within the PEBP SPD.

### ***Unbundling/Rebundling***

The HealthSCOPE system can systematically edit to identify laboratory, diagnostic and radiology charges that have been unbundled and billed separately.

The HealthSCOPE system has the electronic capacity to match multiple claims in history for application of the unbundling edit.

The HealthSCOPE system systematically soft edits for multiple surgical guidelines, for those situations where a surgeon is billing for more than one (1) surgical procedure during the same operative session. The HealthSCOPE system has the capacity to match claims in history for application of the multiple procedure reduction edit.

For Network providers and Non-PPO providers where multiple surgical procedures have been performed, the HealthSCOPE system will electronically adjudicate and apply 100% of the Reasonable and Customary (R&C) or the provider specific fee schedule amount for the major procedure, 50% of the R&C or network fee schedule amount for subsequent procedures or any deviation designed by the network contract. This application is conducted manually with HealthSCOPE. The system can calculate the claim by global or individual allowance accounting.

For Network providers and Non-PPO providers where bilateral surgical procedures have been performed, the HealthSCOPE system will not electronically adjudicate to allow 100% of the Reasonable and Customary (R&C) or the provider specific fee schedule amount for the major procedure and 50% of the R&C or network fee schedule amount for the secondary procedure. This application is manually applied.

HealthSCOPE manually breaks this issue into separate line services for adjudication.

The HealthSCOPE system is automated to identify pre/post operative care related to surgical procedures.

The HealthSCOPE system denies incidental procedures when in relation to primary procedures.

The HealthSCOPE system systematically identifies claims that contain a same day procedure (procedures that are not customarily billed on the same day as a surgical procedure) unless billed under the same provider.

HealthSCOPE will allow the doctor to bill the initial obstetrical diagnostic office visit. The subsequent visits are paid and then manually tracked and applied to the global obstetrical fee. Reasonable and Customary (R&C) allowance or network fee schedule amount is applied to the global obstetrical fee. Obstetrical lab and diagnostic procedures are allowed to be billed separately.

### ***Concurrent Care***

The HealthSCOPE system is not automated to identify situations where more than one (1) physician is billing for services during the same time period for the same diagnosis. The claims analysts rely on the system's possible duplicate edit to detect this situation.

### ***Code Creeping***

The HealthSCOPE system is automated to identify code creeping. An example of this occurs when a physician is consistently billing for an initial or new patient office/hospital visit when services performed are actually rendered for a subsequent or established patient visit.

### ***Procedure, Diagnosis and Place of Service***

The HealthSCOPE system is automated to determine the correct usage of the Current Procedural Terminology (CPT) code. The system is automated to edit if the patient's age or gender does not concur with the (CPT) code.

The HealthSCOPE system edits if multiple CPT codes that are billed on the same claim don't belong together.

The HealthSCOPE system is automated to identify if the place of service does not concur with the (CPT) code.

The HealthSCOPE system is also automated to edit if a diagnosis does not concur with the (CPT) code.

The HealthSCOPE system has the capability to edit for routine/medical diagnosis' to determine which benefits are allowable under routine versus medical.

### ***Experimental and Cosmetic Procedures***

The HealthSCOPE system is automated to assist processors in identifying those procedures that are or could be cosmetic. Analysts are also trained to identify these claims. These procedures can also be identified during the pre-certification process.

The HealthSCOPE system can be programmed to systematic hold or deny these types of claims, depending upon plan election.

### ***Medical Necessity/Potential Abuse Guidelines and Procedures***

The HealthSCOPE system is automated to determine the appropriateness of an assistant surgeon based on the surgery performed. These claims can be pended or denied, depending upon the plan election.

The HealthSCOPE system is automated to determine the appropriateness of an anesthesiologist based on the service performed. These claims can be held or denied, depending upon the plan election.

The HealthSCOPE system is not automated to determine if anesthesia is billed by both the hospital and anesthesiologist under both a revenue code and separate CPT service code.

HealthSCOPE determines medical necessity for the rental or purchase of durable medical equipment (DME) by prescription from a physician or internal Medical Reviewers.

Rental cost of DME is tracked up to the purchase price by HealthSCOPE to assure that PEBP will pay no more for rental than it would if this equipment had been purchased. HealthSCOPE tracks this issue on a manual basis within their system.

HealthSCOPE investigates to determine if a prescription is a federal legend drug. They utilize the Medi-Span database for this procedure.

Claims involving chiropractic care, physical therapy are determined for medical necessity by HealthSCOPE. Therapeutic treatment needs to be rendered by a licensed physical therapist. Treatment must be commonly and customarily recognized as appropriate within the doctor's profession.

Per HealthSCOPE, medical necessity for infusion services are usually determined by Utilization Review but can be determined internally if necessary.

The HealthSCOPE system can comply with authorization, repricing and all requirements as they pertain to adjudication of Mental Health claims.

HealthSCOPE does execute on a regular basis, daily exception reports, which are run for supervisors to review edits that are overridden.

The HealthSCOPE system has the capability to identify repeat tests being done by both primary physicians and specialists.

### ***Patterns of Care and Treatment for Physicians***

HealthSCOPE has the capability to conduct evaluations of patterns of care of physicians on patient outcome studies (success) for various procedures and communicate facts to physicians to eliminate unnecessary or ineffective care or disclose potential fraud or trends of fraud.

### ***Mandatory Outpatient/Inpatient Procedures***

The HealthSCOPE system is not automated to determine those procedures that do not require hospitalization. Pre-certification is required for an inpatient stay and many surgical procedures, of which, most procedures will be identified at that time.

### ***Duplicate Claim Edits***

The HealthSCOPE system is automated to identify duplicate claims. The HealthSCOPE system will “soft” edit a claim under partial match and a “hard” edit under exact match circumstances. The following criteria are matches: Date of Service, CPT including modifier and Provider tax identification number.

In the event of multiple provider submissions, the PEBP member will receive an Explanation of Benefits (EOB) for all claims paid.

### ***Adjusted Claims***

In the event that a claim was previously paid and an adjustment is made to the original adjudication, the HealthSCOPE system will assign a “claim identification number” to the adjustment that reflects the original paid claim. HealthSCOPE links the original with the adjusted claim(s) with a notation on subsequent claim screens.

### ***Hospital and Other Discounts***

HealthSCOPE can automate all PPO Provider discounts including per diem and Diagnosis Related Group (DRG) arrangements.

HealthSCOPE stated that PPO (Preferred Provider Organization) provider rates which can be obtained can be repriced in-house.

If a network has negotiated a prompt payment discount, the HealthSCOPE system is programmed to apply the discount.

Attempts to negotiate non-PPO provider discounts are conducted by HealthSCOPE’s vendors, with contingencies as reported within the response to RFP 1893. PEBP can set this issue at as low as \$0 for HealthSCOPE.

HealthSCOPE declared that they do not collect any year end settlements, rebates, etc. other than those declared within their response(s) to RFP 1893.

HealthSCOPE stated that they would review and disclose any provider discount contracts relative to PEBP claims for the absence of any “Hold Harmless” language as an aid in protecting PEBP members.

### ***Hospital Bills (UB-92) and Audits***

HealthSCOPE requires itemized hospital bills to determine non-covered items. Itemization for all hospital bills over \$100,000.00 is required by HealthSCOPE to determine non-covered items.

The HealthSCOPE system utilizes revenue codes when processing hospital bills.

HealthSCOPE has an internal hospital audit program in place. All non-PPO claims over \$50,000.00 are sent for audit. HealthSCOPE also stated that some claims are audited through their external audit process. HealthSCOPE is willing to accept any amount PEBP determines as a minimum for this issue. Contingency fees and administrator percentage shares are disclosed within their responses to RFP 1983.

### ***Filing Limitations***

The HealthSCOPE system can systematically apply the appropriate standard filing limitation for submitting all claims. The standard filing limitation for submitting claims for PEBP is twelve (12) months after date of service.

### ***Unprocessed Claims Procedures***

Unprocessed claims are logged on the HealthSCOPE system for verification of receipt. HealthSCOPE has paper claims scanned and entered into their adjudication system within twenty four (24) hours of receipt.

HealthSCOPE stated that this process and data entry will be conducted by individuals within the continental United States. HealthSCOPE stated that they do utilize a company that conducts this process outside the United States, however, has ensured that PEBP data stays on shore.

### ***Reasonable/Customary and Maximum Allowances***

HealthSCOPE is utilizing R&C allowances for non-network providers. HealthSCOPE is utilizing R&C data for medical claims at the seventieth (70<sup>th</sup>) percentile. Out of Network dental providers are paid using the same allowables as in-network dental providers, subject to the appropriate geographic location rates.

R&C is applied utilizing the date of service and geographical location (zip code). R&C data is updated four times per year by HealthSCOPE, last updated in August 2019.

HealthSCOPE does not have separate R&C schedules for Facilities versus Professional services, however, HealthSCOPE uses a vendor that can apply reductions for Non PPO facilities.

HealthSCOPE will pay medical claims at the appropriate network negotiated rates. Non network providers and non- negotiated services will be paid at the lesser of the MDR rate at the percentile chosen by the PEBP plan or the billed amount. Dental claims will be paid at the lesser of the MDR rate at the percentile chosen by the PEBP plan or the billed amount.

The HealthSCOPE system will pay the lower of charges or scheduled amount when contracts allow.

The HealthSCOPE system utilizes modifiers to determine R&C for professional and technical components for diagnostic, laboratory and radiological procedures.

Assistant surgical charges, when performed by MDs will be systematically calculated at no more than 20% of the R&C amount (or the network fee schedule) allowable for the surgeon's procedure performed.

HealthSCOPE will pay all related charges of an inpatient stay at the network level if a network hospital is utilized if the benefit plan dictates. This will be performed on a manual basis by HealthSCOPE.

HealthSCOPE is utilizing a form of R&C for Non-PPO Durable Medical Equipment (DME) claims when applicable.

In situations where the PEBP member has claims adjudicated under the PEBP Preferred Provider Organization (PPO) Exception Rule (50 mile rule), HealthSCOPE will identify these exceptions at the time of adjudication and pay within the Exception Rule per the PEBP Master Plan Document.

### ***Membership Procedures***

HealthSCOPE has the capabilities of electronic enrollment and re-enrollments. HealthSCOPE will add or cancel employee information onto their system within twenty four (24) hours.

Per HealthSCOPE, claims received for newborns can be paid and history tracked under their own name.

The HealthSCOPE system analysts have inquiry capability to view eligibility files only. They do not have the capability to make changes to eligibility information.

If an employee is terminated, the HealthSCOPE system will deny claims as not covered. An explanation of benefits is generated every time a claim is received after this date. HealthSCOPE will check for claims paid after this termination date.

Current historical eligibility information is stored on the HealthSCOPE system indefinitely.



### ***COBRA Administration***

COBRA administration is being done by PEBP. If elected, determination for benefits elected by individuals under COBRA administration rules can be done by HealthSCOPE.

The HealthSCOPE system can maintain an eligibility date that coincides with the premium “paid to” COBRA date. If the system detects an exception to the date, it forces human intervention. If the member is found to be terminated from COBRA, the claim is denied. The HealthSCOPE COBRA system is integrated with the claims administration system.

### ***Provider Credentialing***

Currently, providers are monitored by the PPO for credentialing. Claims received by providers not in the PPO network are verified as legitimate by HealthSCOPE.

HealthSCOPE will check legitimacy of the provider through the internet and alternate resources before payments are released.

### ***Coordination of Benefits***

Coordination of Benefits (COB) information is obtained via enrollment applications and claims displaying positive COB by HealthSCOPE.

HealthSCOPE states that all claims are investigated for COB information. HealthSCOPE’s procedure for COB is to pursue then pay for all possible COB claims. Claims are denied until requested information is received. If a claim form displays that a spouse is employed, HealthSCOPE will send a COB questionnaire.

The HealthSCOPE system utilizes COB indicators, which will cause a warning edit to alert the processor to the presence of other insurance.

The HealthSCOPE system utilizes separate COB indicators for different lines of business, i.e. medical, dental, etc.

The HealthSCOPE system has electronic split indicators to assure the proper payment of claims received out of sequence and multiple positive COB periods.

Per HealthSCOPE, COB processing is performed by all claim processors.

The HealthSCOPE system can process claims utilizing a COB Credit Reserve program on a calendar year basis if required.

HealthSCOPE will utilize the primary carrier’s discount when the discount is greater than the client’s if by Plan design.

HealthSCOPE policies are to recover overpayments of past paid claims when COB is discovered after the fact.

## ***Medicare***

The HealthSCOPE system will alert the Processor when a member or dependent may be eligible for Medicare benefits. If an individual is age sixty-five (65) or older and Medicare may exist, active employment may be verified.

HealthSCOPE can present a report specific to active participants for verification to eligibility files when requested.

## ***Controlling Possible Fraudulent Claims and Security Access***

HealthSCOPE claims analysts have a payment authority of \$15,000.00. HealthSCOPE Team Lead has an authority of \$35,000.00 and the HealthSCOPE Claims Manager has an authority of \$75,000.00. HealthSCOPE directors review claim payments in excess of \$75,000.00.

Security logs are created and monitored by HealthSCOPE. HealthSCOPE system utilizes passwords, is monitored to restrict the use of certain system operations and can lockout unauthorized users.

The HealthSCOPE system can track activity by individuals to identify who handled a claim.

HealthSCOPE does currently offer website access to be used by clients for eligibility purposes.

## ***Quality Control and Internal Audit***

HealthSCOPE has a total of 125+ claim analysts in their Little Rock location. HealthSCOPE has 15 claims analysts dedicated to the PEBP account.

HealthSCOPE Claims Managers and Directors were found to be knowledgeable and possess extensive training. Discussions and tests of their working knowledge of adjudication processes and policies and procedures were positive. They were found to possess the ability to identify and defeat many adjudication potential “problem areas” defined with billing practices within the nation.

HealthSCOPE does not have internal audit personnel. They utilize an outside vendor that conducts a review of no less than 2% of their claims.

HealthSCOPE has formal training programs, where policies and procedures are taught. HealthSCOPE stated their training lasts four (4) weeks from the start. HealthSCOPE offers consistent ongoing training and identifies needs of specific individual training. Any needs are identified and supplied on an ongoing basis.

HealthSCOPE conducts audits on all processors. HealthSCOPE audits new analysts at 100% during their probationary period.

HealthSCOPE stated that experienced claim analysts will have the PEBP performance guarantee levels met for claims per person per month audited.

Records for all analysts are kept on a database for performance reference by HealthSCOPE.

HealthSCOPE has internal accuracy and production standards. HealthSCOPE's internal financial accuracy standard is 99.2% of paid claims and payment accuracy is 98%.

The production standard for HealthSCOPE experienced claims analysts is 150 - 175 medical/dental claims per day.

### ***Internet Capabilities***

HealthSCOPE does have internet capabilities to further extend membership and administrative service levels.

HealthSCOPE has internet sites provided for member information. These sites provide claim information, network provider identification and contact data.

HealthSCOPE internet sites were user friendly and easy to access. HealthSCOPE's site was checked for security processes of data protection and was found to be protected by member supplied passwords, etc.

HealthSCOPE has an internet site available for vendor information. These sites provide claim and benefit information, network rates and contact data.

### ***Communication between Utilization Review (UR) and Claims Department***

HealthSCOPE can currently accept communication between the UR and the claims department via electronic source. Information received regarding pre-certification, PCP references and Case Management can be entered on the system when received.

Precertification penalties for non-compliance will be manually applied by HealthSCOPE.

HealthSCOPE will apply the proper cutbacks to UR authorized number of service days if different than the number of billing days on a manual basis. HealthSCOPE verified that they will apply authorized number of service days according to PEBP's methodology.

HealthSCOPE analysts are trained to identify potential catastrophic cases and refer them to a Case Management program.

The HealthSCOPE system has the ability to communicate special instructions or negotiate arrangements/ discounts to the analysts through the notes.

PEBP's policy allows for a three (3) Level Appeal process. HealthSCOPE stated that they can apply this policy.

### ***Claim Repricing Capabilities***

HealthSCOPE is currently receiving network fee schedules and provider maintenance data electronically for internal claims repricing. HealthSCOPE has data loaded into their adjudication system within 24 hours of receiving.

HealthSCOPE currently is participating with multiple networks for repricing via the Electronic Data Interface (EDI) methodology.

### ***Banking and Cash Flow***

HealthSCOPE stated that they can accommodate PEBP's requirement for payment release frequency. HealthSCOPE stated that they could release payment checks the same date of final adjudication if before 10:00 AM.

HealthSCOPE is utilizing bulk checks for provider payments.

### ***Reporting Capabilities***

In addition to the standard AD HOC reporting, HealthSCOPE has the capability to develop and produce client-requested reports based on any information captured on the system.

HealthSCOPE stated that no additional charge would be applied for any requested report which is in the standard reporting.

### ***General System***

HealthSCOPE has been using the current system for twenty plus (20+) years. The current system has undergone many updates since its inception.

HealthSCOPE has the controls in place for the application of source coding enabling them to make client specific adjustments as necessary.

HealthSCOPE has written procedures in place for a formal Disaster Recovery program.

HealthSCOPE conducts daily system data backups, which are stored in a secure location off site.

HealthSCOPE stated that they have not experienced any significant downtime.

### ***Security***

This audit reviewed building security, the handling and security of sensitive documents and materials and the proper disposal of data for any potential data breaches. The audit also reviewed internal processes and potential exposure to possible fraudulent activity.

The HealthSCOPE office located in Little Rock, Arkansas was found to be secure. All external ingress and egress locations were secured and locked. Entrance was made available to HealthSCOPE personnel by electronic pass keys. HCA entry beyond the reception area required assistance from official personnel. The facility work areas are monitored and recorded twenty four hours per day.

Sensitive data, specifically, member Personnel Health Information (PHI) of HealthSCOPE's clients was reviewed for security exposure practices. Any paper was found to be in secured areas and/or file cabinets when not in use.

Per Agreement, HealthSCOPE must provide all subcontractors that have access to PEBP member Personal Health Information (PHI) within 30 calendar days of said access or a penalty of 5.0% of rolling 12 months of administration fees will be applied for each violation.

Per Agreement, HealthSCOPE must remove PEBP member PHI from unauthorized/designated servers within 3 business days after they know or should have known using commercial reasonable efforts or a penalty of 5.0% of rolling 3 months of administration fees will be applied.

A review of the system server equipment for HealthSCOPE noted it was secured in a separate area under locked environments with appropriate fire suppression protections. Every attempt to access the adjudication system required appropriate security measures such as passcodes, etc.

### **HCA CLAIM AUDIT PROCEDURES**

HCA selects a valid random sampling of claims from the client's current detailed claims listings. The third party administrator is advised of the audit and requested to provide either limited system access or paper reproduction of the entire file associated with each random claim.

Each random claim and file is reviewed comparing eligibility and benefits to information provided by the client. Third party administrator personnel are questioned regarding any discrepancies. Entire files are reviewed to assure the client that deductibles, out-of-pockets benefit maximums and related claims are processed correctly. This allows HCA to verify all details of the client's benefit plan.

Audit statistics involve only those claims chosen in the random selection. If a randomly selected claim HealthSCOPE been recalculated or corrected prior to the release of the random selection for the audit, an error was not charged for the original miscalculation. HCA will, at its opinion, comment on any claim in the random claim history to illustrate situations it feels the client should be aware of or specific areas requiring definition.

A payment error is charged when an error identified in claim processing results in an under/ overpayment or a check being paid to the wrong party. Assignment errors are considered payment errors since the plan could be liable for payment to the correct party.

In situations where there is disagreement between HCA and the third party administrator as to what constitutes an error, both sides are presented in the report. Final determination of error rests with the client.

## AUDIT RESULTS

Listed below are the errors or issues of discussion found by this audit while processing the claims for PEBP.

Ref. No. 001            Medical                            HSB claim no.  
NOT charged in statistical calculation. Note to client for information only.  
Per Trans Msg "Pending HTH pricing 3/27/19" then "resubmitted request via email to HTH for pricing status check 6/18/19"  
Did HTH give any explanation on why repricing was not done in March?  
HSB response: Per HTH claim released as non-par in error. Provider's contracted rates were under review and should have been held. Claim processed w/HTH pricing provided on 6-26-19. No error.

Ref. No. 012            Outpatient Hospital                    HSB claim no.  
NOT charged in statistical calculation. Note to client for information only.  
Provider - Renown  
Originally paid 7/3/19 allow/paying 68.93 (audited)  
Adjusted 9/25/19 now allowing 68.90  
Appears HTH corrected repricing?  
HSB response: Yes, we received corrected pricing from HTH. We have overpayment on file for \$.03. No error.

Ref. No. 014            Medical                            HSB claim no.  
Underpayment - \$122.98  
Claim paid as: allow  $496.74 \times 50\% = 248.37$  at 80% (59514-80-51)  
1) According to electronic service detail claim came in as 59514-80.  
Why was -51 modifier included in calculation?  
2) Shouldn't allowable for assistant surgeon have been no more than 20%  
Of surgeon allow or  $2010.49 \times 20\% = 402.10$ ?  
HSB response: Appears McKesson edit read the surgeon's bill and applied 51 modifier. Analyst did override this. Allowable was calculated from \$2483.71 on Txxxxxx instead of surgeon's bill Txxxxxx and was cut second time by system. Underpaid \$122.98.

Ref. No. 091            Medical                            HSB claim no.

NOT charged in statistical calculation. Note to client for information only.  
Originally paid under claim xxxxxx on 5/14/19 paying: allow 331.74 and  
paying 286.74 as:

|          |            |              |           |              |
|----------|------------|--------------|-----------|--------------|
| 11102.59 | chg 121.00 | allow 42.35  | ded 42.35 | pd 0.00      |
| 11103    | 65.00      | 45.50        | 2.65      | 42.85        |
| 17000-59 | 116.00     | 38.30        |           | 38.30        |
| 17110    | 153.00     | 110.73       |           | 110.73       |
| 99214-25 | 145.00     | <u>94.86</u> |           | <u>94.86</u> |
|          |            | 331.74       | copay 45  | 286.74       |

1) MPR applied to 11102 and 17000 and 17003 bundled into 17110.

Claim adjusted under audited to pay 17003 separately and pay an  
additional 12.62. Appears 17003 was bundled incorrectly?

2) Claim then adjusted 9/5/19 due to corrected HTH repricing and now  
paying additional 18.05.

HSB response: 1) 17003 is an add on code to 17000 & should not have  
bundled to 17110. 2) HTH returned corrected pricing on claim & it was  
adjusted correctly.

Ref. No. 102            Outpatient Hospital                            HSB claim no.

NOT charged in statistical calculation. Note to client for information only.  
Provider - Renown

Audited claim paid as: allow 1716.44 copay 300

Claim adjusted on 10/1/19 to correct allow to 1820.96 with an additional  
104.52 paid.

Appears claim priced at incorrect rate by HTH?

HSB response: HTH originally priced incorrectly. Updated pricing was  
provided by HTH w/allow amt of \$1820.96 on 9/3/19 on report received  
9/4-9/5.

Ref. No. 149            Medical                            HSB claim no.

NOT charged in statistical calculation. Note to client for information only.

Claim xxxxxx paid 8/26/19 as: allow/pd 506.94

Claim xxxxxx paid 7/19/19 denied same charges as on claim xxxxxx plus  
code J0702 as "Dep children are not covered for this diagnosis." Appears  
charges were originally denied in error?

HSB response: Claim xxxxxx was denied correctly. Services billed are  
not mandated to pay as wellness per ACA. Claim xxxxxx should have  
denied as a duplicate.

Ref. No. 163            Outpatient Hospital            HSB claim no.  
NOT charged in statistical calculation. Note to client for information only.  
Provider – Carson Tahoe  
Claim originally paid 8/16/16 as:  
Observation w/cap allow 2577.37 ded 2518.45 pd 47.14  
Audited is adjustment to now pay as: REV 636 at 42%, rest at 49%  
Allow 10,890.66 ded 2518.45 pd 6697.76 – 47.14 prev pd = 6650.62  
1) Appears HTH priced incorrectly on original processing?  
2) Why did it take 3 years for this to be identified?  
HSB response: 1) Appears HTH priced incorrectly originally.  
2) Recon xxxxx submitted on 3-13-19 based on call from provider on  
3-8-19 disputing pricing. HTH replied 3-13-19 indicating priced correctly.  
Provider apparently appealed to HTH directly regarding pricing dispute  
and they repriced claim on 7-24-19. No error. Processed correctly.

Ref. No. 237            Medical            HSB claim no.  
NOT charged in statistical calculation. Note to client for information only.  
Per review of history claims xxxxxx DOS 6/14/19, xxxxxx DOS 6/28/19  
and xxxxxx DOS 7/3/19 have not been reprocessed. Should they have  
been? (audited claim for 6/21/19 was reprocessed)  
HSB response: Audited claim paid correctly. Biased claims should be  
processed and allowed.

Ref. No. 246            Medical            HSB claim no.  
NOT charged in statistical calculation. Note to client for information only.  
Claim xxxxxx DOS 7/26/19 same services as audited denied for info  
8/21/19. Shouldn't this have been reprocessed?  
HSB response: Claim xxxxxx should have been paid.

Ref. No. 248            Outpatient Hospital            HSB claim no.  
NOT charged in statistical calculation. Note to client for information only.  
Claim xxxxxx pd 8/22/19 same DOS, DX for surgeon pd as:  
45385 chg 1119.00 allow 509.00 ded 509.00 pd 0.00  
Trans msg states: "Paid under HM category once per plan year"  
Claim xxxxxx (audited) is for facility (paid at 100%)  
Shouldn't claim xxxxxx for surgeon have been paid at 100%?  
HSB response: Claim xxxxxx should have paid as wellness.



Ref. No. 272            Medical                            HSB claim no.  
NOT charged in statistical calculation. Note to client for information only.  
Audited claim is for anesthesia for routine colonoscopy (paid at 100%)  
Claim xxxxxx pd 8/23/19 same DOS, DX as audited is for facility paid as:  
allow 558.39 ded 558.39 pd 0.00  
Shouldn't this claim have paid at 100% versus going to the deductible?  
HSB response: Yes, claim xxxxxx should have paid at 100% of PPO  
allowable.

Ref. No. 308            Medical                            HSB claim no.  
NOT charged in statistical calculation. Note to client for information only.  
Originally processed under xxxxxx on 7/25/19 with no calculation  
Audited is adjustment to now pay 138.68 x 80% = 110.94  
What happened on original processing that prevented claim from being  
paid?  
HSB response: Original claim xxxxxx was returned by HTH with no  
pricing as non-par. Recon request submitted to HTH on 7-25-19 (xxxxx)  
requesting repricing. HTH repriced claim on 7-29-19 and claim paid on  
8-19-19 correctly under xxxxxx.

Ref. No. 344            Medical                            HSB claim no.  
NOT charged in statistical calculation. Note to client for information only.  
If reading for 77080 is allowed at 100% should charge for 77080 on facility  
claim xxxxxx have been pulled out & paid at 100%?  
HSB response: Claim xxxxxx facility claim 77080-TC only should have  
allowed as preventive – all other items subject to ded/coins.

Ref. No. 358            Medical                            HSB claim no.  
NOT charged in statistical calculation. Note to client for information only.  
Claim originally paid on 1/8/19 COBing and paying 271.25 on clm xxxxxx  
Claim received again and denied as dup on 4/3/19 claim xxxxxx  
Claim again received w/corrected OI EOB denied as dup again on 7/12/19  
claim xxxxxx  
Claim received 3 more times before correction to processing done on  
audited claim (now paying only 46.25)  
1) Should claim have been corrected on claim xxxxxx when corrected EOB  
was received on 7/11/19?  
2) Has refund for \$225.00 been requested?  
HSB response: 1) Claim xxxxxx should have been routed for adjustment  
when received on 7-11-19. 2) Yes, the \$225.00 refund has been requested  
from provider.

Ref. No. 364            Outpatient Hospital            HSB claim no.  
NOT charged in statistical calculation. Note to client for information only.  
Claim xxxxxx same DOS surgeon's bill for routine colonoscopy pd as:  
chg 1125.00 allow 159.05 ded 159.05 pd 0.00  
Shouldn't this claim have paid at 100% versus going to deductible?  
HSB response: xxxxxx should have paid at 100% of PPO allowed.

Ref. No. 395            Outpatient Hospital            HSB claim no.  
Overpayment - \$726.28  
Provider – Mountain View  
Claim for ER level 3 pd as: allow 3555.85 x 80% = 2844.68  
Per 2019 HTH contract level 3 allow = 2648.00 x 80% = 2118.40  
Appears claim overpaid 726.28.  
HSB response: Analyst error, paid with SHO in error. Should be HTH.  
OP \$726.28.

Ref. No. 417            Medical                            HSB claim no.  
NOT charged in statistical calculation. Note to client for information only.  
Claim xxxxxx for same DOS, DX facility billing  
Claim denied for subro. Since DX is M2012 – hallux valgus (acquired)  
something that is not caused by injury, shouldn't this claim have been  
paid same as audited was? (surgeon & anes both paid)  
HSB response: Yes, facility claim xxxxxx should have been paid.

Ref. No. 431            Medical                            HSB claim no.  
NOT charged in statistical calculation. Note to client for information only.  
Member term'd 4/26/19. Claim xxxxxx for DOS 5/14/19 paid 111.55 on  
9/3/19. Shouldn't this claim have been denied for after term?  
HSB response: Provider billing newborn claims under mother's name.  
Claim should have been denied under mother and moved to child's  
coverage and paid. There would be no change in the payment amount  
so this is just a procedural error.

Ref. No. 448            Medical                            HSB claim no.  
NOT charged in statistical calculation. Note to client for information only.  
88305 chg 265 allow/pd 91 as HM  
Claim xxxxxx facility bill paid as SU category as per Trans Msg – “had  
screening in 2017. Should audited claim have paid at 80% versus 100%?  
HSB response: xxxxxx should pay at 100%.

Ref. No. 458            Outpatient Hospital            HSB claim no.  
NOT charged in statistical calculation. Note to client for information only.  
Originally paid on 8/29/19 paying 1853.97 (allow 2317.46 x 80%)  
Audited is adjustment to pay additional 105.27 – now allowing 2449.06  
Appears corrected HTH pricing received?  
HSB response: Yes, HTH originally priced at \$2317.43 and updated  
pricing to allow \$2449.03 and claim adjusted.

Ref. No. 479            Medical            HSB claim no.  
NOT charged in statistical calculation. Note to client for information only.  
Originally claim processed 7/20/19 w/zero pricing from HTH  
Received again & processed 8/23/19 again w/zero pricing from HTH  
Received again & processed 9/13/19 priced as 1413.64 & the adjusted on  
audited to pay.

Ref. No. 480            Medical            HSB claim no.  
Overpayment - \$72.12  
Originally paid under xxxxxx w/non-par status from HTH on 9/4/19  
Adjusted on audited w/HTH repricing of 142.78  
Claim was paid as 88305 chg/allow/pd 214.90  
Shouldn't we have paid HTH repriced amount of 142.78?  
HSB response: Analyst error. Should have used HTH corrected repricing  
of \$142.78 – OP \$71.22.  
HCA Note: Claim originally paid 214.90 but should have paid 142.78  
resulting in an overpayment of \$72.12.

Ref. No. 488            Medical            HSB claim no.  
NOT charged in statistical calculation. Note to client for information only.  
Claim originally under xxxxxx paid on 5/14/19 combining 99213 w/other  
codes and paying allow 575.15, paid 460.12 – modifier did not carry over  
to electronic detail from image.  
Claim resubmitted under xxxxxx on 8/13/19 was processed as dup –  
electronic detail now showing modifier  
Audited claim is adjustment on 9/25/19 to now pay additional 64.66  
for CPT 99213-25.  
Shouldn't claim have been adjusted when claim xxxxxx was received  
versus denying as dup?  
HSB response: Yes, original claim should have been adjusted when claim  
xxxxxx was received even though provider did not bill with indicator of  
“7” in box 22 of claim form.

Ref. No. 492            Medical                            HSB claim no.

NOT charged in statistical calculation. Note to client for information only.

Claim xxxxxx same DOS for Dr. M CPT 99213 paid on 4/15/19 paying 125.09

Claim xxxxxx same DOS came in also for CPT 99213 but for Dr. A and was voided as dup to above claim

Claim was resubmitted received 5/14/19 under claim xxxxxx and was denied as dup

Audited claim is adjustment to pay claim for Dr. A

Appears claim xxxxxx was voided in error & should have been paid.

HSB response: Yes, claim xxxxxx was voided in error.



27 Corporate Hill  
Little Rock, AR 72205

November 5, 2019

Public Employees' Benefits Program Board  
State of Nevada  
901 Stewart Street, Suite 1001  
Carson City, NV 89701

Subject: Audit Results July 1, 2019 – September 30, 2019

Dear Public Employees' Benefits Program (PEBP) Board:

HealthSCOPE Benefits appreciates the opportunity to respond to the audit performed by Health Claim Auditors for the first quarter of Plan Year 2020. The audit included 500 claims with paid amounts totaling \$259,647.98

HealthSCOPE Benefits is exceptionally pleased to have met all performance guarantees for this audit period.

We strive to have the highest possible quality and we continue to review improvement opportunities within our organization and our vendor partners.

We are very pleased with cost containment measures we are able to provide on the PEBP account. We saved PEBP an additional \$2.4M through non-network negotiations, subrogation, clinical edits and transplant savings in the first quarter of Plan Year 2020.

We appreciate the quarterly audit process and the interaction between Health Claims Auditors, PEBP, and HealthSCOPE Benefits as it provides for continuous improvement in our service.

Sincerely,

A handwritten signature in cursive script that reads "Mary Catherine Person".

Mary Catherine Person  
President



# 5.

5. Presentation on self-funded claims trend experience and projections of the composite rate trend for Plan Year 2020 (July 1, 2019 – June 30, 2020).  
(Stephanie Messier, Aon Hewitt)  
(Information/Discussion)







# State of Nevada Public Employees' Benefits Program

CDHP and Dental Trend Review

January 23, 2020

**Stephanie Messier, ASA, MAAA**  
Vice President



# Agenda

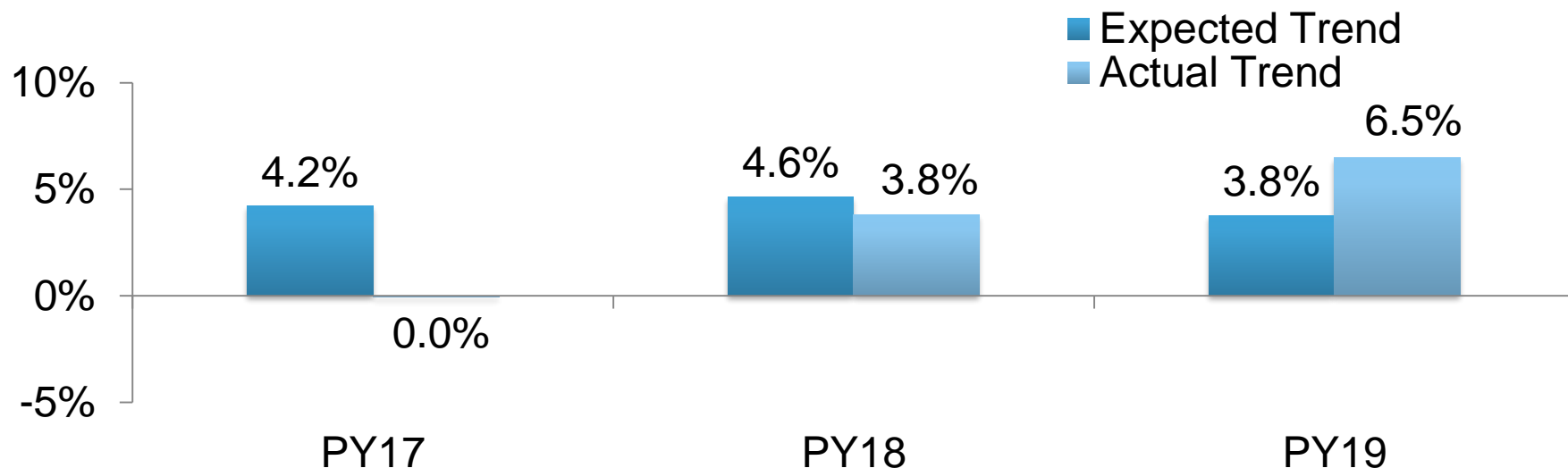
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- PEBP's Historical Trend
- National Comparator Trends
- PY21 Trend Projections

**Experience Trend + Pricing Trend = Rate Action**

# Historical Pricing Trends vs. Actual Experience – CDHP Medical/Rx/Dental

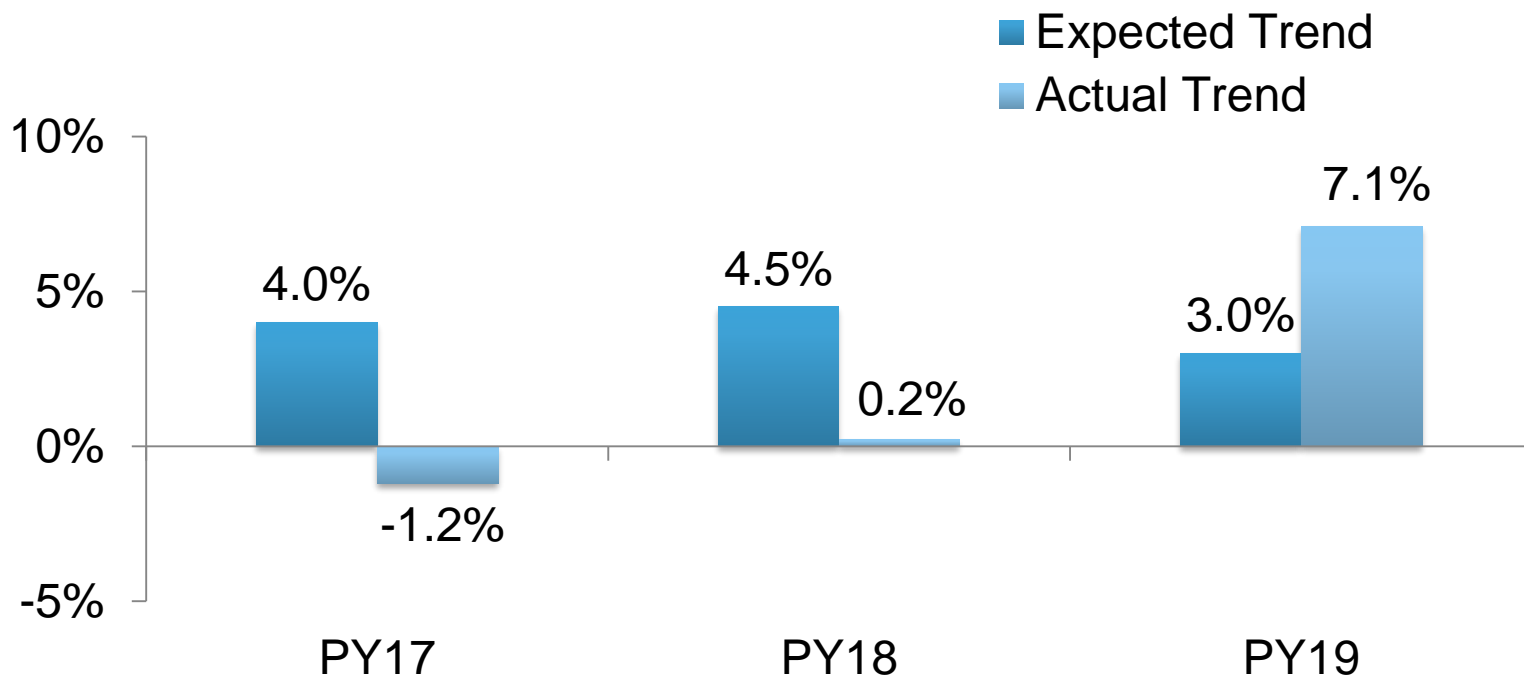
## CDHP Medical, Pharmacy and Dental Combined



- Actual trend is calculated from HealthScope provided CDHP incurred claims with runout through November 2019
- PY19 incurred claims are still immature. Aon actuaries have completed PY19 incurred claims through best estimates. PY19 estimated incurred claims may change with future data

## Historical Pricing Trends vs. Actual Experience – CDHP Medical

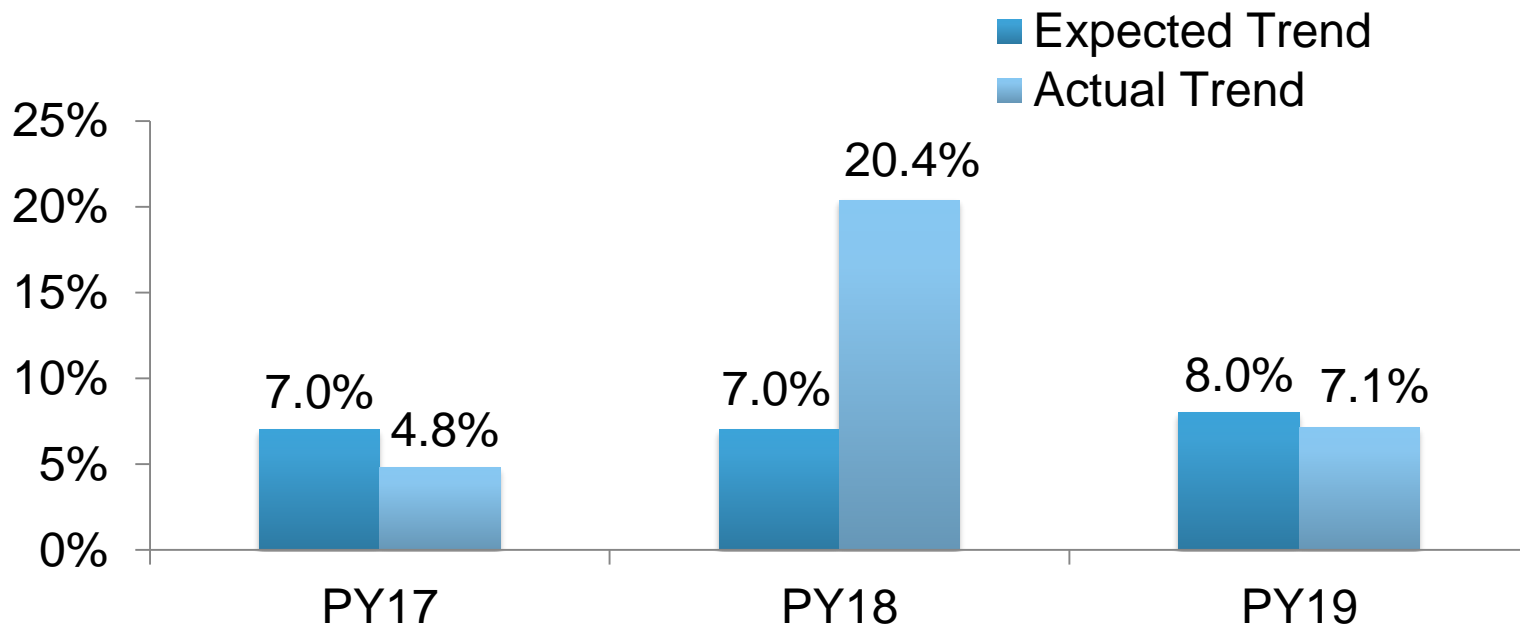
### CDHP Medical



- Actual trend is calculated from HealthScope provided CDHP incurred claims with runout through November 2019
- PY19 incurred claims are still immature. Aon actuaries have completed PY19 incurred claims through best estimates. PY19 estimated incurred claims may change with future data

# Historical Pricing Trends vs. Actual Experience – CDHP Pharmacy

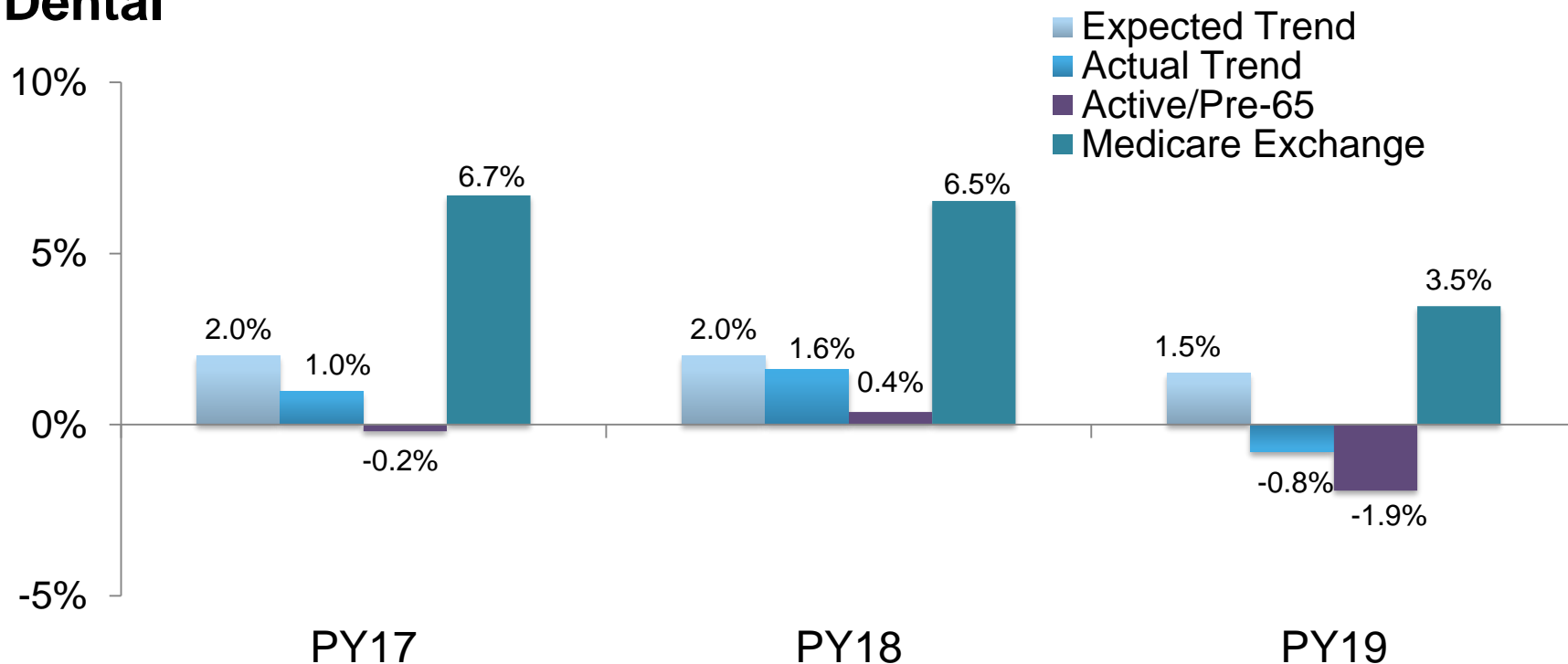
## CDHP Pharmacy



- Actual trend is calculated from HealthScope provided CDHP gross incurred claims with runout through November 2019 – therefore these do NOT include any rebates that PEBP receives
- PY19 incurred claims are still immature. Aon actuaries have completed PY19 incurred claims through best estimates. PY19 estimated incurred claims may change with future data

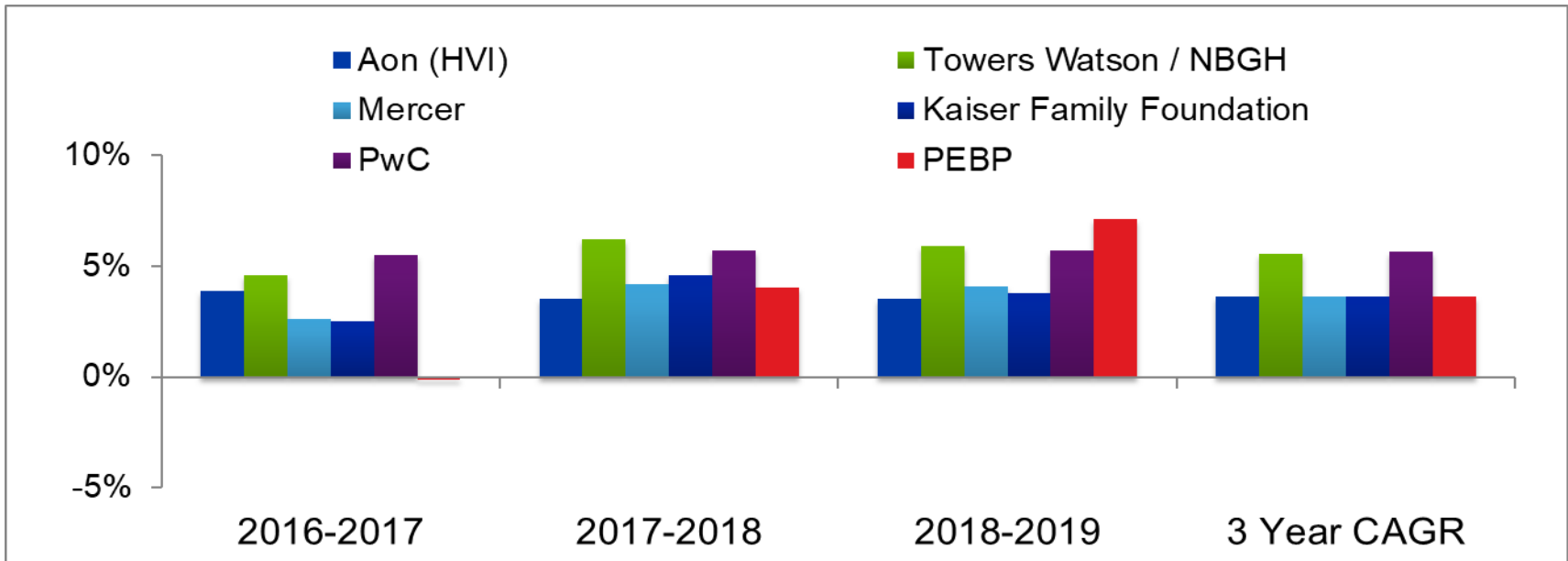
# Historical Pricing Trends vs. Actual Experience – Dental

## Dental



- Actual trend is calculated from HealthScope provided CDHP incurred claims with runout through November 2019
- PY19 incurred claims are still immature. Aon actuaries have completed PY19 incurred claims through best estimates. PY19 estimated incurred claims may change with future data.

# PEBP vs. Published Net Medical/Rx Trends



|                          | 2016-2017 | 2017-2018 | 2018-2019 | 3 Year CAGR |
|--------------------------|-----------|-----------|-----------|-------------|
| Aon (HVI)                | 3.9%      | 3.5%      | 3.5%      | 3.6%        |
| Towers Watson/NBGH       | 4.6%      | 6.2%      | 5.9%      | 5.6%        |
| Mercer                   | 2.6%      | 4.2%      | 4.1%      | 3.6%        |
| Kaiser Family Foundation | 2.5%      | 4.6%      | 3.8%      | 3.6%        |
| PwC                      | 5.5%      | 5.7%      | 5.7%      | 5.6%        |
| PEBP                     | -0.1%     | 4.0%      | 7.1%      | 3.6%        |

- Trend surveys reflect actual data from 2016 – 2018 and estimated costs for 2019
- PEBP reflects data through PY19, paid through November
- PEBP trend is based on CDHP plan Medical/Rx per capita **incurred** claims cost year over year change
- Trends over 2016-2019 period range from 3.6%-5.6%, with PEBP at 3.6%, a 2.5% increase from last year due to high trend in 2018-2019 plan year

# S&P Medical and Rx Index Trend – National and Nevada Specific

S&P Healthcare Claims Indices based 60M lives  
 Nevada Indices based on 300k lives



## PY19 Trends

|              |      |
|--------------|------|
| S&P National | 3.8% |
| S&P Nevada   | 1.7% |
| PEBP         | 7.1% |

## PY18 Trends

|              |      |
|--------------|------|
| S&P National | 3.5% |
| S&P Nevada   | 5.3% |
| PEBP         | 4.0% |

## PY17 Trends

|              |       |
|--------------|-------|
| S&P National | 3.4%  |
| S&P Nevada   | 3.0%  |
| PEBP         | -0.1% |

PEBP trend is based on CDHP plan Medical/Rx per capita **incurred** claims cost year over year change



# National Cost Trends: More \$1M+ Claimants

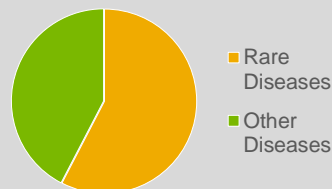
Since 2015, the frequency of **\$1M+ claims** has risen sharply:

|                |   |      |
|----------------|---|------|
| Claims \$1M+   | ↑ | 33%  |
| Claims \$1.5M+ | ↑ | 54%  |
| Claims \$3M+   | ↑ | 140% |

## Factors driving costs higher

- New **high-cost injectable drugs**
- Higher frequency of **cancer** diagnoses, and increasing cost of cancer treatments
- More **prolonged hospital stays** due to multiple conditions, complex procedures, and complications
- **Hospital contracting** and provider consolidation

## The Pipeline for Rare Disease Medications



Of the **59** drugs approved in 2018, **34** were for rare diseases

There are approximately 7,000 rare diseases

**30 million Americans have a rare disease**; approximately equal to the number of diabetics

The FDA expects to approve between 10 and 20 gene and cell therapies per year by 2025



**Zolgensma**, a gene therapy approved in 2019, costs over **\$2.1 million** per patient

# Historical Experience Trend + Pricing Trend = Future Rate Action

Pricing Trend for 18 months

## CLAIM EXPERIENCE

- Most Recent Paid Claims Experience (paid through Jan 2019)
- Adjust Paid Claims via Completion Factors to Incurred Claims (Dec 2019)
- Adjustments for Plan Design changes (if applicable)

Base Rates for  
PY21

**July 19**  
Start of PY20

**Dec 19**

**July 20**  
Start of PY21

**Dec 20**

**June 21**  
End of PY21

Base Rates for PY21 will change as a result of:

1. Claim Experience compared to Base Rates for PY20
  - If the rates for PY20 were set below projected actual experience, rate action will be higher than pricing trend
  - If the rates for PY20 were set higher than projected actual experience, the rate action will be lower than pricing trend
2. Pricing Trend
3. Plan Design changes

## PY21 Pricing Trend Projections

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- Aon's client base indicates trend of 4.5% - 6.5%
- Insurance carrier surveys indicate trend of 6% - 9%
- Additional market surveys project trend of 4.5% - 7%

### PY21 Pricing Trend Projection\*

Med/Rx = 5 - 7%

Dental = 2 - 4%

- This is not indicative of PY21 Rate Action, remember:

**Experience Trend + Pricing Trend = Future Rate Action**

\*Any further plan design changes for PY21, may provide additional pressure on trend rates



# 6.

6. Presentation on PEBP's 2019 Member Satisfaction Survey. (Laura Rich, Interim Executive Officer) (Information/Discussion)





STEVE SISOLAK  
Governor

PETER LONG  
Board Chairman



STATE OF NEVADA

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LAURA RICH  
Interim Executive Officer

**AGENDA ITEM**

Action Item

Information Only

**Date:** January 23, 2020  
**Item Number:** VI  
**Title:** 2019 PEBP Member Satisfaction Survey

**SUMMARY**

This report will provide the Board, participants, public, and other stakeholders information on the recently completed 2019 PEBP Member Satisfaction Survey.

**REPORT**

Similar to the last several years, PEBP repeated our annual Member Satisfaction Survey to gain firsthand knowledge of our membership and meet URAC accreditation standards.

PEBP developed a simple seven (7) question survey with four (4) multiple choice style questions, one (1) transition question (leading to comments) one (1) free form question where members could type anything they felt necessary to provide feedback to PEBP, and one (1) question asking the responders to categorize their comments. The survey was sent to all primary participants in the program utilizing multiple channels:

1. PEBP pulled a list of all participant emails and sent them an email with a link to the survey;
2. PEBP provided all system administrators at all agencies a similar email to send to their agency's employees with a link to the survey;
3. PEBP provided all account representatives assigned to all PEBP pay centers the same email as above.

The member satisfaction survey was available for response November 1, 2019 through December 13, 2019. In addition, PEBP sent out multiple reminders through email during the response period to take the survey and provide us with critical feedback. A summary of the responses is attached. This summary does not include the free form response (Questions 6) as sharing each person's individual response would make the report significantly larger and reporting only good or bad responses would be misleading, however, we report the categories of comments (Question 7).

Overall, results for 2019 were slightly lower across the board when compared to 2018 results. Although the program experienced no major changes, there were several noteworthy events which had a direct negative effect on members and likely led to the lower member satisfaction levels:

- The delay in the approval of PEBP’s budget during the legislative session created major operational complications. Without approved rates and HSA funding, PEBP was forced to delay open enrollment and although open enrollment meetings were carried out as planned, PEBP was unable to provide crucial plan information to members at these events. Ultimately, the truncated timelines, last minute changes and lack of available information led to member confusion, frustration and general dissatisfaction.
- PEBP experienced a very rocky launch of the upgraded eligibility and enrollment system as well as the roll out of the new voluntary benefit platform. While such significant changes can be expected to lead to some initial confusion, members experienced substantial difficulty navigating the new system due to the amount of issues that were discovered in production.

## **RESULTS**

A brief synopsis of the survey results is provided below:

| <b>Data Element</b>                | <b>Amount</b> |
|------------------------------------|---------------|
| Number of Survey Responses         | 3,705         |
| December 2019 Primary Participants | 47,088        |
| Response Rate (%)                  | 7.8%          |

The overall response rate this year fell considerably, from 12.8% to 7.8%, however PEBP received a much higher response rate from active employees versus retirees, the opposite of last year. The survey responses were 66% employees / 34% retirees respectively, which is much more reflective of the overall PEBP population.

Of all responses, 50.45% (1,869) reported not interacting with PEBP over the three months prior to the survey and 39.81% (1,475) responded with 1-3 interactions. The percentage of interactions is similar to last year’s survey.

PEBP asked a series of customer satisfaction questions (Question #3 of the survey), and of the responses, participants rated PEBP between 6.75 and 7.77 on a scale of 1 (not satisfied) to 10 (extremely satisfied). In comparison to last year the ratings were between 7.34 and 8.28. Some members selected “not applicable,” and those responses were removed to only show positive/negative results. The highest rating (10 – extremely satisfied) had the most responses.

- Question 3, Sub-question a: 67% of responses scored between 8-10
- Question 3, Sub-question b: 60% of responses scored between 8-10
- Question 3, Sub-question c: 62% of responses scored between 8-10
- Question 3, Sub-question d: 56% of responses scored between 8-10
- Question 3, Sub-question e: 49% of responses scored between 8-10
- Question 3, Sub-question f: 54% of responses scored between 8-10



All responses to these sub-questions above were decreases to the previous year.

Last year PEBP added a new communication medium (Question 4) for analysis (text messaging) to gauge the membership's interest in this moving forward and again, it ranked as the least favorable method of communication. The top communication mediums remain the same as last year with E-mail (3,217), Website (1,306), Postal Mailings (1,188).

Like last year, PEBP's lowest score was attributed to a need to increase training and education. As a result, PEBP is in the process of improving access and quality of training and education of all our programs and services.

### **CONCLUSION**

Any satisfaction score below a 10 on a scale of 1-10 illustrates a need for improvement. PEBP recognizes the challenges the program faced and is constantly looking for ways to continue to provide high quality benefits at affordable prices to employees, retirees, and their families. PEBP will be striving to improve in next year's survey scores at the end of 2020.



# 7.

7. Presentation on EPO End-of-Year Evaluation (Laura Rich, Interim Executive Officer)  
(Information/Discussion)





**STEVE SISOLAK**  
Governor

**PETER LONG**  
Board Chair



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**LAURA RICH**  
Interim Executive Officer

## AGENDA ITEM

Action Item

Information Only

**Date:** January 23, 2020

**Item Number:** VII

**Title:** EPO End-of-Year Evaluation

### SUMMARY

The Public Employees' Benefits Program (PEBP) has evaluated the first year of the Exclusive Provider Option (EPO) plan and how it compares to the northern Nevada HMO plan for PY 2018. PEBP also analyzed what PY 2019 and future years would have looked like had the EPO plan not been implemented and had retained the northern Nevada HMO plan.

On November 30, 2017, the PEBP Board approved the development and implementation of a PEBP managed self-insured Exclusive Provider Organization (EPO) plan as replacement for the northern Nevada Health Maintenance Organization (HMO) plan. The EPO plan is available in northern and rural Nevada and was effective July 1, 2018.

### REPORT

#### ENROLLMENT AND RATES

PEBP experienced very minimal migration from PY 2018 to PY 2019 with the loss of the Hometown Health HMO plan and the addition of the PEBP Premier EPO plan. State employee enrollment increased by 4 employees, state retiree enrollment decreased by 8 retirees, and non-state retiree enrollment decreased by 61 retirees (the non-state retiree population decreases annually as there are no employees aging into retirement to replace the retirees aging into Medicare or passing away).

| Average Enrollment                            |              |              |                   |
|---|--------------|--------------|-------------------|
| Plan Tier                                     | PY 2018      | PY 2019      | Enrollment Change |
| State Employee – Participant Only             | 2,056        | 2,036        | -20               |
| State Employee – Participant + Spouse         | 387          | 379          | -8                |
| State Employee – Participant + Child(ren)     | 983          | 1,024        | 41                |
| State Employee – Participant + Family         | 421          | 412          | -9                |
| <b>Total State Employee</b>                   | <b>3,847</b> | <b>3,851</b> | <b>4</b>          |
|   |              |              |                   |
| State Retiree – Retiree Only                  | 444          | 429          | -15               |
| State Retiree – Retiree + Spouse              | 89           | 92           | 3                 |
| State Retiree – Retiree + Child(ren)          | 43           | 45           | 2                 |
| State Retiree – Retiree + Family              | 18           | 20           | 2                 |
| State Retiree – Surviving Spouse              | 3            | 3            | 0                 |
| <b>Total State Retiree</b>                    | <b>597</b>   | <b>589</b>   | <b>-8</b>         |
|   |              |              |                   |
| Non-State Employee – Participant Only         | 3            | 3            | 0                 |
| Non-State Employee – Participant + Spouse     | 1            | 1            | 0                 |
| Non-State Employee – Participant + Child(ren) | 0            | 0            | 0                 |
| Non-State Employee – Participant + Family     | 0            | 0            | 0                 |
| <b>Total Non-State Employee</b>               | <b>4</b>     | <b>4</b>     | <b>0</b>          |
|   |              |              |                   |
| Non-State Retiree – Retiree Only              | 193          | 144          | -49               |
| Non-State Retiree – Retiree + Spouse          | 29           | 23           | -6                |
| Non-State Retiree – Retiree + Child(ren)      | 13           | 9            | -4                |
| Non-State Retiree – Retiree + Family          | 5            | 5            | 0                 |
| Non-State Retiree – Surviving Spouse          | 1            | 0            | -1                |
| <b>Total Non-State Retiree</b>                | <b>241</b>   | <b>180</b>   | <b>-61</b>        |

Plan year 2019 HMO/EPO overall rates (employer subsidy plus member premium) were lower than the plan year 2018 HMO overall rates. The overall rates were up to \$22 less depending on tier of coverage. The rate changes for each tier are shown below:

| <b>Total HMO Rate</b>                     |                |                |                    |
|---|----------------|----------------|--------------------|
| <b>Plan Tier</b>                          | <b>PY 2018</b> | <b>PY 2019</b> | <b>Rate Change</b> |
| <b>State Employee</b>                     |                |                |                    |
| State Employee – Participant Only         | \$825.66       | \$814.91       | (\$10.75)          |
| State Employee – Participant + Spouse     | \$1,603.10     | \$1,581.21     | (\$21.89)          |
| State Employee – Participant + Child(ren) | \$1,193.68     | \$1,195.05     | \$1.37             |
| State Employee – Participant + Family     | \$1,976.12     | \$1,961.35     | (\$14.77)          |
| <b>State Retiree</b>                      |                |                |                    |
| State Retiree – Retiree Only              | \$802.75       | \$798.13       | (\$4.62)           |
| State Retiree – Retiree + Spouse          | \$1,585.19     | \$1,564.43     | (\$20.76)          |
| State Retiree – Retiree + Child(ren)      | \$1,175.77     | \$1,178.27     | \$2.50             |
| State Retiree – Retiree + Family          | \$1,958.21     | \$1,944.57     | (\$13.64)          |

Additionally, PEBP members on the HMO/EPO plan experienced significant savings in PY 2019 over PY 2018. State employees saved between \$31 and \$65 while state retirees saved between \$19 and \$49 on their monthly premiums shown below:

| <b>Participant HMO Premium</b>            |                |                |                    |
|---|----------------|----------------|--------------------|
| <b>Plan Tier</b>                          | <b>PY 2018</b> | <b>PY 2019</b> | <b>Rate Change</b> |
| <b>State Employee</b>                     |                |                |                    |
| State Employee – Participant Only         | \$173.63       | \$142.43       | (\$31.20)          |
| State Employee – Participant + Spouse     | \$485.90       | \$429.62       | (\$56.28)          |
| State Employee – Participant + Child(ren) | \$319.89       | \$284.89       | (\$35.00)          |
| State Employee – Participant + Family     | \$637.15       | \$572.08       | (\$65.07)          |
| <b>State Retiree</b>                      |                |                |                    |
| State Retiree – Retiree Only              | \$397.99       | \$379.06       | (\$18.93)          |
| State Retiree – Retiree + Spouse          | \$942.40       | \$896.26       | (\$46.14)          |
| State Retiree – Retiree + Child(ren)      | \$657.53       | \$635.63       | (\$21.90)          |
| State Retiree – Retiree + Family          | \$1,201.94     | \$1,152.83     | (\$49.11)          |

If PEBP would have chosen to continue with Hometown Health HMO for PY 2019, rates (employer subsidy plus member premium) would have increased dramatically with Hometown Health requiring a 13% rate increase over PY 2018 and Health Plan of Nevada requiring a 15% rate increase over PY 2018.

Because PEBP chose to implement the new EPO plan, Health Plan of Nevada agreed to ultimately decrease rates by 8% over PY 2018.

The tables below show the savings to the state and to the member from the EPO implementation over the projected costs of moving forward with the Hometown Health HMO proposal.

| <b>Total HMO Rate</b>                     |                          |                       |                    |
|---|--------------------------|-----------------------|--------------------|
| <b>Plan Tier</b>                          | <b>PY 2019 Projected</b> | <b>PY 2019 Actual</b> | <b>Rate Change</b> |
| <b>State Employee</b>                     |                          |                       |                    |
| State Employee – Participant Only         | \$938.15                 | \$814.91              | (\$123.24)         |
| State Employee – Participant + Spouse     | \$1,827.69               | \$1,581.21            | (\$246.48)         |
| State Employee – Participant + Child(ren) | \$1,359.21               | \$1,195.05            | (\$164.16)         |
| State Employee – Participant + Family     | \$2,248.75               | \$1,961.35            | (\$287.40)         |
| <b>State Retiree</b>                      |                          |                       |                    |
| State Retiree – Retiree Only              | \$921.37                 | \$798.13              | (\$123.24)         |
| State Retiree – Retiree + Spouse          | \$1,810.91               | \$1,564.43            | (\$246.48)         |
| State Retiree – Retiree + Child(ren)      | \$1,342.43               | \$1,178.27            | (\$164.16)         |
| State Retiree – Retiree + Family          | \$2,231.97               | \$1,944.57            | (\$287.40)         |

| <b>Participant HMO Premium</b>            |                          |                       |                    |
|---|--------------------------|-----------------------|--------------------|
| <b>Plan Tier</b>                          | <b>PY 2019 Projected</b> | <b>PY 2019 Actual</b> | <b>Rate Change</b> |
| <b>State Employee</b>                     |                          |                       |                    |
| State Employee – Participant Only         | \$163.97                 | \$142.43              | (\$21.54)          |
| State Employee – Participant + Spouse     | \$497.34                 | \$429.62              | (\$67.72)          |
| State Employee – Participant + Child(ren) | \$321.77                 | \$284.89              | (\$36.88)          |
| State Employee – Participant + Family     | \$655.15                 | \$572.08              | (\$83.07)          |
| <b>State Retiree</b>                      |                          |                       |                    |
| State Retiree – Retiree Only              | \$437.59                 | \$379.06              | (\$58.53)          |
| State Retiree – Retiree + Spouse          | \$1,037.97               | \$896.26              | (\$141.71)         |
| State Retiree – Retiree + Child(ren)      | \$721.78                 | \$635.63              | (\$86.15)          |
| State Retiree – Retiree + Family          | \$1,322.16               | \$1,152.83            | (\$169.33)         |



Any rate changes to PEBP plans have a direct effect on the contribution (subsidy) that is provided by the state. The subsidy that the state provided in PY 2019 was a total of \$276,650,263. If PEBP did not implement the EPO plan and approved the HMO rate increases as requested, the state would have provided a total of \$291,382,807 for PY 2019. PEBP saved the state over **\$14.7 million** by implementing the EPO plan and not increasing HMO rates.

| <b>State Subsidy</b>       |                       |                        |
|----------------------------|-----------------------|------------------------|
| <b>Plan Year</b>           | <b>AEGIS<br/>PEPM</b> | <b>AEGIS<br/>Total</b> |
| Plan Year 2018             | \$743.00              | \$239,162,069          |
| Plan Year 2019 (Projected) | \$783.89              | \$246,806,616          |
| Plan Year 2019 (Actual)    | \$740.92              | \$233,278,354          |
|                            |                       |                        |
| <b>Plan Year</b>           | <b>REGI<br/>PEPM</b>  | <b>REGI<br/>Total</b>  |
| Plan Year 2018             | \$445.03              | \$41,709,247           |
| Plan Year 2019 (Projected) | \$473.54              | \$44,576,190           |
| Plan Year 2019 (Actual)    | \$451.23              | \$43,371,909           |

#### UTILIZATION AND COST

Below are the medical and prescription utilization comparisons of the PY 2018 HMO and the PY 2019 EPO showing the total claims costs and the cost to the plans on a per member per month (PMPM) basis.

| <b>HMO vs EPO Utilization</b> |                |                |
|-------------------------------|----------------|----------------|
| <b>Medical Utilization</b>    | <b>PY 2018</b> | <b>PY 2019</b> |
| Plan Paid PMPM                | \$416          | \$400          |
| Total Claims Cost             | \$42,268,876   | \$40,764,731   |
|                               |                |                |
| <b>Rx Utilization</b>         | <b>PY 2018</b> | <b>PY 2019</b> |
| Plan Paid PMPM                | \$112.55       | \$108.46       |
| Total Claims Cost             | \$11,428,766   | \$11,132,222   |

## PLAN BENEFITS

To ensure a smooth transition from the PY 2018 Hometown Health HMO plan and the PY 2019 EPO plan, the PEBP Board aligned the PY 2019 EPO plan design with the PY 2018 Hometown Health HMO plan design with the following changes:

- Specialty prescriptions decreased from a 40% coinsurance to a 30% coinsurance (reducing out-of-pocket costs to members)
- EPO participants were offered access to Dr. on Demand (online virtual visit telemedicine provider)
- EPO participants were offered access to Health Care Bluebook (online provider quality and cost comparison tool)

## COST ANALYSIS ON PLAN YEAR 2020

Utilizing projected base PY 2019 rates that included the 13% rate increase for Hometown Health HMO plan and the 15% rate increase for Health Plan of Nevada and keeping all other factors identical to the actual PY 2020 rate setting, projected PY 2020 rates were developed to show what rates would have been had PEBP chosen to continue the Hometown Health HMO plan.

The tables below show the future year savings to the state and to the member from the EPO implementation over the projected costs of moving forward with the Hometown Health HMO proposal.

Plan year 2020 HMO/EPO overall rates were lower than what the plan year 2020 HMO overall rates would have been. The state saved between \$141 and \$327 for state employees and retirees.

| <b>Total HMO Rate</b>                     |                          |                       |                    |
|---|--------------------------|-----------------------|--------------------|
| <b>Plan Tier</b>                          | <b>PY 2020 Projected</b> | <b>PY 2020 Actual</b> | <b>Rate Change</b> |
| <b>State Employee</b>                     |                          |                       |                    |
| State Employee – Participant Only         | \$949.27                 | \$808.62              | (\$140.65)         |
| State Employee – Participant + Spouse     | \$1,842.58               | \$1,561.28            | (\$281.30)         |
| State Employee – Participant + Child(ren) | \$1,369.30               | \$1,182.60            | (\$186.70)         |
| State Employee – Participant + Family     | \$2,262.61               | \$1,935.26            | (\$327.35)         |
| <b>State Retiree</b>                      |                          |                       |                    |
| State Retiree – Retiree Only              | \$928.83                 | \$788.18              | (\$140.65)         |
| State Retiree – Retiree + Spouse          | \$1,822.14               | \$1,540.84            | (\$281.30)         |
| State Retiree – Retiree + Child(ren)      | \$1,348.86               | \$1,162.16            | (\$186.70)         |
| State Retiree – Retiree + Family          | \$2,242.17               | \$1,914.82            | (\$327.35)         |

PEBP members on the HMO/EPO plan experienced significant savings in PY 2020 over what PY 2020 rates would have been if the Hometown Health HMO plan was still an option. State employees saved between \$24 and \$93 while state retirees saved between \$65 and \$188.

| <b>Participant HMO Premium</b>            |                          |                       |                    |
|---|--------------------------|-----------------------|--------------------|
| <b>Plan Tier</b>                          | <b>PY 2020 Projected</b> | <b>PY 2020 Actual</b> | <b>Rate Change</b> |
| <b>State Employee</b>                     |                          |                       |                    |
| State Employee – Participant Only         | \$161.38                 | \$137.47              | (\$23.91)          |
| State Employee – Participant + Spouse     | \$491.90                 | \$415.95              | (\$75.95)          |
| State Employee – Participant + Child(ren) | \$316.79                 | \$275.84              | (\$40.95)          |
| State Employee – Participant + Family     | \$647.31                 | \$554.32              | (\$92.99)          |
| <b>State Retiree</b>                      |                          |                       |                    |
| State Retiree – Retiree Only              | \$427.26                 | \$362.56              | (\$64.70)          |
| State Retiree – Retiree + Spouse          | \$1,016.85               | \$859.32              | (\$157.53)         |
| State Retiree – Retiree + Child(ren)      | \$704.48                 | \$609.39              | (\$95.09)          |
| State Retiree – Retiree + Family          | \$1,294.07               | \$1,106.15            | (\$187.92)         |

If PEBP did not implement the EPO plan in PY 2019, the state would have provided a total of \$305,645,795 in subsidy for PY 2020. With the current state subsidy to be provided totaling \$294,779,672, PEBP saved the state over **\$10.9 million** in PY 2020 by implementing the EPO plan and not increasing HMO rates.

| <b>State Subsidy</b>       |                   |                    |
|----------------------------|-------------------|--------------------|
| <b>Plan Year</b>           | <b>AEGIS PEPM</b> | <b>AEGIS Total</b> |
| Plan Year 2020 (Projected) | \$791.77          | \$257,842,989      |
| Plan Year 2020 (Actual)    | \$760.79          | \$247,753,564      |
|                            |                   |                    |
| <b>Plan Year</b>           | <b>REGI PEPM</b>  | <b>REGI Total</b>  |
| Plan Year 2020 (Projected) | \$564.86          | \$47,802,806       |
| Plan Year 2020 (Actual)    | \$551.77          | \$47,026,108       |

## CONCLUSION

On November 30, 2017, the PEBP Board voted to replace the northern Nevada HMO plan with a PEBP managed self-insured EPO plan. This decision was made to continue with the PEBP mission to provide employees, retirees, and their families with access to high quality benefits at affordable prices.

Members on the EPO plan saw little change in benefits that were provided on the HMO plan and had a few benefit enhancements. Members also saved between \$19 and \$65 per month on premiums in 2019 and between \$24 and \$188 per month on premiums in 2020. The state saved a total of \$14.7 million in 2019 and \$10.9 million in 2020 totaling a total savings to the state of **\$25.6 million** in the first 2 years.



# 8.

8. Discussion and possible action on Budget Enhancement Options for FY22/FY23 Budget (Laura Rich, Interim Executive Officer) (**For Possible Action**)





**STEVE SISOLAK**  
Governor

**PETER LONG**  
Board Chair



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**LAURA RICH**  
Interim Executive Officer

**AGENDA ITEM**

Action Item

Information Only

**Date:** January 23, 2020

**Item Number:** VIII

**Title:** Budget Enhancement Options – Fiscal Years 2022 and 2023

**SUMMARY**

This report addresses the budget enhancement concepts for the 2021-2023 Biennium (Fiscal Years 2022 and 2023) and is intended to allow the board to direct PEBP to gather additional information/analysis on ideas to be included in the FY22-FY23 budget submission.

The results of the analysis will be presented to the Board in May for final decisions and prioritization and will be included in the budget request submitted to the Governor’s Finance Office (GFO). Once GFO makes their final adjustments, the budget will be included as part of the Governor’s Recommended Budget next legislative session.

This report briefly discusses the following options:

1. Advocate Benefit Enhancement Requests
  - a. Dental Maximum Benefit Increase
  - b. CDHP Out-of-Pocket Maximum Decrease
  - c. Base HSA/HRA Contribution
  - d. Vision Copay Elimination
  - e. Increase Life Insurance Benefit
  - f. Independent Actuarial Review
2. PEBP Budget Enhancement Recommendations
  - a. Eligibility System Replacement
  - b. Addition of Staffed Las Vegas Office
  - c. HSA/HRA Supplemental Funding
3. PEBP Budget Savings Recommendations
  - a. SaveOn Program

## REPORT

Below is a brief description of suggested enhancements to be included in the 2021-2023 biennial budget request.

### ADVOCATE BENEFIT ENHANCEMENT REQUESTS

Advocacy groups to include the Nevada Faculty Alliance (NFA), American Federation of State, County and Municipal Employees (AFSCME), Retired Public Employees of Nevada (RPEN), and UNLV Faculty Senate have submitted requests below for benefit enhancements to be included in the FY 2022 – FY 2023 biennial budget request.

- ***Increasing the Dental Benefit Annual Maximum***  
Between PY 2012 through PY 2014 the annual maximum dental benefit was \$1,000 per participant. That benefit increased to \$1,500 per participant beginning in PY 2015. The request is for an increase from the current \$1,500 to a maximum of \$2,000.
- ***Reducing Out-of-Pocket Maximums***  
Since PY 2012, the annual out-of-pocket maximums for individuals and families have been \$3,800/\$7,800. The request is to reduce the out-of-pocket maximum by \$400 from the current \$3,900/\$7,800 to an out-of-pocket maximum of \$3,500/\$7,400.
- ***CDHP HSA/HRA Funding***  
The request is to increase the base dependent HSA/HRA contributions from \$200 per dependent (max 3) to \$300 per dependent (max 3). PEHP projects roughly 19,000 dependents on the CDHP plan.
- ***Eliminating \$25 Copay for Annual Vision Exams***  
In November 2016, the PEHP Board approved implementing a \$25 copay for annual vision exams beginning in Plan Year 2018 to help offset the costs of other enhanced benefits. The request is to eliminate the \$25 copay for annual vision exams.
- ***Increase Life Insurance Benefit***  
Between PY 2012 to PY 2014, the life insurance benefit for employees and retirees was \$10,000/\$5,000. That benefit increased in PY 2015 to \$25,000/\$12,500. The request is for an increase to the life insurance benefit.
- ***Independent Actuarial Review***  
As a result of questions arising from the continuous accrual of excess reserves, the request has been made to enlist the services of an independent actuarial review to determine the accuracy of AON Consulting who has been the contracted actuary for PEHP since 2003. PEHP believes a Request for Information (RFI) should be performed to ensure information on costs and services can be collected.



**PEBP Recommendation:** PEBP recommends the Board determine which advocate enhancement requests it would like staff to pursue additional analysis on, to be considered as part of the final budget enhancement options which will be presented to the Board in May.

## PEBP BUDGET ENHANCEMENT RECOMMENDATIONS

PEBP has several recommendations to be included as budget enhancements. Some of these recommendations are to plan for large expenditures in advance, and some recommendations are enhancement ideas.

- ***Eligibility and Enrollment System Replacement***

PEBP's enrollment and eligibility system vendor, Morneau Shepell has been a PEBP partner since 2006. In 2018, the Board approved an amendment to the current contract which provided PEBP with an upgrade to the member portal and enhanced benefit offerings through a voluntary benefit platform at no cost to PEBP and a two-year extension for Morneau Shepell. Morneau Shepell failed to meet the deliverable deadline of May 1, 2019 which gave PEBP the right to cancel the amendment. PEBP continues to work closely with Morneau Shepell and is expecting that the agreed upon deliverables will be in place by Open Enrollment in May 2020. If PEBP determines Morneau Shepell has not met the requirements of the amendment, PEBP may need to consider a solicitation. In preparation for this possibility, PEBP will need to include a budget enhancement for the cost of replacing the existing eligibility and enrollment system. PEBP believes an RFI should be performed in order to identify approximate costs associated with a system replacement.

- ***Las Vegas Location***

Approximately 18,000 PEBP members reside in the Las Vegas area, yet PEBP does not have a physical presence to be able to serve these members on a daily basis. PEBP is considering researching the feasibility and costs of establishing a location and staffing of a Las Vegas office so that PEBP can provide face-to-face assistance and expand the education and outreach to members in the South. PEBP will need to research the approximate costs of office space as well as appropriate level of staffing to be included in the budget request.

- ***Supplemental HSA/HRA Funding***

PEBP does not anticipate having a large amount of excess reserves available to provide a supplemental HSA/HRA contribution for PY 2022 and PY 2023; however, during the budget building process, PEBP would like the authority to include a supplemental contribution as an enhancement if we do show a large excess reserve balance.

**PEBP Recommendation:** PEBP recommends the Board determine which PEBP enhancement requests, and any additional requests, it would like staff to pursue additional analysis on, to be

considered as part of the final budget enhancement options which will be presented to the Board in May.

**PEBP BUDGET SAVINGS RECOMMENDATIONS**

The recommendation below will not add any expense to PEBP and will ultimately result in a cost savings to PEBP.

- ***SaveOn SP Program***

In July 2019, PEBP implemented the Board approved policy change to disallow copay assistance from applying to accumulators. Although this is a common practice implemented by many large employers across the nation, it has been challenged and is currently being addressed on the federal level. The final rule has not been released, however PEBP anticipates having to make changes to this policy when the final rule is released. The plan has realized savings from this implementation, but it has not been popular among members who utilize the copay assistance and are not accustomed to having to meet any out of pocket expenses.

The SaveOn program is designed to work in conjunction with (or replace, depending on final regulations from HHS) PEBP’s current copay assistance policy by not only increasing the cost savings to the plan but also reducing the patient’s responsibility back to zero. To accomplish this, the program designates select drugs for which copay assistance dollars are being used and designates them as non-essential health benefits. This allows the plan to carve out the specific benefit from the plan established copays and deductibles and instead set a specific copay so that it can maximize the manufacturer assistance dollars and ultimately realize a cost savings to both the member and the plan.

*Example:*

| Standard Plan: Copay assistance is paid on behalf of the member and accumulates toward their deductible and out-of-pocket maximum. |                       |             |                 |                   |
|--|-----------------------|-------------|-----------------|-------------------|
| PLAN PAYS  | COPAY ASSISTANCE PAYS | MEMBER PAYS | TOTAL PLAN COST | TOTAL MEMBER COST |
| 1 <sup>st</sup> fill – Member responsibility (\$1,000 deductible + \$150 copay) = \$1,150  |                       |             |                 |                   |
| \$1,150  | \$1,130               | \$20        | \$1,150         | \$20              |
| 2 <sup>nd</sup> fill – Member responsibility (\$150 copay) = \$150   |                       |             |                 |                   |
| \$2,150  | \$130                 | \$20        | \$2,150         | \$20              |

| SaveOn: Select specialty drugs are classified under the category of non-essential health benefits. This removes them from deductible and out-of-pocket requirements and copays are increased to maximize the funding through the copay assistance programs. |                       |             |                 |                   |
|---|-----------------------|-------------|-----------------|-------------------|
| PLAN PAYS   | COPAY ASSISTANCE PAYS | MEMBER PAYS | TOTAL PLAN COST | TOTAL MEMBER COST |
| 1 <sup>st</sup> fill – Member responsibility (Copay \$830)  |                       |             |                 |                   |
| \$1,470   | \$810                 | \$20        | \$1,490         | \$0               |
| 2 <sup>nd</sup> fill – Member responsibility (\$150 copay) = \$150  |                       |             |                 |                   |
| \$1,470   | \$810                 | \$20        | \$1,490         | \$0               |

The SaveOn program is not offered directly through Express Scripts (ESI) or through an ESI subcontractor. This means PEBP must sign a joinder amendment to the Master Program Agreement if the program is to be implemented and as a result, will require additional legal review to ensure PEBP remains in compliance with all state contracting regulations and policies.

***PEBP Recommendation:*** PEBP recommends the Board approve further analysis on the SaveOn Program to be considered as part of the final budget enhancement options which will be presented to the Board in May.



# 9.

9. Update on Morneau Shepell Performance Improvement Plan (Morneau Shepell) (Information/Discussion)



PEBP

# Update on Morneau Shepell Performance Improvement Plan

2020-01-13



## Agenda

|                                    |    |
|------------------------------------|----|
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| 2. Performance Plan Goal.....      | 8  |
| 3. Recent Progress .....           | 9  |
| 4. Key Performance Plan Items..... | 10 |

### IMPORTANT NOTICE

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## Background

In 2018/2019, Morneau Shepell and PEBP partnered to introduce a series of enhancements to the PEBP enrollment solution, including:

- Migration to a new portal platform (MyLife 2.0);
- Implementation of a new responsive enrollment tool;
- Integration of Voluntary Benefits (VB) supported by Corestream;
- Automation of event process where no documentation requirements exist;
- Decommissioning of OCR/Document Management in AX and replacement with Morneau Shepell's Kofax/FileNet solution;
- Introduction of HRIS files and on-line data updates for agency reps to automate data collection from upstream systems (WorkDay and Central Payroll).

The project was a significant undertaking for both organizations – in terms of time and importance to the overall relationship. Project management and resources were assigned and worked to deliver on all elements of the solution. Over the course of the project, some deliverables were added to the original scope with agreement from project leadership such as migration of the hosting environment to a US data center.

Additionally, some deliverables increased in complexity or encountered delays from parties outside both organizations and were de-prioritized on agreement with leadership with intent to deliver these at a later date:

- HRIS interface and on-line data updates for agency reps;
- Decommissioning of OCR/Document Management in AX.

In addition to the above, some elements (e.g. approach to integrating Voluntary Benefits) were simplified to help reduce risk. The result of this project flux was compressed time and attention to quality assurance which impacted the level of rigor applied to this phase of the process. As such, the system delivered for open enrollment was not fully compliant with all terms in Morneau Shepell's Contract Amendment #4.

The net result of these conditions impacted the quality of the delivered solution, which created impact on PEBP participants, PEBP & Morneau Shepell staff, and our leadership teams:

| Ref                             | Issue   | Details   | Impact | Participant impact   | Staff impact  | Leadership  |
|---------------------------------|---|---|--------|--|---|---|
| <b>Key Contributing Factors</b> |   |   |        |  |   |   |
| 1                               | Project governance approach                             | Plotting and management of critical path items, buffers, and trade-offs didn't adequately capture the impact of slippage in some deliverables, which resulted in trade-offs & some items being removed from initial launch  | High   | N/A  | Increased churn in project and deliverable planning and associated uncertainty              | Loss of confidence in overall project management discipline<br><br>Loss of credibility with outside stakeholders (HRIS/payroll) |
| 2                               | Compressed testing time                                 | Compression of time available for testing all elements (including end-to-end impacts of changes beyond participant User Experience) compromised ability to validate all impacts of changes on overall operating environment | High   | N/A  | Significant churn and uncertainty at go-live, resulting in significant challenges during OE | Impact on KPIs and overall relationship   |
| 3                               | Environment management – issues promoting to production | Code and configuration sign-off in User Acceptance Testing (UAT) wasn't parallel to production experience leading   | High   | Issues with participant website capabilities which triggered calls | Increased call and operational workload   | Impact on KPIs  |

|                  |  | to unanticipated production issues   |        |  |  |   |
|------------------|--|--|--------|--|--|---|
| Resulting Issues |  |  |        |  |  |   |
| Ref              | Issue  | Details  | Impact | Participant impact   | Staff impact                               | Leadership  |
| 4                | Site access issues                             | Inconsistencies in behavior of participant portal between browsers, and versions of browsers, leading to login problems & inconsistencies in user experience       | Medium | Limited access to self-service & triggered outreach calls                      | Fielded additional call volume             | Impact on KPIs  |
| 5                | Vendor site integration issues                 | Intermittent issues with SSO to HealthScope (related primarily to HealthScope technology)  | Medium | Limited access to self-service   | Fielded additional call volume             |   |
| 6                | User Experience (UX) - VB integration approach | Difficult for participants to understand what's available, enroll, and view their products & deductions  | High   | Limited awareness of products, drives confusion                                | Increased call volumes                     | Reduced impact of VB purchases  |
| 6                | VB transition approach                         | Mapping from old to new polices not well orchestrated, no planned conversion of carrier VB data at go-live, and change management wasn't comprehensive in approach | High   | Confusion – e.g., what is this deduction, what's it for, what's the breakdown, | Increased call volumes, reduced visibility | Increased call volumes and cancelled VB policies impacting VB revenue |

|     |   |   |        | where did my old policy go?   |  |  |
|-----|---|---|--------|---|--|--|
| Ref | Issue   | Details   | Impact | Participant impact  | Staff impact   | Leadership   |
| 7   | Rules for medical benefit applied to new VB products    | Rule sets originally intended to support core medical elections (only) were not revisited as we added VB products   | High   | Confusion leading to calls to PEBP and submission of documents                            | Increased call volumes; increased operational tasks  | Increased workload for operational teams due to poor requirements definition process |
| 8   | Operational issue management & approach to firefighting | Issues lead to many on-the-fly workaround and firefight deployment / fixes that triggered other problems as these were made without considering impact on other elements of the solution (example = flagging auto-approval of events with EOI without consideration of other document requirements for same event). | High   | Confusion on what coverage was in-force and engagement to sort out what to do with errors | Significant churn & challenges in the support and operational teams leading to time-consuming investigation & rework | Impact on KPIs and overall relationship  |
| 9   | Production instability during firefight support process | Rapid solutioning of workarounds and firefight deployments & bulk processes to deal with issues led to some additional unanticipated consequences   | Medium | Issues with participant website capabilities which triggered calls                        | Increased call and operational workload  | Impact on KPIs and overall relationship  |

As we think through the performance improvement plan, a number of key areas which have led to our current state and which need to be addressed to future-proof the solution and working relationship need to be addressed. These are outside of the steps required to catch up and regain stability and trust in the solution and prevent against future recurrence of issues. Key elements of our partnership model that we need to review include:

| Item                                     | Detail  |
|--|---|
| Project management                       | Project plans need to reflect critical path, clear documentation of project scope to ensure clarity and agreement on deliverables, and include buffers. Project governance model needs to ensure identification and management of stakeholder impacts and input through the process.  |
| Issue management                         | Our approach is too single threaded due to embedded knowledge with one person (Vanessa), which contributes to email escalations and churn   |
| Interface validation                     | Not being done consistently for all interfaces - PEBP finds the issues & Vanessa then needs to research vs. Morneau Shepell ensuring quality and consistency of delivery  |
| Solution design                          | Need to assign and retain a Solution Architect to ensure the end-to-end solution holds up and to re-involve when key elements of the solution or requirements change  |
| Impact matrix                            | Need a formal matrix to help all team members understand what is impacted / what could break when a change is needed in one area of the solution  |
| Quality control process                  | Need a more structured approach to quality management - for ongoing platform delivery, incremental changes & for large-scale ones. Test execution plans including matrix, cases, tactical plan, testing scope, support model, etc.<br><br>Any significant UAT efforts (e.g. for OE) should be supported by Morneau Shepell staff on-site at PEBP. |
| Requirements management & change control | Need to review and update requirements document artifacts and validate with current system configuration and ensure that any changes to these are documented consistently & passed through a formal change control process.   |

|                               |  |
|-------------------------------|--|
| <p>Environment management</p> | <p>Need to ensure that all changes are tested and approved in UAT before promotion to production, and that production deployments are properly scheduled and validated.</p> <p>Client has limited testing in UAT as there are differences between UAT and production that they can't always explain. At OE, PEBP was comfortable in UAT but elements were missed in some production deployments.</p> <p>Issue of lack of test accounts in production that needs to be addressed.</p> |
|-------------------------------|--|

## Performance Plan Goal

PEBP desires a fully-integrated member facing intuitive portal that will improve the member experience enrolling in both standard medical offerings and Board-approved voluntary benefits. PEBP also desires an upgraded client-side system where manual processes conducted by PEBP staff are replaced with less risky, thoroughly tested and validated, automated processes for eligibility and enrollment in program services. Morneau Shepell shall create a fully integrated benefits platform incorporating voluntary benefits where possible into a dynamic, intuitive industry leading member portal and will streamline to the extent possible based on PEBP rules and procedure requirements, all in-scope client-side operations through collaboration with PEBP supported employers as well as strategic and robust automation of internal PEBP processes.

This document provides the scope and high-level plan to deliver to the above vision. Any additions or modifications to the scope of the performance improvement plan will be subject to change control process to ensure we are actively managing project risks associated with change to the scope documented herein.

Our goal is to deliver to PEBP's satisfaction on all elements contained in this Performance Improvement Plan by April 1, 2020. This includes both tactical fixes to the existing platform, along with improved approaches and methodologies to protect against recurrence of issues in our operational model and partnership. If Morneau Shepell does not deliver on the Performance Improvement Plan to PEBP's satisfaction as determined based on a set of metrics to be agreed to during the planning phase of this initiative and evaluated on completion of the initiative by PEBP's Executive Officer by April 1, 2020, beyond factors within our control, we acknowledge that PEBP may choose to: 1) develop a decommissioning plan to replace the system and terminate the contract early with no remaining financial responsibility to PEBP; 2) renegotiate contract terms and collaborate with Morneau Shepell on additional solutions; or 3) accept the system as-is and honor the remaining time and financial consideration as approved in the current contract amendment.

## Recent Progress

- ✓ Closed 75% of internal service ticket backlog
- ✓ Closed 61% of service tickets reported by PEBP
- ✓ Completed all cycles of employer portal for online HRIS project
- ✓ Completed the testing for the document triggering rules for all events as part of the Event Processing Rules Configuration deliverable
- ✓ Presented to PEBP the VB decoupling solution to be used as of 1-Apr-2020
- ✓ Completed review and received feedback from PEBP on the new MS enrollment tool “look & feel”
- ✓ Completed roll-out of AX decommissioning deliverable



## Key Performance Plan Items

Morneau Shepell has made significant progress on these items since we began this work in September. For the 10 Key Performance Plan items listed below:

- 9 are On Track for completion by the Target Resolution Date
- 1 is temporarily in an At Risk status (item #4) but is expected to be completed on time

We separate the performance improvement plan into two key areas – tactical (what we need to do to stabilize) and operational (what we need to do to future-proof our long-term relationship). Following are the recommended areas of focus for each:

### Tactical areas of focus

|   | Issue                                | Proposed Actions  | Success Measures  | Start Date | Target Resolution Date   | Status   |
|---|--------------------------------------|---|---|------------|--------------------------|--|
| 1 | Event processing rules configuration | <ul style="list-style-type: none"> <li>• Review &amp; revise documentation triggers to separate VB treatment from medical plan treatment</li> </ul>   | <ul style="list-style-type: none"> <li>• Formal sign-off on rulesets &amp; comprehensive testing to ensure accuracy</li> </ul>  | 10/14/19   | 11/5/19*<br><br>2/27/20* | <p><b>On Track</b></p> <p>*11/29/19 – Revised date. Completing the analysis and review of documentation takes slightly longer</p> <p>*2/27/20 - target resolution date dependent on the size &amp; scope of changes required</p> |
| 2 | Event error & issue management       | <ul style="list-style-type: none"> <li>• Conduct structured audits to identify and support remediation of issues with event processing since April 15 (e.g. auto-approving events, EOI issues, etc.)</li> </ul> | <ul style="list-style-type: none"> <li>• Capture of all issues and impacted participants</li> <li>• Successful resolution of issues impacting participant accounts</li> </ul> | 10/7/19    | 11/7/19*<br><br>12/4/19* | <p><b>On Track</b></p> <p>*11/7/19 – Completed review of errors and issues</p> <p>*TBD - target resolution date dependent on the size &amp; scope of corrections required</p>  |

|   | Issue   | Proposed Actions   | Success Measures   | Start Date  | Target Resolution Date | Status  |
|---|---|--|--|-------------|------------------------|---|
|   |   |  |  |             |                        | Target resolution date in process of being confirmed  |
| 3 | Catch-up & management of other back-log issues      | <ul style="list-style-type: none"> <li>Increase bench strength of issue research &amp; support working team to reduce key person dependencies &amp; increase throughput</li> </ul>             | <ul style="list-style-type: none"> <li>Increase speed and accuracy of requisite fixes</li> </ul>   | 9/30/19     | TBD                    | <p><b>Monitoring</b></p> <p>Analysis of the backlog issues completed and implemented plan to address them</p> <p>May require additional time to address all the issues due to complexity and number of items</p>  |
| 4 | Optimize user experience for the participant portal | <ul style="list-style-type: none"> <li>Capture &amp; address key areas of concern to simplify the user experience and optimize in terms of overall intuitiveness for the membership</li> </ul> | <ul style="list-style-type: none"> <li>Reduced calls related to site navigation</li> <li>Increased VB uptake</li> </ul>                      | 9/30/19     | 3/11/20                | <b>On Track</b>   |
| 5 | Complete the decommissioning of AX                  | <ul style="list-style-type: none"> <li>Evaluate de-coupling AX from HRIS interface initiative &amp; complete the implementation &amp; conversion process</li> </ul>                            | <ul style="list-style-type: none"> <li>Elimination of reliance on AX</li> <li>Sign-off on new solution after stabilization period</li> </ul> | In Progress | TBD                    | <p><b>On Track</b></p> <p>Rolled out to production on 4-Nov-2019</p> <p>Final batch extraction and import will be tied to the HRIS project go live as it is dependent on the paper documents to stop being processed through AX system. Awaiting PEBP decision on date.</p> |

|   | Issue   | Proposed Actions   | Success Measures   | Start Date  | Target Resolution Date | Status   |
|---|---|--|--|-------------|------------------------|--|
|   |   |  |  |             |                        |  |
| 6 | Complete the HRIS interface initiative                      | <ul style="list-style-type: none"> <li>• Complete the implementation of the HRIS files from Workday and Central Payroll</li> <li>• Roll-out the administrator portal to enable on-line collection of hires, status changes, and data updates to other Pay Centers</li> </ul> | <ul style="list-style-type: none"> <li>• Testing completed with successful pass of test cases</li> <li>• Interface code error free in production</li> <li>• Reduction in operational team work effort</li> </ul> | In Progress | 3/31/20                | <b>On Track</b>  |
| 7 | Formally market lifestyle VB products already in production | <ul style="list-style-type: none"> <li>• Subject to Morneau Shepell and PEBP comfort that existing elections are working correctly, including payroll deductions, and are not causing unexpected issues for members and PEBP staff</li> </ul>                                | <ul style="list-style-type: none"> <li>• Formal marketing that Lifestyle products are available to PEBP members</li> <li>• Increased VB uptake</li> </ul>  | 10/7/19     | 04/01/20*              | <b>On Track</b><br><br>* Based on the recent joint discussions, target resolution date is dependent on the optimization of user experience decoupling solution |

|   | Issue   | Proposed Actions   | Success Measures   | Start Date | Target Resolution Date | Status          |
|---|---|--|--|------------|------------------------|-----------------|
| 8 | Enable self-service for retiring employees (previously deprioritized until after May 2019 launch) | <ul style="list-style-type: none"> <li>• Create the ability for retiring employees to make their elections on-line (vs. the current paper-based approach)</li> </ul> | <ul style="list-style-type: none"> <li>• Elimination of paper from the retirement process</li> <li>• Increased efficiency for operational teams</li> </ul> | 11/4/19    | 2/28/20                | <b>On Track</b> |

### Partnership & operational support optimization

Morneau Shepell has made significant progress on these items since we began this work in September. For the 8 items listed below:

- 3 have been Completed
- 7 are on track
- 1 is in Monitoring status

|   | Issue                                    | Proposed Actions  | Success Measures  | Start Date | Target Resolution Date | Status  |
|---|--|---|---|------------|------------------------|---|
| 1 | Project management & governance          | <ul style="list-style-type: none"> <li>Establish a formal governance structure (SC, working committee, reporting cadence) and project management approach for remediation project, key events (OE, upgrades, etc.) and ongoing</li> </ul>   | <ul style="list-style-type: none"> <li>PEBP approval of project governance model</li> <li>Increased confidence in project outcomes</li> </ul>   | 8/29/19    | 9/27/19                | <b>Completed</b>  |
| 2 | AV tickets and overall issues management | <ul style="list-style-type: none"> <li>Add resources to reduce key person dependencies &amp; simplify triage model during catch-up phase</li> <li>Introduce on-site support in triaging issues and working with PEBP on the performance plan</li> <li>Improve turnaround on reviewing and triaging AV tickets &amp; increase rigor in assigning and managing delivery to due dates</li> </ul> | <ul style="list-style-type: none"> <li>Turnaround time for reported AV tickets</li> <li>Capture of all requests via AV to ensure patterns are more easily recognized, root causes identified, and priorities managed effectively</li> </ul> | 9/30/19    | N/A                    | <b>Monitoring</b> <ul style="list-style-type: none"> <li>Added resource to reduce key person dependencies</li> <li>Introduce on-site support for triaging issues and working with PEBP on performance plan</li> <li>Implemented plan to improve turnaround on reviewing and triaging AV tickets – under monitoring</li> </ul> |
| 3 | Interface management                     | <ul style="list-style-type: none"> <li>Formalize the support structure for interface management &amp; reduce dependency on PEBP</li> </ul>  | <ul style="list-style-type: none"> <li>Reduction of missed interface delivery timeframes</li> </ul>   | 10/7/19    | 12/16/19               | <b>Completed</b>  |

|   | Issue                        | Proposed Actions   | Success Measures   | Start Date | Target Resolution Date   | Status   |
|---|------------------------------|--|--|------------|--------------------------|--|
|   |                              |  | <ul style="list-style-type: none"> <li>Reduction of interface issues</li> </ul>  |            |                          |  |
| 4 | Solution design & continuity | <ul style="list-style-type: none"> <li>Assign a Solution Architect to support PEBP, including any significant future initiatives</li> </ul>  | <ul style="list-style-type: none"> <li>Improved cohesiveness of overall solution</li> <li>Reduction in unintended consequences when requirements change</li> </ul> | 9/16/19    | 10/11/19                 | <b>Completed</b>   |
| 5 | Requirements management      | <ul style="list-style-type: none"> <li>Review and update key requirements documents to ensure reflection of current state. Ensure future change requests are captured and change controlled</li> </ul> | <ul style="list-style-type: none"> <li>PEBP sign-off on updated requirement artifacts</li> </ul>   | 9/30/19    | 1/24/20*<br><br>3/18/20* | <b>On Track</b><br><br>*1/24/20 – Complete analysis & review of documentation<br><br>*3/18/20 - target resolution date dependent on the size & scope of changes required |
| 6 | Change control               | <ul style="list-style-type: none"> <li>Establish a formal change control process including impact identification (matrix), risk assessment, stakeholder impact, sign-offs / workflow, etc.</li> </ul>  | <ul style="list-style-type: none"> <li>Reduction in errors or differences in understanding when changes are made</li> </ul>  | 9/3/19     | 10/8/19                  | <b>Completed</b>   |

|   | Issue                  | Proposed Actions   | Success Measures  | Start Date | Target Resolution Date | Status          |
|---|------------------------|--|---|------------|------------------------|-----------------|
| 7 | Quality assurance      | <ul style="list-style-type: none"> <li>Review and optimize the overall quality control process, including approach to test planning, test members, scenario management, and overall approach and accountabilities between Morneau Shepell and PEBP</li> <li>Move to a more regimented schedule to batch fixes / releases vs. deploying to production on a piecemeal basis</li> </ul> | <ul style="list-style-type: none"> <li>Reduced errors &amp; issues related to product or configuration changes</li> </ul>       | 9/30/19    | 2/3/20                 | <b>On Track</b> |
| 8 | Environment management | <ul style="list-style-type: none"> <li>Re-baseline UAT environment and develop overall approach to syncing between environments</li> <li>Review deployment procedures &amp; determine methods to ensure correct propagation between test and production environments</li> </ul>  | <ul style="list-style-type: none"> <li>Consistency between signed-off system and configuration in UAT vs. production</li> </ul> | 9/30/19    | 1/31/19                | <b>On Track</b> |





# 10.

10. Interim Executive Officer Report. (Laura Rich, Interim Executive Officer) (Information/Discussion)





**STEVE SISOLAK**  
Governor

**PETER LONG**  
Board Chair



STATE OF NEVADA  
**PUBLIC EMPLOYEES' BENEFITS PROGRAM**  
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**LAURA RICH**  
Interim Executive Officer

**AGENDA ITEM**

- Action Item
- Information Only

**Date:** January 23, 2020  
**Item Number:** X  
**Title:** Interim Executive Officer Report

**SUMMARY**

This report will provide the Board, participants, public, and other stakeholders information on the overall activities of PEBP.

**REPORT**

LEGISLATIVE COUNSEL BUREAU AUDIT

The Legislative Counsel Bureau (LCB) Audit Division supports the legislature by performing periodic independent audits of state agencies. These audits provide an independent and unbiased evaluation of government operations with the goal of improving accountability and effectiveness of state government.

In January of 2019, PEBP was notified by the LCB that it would be performing an Information Technology and Security audit on the agency. In March, a separate performance audit was initiated to include finance and operations. Throughout the course of the last year, PEBP staff have worked diligently to provide information, data and formulated responses to auditor requests.

Once these audits have been completed, the LCB will schedule a findings meeting with PEBP and a draft of the audit report will be provided at a subsequent date. All audit findings are considered confidential until they are presented to the Audit Subcommittee. At that point, PEBP will have 60 days to provide a corrective action plan. A summary of the findings and corrective action plan will be brought to the Board for final approval once the report has been made public.

INTERIM RETIREMENT AND BENEFITS COMMITTEE

On February 5, 2020 PEBP is scheduled to testify at the Interim Retirement and Benefits Committee (IRBC). The IRBC meets biennially between sessions to review the operations of the Public Employees' Benefits Program, the Public Employees' Retirement System and the Judicial Retirement System. The committee may make recommendations based on the information that is presented.

In accordance to NRS 287.0425 PEBP has provided a series of reports and will be presenting each of them to the committee:

- Audited financial statements
- Utilization reports for the year ending June 30, 2019
- Materials provided to participants and the PEBP Communications Plan
- PY20 Final Benefits and Rates Report
- PY19 IBNR and Catastrophic reserve report
- GASB OPEB Valuation report

UPCOMING EXPIRING CONTRACTS

There are a significant number of PEBP contracts due to expire in 2021. Due to the long runway that is needed if the decision is to go out to bid, PEBP will need to bring each of these up for discussion early. In some of these cases, the replacement of an existing vendor will require substantial planning and a significant implementation timeframe, so it is crucial that PEBP begin the process early to reduce the risks of disruption to the program and to the membership.

| <b>Contract</b>            | <b>Vendor</b>                    | <b>Expiration</b>         |
|----------------------------|----------------------------------|---------------------------|
| Dental Network             | Diversified Dental Services Inc. | 6/30/2021                 |
| Southern Nevada HMO        | Health Plan of Nevada Inc        | 6/30/2021                 |
| Website Hosting/Assistance | KPS3                             | 6/30/2021                 |
| In-State PPO/EPO Network   | Hometown Health Providers        | 7/30/2021                 |
| Financial Auditor          | Casey,Neilon & Associates        | 12/31/2021                |
| Benefits Management System | Moreneau Shepell LTD             | 12/31/2021*<br>12/31/2023 |

\*As a result of Moreneau Shepell not meeting the deliverables outlined in the contract amendment, PEBP is not obligated to honor the extension provided in the third amendment to the contract approved November 13, 2018. This will be a decision brought to the board in July 2020.

#### OPERATIONAL CHANGES

PEBP has been working closely with Morneau Shepell to move toward a paperless, more efficient enrollment system. Currently, employers are required to complete and mail in forms whenever there are employee status changes (new hire, termination, leave events, etc.). The time delays associated with this process create inefficiencies for both the employer (agency representatives) and members. PEBP will be launching an online portal that will replace the antiquated paper process. The new system will allow agencies to report pertinent employee information more timely to PEBP and ensure more immediate access to new employees that need to enroll in or decline benefits.

#### PARTNERING WITH THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

With approximately 40% of the overall PEBP membership being retirees, PEBP serves much of the same population as PERS. Given the recent leadership changes at both agencies, staff from both organizations met and discussed possible opportunities to leverage resources, increase communication and improve efficiencies between our programs.

The meeting was very successful and PEBP is excited to coordinate more closely with PERS in the future. Both organizations have committed to incorporating the other in retiree related communications, presentations and outreach and partner in anything that may help in our shared goal of serving our retiree populations.

#### CONCLUSION

PEBP has a busy year ahead. In addition to several public presentations, contract decisions, RFP's and operational and system changes, PEBP staff will also be working closely with the Board and Governor's Finance Office to prepare for FY22/23 budget building.



# 11.

11. Discussion and possible action regarding the permanent appointment or recruitment of the Executive Officer. (Peter Long, Board Chair) (**For Possible Action**)





# 12.

## 12. Public Comment



# 13.

## 13. Adjournment