



**STEVE SISOLAK**  
Governor

**LAURA FREED**  
Board Chair



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

**MEETING NOTICE AND AGENDA**

Name of Organization: Public Employees' Benefits Program Board

Date and Time of Meeting: April 27, 2020 9:00 a.m.

Toll free Call In: **1-844-721-7237**

Access Code: **2001900**

**Pursuant to the provisions of Nevada Governor Steve Sisolak's March 12, 2020, Declaration of Emergency, and Directive 006 thereto issued on March 22, 2020, this meeting will be held by teleconference only. Members of the public are invited to participate by using the call-in number provided above. Board members and staff will also be participating in this meeting by telephone only.**

**Members of the public who wish to make public comment must indicate their desire to do so at the initiation of the call when the operator answers. Any members of the public who prefer to send their public comments in writing, can do so by emailing to [wlunz@peb.nv.gov](mailto:wlunz@peb.nv.gov) at least two business days prior to the meeting.**

**Meeting materials can be accessed here: <https://pebp.state.nv.us/meetings-events/board-meetings/>**

**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. 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. As noted above, members of the public may make public comment by using the call-in number provided above. Persons unable to attend the meeting by telephone 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](mailto: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. Discussion and possible action to present Fiscal Year 2021 Budget Reserves options. (Laura Rich, Executive Officer) (**For Possible Action**)
5. 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.

6. Adjournment

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/meetings-events/board-/meetings">www.pebp.state.nv.us/meetings-events/board-/meetings</a> (under the Board Meeting date referenced above).
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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.
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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.
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We are pleased to make reasonable efforts to assist and accommodate persons with physical disabilities who wish to participate in 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.
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Copies of both the PEBP Meeting Action Minutes and Meeting Transcripts, if such transcripts are prepared, 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.
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Notice of this meeting was posted on or before 9:00 a.m. on the third working day before the meeting on the PEBP website at <a href="http://www.pebp.state.nv.us">www.pebp.state.nv.us</a> , and also posted to the public notice website for meetings at <a href="https://notice.nv.gov">https://notice.nv.gov</a> . In addition, the agenda was mailed to groups and individuals as requested.
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# Proposed Budget Reserves Fiscal Year 2021



NEVADA PUBLIC EMPLOYEES' BENEFITS PROGRAM

April 27, 2020

# Background:

Due to an expected decline in revenues as a result of the COVID-19 pandemic, agency's have been asked to come up with proposed budget reserves of 4% for Fiscal Year 20, and 6/10/14% for Fiscal Year 21.

PEBP's 6% target is approximately \$24.5M.

Each additional 4% increase adds an additional \$16.3M

At the March 31<sup>st</sup> Board Meeting, the PEBP board approved the ESI Market Check contract amendment and the implementation of the SaveOn program. These amount to \$6.4M in savings for FY21, leaving PEBP's target at approximately \$18.1M.

# Option 1

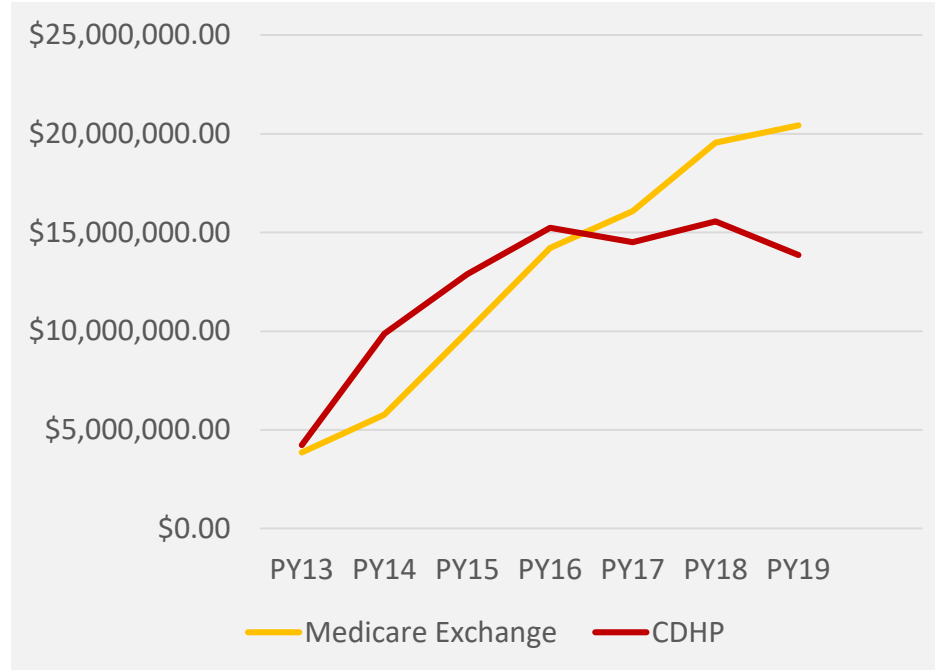
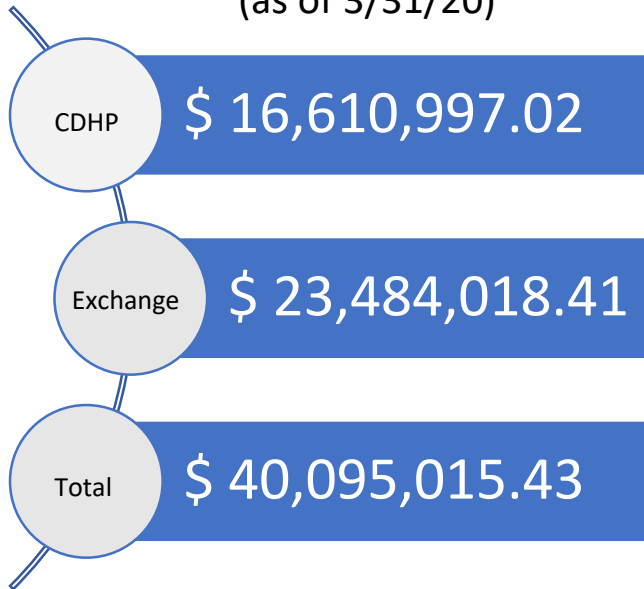
## HSA/HRA Base Funding Decreases

	SAVINGS
July 1, 2019 Total Base Cost (\$700/EE; \$200/Dep)	\$0
New Base - \$700/EE; \$100/Dep	\$ 1.7M
New Base - \$700/EE; \$0/Dep	\$ 3.5M
New Base - \$600/EE; \$100/Dep	\$ 4.1M
New Base - \$600/EE; \$50/Dep	\$ 5.0M
New Base - \$600/EE; \$0/Dep	\$ 5.8M
New Base - \$500/EE; \$0/Dep	\$ 8.1M

	IMPACT			
	High	Medium	Low	N/A
Active	X			
Pre-Med Retiree	X			
CDHP	X			
HMO/EPO				X
Medicare Retiree				X

## HRA Required Reserve Funding Levels

HRA Balances  
(as of 3/31/20)



Funding Levels	SAVINGS
95%	\$ 2M
90%	\$ 4M
85%	\$ 6M
80%	\$ 8M
75%	\$ 10M

Current policy requires PEBP to fund the HRA Reserve at 100%. Reducing those levels frees up one time funding. **\*Note that choosing option 3 will change savings amounts for option 2 as option 3 will inherently reduce the overall reserve levels (refer to next slide)**

# HRA Required Reserve Funding Levels (Option 2)

If chosen with option 3

Funding Levels	Savings if capped at \$5k	Savings if capped at \$8k	Savings if capped at \$10k
95%	\$ 1.5M	\$ 1.7M	\$ 1.8M
90%	\$ 3.1M	\$ 3.5M	\$ 3.6M
85%	\$ 4.6M	\$ 5.2M	\$ 5.4M
80%	\$ 6.2M	\$ 6.9M	\$ 7.2M
75%	\$ 7.8M	\$ 8.6M	\$ 9.0M

## Medicare Exchange HRA Rollover Caps

Rollover Cap Amount	% of Accounts	Savings
Over \$10K	5.5% (698)	<b>\$ 3.8M</b>
Over \$8K	7.5% (944)	<b>\$ 5.4M</b>
Over \$5K	12.2% (1536)	<b>\$ 9.1M</b>

	IMPACT			
	High	Medium	Low	N/A
Active				X
Pre-Med Retiree				X
CHDP				X
HMO/EPO				X
Medicare Retiree			X	

- Those members that are accruing large balances likely either have no need for the HRA funding due to \$0 Medicare plan premiums and no need for reimbursement.
- Most Medicare Exchange members that take advantage of the HRA will not be affected by the HRA caps because they will never accrue large balances.
- 117 accounts (total cash balance ~\$2M) have had zero activity in the last 5 years
- There are participants with balances over \$20k who have never used their HRA.

**Considerations:**

- Effective January 1, 2021
- Effective May 30, 2021



## Premium Surcharge

By Tier	Savings
Premium Surcharge by Tier	
\$5 EE/\$10 E+S/\$10 E+C/\$15 E+F	<b>\$2.9M</b>
Premium Surcharge to All	
\$5	<b>1.9M</b>
\$10	<b>3.9M</b>
\$15	<b>5.8M</b>

IMPACT				
	High	Medium	Low	N/A
Active		X		
Pre-Med Retiree		X		
CHDP		X		
HMO/EPO		X		
Medicare Retiree				X

Although a premium surcharge would probably be one of the least palatable options, arguably it is the easiest to eliminate as economic conditions improve

## Reducing Catastrophic Reserves

Reduction (days)	Savings
50	<b>\$7M</b>
45	<b>\$10.5M</b>

On April 9<sup>th</sup>, the board voted to approve a very conservative reduction to catastrophic reserves from 62 days down to 60 days. This option reduces the cat reserve even further, releasing one time funds.

MEMBER IMPACT				
	High	Medium	Low	N/A
Active				X
Pre-Med Retiree				X
CHDP				X
HMO/EPO				X
Medicare Retiree				X

## Adding Deductible to HMO/EPO

Implement \$100 Ind/\$300 Family deductible = 1% decrease in claims

**\$697K Savings**

**Considerations:**

Savings are only realized with the EPO. No savings are realized when applying this benefit change to the HMO. Will plan design change be implemented across the HMO and EPO or only EPO?

MEMBER IMPACT				
	High	Medium	Low	N/A
Active				X
Pre-Med Retiree				X
CHDP				X
HMO/EPO		X		
Medicare Retiree				X

## Life Insurance

Reduction to Basic Life	Savings
\$25,000/\$12,500	<b>\$0</b>
\$20,000/\$10,000	<b>\$2.1M</b>
\$10,000/\$5,000	<b>\$3.1M</b>

IMPACT				
	High	Medium	Low	N/A
Active			X	
Pre-Med Retiree		X		
CHDP				X
HMO/EPO				X
Medicare Retiree		X		

# of Life Insurance Claims		
	PY18	PY19
Actives	41	47
Retirees	294	273

**Considerations:**  
 PEBP offers Voluntary Life policies. Approximately 1,356 retirees and 3,082 actives have purchased voluntary life policies

## Increasing CDHP Out of Pocket Max

Adjusting OOPM from \$3900/\$7800 to \$4500/\$9000 (6,850 limit for a member within the family) = 1.1% decrease in claims

**\$2.1M Savings**

% Meeting OOP Max		
	PY18	PY19
Emp only	8.8	9.3
E + Children	1.2	1.4
E + Spouse	4.1	4.5
E + Family	1.2	1.4

MEMBER IMPACT				
	High	Medium	Low	N/A
Active		X		
Pre-Med Retiree		X		
CHDP		X		
HMO/EPO				X
Medicare Retiree				X

## Increasing Specialty Rx Coinsurance to HMO/EPO

Return Specialty Rx from 20%  
back to 30% or 40%

= \$450K / \$815k Savings

**Considerations:**

Savings are only realized with the EPO. No savings are realized when applying this benefit change to the HMO. Will plan design change be implemented across the HMO and EPO or only EPO?

MEMBER IMPACT				
	High	Medium	Low	N/A
Active		X		
Pre-Med Retiree		X		
CHDP				X
HMO/EPO		X		
Medicare Retiree				X

# Recommendations:

\$6.9M

- Option 2 – Reduce HRA required reserve funding to 80%.

\$7M

- Option 3 – Implement HRA cap at \$8,000.

\$5.4M

- Option 5 – Catastrophic Reserves to 50 days.

\$4.5M

- ESI Market check Savings

\$1.9M

- SaveOn Program projected savings

**\$25.7M**