



STEVE SISOLAK
Governor



STATE OF NEVADA
PUBLIC EMPLOYEES' BENEFITS PROGRAM
901 S. Stewart Street, Suite 1001 | Carson City, Nevada 89701
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www.pebp.state.nv.us

LAURA RICH
Executive Officer

LAURA FREED
Board Chair

MEETING NOTICE AND AGENDA

Name of Organization: Public Employees' Benefits Program Board

Date and Time of Meeting: December 2, 2021 8:30 a.m.

Place of Meeting: The Legislative Building
401 S Carson St, Room #4100
Carson City, NV 89701

Livestream: <https://www.leg.state.nv.us/App/Calendar/A/>

Members of the public are encouraged to submit public comment in writing by emailing wlunz@peb.nv.gov at least two business days prior to the meeting.

To view the PEBP Board Meeting please click on the link located in "Livestream" field above.

There are two agenda items designated for public comment. If you are not attending in person and wish to provide verbal public comment during those agenda items, please follow the instructions below:

Prior to the meeting, or start of the agenda item, register for the webinar as an attendee using the following link: https://lcb-state-nv-us.zoom.us/webinar/register/WN_MfdEq2GuT3m3MLZRBI4FVg

Once registered, you will receive an email with call-in information and instructions. This link is only for those who are not attending in-person and want to make public comment.

Participants that register will be muted until it is time for public comment. A moderator will then unmute callers one at a time for public comment. If you experience technical difficulties, call 775-684-6990 for assistance.

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.nv.gov 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. (Michelle Briggs, Chief Deputy Attorney General) (Information/Discussion)

4. Consent Agenda (Laura Freed, 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 September 30, 2021 PEBP Board Meeting

4.2 PEBP American Rescue Plan Funds Request

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

6. Presentation and possible action regarding COVID-19 coverage including:

6.1 Possible Restoration of Covid-19 Cost Sharing

6.2 Surveillance Testing Coverage

6.3 Possible Implementation of Covid-19 Premium Surcharges

(Laura Rich, Executive Officer) (**For Possible Action**)

7. Discussion and possible action on potential program design changes for Plan Year 2023 (July 1, 2022 to June 30, 2023). (Laura Rich, Executive Officer) (**For Possible Action**)

8. Presentation and possible action on the status and approval of PEBP contracts, contract amendments and solicitations (Cari Eaton, Chief Financial Officer) **(For Possible Action)**

8.1 Contract Overview

8.2 New Contracts

8.2.1 UMR, Inc.

8.2.2 Webster Bank

8.3 Contract Amendments

8.3.1 Aetna Signature Administrators no-cause termination

8.3.2 American Health Holdings, Inc. no-cause termination

8.3.3 AON Consulting

8.3.4 LSI Consulting

8.4 Contract Solicitations

8.4.1 Cancellation of Shopping Comparison Tool solicitation

8.5 Status of Current Solicitations

9. 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.

10. Adjournment

The supporting material to this agenda, also known as the Board Packet, is available, at no charge, on the PEBP website at www.pebp.state.nv.us/meetings-events/board-/meetings (under the Board Meeting date referenced above). Contact Wendi Lunz at PEBP, 901 S Stewart Street, Suite 1001, Carson City NV 89701 (775) 684-7020 or (800) 326-5496

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.

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.

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 NV 89701 or on the PEBP website at www.pebp.state.nv.us. 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 on the PEBP website at www.pebp.state.nv.us, and also posted to the public notice website for meetings at <https://notice.nv.gov>. 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. (Michelle Briggs, Chief Deputy Attorney General)
(Information/Discussion)

4.

4. Consent Agenda (Laura Freed, 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 September 30, 2021 PEBP Board Meeting
- 4.2 PEBP America Rescue Plan Funds Request

4.1

4. Consent Agenda (Laura Freed, Board Chair) (**All Items for Possible Action**)

4.1 Approval of Action Minutes from the September 30, 2021 PEBP Board Meeting

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

Video/Telephonic Open Meeting
Carson City

ACTION MINUTES (Subject to Board Approval)

September 30, 2021

MEMBERS PRESENT

VIA TELECONFERENCE:

Ms. Laura Freed, Board Chair
Ms. Linda Fox, Vice Chair
Ms. Michelle Kelley, Member
Mr. Tom Verducci, Member
Ms. Jennifer Krupp, Member
Ms. Betsy Aiello, Member
Ms. April Caughron, Member
Mr. Jim Barnes, Member
Ms. Leslie Bittleston, Member
Dr. Jennifer McClendon, Member

FOR THE BOARD:

Ms. Michelle Briggs, Chief Deputy Attorney General

FOR STAFF:

Ms. Laura Rich, Executive Officer
Mr. Nik Proper, Operations Officer
Ms. Cari Eaton, Chief Financial Officer
Mr. Steven Martin, Chief Information Officer
Mr. Tim Lindley, Quality Control Officer
Ms. Wendi Lunz, Executive Assistant

OTHER PRESENTERS:

Chris Bosse – Renown
Denise Saucedo – HealthScope Benefits
Colleen Huber – Aon
Stephen Caulk – Aon
Cristie Labus - Aon

1. Open Meeting; Roll Call

- Board Chair Freed opened the meeting at 9:00 a.m.

2. Public Comment

- Marlene Lockard - RPEN
- Priscilla Maloney - AFSCME
- Brooke Maylath
- Kent Ervin – Nevada Faculty Alliance
- Carter Bundy – AFSCME
- Kevin Ranft - AFSCME

3. PEBP Board disclosures for applicable Board meeting agenda items. (Michelle Briggs, Chief Deputy Attorney General) (Information/Discussion)

4. Consent Agenda (Laura Freed, 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 Minutes from the July 29, 2021 PEBP Board Meeting.

4.2 Receipt of quarterly staff reports for the period ending June 30, 2021:

4.2.1 Budget Report

4.2.2 Utilization Report

4.3 Receipt of quarterly vendor reports for the period ending June 30, 2021:

4.3.1 HealthSCOPE Benefits – Obesity Care Management

4.3.2 HealthSCOPE Benefits – Diabetes Care Management

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 and Performance Report

4.3.6 Hometown Health Providers and Sierra Healthcare Options – PPO Network

4.3.7 HealthPlan of Nevada, Inc. – Southern Nevada HMO

4.3.8 Doctor on Demand Engagement Report through August 2021

BOARD ACTION ON ITEM 4

MOTION: Motion to approve everything under Agenda Item Four except for 4.2.1, Budget Report and 4.3.2, the Diabetes Care Management Report.

BY: Vice Chair Linda Fox

SECOND: Member Michelle Kelley

VOTE: Unanimous; the motion carried

BOARD ACTION ON ITEM 4.2.1 and 4.3.2

MOTION: Motion to accept Agenda Item 4.2.1, the Budget Report and 4.3.2, the Diabetes Care Management from HealthScope.

BY: Member Michelle Kelley

SECOND: Member Betsy Aiello

VOTE: Unanimous; the motion carried

5. Election of Board Vice-Chair pursuant to Nevada Administrative Code (NAC) 287.172. Eligible candidates are Linda Fox, Tom Verducci, Jennifer Krupp, April Caughron, Betsy Aiello, Michelle Kelley, Jim Barnes, Leslie Bittleston, and Jennifer McClendon. (Laura Freed, Board Chair) **(For Possible Action)**

BOARD ACTION ON ITEM 5

MOTION: Motion to have Member Linda Fox continue as PEBP Board Vice Chair for the next year.

BY: Board Chair Laura Freed

SECOND: Member Betsy Aiello

VOTE: Unanimous; the motion carried

6. Executive Officer Report (Laura Rich, Executive Officer) (Information/Discussion)
7. Presentation and possible action regarding COVID-19 coverage changes and potential Covid Surcharges (Laura Rich, Executive Officer) **(For Possible Action)**

BOARD ACTION ON ITEM 7 (COVID Cost Share)

MOTION: Motion to remove 100 percent coverage for COVID related treatment and hospitalization and apply existing plan rules to COVID related treatment and hospitalization effective July 1st of 2022 for participants and dependents who are eligible per the federal government for vaccination.

DISCUSSION: Include a time window possibly 3 – 6 months post eligibility for vaccine.

BY: Member Michelle Kelley

SECOND: Member Jennifer McClendon

VOTE: Deadlock; the motion failed

Aye; Laura Freed, Betsy Aiello, Michelle Kelley, Leslie Bittleston, Jennifer McClendon

Nay; Linda Fox, Jim Barnes, April Caughron, Jennifer Krupp, Tom Verducci

DISCUSSION: At the November meeting we will re-agendize the cost sharing discussion with some more information about operationalizing it.

BOARD ACTION ON ITEM 7 (COVID Surcharge)

MOTION: Motion to permit PEBP staff to conduct further research on COVID surcharges and provide an update and potential options at the November Board meeting.

BY: Member, Jennifer Krupp

SECOND: Member April Caughron

VOTE: Unanimous; the motion carried

8. Presentation and possible action on the status and approval of PEBP contracts, contract amendments and solicitations (Cari Eaton, Chief Financial Officer) **(For Possible Action)**

8.1 Contract Overview

8.2 New Contracts

8.3 Contract Amendments

8.3.1 LSI Consulting – Amendment #1

8.3.2 Claim Technologies – Amendment #1

8.4 Contract Solicitations

8.5 Status of Current Solicitations

BOARD ACTION ON ITEM 8

MOTION: Motion to approve staff recommendation for 8.3.1 and 8.3.2 to complete contract amendments between PEBP and LSI Consulting for Enrollment and Eligibility services in contract #23678 to update the fee schedule and increase the contract maximum and complete a contract amendment between PEBP and Claim Technologies Inc. for Health Claim Auditing services in contract #24030 to update the fee schedule and increase the contract maximum.

BY: Member Michelle Kelley

SECOND: Member Betsy Aiello

VOTE: Unanimous; the motion carried

9 Discussion and possible direction from the Board to staff on potential program design changes for Plan Year 2023 (July 1, 2021 to June 30, 2022) for which the Board requests additional information and costs to be presented at the November 18, 2021 meeting. (LauraRich, Executive Officer) **(For Possible Action)**

BOARD ACTION ON ITEM 9

MOTION: Motion to take staff recommendation number one, 1.1, develop plan design enhancements using \$4,000,000 in differential cash to allocate towards funding restored benefits through plan year '25. And then recommendation 2.1, based on previous Board guidance discussed at the July 29th, 2021 Board meeting. Staff will use that \$4,000,000 to determine plan design restorations and enhancement prioritizing deductibles, out-of-pocket maximums and co-pays.

BY: Member Betsy Aiello

SECOND: Member Tom Verducci

VOTE: Unanimous; the motion carried

10 Public Comment

- Terri Laird - RPEN
- Doug Unger – Nevada Faculty Alliance

11 Adjournment

- Board Chair Freed adjourned the meeting at 2:47 p.m.

4.2

4. Consent Agenda (Laura Freed, Board Chair) (**All Items for Possible Action**)

4.1 Approval of Action Minutes from the September 30, 2021 PEBP Board Meeting

4.2 PEBP American Rescue Plan Funds Request

American Rescue Plan - Executive Branch Agency Ideas List

Ideas to utilize upcoming American Rescue Plan dollars

Through the passage of the American Rescue Plan Act of 2021 (H.R. 1319), state and local aid will be distributed to States, local governments, and tribal governments in the same manner as Coronavirus Relief Funds (CRF) from the CARES Act.

Unlike the provisions of the CARES Act, it appears these funds will be more flexible in terms of how they can be expended. While guidance will inevitably be released following the passage of the budget resolution, the expected CRF dollars coming to the State must adhere to the following criteria:

To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;

To respond to workers performing essential work during the public health emergency by providing premium pay to eligible workers of the State government that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;

For the provision of government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; or

To make necessary investments in water, sewer, or broadband infrastructure.

Name

Laura Rich

Agency

Public Employees' Benefits Program

Email

lrich@peb.nv.gov

Phone

[REDACTED]

Idea to Utilize ARP Funds:

Restoration of Employee Health Benefits

Allowable Use Category:

To respond to the public health emergency or its negative economic impacts

Type of Funding Needed:

» **Both** (Selected)

One time funding

Ongoing funding

Policy Category:

Addressing Budget Shortfalls

Explanation of Idea:

State employees and retirees suffered major cuts to health benefits as a result of mandated budget cuts. The PEBP Board has expressed a desire to restore all benefits to pre-pandemic levels, with focusing on lowering deductibles and out of pocket maximums as a priority. The PEBP Board has granted the PEBP Executive Officer to act on their behalf to work with stakeholders to determine an appropriate plan design for FY23 should ARPA funds be granted for this purpose.

Working under the assumption that FY24/25 budgets will remain flat, PEBP will require additional on-going funding to maintain these benefit levels moving forward.

Estimated Cost (if known):

\$1M-\$34M/year depending on degree of restoration

Additional Comments:

Affected benefits as a result of budget cuts: Increased deductibles, Out of Pocket Maximums, and copays. Decrease in HSA contributions. Elimination of Long Term Disability Benefit. Reduction in life insurance benefit.

American Rescue Plan - Executive Branch Agency Ideas List

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Unlike the provisions of the CARES Act, it appears these funds will be more flexible in terms of how they can be expended. While guidance will inevitably be released following the passage of the budget resolution, the expected CRF dollars coming to the State must adhere to the following criteria:

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To respond to workers performing essential work during the public health emergency by providing premium pay to eligible workers of the State government that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;

For the provision of government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; or

To make necessary investments in water, sewer, or broadband infrastructure.

Name

Laura Rich

Agency

State of Nevada

Email

lrich@peb.nv.gov

Phone

[REDACTED]

Idea to Utilize ARP Funds:

Coverage of PEBP COVID-19 related claims

Allowable Use Category:

To respond to the public health emergency or its negative economic impacts

Type of Funding Needed:

» **One time funding** (Selected)

Ongoing funding

Both

Policy Category:

Addressing Budget Shortfalls

Explanation of Idea:

In 2020, PEBP received \$5.6M in CARES Act dollars for the reimbursement of COVID related claims through the end of 2020. PEBP has incurred an additional ~\$5M in COVID claims (testing, treatment, vaccinations costs) to date. The health plan has absorbed all COVID related costs at 100% with no cost sharing to PEBP members. PEBP is requesting reimbursement for all COVID-19 related claims using federal dollars.

Estimated Cost (if known):

~\$5M to date. This number is expected to increase significantly should surges in COVID continue.

Additional Comments:

NOT ANSWERED

5.

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



LAURA RICH
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LAURA FREED
Board Chair

AGENDA ITEM

- Action Item
- Information Only

Date: December 2, 2021

Item Number: V

Title: Executive Officer Report

SUMMARY

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

REPORT

FEDERAL FUNDING UPDATE

In October, the Interim Finance Committee (IFC) approved PEBP's \$5M work program for Coronavirus Relief Funds (CRF). In November, PEBP was informed by the Governor's Finance Office that an additional \$5M would be made available to PEBP but because CRF expire on 12/31/21, only claims through that date would be eligible. Since PEBP is not projected to have sufficient claims come in prior to the deadline, the amount was adjusted to almost \$3.6M. This will be placed on the December IFC agenda for consideration.

Although PEBP has received almost \$14.9M in CRF (not inclusive of the \$3.6M), it does not appear that PEBP will be receiving additional funding through the American Rescue Plan appropriations. Unfortunately, too many competing priorities coupled with the reluctance to use one time funding to fund long term benefits which will require on-going funding.

ENROLLMENT AND ELIGIBILITY SYSTEM UPDATE

Implementation Issues:

Around this time last year, LSI was awarded the contract for PEBP's Enrollment and Eligibility System RFP. LSI is also contracted through the Office of Project management to oversee the Smart 21 Statewide ERP implementation, which replaces the States legacy IT systems, including finance, payroll, and HR management. Although LSI won the contract, the work with PEBP is largely being performed by their sub-contractor, Benefitfocus.

With only weeks until PEBP is due to go live with the new system, it has become apparent that there is a significant chance some critical functionality may not be ready by January 1. A major component of this implementation has involved assumptions involving PEBP's ability to integrate with the new Smart 21 technology (rather than the current antiquated systems) but delays in the Smart 21 project have added additional unplanned for and out of scope integrations that have hindered PEBP's progress. In addition, the challenges experienced on the Smart 21 implementation have taxed critical resources, which are also vital to PEBP, DHRM, and OPM.

Throughout the implementation there have been many assumptions made, lack of communication, late changes, and components not thoroughly discussed that have contributed to concerns about a successful go live at the end of the year. In several cases, the issues causing concern were not brought to our attention until very recently. Most importantly, there are concerns for the payroll side which will potentially affect PEBP's ability to collect premiums post January 1.

PEBP, DHRM and OPM staff, as well as Benefitfocus have all been involved in overlapping activities that touch either Smart 21 or the enrollment and eligibility system, however they are each limited in their respective scope. LSI, the contract holder for both of these projects, is the only party who has insight and knowledge of both projects and how one may affect the other.

These issues have been escalated to LSI leadership, and PEBP has been assured the critical payroll issues will be resolved and there will be a successful go live of the new system on January 1.

Voluntary Benefits Update:

Due to the mid-year eligibility system change from Lifeworks/Corestream to Benefitfocus, a two-week voluntary benefits special enrollment period occurred between 11/8/21 – 11/19/21. This period allowed members to enroll or cancel in certain anytime voluntary plans or enroll in new plans being offered all with an effective date of 1/1/22. The below enrollment chart reflects approximately 72% of the total 2,960 additional enrollments during this period were for brand new plan offerings, mostly with The Standard who replaced Aflac for Accident, Critical Illness, and Hospital Indemnity plans as well as a new Long-Term Disability plan. This period also allowed members an opportunity to create new accounts and explore before the system goes fully live at the end of the year, with 2,370 new accounts created, and 4,355 logins.

| Vendor | Run date of Benefit Detail Report | | # Enrollment adds |
|---|---|---------------------------|-------------------|
| | 11/7/2021 (Corestream enrollment data) | 11/19/2021 (11 AM EST) | |
| ID Watchdog | 696 | 888 | 192 |
| ID Watchdog® Essentials | 224 | 261 | 37 |
| ID Watchdog® Essentials - Retiree | 24 | 32 | 8 |
| ID Watchdog® Platinum Plus | 389 | 524 | 135 |
| ID Watchdog® Platinum Plus - Retiree | 59 | 71 | 12 |
| LegalEASE | 786 | 936 | 150 |
| The FamilyADVISOR with LegalGUARD Essentials Plan | 0 | 114 | 114 |
| The FamilyADVISOR with LegalGUARD Essentials Plan – Retiree | 0 | 8 | 8 |
| The FamilyADVISOR with LegalGUARD Gold Plan | 690 | 715 | 25 |
| The FamilyADVISOR with LegalGUARD Gold Plan - Retiree | 96 | 99 | 3 |
| Nationwide pet insurance | 165 | 238 | 73 |
| Nationwide Pet Insurance | 165 | 238 | 73 |
| The Standard | 0 | 1998 | 1998 |
| Accident - Enhanced | 0 | 195 | 195 |
| Accident - Premier | 0 | 150 | 150 |
| Accident (Retiree) - Enhanced | 0 | 8 | 8 |
| Accident (Retiree) - Premier | 0 | 8 | 8 |
| Critical Illness | 0 | 360 | 360 |
| Critical Illness - Retiree | 0 | 14 | 14 |
| Critical Illness - Spouse | 0 | 106 | 106 |
| Critical Illness (Retiree) - Spouse | 0 | 5 | 5 |
| Hospital Indemnity - Plan 1 (Low) | 0 | 169 | 169 |
| Hospital Indemnity - Plan 2 (High) | 0 | 196 | 196 |
| Hospital Indemnity (Retiree) - Plan 1 (Low) | 0 | 11 | 11 |
| Hospital Indemnity (Retiree) - Plan 2 (High) | 0 | 10 | 10 |
| Voluntary Long Term Disability | 0 | 766 | 766 |
| VSP | 4603 | 5150 | 547 |
| VSP Voluntary Vision - Base Plan | 1817 | 2009 | 192 |
| VSP Voluntary Vision - Base Plan - Retiree | 190 | 213 | 23 |
| VSP Voluntary Vision - Premium Plan | 2255 | 2545 | 290 |
| VSP Voluntary Vision - Premium Plan - Retiree | 341 | 383 | 42 |
| Total Enrollments | 6250 | 9210 | 2960 |

6.

- 6. Presentation and possible action regarding COVID-19 coverage including:
 - 6.1 Possible Restoration of Covid-19 Cost Sharing
 - 6.2 Surveillance Testing Coverage
 - 6.3 Possible Implementation of Covid-19 Premium Surcharges
(Laura Rich, Executive Officer) (**For Possible Action**)



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LAURA FREED
Board Chair

AGENDA ITEM

Action Item

Information Only

Date: December 2, 2021

Item Number: VI

Title: COVID-19 Update, Coverage Options and Potential COVID Surcharge for Unvaccinated Members

SUMMARY

This report will provide the Board, participants, public, and other stakeholders information on PEBP COVID-19 claims experience and discuss potential coverage and premium options. This report provides follow up information to the September 30th COVID-19 Update report.

REPORT

6.1 COVID COST SHARING

At the beginning of the pandemic, the Governor’s Emergency Declaration placed a requirement on health plans to cover COVID testing at no cost. In addition, many health plans opted to waive cost sharing for COVID-19 related treatments and hospitalizations. Although PEBP was not subject to the requirements of the Emergency Declaration, the Board opted to cover COVID testing (consistent with the regulation) and treatment at 100%. The requirement to cover COVID testing at 100% became a federal mandate, however, toward the end of 2020, as vaccines became readily available, private insurers began phasing this out and restoring cost sharing for COVID treatment.

PEBP reached out to other public employers throughout the country and state and confirmed the same trend was true within public sector health plans. Out of 11 states, only one state (Hawaii) indicated plans to continue waiving cost sharing through the end of the emergency declaration. The remaining states, plus six of Nevada public sector plans and the Culinary Health Plan, whom

PEBP contacted, either did not waive cost sharing at all or have already restored previously waived cost sharing to their plans. Cost sharing for members on PEBP's fully insured HMO plan offered in Southern Nevada was waived by HPN beginning in February 2020 but returned to normal in December 2020. As a result, there are existing inconsistencies among PEBP plans.

This is in line with an analysis of nationwide insurers by Peterson-KFF Health System Tracker that found with safe and effective vaccines now widely available that 72% of the two largest insurers in each state and DC (102 health plans) are no longer waiving these costs, and another 10% of plans phased out waivers by the end of October 2021 (healthsystemtracker.org/brief/most-private-insurers-are-no-longer-waiving-cost-sharing-for-covid-19-treatment/).

Since the vaccine became widely available in April 2020, PEBP has waived approximately \$3.2M in member cost-sharing out-of-pocket expenses for COVID-19 treatment and hospitalization for members on the self-insured plans.

At the September 30th meeting, the Board requested additional information regarding various cost sharing reinstatement options, such as:

- Restoring cost sharing for unvaccinated members only
- Restoring cost sharing for those who are age-eligible for the vaccine only

HIPAA prohibits health plans, like PEBP, from discrimination based on a health condition (<https://www.dol.gov/sites/dolgov/files/ebsa/about-ebsa/our-activities/resource-center/faqs/hipaa-compliance.pdf>). PEBP is unable to waive cost sharing benefits for vaccinated individuals and restore cost sharing for vaccinated individuals. If cost sharing is restored, it must be applied to all members regardless of health status and age.

Options:

1. Restore cost sharing for COVID-19 treatment related claims on January 1, 2022.
2. Continue 100% coverage for COVID-19 treatment related claims until the declaration of emergency is repealed on a federal or state level.

6.2 EMPLOYER MANDATED TESTING

STATE TESTING MANDATE

Last August, the State of Nevada implemented a weekly testing requirement for unvaccinated employees. Unvaccinated employees who work remotely or in a workplace with over a 70% vaccination threshold are exempt from testing; however, the remainder of employees have been required to test weekly since the requirement was implemented. The Division of Public and Behavioral Health (DBPH) procured a vendor to perform these tests on-site at various state offices throughout the state. The cost to the state for this service is approximately \$130 per test and in the first 10 weeks of testing, an average of 2700 employees tested weekly with the number

dropping to 1200 in the last week of the data that was provided to PEBP. The PEBP has been informed that the funding for the DPBH’s contract with its testing vendor will run out in mid-December. PEBP has been asked to provide support in state testing activities moving forward.

FEDERAL TESTING MANDATE

On September 10, 2021, the Biden administration announced a new rule requiring large employers to mandate vaccinations or weekly testing for employees who remain unvaccinated. On November 4, the Occupational Safety and Health Administration (OSHA) published an Emergency Temporary Standard (ETS) that set the start date for many of the requirements to begin January 4, 2022. The mandate does not require the employer to pay for costs related to surveillance testing; therefore, employers can require employees to burden the costs. Employers who do not comply with the testing mandates may be subject to OSHA penalties ranging from \$14,000 - \$140,000 per incident.

The ETS was challenged by several states and businesses, arguing that the rule was unconstitutional and beyond the OSHA’s statutory authority. On November 12th, the Fifth Circuit Court of Appeals granted a motion to stay the ETS. As a result, OSHA has suspended activities related to the implementation and enforcement of the ETS “pending future developments in the litigation.”

OTHER FEDERAL REQUIREMENTS

Section 6001 of the Families First Act (FFA) requires health plans to cover COVID-19 diagnostic testing at no cost to the member through the National Public Emergency period (set to expire on January 15, 2022; however, this may be extended). The FFA does not require health plans to cover employer surveillance testing (e.g. workplace testing costs). PEBP’s self-funded plans currently cover all types of COVID testing claims at 100%, however, United Healthcare health plans, including the HPN HMO plan offered in Southern Nevada, and the majority of insurers nationwide generally do not cover COVID-19 surveillance testing or COVID-19 tests purchased over-the-counter without a prescription.

FISCAL AND POLICY CONSIDERATIONS

While the federal mandate remains in limbo, it is critical that PEBP evaluate the current and potential costs associated with employer mandates as well as the consideration of options moving forward.

2021 PEBP Testing costs*

| | |
|----------|---------------------|
| January | \$378,527.58 |
| February | \$570,025.77 |
| March | \$352,154.08 |
| April | \$416,760.09 |
| May | \$252,015.37 |
| June | \$177,069.77 |
| July | \$327,301.42 |
| August | \$390,438.86 |

| | |
|-----------|-----------------------|
| September | \$492,755.12 |
| Total | \$3,357,048.06 |

**Costs through medical only*

The Division of Public and Behavioral Health (DPBH) estimates approximately 5000 State employees remain unvaccinated and will be subject to the mandate if it goes into effect in January. As noted above, the contract with the on-site testing vendor is set to expire in December, meaning employees will no longer have access to zero cost on-site testing and will likely be required to schedule and manage their own testing moving forward. Additionally, it is important to remember that the 70% building vaccination threshold the state currently has in place will not apply if the federal mandate is implemented. This will significantly increase the volume of employees who must submit for weekly testing. Meanwhile, NSHE has also indicated each institution is exploring contracting with vendors to provide on-site testing at their campuses to administer weekly testing for their approximately 1400 unvaccinated employees. We must also not lose sight that PEBP covers dependents, who may also be subject to testing mandates. Ultimately, all these factors have an impact on PEBP's costs.

Anticipating the impact this might, the Governor's Office and DPBH contacted PEBP for assistance and to discuss coordinating efforts to meet the requirements of the mandate. Leveraging existing resources and steering members will help contain costs for members and the plan. This will also help better project associated expenses. The Governor's Office is aware the program may require additional funding sources to cover the additional expenditures that come with this effort and has pledged to work closely with PEBP staff to reduce impact.

As PEBP staff began working with our vendor partners to research these efforts, it was discovered that COVID testing costs are anything but simple. COVID tests are available in numerous types of facilities and billing can vary dramatically. A COVID test can range anywhere from \$0 to several hundred dollars depending on how and where the test is administered. Claims that are billed through the Pharmacy Benefit Manager (PBM) are 100% absorbed through federal agreements between HHS and pharmacies. However, COVID tests billed through the medical channel can vary drastically. For example, a drive through testing clinic at a CVS pharmacy can cost the plan approximately \$130 because the claim is billed as both testing/lab and a correlating provider visit. Meanwhile, a test administered through the pharmacy is free for the plan because it is billed directly to HHS. Additionally, in many cases, such as county health district testing sites, insurance information is never even collected, meaning there is no cost to the plan in those instances either. Consequently, PEBP has no data on how many people have received testing through these no-cost channels.

Why not deny surveillance testing claims and shift the cost entirely on to employees subject to the testing mandate? The answer is simple; although insurers are not required to cover surveillance testing, insurers *are* required to provide COVID testing at 100% for diagnostic purposes. This makes it relatively easy to circumvent the system because a surveillance test can easily be paid at 100% if the member states they have been exposed or have symptoms. Furthermore, providers may be motivated to bill insurance as exposure testing knowing it will

trigger 100% coverage. Therefore, the reality is PEBP can expect to see the costs of testing rise regardless of whether the plan chooses to cover surveillance testing or not so the program must be plan accordingly.

Despite the wide range of costs and testing options, by leveraging existing partnerships for better pricing and by steering members to specific options, PEBP may be able to better control costs. For example, PEBP has explored replicating the State's current on-site testing process by securing a vendor who can administer tests at various locations throughout the state for \$60/test. Testing costs for employees who participate in PEBP can be billed through the normal claims process, while those who do not may have the option to cash pay at a slightly lower price. This type of solution would allow the State to continue operating in the same manner it does today with little disruption for agencies and employees. PEBP will also be able to pivot quickly and offer other options as they become available and more reasonably priced.

Options Available:

1. The PEBP Board could opt to deny coverage for employer mandated testing. Employees would bear the cost of testing under this option; however, the declared diagnostic "loophole" exists and would continue to leave the plan exposed to higher costs..
2. The PEBP Board could opt to provide coverage for surveillance testing *only* through approved low-cost testing options, such as a PEBP sponsored on-site employee testing.
3. The PEBP Board could continue to provide coverage for all types of COVID testing claims, including employer mandated testing. To ensure these costs can be absorbed by the plan, PEBP may need to implement a vaccine surcharge for unvaccinated members.

***All the options above will result in increased costs to the plan and will require a new funding source to avoid impacts to benefit levels.**

6.3 COVID SURCHARGES

A recent survey indicated that almost 70% of unvaccinated employees would be motivated to get vaccinated if their health plan imposed a premium surcharge (<https://www.affordablehealthinsurance.com/insurance-surcharge-would-motivate-vaccination/>). Delta Airlines has arguably trailblazed this idea, with other private insurers quickly following in Delta's footsteps. Delta has argued that COVID-19 hospitalizations, which typically occur more frequently among unvaccinated members, have cost their self-funded health plan on average of \$50,000 per incident. They believe the surcharge will help recoup the costs of avoidable COVID related hospitalizations.

PEBP reached out to other public sector health plans and while most had not implemented this type of surcharge, many were highly interested and expected to consider it at some point in the future. One large public sector health plan in Texas provided PEBP with some information on their unique approach. Their program implemented a \$100 surcharge for unvaccinated

employees but also went a step further by offering two additional paid days off for those employees who are vaccinated by the end of 2021.

2021 PEBP COVID Medical claims
(Treatment and Hospitalization)

| | |
|------------------|-----------------------|
| January | \$1,068,116.81 |
| February | \$706,084.24 |
| March | \$967,375.62 |
| April | \$512,548.24 |
| May | \$178,015.89 |
| June | \$387,269.40 |
| July | \$751,307.20 |
| August | \$667,145.96 |
| September | \$937,199.74 |
| YTD TOTAL | \$6,175,063.10 |

In response to the overwhelming interest on this subject, the Department of Labor recently released new guidance confirming the legality of COVID surcharges and also provided a much clearer “roadmap” for health plans to use when considering the implementation of these types of surcharges.

Why Are Surcharges Necessary?

Although employers that have implemented COVID surcharges have done so with the intent of recouping increased hospitalization costs among the unvaccinated, PEBP will also be faced with the additional factor of increased costs due to the testing mandate.

The combination of both of these potential cost drivers puts the plan in situation where we must identify revenue sources to cover these increases and because PEBP does not have the ability to change the employer subsidy amounts, the only revenue option remaining is through employee premiums.

Failing to assess surcharges will require PEBP absorb these costs in other ways such as higher premiums for all members or benefit reductions (which may impact the discussion in Agenda Item VII).

Legal Requirements and Background:

HIPAA prohibits group health plans, like PEBP, from discriminating against participants in eligibility, benefits, or premiums based on a health factor. A “health factor” includes an individual’s health status, medical condition, receipt of health care, and medical history. A participant’s vaccination status is considered a health factor. Currently, there is no exemption for COVID-19. See PHS Act section 2705, ERISA section 702, Code section 9802.

However, HIPAA permits different premiums for participant's complying with programs of health promotion and disease prevention (Health and Wellness programs). There are two categories of Health and Wellness programs: Participatory and Health-Contingent.

Participatory wellness programs are akin to a "carrot" method in that it does not require the participant to satisfy a health-specific requirement (vaccination). An example would include attending a seminar or watching an educational video for a reward or benefit.

Health-Contingent programs are broken into two main categories: Activity-based or outcome-based. Requiring a participant to pay a higher premium to obtain or maintain a particular health status (like being vaccinated against COVID-19) is an outcome-based program under HIPAA wellness rules. It is noted, an outcomes-based program has to offer a reasonable alternative standard to any participant where it is "unreasonably difficult" or "medically inadvisable" for a member to be vaccinated. In other words, the Plan will have to provide another way for an unvaccinated participant to avoid the surcharge and pay the same premium as a vaccinated person. Currently, waivers exist for health or religious purposes. The Plan can provide a reasonable alternative with a preformatted waiver form that is signed by a medical professional or ecclesiastical leader.

With regards to a surcharge amount, several federal laws must be taken into consideration, such as the Affordable Care Act (ACA), the Americans with Disabilities Act (ADA) the Health Insurance Portability and Accountability Act (HIPAA) and wellness rules. Health insurance must still be deemed "affordable" under the ACA, meaning that the least expensive premium option must be less than 9.83% of the employee's household income. Since employers do not have access to household income information, the IRS provides safe harbor rules to determine affordability. These safe harbor rules account for things like federal poverty levels and minimum wage. Ultimately, the surcharge is limited to 30% of the total cost of employee-only coverage. Using this information, PEBP determined the **employee surcharge limit to be approximately \$55.**

Finally, there have been reports of some providers, such as Louisiana's self-insured Ochsner Health System, assessing a surcharge on spouses or domestic partners of \$200 if they are not vaccinated against the coronavirus. This is allowed because spouses and partners can opt for health insurance outside the company's plan and thus, is not a mandate. While not subject to affordability rules, a dependent surcharge is still required to comply with HIPAA wellness rules.

Since the employee surcharge amount limit is capped at \$55, PEBP will need to leverage dependent surcharges to collect sufficient revenue to cover the expected costs. Using the assumptions in the following section below, PEBP anticipates needing to implement a **\$175 dependent surcharge. The dependent surcharge is assessed per unvaccinated dependent.**
Cost Projections:

Assumptions:

- **Costs: \$40/test (low) \$60/test (med) \$80/test (high)**

Although testing costs can have a wide range depending on where they are administered, PEBP assumes it will be able to control costs based on steerage. Initial costs appear to be approximately \$60/test if administered through on-site options. These numbers are expected to drop as surveillance testing becomes more widely used and the much of these costs are shifted to employers or employees.

- **5000 unvaccinated state employees, 1250 unvaccinated NSHE employees, 95% enrolled in PEPB.**

This is based off numbers provided by State and NSHE leadership. PEBP does not know how many of these employees will be exempt from testing due to remote working, etc. It is expected the unvaccinated NSHE employees will decline once the Dec 31 vaccination deadline passes.

- **5% surcharge exemption rate for state, 100% rate for NSHE**

The 5% is based off Aon internal tracking by SME's, using Boeing and Delta experience. NSHE has implemented mandates, so the assumption is that anyone unvaccinated has received an exemption.

- **Dependent surcharge assumes dependents 18 years of age or older**

Dependent surcharges will only be assessed on dependents 18 and older and assumes a vaccination rate of 80%.

| | Surcharge Revenue | Testing Costs | | |
|--------------|--------------------------|----------------------|---------------------|---------------------|
| | | Low | Med | High |
| State | (\$15,359,273) | \$9,900,492 | \$14,850,738 | \$19,800,983 |
| NSHE | (\$3,045,997) | \$2,475,123 | \$3,712,684 | \$4,950,246 |
| Total | (\$18,405,270) | \$12,375,615 | \$18,563,422 | \$24,751,229 |

It is important to note that this is a very fluid situation and as PEBP receives more accurate data around these numbers, the projections in the tables above may likely change. The following are just some of the dependencies that can greatly impact plan costs in the coming months:

- Legality of Federal Mandate
- State mandate
- Increase in surveillance testing
- Vaccination numbers
- Remote workers and terminations
- Hospitalization costs
- COVID Pill

As more information and data is gathered, PEBP expects to adjust the dependent surcharge amount.

Process

PEBP's new enrollment and eligibility system vendor has implemented functionality that allows employers to administer a COVID surcharge, similar to how smoking surcharges are managed. Employees would have the ability to upload copies of their vaccine cards beginning in January through the end of Open Enrollment (OE). The system also can accept vaccination data from an outside source, so PEBP is exploring the ability to acquire employee vaccination status from the state to ease the burden on employees who have already received their vaccination. Members who have not provided proof of vaccine by the end of OE would be assessed the appropriate surcharge on their PY23 premiums. As unvaccinated employees become fully vaccinated and provide the proof to PEBP the surcharge would be removed.

Exemptions

To meet the "reasonable alternative" requirement, PEBP would allow unvaccinated members to submit medical and religious exemption requests. NSHE, who recently mandated vaccination among both staff and students, has established an exemption process which requires those seeking a medical exemption to submit a form completed by a medical provider and those seeking a religious exemption to provide an attestation for review. PEBP, working closely with the Governor's Office and legal counsel, would likely establish a very similar exemption process.

Recommendations:

- 1. Reinstate cost-sharing for COVID related treatment and hospitalization and apply existing plan rules to COVID related treatment and hospitalization claims effective January 1, 2022.***
- 2. Allow surveillance testing coverage only through PEBP sponsored vendors.***
- 3. Implement a COVID surcharge effective 7/1/2022 for all unvaccinated primary members of \$55/mo. per employee.***
- 4. Implement a \$175/mo. COVID surcharge effective 7/1/2022 for unvaccinated spouses/domestic partners and dependents 18 years of age and older.***

7.

7. Discussion and possible action on potential program design changes for Plan Year 2023 (July1, 2022 to June 30, 2023) (Laura Rich, Executive Officer) (**For Possible Action**)



LAURA RICH
Executive Officer

STEVE SISOLAK
Governor

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LAURA FREED
Board Chair

AGENDA ITEM

- Action Item
- Information Only

Date: December 2, 2021

Item Number: VII

Title: PY23 Plan Design Options

SUMMARY

This report provides options for PY23 plan design as directed by the PEBP Board on September 30, 2021.

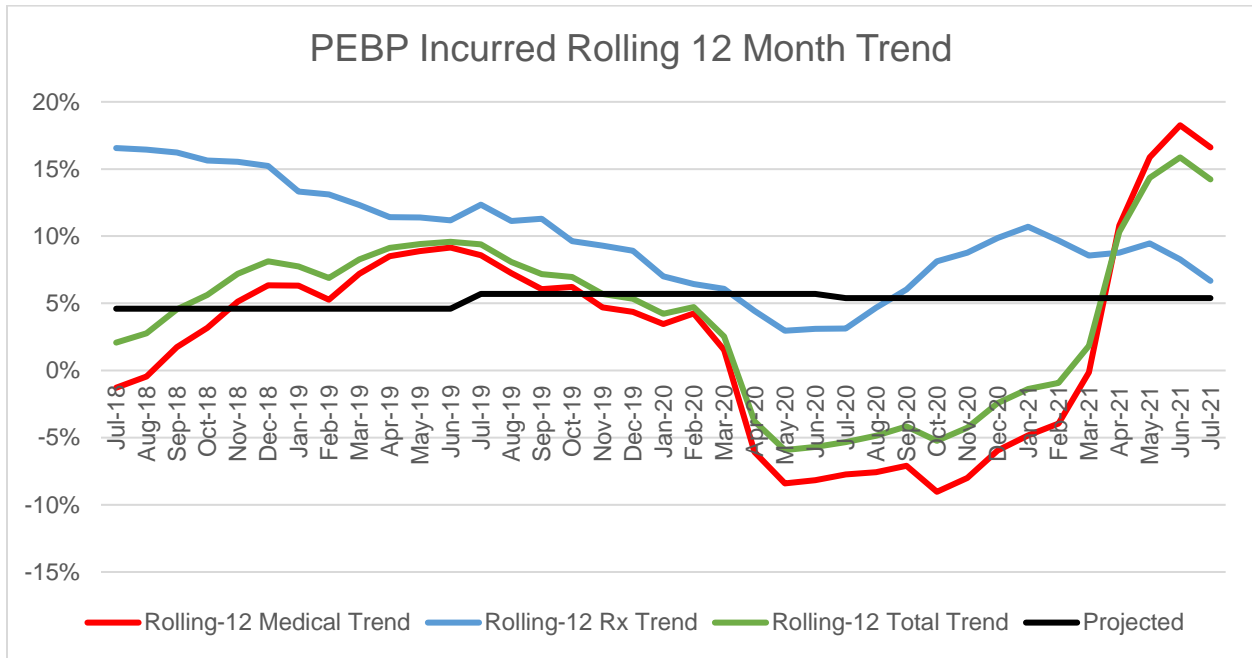
BACKGROUND

At the September 30 Board meeting, Aon presented information regarding plan trend, the impact of COVID and recommendations relating to PEBP's differential cash levels (<https://pebp.state.nv.us/wp-content/uploads/2021/09/9-Plan-Year-23-options-Combined.pdf>). Aon's original recommendation, after expected trend and all other required expenditures such as Medicare HRA funding and premium buy-downs were applied, was to use \$12M in differential cash. The Board later approved that the \$12M be used to develop plan design that could be funded over 3 years with a primary focus of restoring deductibles and out-of-pocket maximums.

REPORT

Since PEBP's last Board meeting many changes have taken place that have led PEBP and Aon to make new recommendations. Aon has been able to run more recent utilization and apply a variety of very significant savings projections stemming from the new contracts in the process of being awarded. After factoring in additional CRF dollars, the recommendation has **increased from \$12M to approximately \$26M**. Because some contracts (such as the PBM) have not been finalized, approximate savings were used in coming up with this figure and depending on the outcome of the final negotiated contract, may impact the actual savings.

PLAN EXPERIENCE



The chart above illustrates the impact of COVID-19 on the plan; it highlights the claims suppression in addition to the beginning of the anticipated sharp claims spike. The delta between what is budgeted for (black line) and actual claims experience (green line) exemplifies the reasoning behind why PEBP must “reserve” some of the excess cash the plan has accumulated during the course of the pandemic.

PLAN DESIGN OPTIONS

Option 1:

This plan design takes a conservative approach, using approximately \$21.7M in differential cash:

PY23 Plan Design Options

December 2, 2021

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| | CDHP | | | Copay | | EPO/HMO | | | Total |
|---|-------------------------------|------------------------------|--|-------------------------------|--|-------------------------------|-------------------------------|--------------------------------------|---------------------|
| | Current | Pre-Pandemic | Proposed | Current | Proposed | Current | Pre-Pandemic | Proposed | Proposed |
| 3-Year Plan Design Cost (assumes 6% Med/Rx trend) | | \$11,948,000 | | \$4,413,000 | | \$5,321,000 | | | \$21,682,000 |
| COVID Surcharge (assumes 80% vaccination rate) | | \$0 | | \$0 | | \$0 | | | \$0 |
| | | \$11,948,000 | | \$4,413,000 | | \$5,321,000 | | | \$21,682,000 |
| Deductible (Individual w/in Family) | \$1,750/\$3,500 (\$2,800) | \$1,500/\$3,000 (\$2,800) | \$1,500/\$3,000 (\$2,800) | \$500/\$1,000 (\$500) | \$0/\$0 \$0 | \$150/\$300 (\$150) | \$0/\$0 \$0 | \$100/\$200 (\$100) | |
| OOP Max (Individual w/in Family) | \$5,000/\$10,000 (\$6,850) | \$3,900/\$7,800 (\$6,850) | \$4,400/\$8,800 (\$6,850) | \$5,000/\$10,000 (\$5,000) | \$4,000/\$8,000 (\$4,000) | \$5,000/\$10,000 (\$5,000) | \$7,150/\$14,300 (\$7,150) | \$5,000/\$10,000 (\$5,000) | |
| Coinsurance | 20% | 20% | 20% | 20% | 20% | 20% | N/A | 20% | |
| Primary Care Visit | 20% after ded. | 20% after ded. | 20% after ded. | \$30 | \$30 | \$25 | \$20 | \$20 | |
| Specialist Visit | 20% after ded. | 20% after ded. | 20% after ded. | \$50 | \$50 | \$40 | \$40 | \$40 | |
| ER visit | 20% after ded. | 20% after ded. | 20% after ded. | \$750 | \$750 | \$750 | \$500 | \$600 | |
| Inpatient Hospital | 20% after ded. | 20% after ded. | 20% after ded. | 20% after ded. | 20% after ded. | \$750 | \$500 | \$600 | |
| Outpatient Surgery | 20% after ded. | 20% after ded. | 20% after ded. | \$500 | \$500 | \$350 | \$350 | \$350 | |
| Rx Generic | 20% after ded. | 20% after ded. | 20% after ded. | \$10 | \$10 | \$10 | \$10 | \$10 | |
| Rx Formulary | 20% after ded. | 20% after ded. | 20% after ded. | \$40 | \$40 | \$40 | \$40 | \$40 | |
| Rx Non-Formulary | 20% after ded. | 20% after ded. | 20% after ded. | \$75 | \$75 | \$75 | \$75 | \$75 | |
| Rx Specialty | 20% after ded. | 20% after ded. | 20% after ded. | 30% after ded. | 30% after ded. | 30% after ded. | 20% | 20% | |
| All other services | 20% after ded. | 20% after ded. | 20% after ded. | 20% after ded. | 20% after ded. | 20% after ded. | Varies | 20% after ded. | |
| HSA employer contribution | \$600 | \$700 + \$200/dep | \$600 | N/A | N/A | N/A | N/A | N/A | |
| Actuarial Value | 83.7% | 88.0% | 85.5% | 85.4% | 88.4% | 88.2% | 92.9% | 89.9% | |

Option 2:

This plan design takes a moderate approach, using approximately \$26M in differential cash:

| | CDHP | | | Copay | | EPO/HMO | | | Total |
|---|-------------------------------|------------------------------|--|-------------------------------|--|-------------------------------|-------------------------------|--------------------------------------|---------------------|
| | Current | Pre-Pandemic | Proposed | Current | Proposed | Current | Pre-Pandemic | Proposed | Proposed |
| 3-Year Plan Design Cost (assumes 6% Med/Rx trend) | | \$16,106,000 | | \$4,413,000 | | \$5,321,000 | | | \$25,840,000 |
| COVID Surcharge (assumes 80% vaccination rate) | | \$0 | | \$0 | | \$0 | | | \$0 |
| Total Cost (after surcharge) | | \$16,106,000 | | \$4,413,000 | | \$5,321,000 | | | \$25,840,000 |
| Deductible (Individual w/in Family) | \$1,750/\$3,500 (\$2,800) | \$1,500/\$3,000 (\$2,800) | \$1,500/\$3,000 (\$2,800) | \$500/\$1,000 (\$500) | \$0/\$0 \$0 | \$150/\$300 (\$150) | \$0/\$0 \$0 | \$100/\$200 (\$100) | |
| OOP Max (Individual w/in Family) | \$5,000/\$10,000 (\$6,850) | \$3,900/\$7,800 (\$6,850) | \$4,400/\$8,800 (\$6,850) | \$5,000/\$10,000 (\$5,000) | \$4,000/\$8,000 (\$4,000) | \$5,000/\$10,000 (\$5,000) | \$7,150/\$14,300 (\$7,150) | \$5,000/\$10,000 (\$5,000) | |
| Coinsurance | 20% | 20% | 20% | 20% | 20% | 20% | N/A | 20% | |
| Primary Care Visit | 20% after ded. | 20% after ded. | 20% after ded. | \$30 | \$30 | \$25 | \$20 | \$20 | |
| Specialist Visit | 20% after ded. | 20% after ded. | 20% after ded. | \$50 | \$50 | \$40 | \$40 | \$40 | |
| ER visit | 20% after ded. | 20% after ded. | 20% after ded. | \$750 | \$750 | \$750 | \$500 | \$600 | |
| Inpatient Hospital | 20% after ded. | 20% after ded. | 20% after ded. | 20% after ded. | 20% after ded. | \$750 | \$500 | \$600 | |
| Outpatient Surgery | 20% after ded. | 20% after ded. | 20% after ded. | \$500 | \$500 | \$350 | \$350 | \$350 | |
| Rx Generic | 20% after ded. | 20% after ded. | 20% after ded. | \$10 | \$10 | \$10 | \$10 | \$10 | |
| Rx Formulary | 20% after ded. | 20% after ded. | 20% after ded. | \$40 | \$40 | \$40 | \$40 | \$40 | |
| Rx Non-Formulary | 20% after ded. | 20% after ded. | 20% after ded. | \$75 | \$75 | \$75 | \$75 | \$75 | |
| Rx Specialty | 20% after ded. | 20% after ded. | 20% after ded. | 30% after ded. | 30% after ded. | 30% after ded. | 20% | 20% | |
| All other services | 20% after ded. | 20% after ded. | 20% after ded. | 20% after ded. | 20% after ded. | 20% after ded. | Varies | 20% after ded. | |
| HSA employer contribution | \$600 | \$700 + \$200/dep | \$600 | N/A | N/A | N/A | N/A | N/A | |
| Actuarial Value | 83.7% | 88.0% | 86.1% | 85.4% | 88.4% | 88.2% | 92.9% | 89.9% | |

Option 3:

This plan design takes a more liberal approach, using approximately \$34M in differential cash and restoring plan design back to pre-pandemic levels. It is important to note that due to the introduction of the low deductible copay plan in PY22, returning exactly to pre-pandemic plan design while still achieving the split of actuarial values is not possible. The plan design below comes as close as possible while continuing to incorporate the LD plan:

PY23 Plan Design Options

December 2, 2021

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| | CDHP | | | Copay | | EPO/HMO | | | Total |
|---|------------------|-------------------|------------------------|------------------|------------------------|------------------|------------------|------------------|---------------------|
| | Current | Pre-Pandemic | Proposed | Current | Proposed | Current | Pre-Pandemic | Proposed | Proposed |
| 3-Year Plan Design Cost (assumes 6% Med/Rx trend) | | \$17,401,000 | | \$5,324,000 | | \$11,085,000 | | | \$33,810,000 |
| COVID Surcharge (assumes 80% vaccination rate) | | \$0 | | \$0 | | \$0 | | | \$0 |
| Total Cost (after surcharge) | | \$17,401,000 | | \$5,324,000 | | \$11,085,000 | | | \$33,810,000 |
| Deductible | \$1,750/\$3,500 | \$1,500/\$3,000 | \$1,500/\$3,000 | \$500/\$1,000 | \$0/\$0 | \$150/\$300 | \$0/\$0 | \$0/\$0 | |
| (Individual w/in Family) | (\$2,800) | (\$2,800) | (\$2,800) | (\$500) | \$0 | (\$150) | \$0 | \$0 | |
| OOP Max | \$5,000/\$10,000 | \$3,900/\$7,800 | \$3,900/\$7,800 | \$5,000/\$10,000 | \$4,000/\$8,000 | \$5,000/\$10,000 | \$7,150/\$14,300 | \$5,000/\$10,000 | |
| (Individual w/in Family) | (\$6,850) | (\$6,850) | (\$6,850) | (\$5,000) | (\$4,000) | (\$5,000) | (\$7,150) | (\$5,000) | |
| Coinsurance | 20% | 20% | 20% | 20% | 15% | 20% | 0% | 10% | |
| Primary Care Visit | 20% after ded. | 20% after ded. | 20% after ded. | \$30 | \$30 | \$25 | \$20 | \$20 | |
| Specialist Visit | 20% after ded. | 20% after ded. | 20% after ded. | \$50 | \$50 | \$40 | \$40 | \$40 | |
| ER visit | 20% after ded. | 20% after ded. | 20% after ded. | \$750 | \$750 | \$750 | \$500 | \$600 | |
| Inpatient Hospital | 20% after ded. | 20% after ded. | 20% after ded. | 20% after ded. | 20% after ded. | \$750 | \$500 | \$600 | |
| Outpatient Surgery | 20% after ded. | 20% after ded. | 20% after ded. | \$500 | \$500 | \$350 | \$350 | \$350 | |
| Rx Generic | 20% after ded. | 20% after ded. | 20% after ded. | \$10 | \$10 | \$10 | \$10 | \$10 | |
| Rx Formulary | 20% after ded. | 20% after ded. | 20% after ded. | \$40 | \$40 | \$40 | \$40 | \$40 | |
| Rx Non-Formulary | 20% after ded. | 20% after ded. | 20% after ded. | \$75 | \$75 | \$75 | \$75 | \$75 | |
| Rx Specialty | 20% after ded. | 20% after ded. | 20% after ded. | 30% after ded. | 30% after ded. | 30% after ded. | 20% | 20% | |
| All other services | 20% after ded. | 20% after ded. | 20% after ded. | 20% after ded. | 20% after ded. | 20% after ded. | Varies | 20% after ded. | |
| HSA employer contribution | \$600 | \$700 + \$200/dep | \$600 | N/A | N/A | N/A | N/A | N/A | |
| Actuarial Value | 83.7% | 88.0% | 86.3% | 85.4% | 89.0% | 88.2% | 92.9% | 91.7% | |

- All proposed EPO/HMO changes include an estimated plan design change cost to the HPN HMO plan based on actuarial value changes. Final cost impacts would have to be priced out by UHC.
- Based on incurred claims normalized for claims suppression due to COVID-19 trended to PY2023 based on a 5% medical and 8% Rx trends. Contract and plan design change savings have been incorporated as currently known.
- Enrollment is based on October 2021 enrollment
- The use of excess reserves is subject to approval by the Interim Finance Committee

As the Board considers the spend down of surpluses, there are still many unknowns. The largest one is when the claims trend will return to normal levels. Also, the recent guidance on COVID-19 mandates and required weekly testing for unvaccinated members is not determined and largely out of the control of PEBP. While the level of testing and treatments remains elevated, this has a direct impact on the Plan’s costs and will continue to need monitored closely.

Recommendation:

Staff recommends option 2, which projects spending \$26M over 3 years.

8.

8. Presentation and possible action on the status and approval of PEBP contracts, contract amendments and solicitations (Cari Eaton, Chief Financial Officer) (**For Possible Action**)
 - 8.1 Contract Overview
 - 8.2 New Contracts
 - 8.2.1 UMR, Inc.
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AGENDA ITEM

Action Item

Information Only

Date: December 2, 2021

Item Number: VIII

Title: Contract Status Report

Summary

This report addresses the status of PEBP contracts to include:

1. Contract Overview
2. New Contracts for approval
3. Contract Amendments for approval
4. Contract Solicitations for approval
5. Status of Current Solicitations

8.1 Contracts Overview

Below is a listing of the active PEBP contracts as of September 30, 2021.

| PEBP Active Contracts Summary | | | | | | | |
|----------------------------------|--|------------|----------------|------------------|------------------|----------------------|------------------|
| Vendor | Service | Contract # | Effective Date | Termination Date | Contract Max | Current Expenditures | Amount Remaining |
| Morneau Shepell LTD | Benefits Management System | 15941 | 1/1/2015 | 12/31/2021 | \$ 8,623,789.00 | \$ 6,321,365.13 | \$ 2,302,423.87 |
| AON Consulting | Consulting Services | 17596 | 7/1/2016 | 6/30/2022 | \$ 3,601,585.00 | \$ 2,841,239.76 | \$ 760,345.24 |
| HealthScope Benefits | Dental Claims | 14574 | 7/9/2013 | 6/30/2022 | \$ 6,100,000.00 | \$ 5,266,044.39 | \$ 833,955.61 |
| The Standard | Group Basic Life Insurance | 14276 | 7/1/2013 | 6/30/2022 | \$ 80,587,091.00 | \$ 77,445,731.00 | \$ 3,141,360.00 |
| Hometown Health Providers | In-state PPO Network | 15510 | 7/1/2014 | 6/30/2022 | \$ 9,955,139.00 | \$ 8,562,287.49 | \$ 1,392,851.51 |
| HealthScope Benefits | National PPO | 13330 | 7/1/2012 | 6/30/2022 | \$ 15,455,000.00 | \$ 11,819,388.21 | \$ 3,635,611.79 |
| Express Scripts, Inc. | Pharmacy Benefit Manager | 17551 | 4/12/2016 | 6/30/2022 | \$291,134,666.00 | \$236,057,102.45 | \$ 55,077,563.55 |
| HealthScope Benefits | TPA | 11825 | 2/8/2011 | 6/30/2022 | \$ 62,600,000.00 | \$ 57,208,041.46 | \$ 5,391,958.54 |
| HealthScope Benefits | Voluntary Flexible Spending Account | 14465 | 7/1/2013 | 6/30/2022 | \$ 125,000.00 | \$ - | \$ 125,000.00 |
| American Health Holdings | PPO Utilization Management Case Management | 21376 | 7/1/2019 | 6/30/2023 | \$ 8,000,000.00 | \$ 4,497,749.36 | \$ 3,502,250.64 |
| Standard Insurance Company | Voluntary Life Insurance | 15503 | 7/1/2014 | 6/30/2023 | \$ 22,500,000.00 | \$ - | \$ 22,500,000.00 |
| CliftonLarsonAllen | Financial Auditor | 24088 | 5/15/2021 | 12/31/2024 | \$ 212,485.00 | \$ 10,500.00 | \$ 201,985.00 |
| Extend Health, Inc | Medicare Exchange | 16468 | 7/1/2015 | 6/30/2025 | \$ 1,546,000.00 | \$ 1,233,741.92 | \$ 312,258.08 |
| Health Plan of Nevada Inc | Southern Nevada HMO | 23802 | 7/1/2021 | 6/30/2025 | \$192,093,848.00 | \$ 13,443,176.21 | \$178,650,671.79 |
| Diversified Dental Services Inc. | Dental Contract | 23810 | 7/1/2021 | 6/30/2026 | \$ 1,601,613.00 | \$ 101,965.44 | \$ 1,499,647.56 |
| Aetna | PPO Network | 23846 | 7/1/2021 | 6/30/2026 | \$ 7,127,250.00 | \$ 438,621.25 | \$ 6,688,628.75 |
| Labyrinth Solutions, Inc. | Benefits Management System | 23678 | 12/8/2020 | 6/30/2027 | \$ 6,849,000.00 | \$ - | \$ 6,849,000.00 |
| Claim Technologies | Health Plan Auditor | 24030 | 4/13/2021 | 6/30/2027 | \$ 1,407,656.00 | \$ - | \$ 1,407,656.00 |

Recommendation

No action necessary

8.2 New Contracts

The PEBP Board approved the solicitation for a Third-Party Administrator (TPA) to include TPA Medical, TPA Dental, National Network, Statewide Network and Subrogation services on January 28, 2021. At that same meeting the board approved the separate solicitations for a Telemedicine Provider, Shopping Comparison Tool, Second Opinion Services, and HSA/HRA Administration services with the contracts for those services to be held by the TPA. Request for Proposals were released for a TPA, HSA/HRA Administrator, and 2nd Opinion Services, and Telemedicine Services, and PEBP staff has successfully negotiated contracts for these services.

8.2.1 UMR INC.

On April 26, 2021, the Public Employees' Benefits Program released Request for Proposal (RFP) 95PEBP-S1579 for Third Party Administrator (TPA) Services. The following were some items important to PEBP in the consideration of the award of this contract:

- The objective of the RFP is to acquire a health and dental benefits administrator that will be a strategic partner in providing the Services included in the scope of work identified in this RFP while being able to accommodate the current and possible future plan designs approved by the PEBP Board.

- The RFP required an Out-Of-State medical network submission and the option to propose an In-State medical Network.
- PEBP required that the winning TPA agree to hold contracts for all ancillary services (HSA/HRA administration, Shopping Comparison Tool, 2nd Opinion, and Telemedicine Services) after being awarded and negotiated by PEBP.

Vendor responses were scored based on the following criteria.

- Minimum Qualifications and Critical Items
- Technical
- Customer Service
- Financial (includes (Fees, Credits, Performance Guarantees, and Network Discounts)
- Network Access and Member Disruption
- Finalist Presentations

On June 2, 2021, PEBP received seven (7) proposals in response to RFP 95PEBP-S1579. The evaluation period began on June 25, 2021 and ended on August 9, 2021. The seven-member evaluation committee included two PEBP Board members and other subject matter experts. UMR Inc. received the highest score by the evaluation committee and PEBP has successfully negotiated a contract. Some of the highest scoring areas by the evaluators were:

- Innovation/Delivery System
- Network Access/Management
- Account Management
- Customer Service
- Website and Mobile App Capabilities
- Communications
- Finalist Presentation
- Vendor Experience

UMR Inc. will be a new vendor for PEBP for TPA services; however, since UMR Inc. is the parent company to the incumbent vendor HealthScope Benefits, the transition is expected to be overall less disruptive to both members and staff and will require minimal implementation.

As part of the proposal, UMR submitted two network options; one using the incumbent network (Aetna) and another leveraging Choice and SHO. The Aon analysis showed minimal in-state disruption and significant cost savings with the latter. Additionally, by leveraging the proprietary networks, members will be able to take advantage of self-service technology in the UMR member portal that is currently not available through PEBP today, such as shopping comparison tools, interactive provider searches, and insight into prior authorization requests.

In order to use the Choice and SHO networks and have access to the above, UMR requires Utilization Management/Case Management (UMCM) Services to be incorporated into this contract. Currently PEBP contracts with American Health Holdings for these services. The contract is set to expire June 30, 2023, so PEBP must issue a no cause termination in order to end the contract a year early.

Additionally, PEBP will also need to issue an no cause termination to Aetna, who currently holds the contract for PEBP’s in-state network. Although this contract was only recently awarded, it is industry practice for TPA’s to bundle this as part of the offering of TPA services. As illustrated by the results of this RFP, a TPA/network bundle can not only typically provide savings to a plan, but it can also prove to be a major member benefit because it can increase member services and technology.

The effective date of the contract is anticipated to be December 14, 2021 (upon BOE approval) through June 30, 2028. Services and fees are expected to begin on June 1, 2022. The contract maximum is \$62,789,120.

UMR Inc. has agreed to hold contracts for the Telemedicine Provider, Shopping Comparison Tool, and Second Opinion Services vendors that are chosen and assist in contract negotiations with the winning vendors. The Shopping Comparison Tool is included as a no cost, integrated service of the TPA contract with the use of the selected network.

UMR also bid and was selected as the winning bidder for the additional ancillary services:

| Service | RFP # | Release Date | Winning Vendor |
|-------------------------|--------------|----------------|------------------------------|
| Second Opinion Services | 95PEBP-S1658 | August 4, 2021 | UMR, Inc. (2nd MD) |
| Telemedicine Services | 95PEBP-S1671 | July 28, 2021 | UMR, Inc. (Doctor On Demand) |

The UMR Inc. contract max above includes any fees associated with these services.

This contract includes the following services:

- Medical Claims Administration for all PEBP Self-Funded Plans
- Dental Claims Administration
- In-State Network Services (UHC Choice Plus Network (North); SHO Network (South))
- National Network Services (UHC Choice Plus Network)
- Utilization Management / Case Management Services
- Subrogation Recovery

Recommendation

Ratify and approve the evaluation committee’s recommendation to contract with UMR Inc. for Third Party Administration and associated services beginning July 1, 2022.

8.2.2 HSA BANK

On July 1, 2021, the Public Employees' Benefits Program released Request for Proposal (RFP) 95PEBP-S1646 for Health Savings Account / Health Reimbursement Account (HSA/HRA) Administrator Services.

The objective of the RFP is to acquire a HSA/HRA administrator that will be a strategic partner in providing the Services included in the scope of work identified in this RFP while being able to accommodate the current and possible future plan designs approved by the PEBP Board. The contract is subject to PEBP Board approval, and no contract is deemed effective until approved by the State of Nevada Board of Examiners.

Vendor responses were scored based on the following criteria.

- Minimum Qualifications
- Technical
- Customer Service
- Financial (includes Fees, Credits, Performance Guarantees)
- Finalist Presentations

On July 30, 2021, PEBP received fourteen (14) proposals in response to RFP 95PEBP-S1646. The evaluation period began on July 30, 2021 and ended on September 16, 2021. The five-member evaluation committee included two PEBP Board members and other subject matter experts. HSA Bank received the highest score by the evaluation committee and PEBP has successfully negotiated a contract.

HSA Bank will be a new vendor for PEBP for HSA/HRA Administration services; however, the transition is expected to be smooth.

The effective date of the contract is anticipated to be December 14, 2021 (upon BOE approval) through June 30, 2026. Services and fees are expected to begin on June 1, 2022. The contract maximum is \$0.

Recommendation

Ratify and approve the evaluation committee's recommendation to contract with HSA Bank for Health Savings Account / Health Reimbursement Account (HSA/HRA) Administrator Services beginning July 1, 2022.

8.3 Contract Amendment Ratifications

Upon ratification of the UMR Inc. contract to include the negotiated PPO Network and Utilization Management / Case Management option, PEBP will need to serve the current vendors with a (180-day) notice of termination without cause.

8.3.1 AETNA

PEBP contracted with Aetna for PPO Network services which became effective February 9, 2021 and has a termination date of June 30, 2026, resulting from RFP 95PEBP-S1289.

PEBP will serve Aetna with a notice of termination without cause effective June 30, 2022 as UMR Inc. will begin PPO network services effective July 1, 2022.

Recommendation

Approve PEBP staff to serve Aetna with a notice of termination without cause effective June 30, 2022.

8.3.2 AMERICAN HEALTH HOLDINGS INC.

PEBP contracted with American Health Holdings Inc. for Utilization Management / Case Management services which became effective January 8, 2019 and has a termination date of June 30, 2023, resulting from RFP 95PEBP-S314.

PEBP will serve American Health Holdings Inc. with a notice of termination without cause effective June 30, 2022 as UMR Inc. will begin Utilization Management / Case Management services effective July 1, 2022.

Recommendation

Approve PEBP staff to serve American Health Holdings Inc. with a notice of termination without cause effective June 30, 2022.

8.3.3 AON CONSULTING

On June 11, 2021, the PEBP Board approved staff to move forward in working with the Patient Protection Commission (PPC) and Medicaid to assist in the Peterson-Milbank Program for Sustainable Health Care Costs.

AON Consulting is able to develop a Claims Data Warehouse for this project. The original cost of this project was going to be \$150,000 and was potentially going to be a shared cost through Peterson Milbank funding. The work behind this project was reduced with the assistance of

Healthscope. The new cost of the project is \$50,000 so PEBP is no longer requesting the additional outside funding.

This contract amendment is required to amend the fee schedule to add the authority to pay for the Claims Data Warehouse.

Recommendation

PEBP recommends the Board authorize staff to complete a contract amendment between PEBP and AON Consulting for Actuarial and Consulting services in contract #17596 to increase the contract authority in the amount of \$50,000 instead of the previous \$150,000 approved amount.

8.3.4 LSI CONSULTING

On September 30, 2021, the PEBP Board approved staff to complete a contract amendment with LSI to begin services and payments in December 2021, to add authority for COBRA management, and to add additional work order authority.

After additional conversations, LSI agreed to revise the cost of the COBRA management being offered. The original amendment to increase contract authority by \$1,354,250 was withdrawn and will be revised to only increase authority by \$479,667.

Recommendation

PEBP recommends the Board authorize staff to submit the updated contract amendment between PEBP and LSI Consulting for Enrollment and Eligibility services in contract #23678 to update the fee schedule and increase the contract maximum.

8.4 Contract Solicitation Ratifications

Below are the contract solicitation ratification requests.

8.4.1 SHOPPING COMPARISON TOOL SOLICITATION

The PEBP Board approved the solicitation for a Shopping Comparison Tool vendor with the contracts for those services to be held by the TPA.

As a part of an integrated customer experience, the UMR Inc. member website includes a comprehensive shopping comparison tool at no additional cost to PEBP. As this service is already included as a part of the TPA contract, PEBP does not believe the solicitation for a shopping comparison tool vendor is necessary.

Recommendation

Approve PEBP staff to cancel the solicitation for a shopping comparison tool vendor.

8.5 Status of Current Solicitations

The chart below provides information on the status of PEBP's in-progress solicitations:

| Service | Anticipated/ Actual RFP release date | Anticipated/ Actual NOI | Winning Vendor | Anticipated Board Approval |
|-------------------------------------|--|----------------------------|---------------------------------|----------------------------------|
| Medical TPA | 04/26/2021 | 08/11/2021 | UMR, Inc. | Nov 2021 |
| Dental TPA | 04/26/2021 | 08/11/2021 | | Nov 2021 |
| Medical National Network | 04/26/2021 | 08/11/2021 | | Nov 2021 |
| Medical Statewide Network option | 04/26/2021 | 08/11/2021 | | Nov 2021 |
| HSA HRA Admin | 07/02/2021 | 09/16/2021 | Webster Bank / HSA Bank | Nov 2021 |
| 2 nd Opinion | 07/28/2021 | 10/15/2021 | UMR, Inc. (2 nd MD) | Jan 2022 |
| Telemedicine | 08/04/2021 | 11/05/2021 | UMR, Inc. (Doctor on Demand) | Jan 2022 |
| Shopping Comparison Tool | NA | 12/01/2021 | TBD | Jan 2022 |
| Pharmacy Benefit Manager | 09/02/2021 | 12/05/2021 | TBD | Jan 2022 |
| Actuary | 10/18/2021 | 11/17/2021 | TBD | Jan 2022 |
| Life Insurance | 10/14/2021 | 12/01/2021 | TBD | Jan 2022 |

Recommendation

No action necessary

9.

9. Public Comment

10.

10. Adjournment