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LAURA FREED  
Board Chair

**AGENDA ITEM**

Action Item

Information Only

**Date:** December 5, 2022

**Item Number:** X

**Title:** Potential Program Design Changes for Plan Year 2024

**BACKGROUND**

At the September 29<sup>th</sup> PEBP Board meeting, staff reported that PEBP is left with a projected balance of approximately \$9.5M in excess cash that can be allocated toward new benefits, incentives, or other enhancements. PEBP also presented a list of potential programs and plan design options so that staff could perform additional research and analysis to bring back to the December Board meeting for final consideration. With the assistance of vendor partners, PEBP completed the analysis on the Board requested items and also identified several other solutions being brought forth for Board consideration.

**REPORT**

Refer to Attachment C

**RECOMMENDATION**

1. Approve implementation of Real Appeal, Hinge Health, Expanded Travel Benefit, Cancer Concierge to begin July 1, 2023. These programs will provide enhanced benefits to members and have been identified as an overall cost savings to PEBP.
2. Approve the implementation of one or more plan design options that will spend down a total of \$9.5M.



# Nevada

# Public Employees' Benefits

**Potential Programs, Changes, and Impact for Plan Year  
2024**

December 5, 2022 PEBP Board Meeting

# Agenda

1. Real Appeal
2. Hinge Health
3. Doctor on Demand
4. Expanded Travel Benefit
5. Medical Travel Program
6. Oncology Concierge
7. Dental Plan Maximum
8. Premium Credits
9. HRA Credits
10. Lifestyle Spending Account

# 1. REAL APPEAL

# About Real Appeal:

## Digital Weight Loss Program

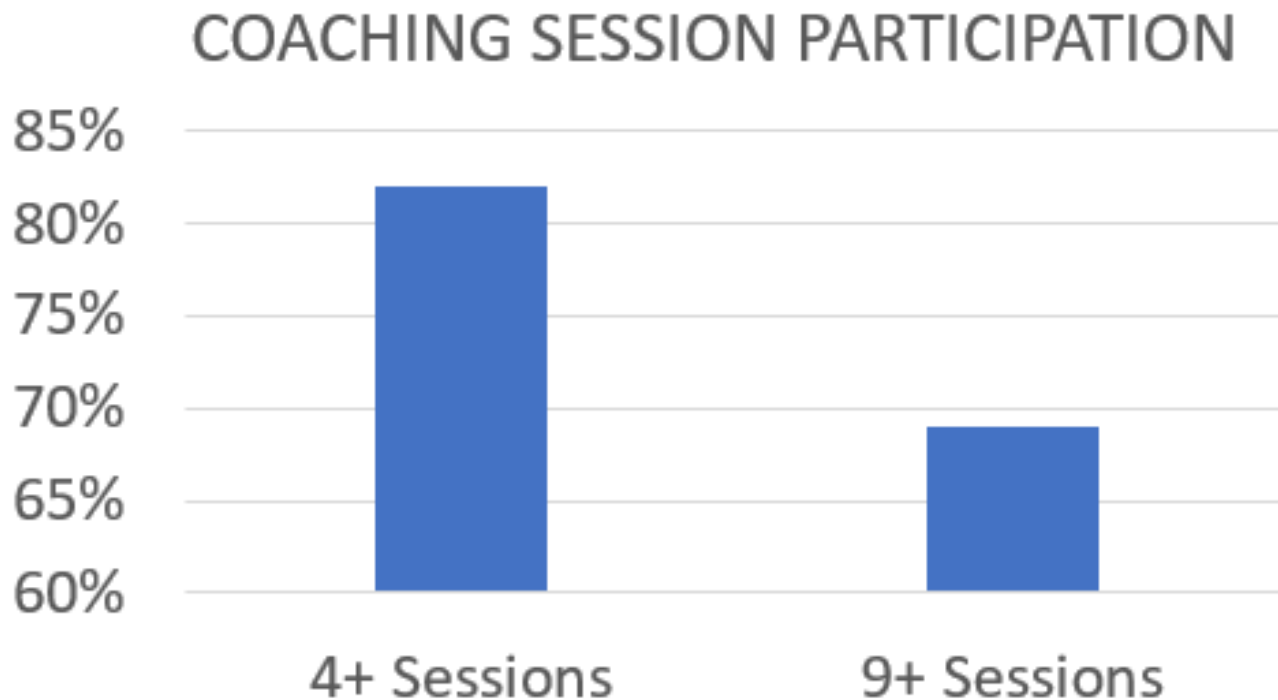
- ✓ Online application access
- ✓ Coaching Sessions
- ✓ Tools and Equipment
  - Digital food scale
  - Digital weight scale
  - Recipes
  - Workouts
- ✓ Provides weight tracking module within the EEOC/ADA wellness program rules.

## Eligibility

- ✓ All PEBP members over the age of 18 can participate

# Real Appeal: Current Experience

- ✓ Currently offered on HMO Plan in Southern Nevada
- ✓ 250 members enrolled
- ✓ Most have participated for more than 6 months



# Real Appeal: Implementation

## EQUITABLE

- ✓ HDHP, LDHP, and EPO will match the HMO

## EASY

- ✓ Implements through existing TPA contract, no contract amendment required

## LOW COST

- ✓ Sessions are \$49 processed as a claim – billed as preventive care, resulting in no cost share for members in all plans

## EDUCATION

- ✓ Flyers for website, ID cards, and Open Enrollment.
- ✓ Web link to UMR resources

## SUPPLEMENTS CURRENT PROGRAMS OFFERED

- ✓ Obesity Care Management Program (OCM)

# Real Appeal: Impact

- ✓ 2,100 - known members on PEBP plans are morbidly obese (BMI 40+)\*
- ✓ Additional members with BMI 30-40 and comorbidities (higher risk)
- ✓ ~ 50% are engaged in OMP

**Significant Savings\*\* are associated with improved weight, blood p**

Starting BMI	Height/weight	Reduction	Annual Savings
40	5' 8" / 262 lbs	5%	\$2,137
35	5' 8" / 230 lbs	5%	\$528
30	5' 8" / 197 lbs	5%	\$69

\*HSB DataScope July-December 2021 Report, presented during the 03/24/2022 Board meeting

\*\*<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4486410/>



# Real Appeal: Projected Savings

## Assumptions:

- ✓ 10% of 1,100 morbidly obese enroll, participate in 9 sessions and 50% of those reduce weight by 5%
  - Net savings = \$70,000
- ✓ There are also avoided costs for members with lower BMIs that do not gain the same weight they would otherwise gain over time
  - Additional net savings = \$100,000

**TOTAL ESTIMATED ANNUAL SAVINGS: \$170,000**

# 2. Hinge Health

# Hinge Health: What is it?

## Digital Musculoskeletal Care via Motion Technology

- ✓ Virtual Physical Therapy
  - Prevention
  - Acute Injury
  - Chronic and surgical care programs
- ✓ Pelvic Floor Therapy
- ✓ Enso Devise: non-addictive pain management using Transcutaneous electrical nerve stimulation (TENS)
- ✓ Expert medical opinion consultation
- ✓ Health education

# Hinge Health: Implementation

## WHY

- ✓ MSK ranks 6th on plan spend and accounts for about 6% of total spend.

## EASY

- ✓ Implements through existing ESI contract, however contract will need to be amended to budget for associated PMPM fees.

## LOW COST

- ✓ \$995 Per Engaged Participant Per Year

## BENEFITS

- ✓ Increases access, particularly in rural areas
- ✓ Provides on-going coaching, guidance and progress tracking without the need to see a PT each time
- ✓ Positive feedback from other public sector clients who use Hinge Health

# Hinge Health: Who is Eligible?

- ✓ Member's MSK condition is assessed to identify where they are on the MSK continuum of care.
- ✓ Member completes clinically validated screening process to assess which digital MSK program is right for them.
  - Screener leverages data analytics and algorithms combined with a dedicated clinical care team review to match each member's personal needs with the right program tools and resources.
  - Member screeners are reviewed by a licensed doctor of physical therapy and/or Hinge Health medical directors.

If a member has a condition that is inappropriate for the Hinge Health program, they are contacted for clarification on their condition, and there is also potential follow up with their PCP for any additional clarification.

# Hinge Health – Projected Savings

Key Metrics		
Targeted Population	Estimated # Targeted Members (All members)	48,755
	Estimated Participants (4% of targeted)	1,950
Financial Impact Year 1	Estimated Annual Healthcare Savings	\$3,357,024
	Annual Program Fees (\$995 PPPY x active participant)	\$1,942,240
	Estimated Annual Savings TOTAL (Savings after program investment)	\$1,414,784
	Year 1 ROI	1.73
Financial Impact Year 2	Estimated Annual Healthcare Savings	\$4,380,288
	Annual Program Fees (\$995 PPPY x active participant per month)	\$1,942,240
	Estimated Annual Savings TOTAL (Savings after program investment)	\$2,438,048
	Year 2 ROI	2.26

Assumption: 50% of population has a musculoskeletal condition

# Hinge Health

Initial savings estimate is conservative compared to other programs' experience

	Alaska	Arizona	Kentucky	Boston
Implemented	Sept 2021	Jan 2022	March 2022	July 2021
Total Members	14,000	48,000	200,000	27,000
Participants	430	340	3,500	740
Pain Reduction	51%	48%	52%	56%
Gross Savings (\$70 per % in pain reduction)	\$1.2M	\$800K	\$9.0M	\$2.0M
Program Costs	\$430K	\$340K	\$3.5M	\$740K
Net Savings	\$770K	\$560K	\$5.5M	\$1.3M
<b>ROI</b>	<b>2.8</b>	<b>2.4</b>	<b>2.6</b>	<b>2.7</b>
Per Participant Net Annual Savings	\$1,800	\$1,650	\$1,570	\$1,760
Satisfaction Score	8.5	8.5	8.7	8.9

# 3. Doctor on Demand



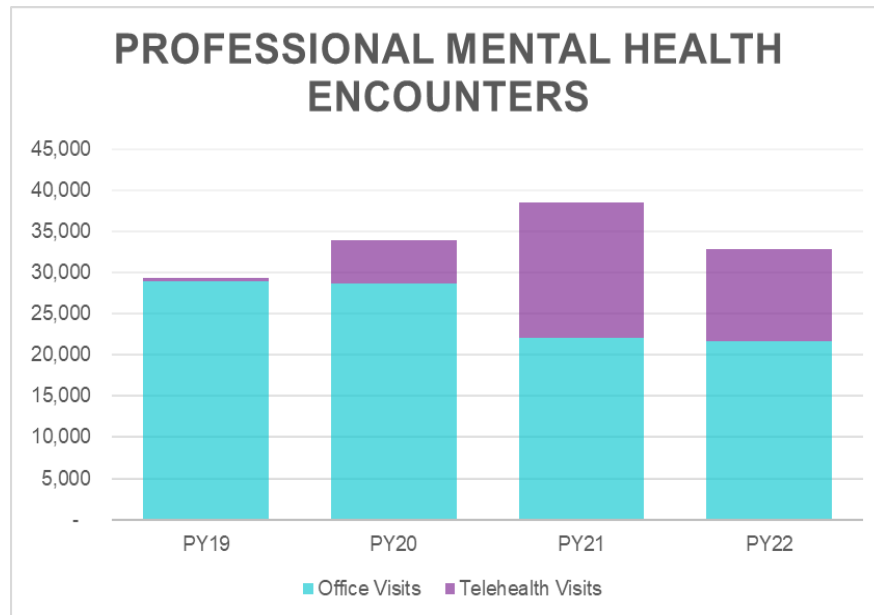
# Doctors on Demand and Behavioral Health

## WHY?

- ✓ Virtual Utilization & Acceptance increased in 2020-21 and has since waned

## Access, Convenience, Low cost

- ✓ Rural
- ✓ More Providers
- ✓ Deductibles/Copays



# Doctors on Demand and Behavioral Health

- ✓ Reduce member costs to \$5 per visit for Behavioral Health sessions
  - After deductible in HDHP
- ✓ Anticipated impact
  - Increase in access to virtual visits
  - Some in-person visits replaced by virtual

**TOTAL ESTIMATED INCREASE IN ANNUAL COSTS: \$250,000**

*\*will require IFC approval*

# 4. Expanded Travel Benefit

# Additional Travel Benefit for Medically Necessary Abortions

- ✓ PEBP currently provides coverage for medically necessary abortions
- ✓ Total covered medically necessary abortions on PEBP range from 50-60 annually.
- ✓ As a result of the recent Supreme Court Decision, members and dependents who live in states where abortion care is restricted may not have access to medically necessary abortion care.

Approximately 500-700 females between 18 and 50 are estimated to reside outside of NV. NV residents may be impacted as well when traveling

Proposal extends PEBP travel benefit to members who are required a medically necessary abortion but are unable to receive the care where they reside.

Can be implemented immediately or at start of plan year.

*While the IRS has determined that (where not illegal) abortions are medical care per IRS Publication 502, the conditions surrounding employers paying for travel to have an abortion are yet to be determined given existing and changes to state law*

# Additional Travel Benefit – Projected Costs

- ✓ Estimate 5-10 instances annually where it will be necessary to travel to a different state to receive care
- ✓ Regular commercial travel can be used in most cases. Some instances will require emergency medical transportation (air or ground ambulance)
- ✓ Total PEBP costs estimated to be **\$25,000-\$50,000** annually

*\*will require IFC approval*

# 5. Medical Travel Program

# Medical Travel Program

Provides access for members to seek medical care away from their hometown

- ✓ Travel to COE (center of excellence) for certain high-cost, schedulable surgical procedures
  - Joint replacements
  - Cardiac care
  - Bariatric surgery
  - ENT
  - Orthopedic
  - Gastroenterology
- ✓ COE networks = value based, bundled-service contracts
- ✓ Generally results in lower costs and improved outcomes

# Medical Travel Program

- ✓ Travel provided using a concierge model that minimizes out-of-pocket expenditures.
- ✓ Vendor reviews local costs compared to COE network costs and if viable provides member with 2-4 choices.
- ✓ Vendor makes travel arrangements
- ✓ Can provide a loaded debit card for meals and incidental expenses

Expenses for travel and lodging (up to established dollar amounts) are generally considered medical expenses per IRS code and are not taxable. Meals are generally considered taxable.



# Medical Travel Program

- ✓ Can utilize member incentives
  - waiving deductible on LDHP, EPO
  - Waiving all member costs on LDHP, EPO
  - Waiving all costs after deductible on CHDP
- ✓ Can be implemented mid-year
- ✓ RFP likely to be necessary

**Net Annual Savings ~\$1,000,000 - \$1,500,000**

# Medical Travel Program

- ✓ Costs can vary widely for same procedure:

**\$20,000 ← Knee Replacement → \$60,000**

**\$15,000 ← Hip Replacement → \$40,000**

## Alaska Case Study

- ✓ Implemented in 2019
- ✓ 14,000 total members
- ✓ Annual activity:
  - 120 cases considered
  - 35 procedures
  - \$900,000 in direct annual savings from lower procedure costs
  - Additional \$100,000 in annual savings for avoided procedures due to higher quality outcomes

	Procedures	TPA Network	COE Network	Savings
<b>Bariatric</b>	8	\$460,000	\$170,000	\$290,000
<b>Orthopedic</b>	6	\$240,000	\$90,000	\$150,000
<b>General</b>	3	\$140,000	\$40,000	\$100,000
<b>Gastro/Intestinal</b>	6	\$22,000	\$15,000	\$8,000

# 6. Oncology Concierge Program

# Oncology Concierge Program

**Current Oncology Case Management** – optimizes the quality and cost-effective care focusing management on the highest stage malignancies with acute and catastrophic needs including inpatient and surgical care, metastatic cancer, hospice, and opportunistic infections

An enhanced program can go beyond acute catastrophic needs:

	Current UMR	Enhanced/Concierge
Care coordination	X	X
Focus on most acute cases	X	X
SDoH considerations		X
Dietary counseling with RD		X
Pharmacy management with channel management		X
Second opinions		X
Narrow COE with Travel	X	
COE network		X
Assistance with personal care needs	Basic	Enhanced

# Oncology Concierge

## Implementation

- ✓ Can be implemented mid-year
- ✓ Review and consider enhanced UMR options or possible RFP

## Savings Projections

- ✓ Cancer is second highest cost diagnosis in HDHP and LDHP; Number 4 in EPO
- ✓ \$20M in annual claims costs, representing about 1,500 patients
- ✓ Cost PMPM anticipated to be \$2.00-5.00
- ✓ Concierge programs can reduce cancer costs by 5-10%, representing a **savings of about \$1M-\$2M annually.**

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# 7. Dental Plan Maximum

# Dental Plan Max

PEBP \$1,500 Annual Benefit Limit (ABL) in place since 2011

## Benchmarking Data

- ✓ UMR book of business - \$1,500 most prevalent
  - Many considering increasing to \$2,000 due to rising costs

## Industry Survey

- ✓ 40-50% of public sector and large employers have an ABL between \$1,500-\$2,000<sup>1</sup>
- ✓ Another 40% have an ABL \$2,000 or greater<sup>1</sup>
- ✓ Another 5% have plans with no ABL<sup>1</sup>
- ✓ For those that have an ABL, western employers tend to have higher limits (\$2,250 vs. \$1,750 national average)<sup>2</sup>

Procedures, such implants, crowns, periodontal surgery, etc. have members meeting the ABL with a single claim.

<sup>1</sup> CompData annual benefits survey, October 1, 2021

<sup>2</sup> Economic Research Institute 15<sup>th</sup> Annual Benefits Benchmarking Survey, 2022

# Dental Plan

## Single Claim:

- ✓ Procedures, such implants, crowns, periodontal surgery, etc. have members meeting the ABL with a single claim.
- ✓ 8% of members met the \$1,500 ABL in PY22
- ✓ Increasing the ABL would increase dental costs and rates:

Increased ABL	Cost increase - \$	Cost increase - % (Dental)	Dollar impact on Single Premiums
\$1,750	\$600K	2.5%	\$1-2
\$2,000	\$750K	3.1%	\$1-2

*\*will require IFC approval*



# 8. Premium Credits

# Premium Credits

- ✓ PEBP may apply excess cash toward premium credits
- ✓ Advantage: Immediate reduction to employee premiums
- ✓ Disadvantage: There is no guarantee the credit can be continued beyond one plan year.

State Monthly Premium Credit			
	\$25/Month Premium Credit	\$15/Month Premium Credit	\$10/Month Premium Credit
State Active Employees (enrollment - 27,039)	\$ 8,111,700	\$ 4,867,020	\$ 3,244,680
State Non-Medicare Retirees (enrollment - 4,086)	\$ 1,225,800	\$ 735,480	\$ 490,320
<b>Total Premium Credit Projected Expense</b>	<b>\$ 9,337,500</b>	<b>\$ 5,602,500</b>	<b>\$ 3,735,000</b>

Average 2020 enrollment used for projections

*\*will require IFC approval*

# 9. HRA Credits

# One Time HRA Credit

- ✓ Use current surplus to provide one-time HRA credit
- ✓ Would not impact HSA contribution requirements
- ✓ Recommend limit timeframe to use credits to manage admin costs
- ✓ Potential options include:

State Participant HRA Credit			
	\$300 HRA Credit	\$200 HRA Credit	\$100 HRA Credit
State Active Employees (enrollment - 27,039)	\$ 8,111,700	\$ 5,407,800	\$ 2,703,900
State Non-Medicare Retirees (enrollment - 4,086)	\$ 1,225,800	\$ 817,200	\$ 408,600
Total Participant HRA Credit Projected Expense	\$ 9,337,500	\$ 6,225,000	\$ 3,112,500

Average 2020 enrollment used for projections

*\*will require IFC approval*

# 10. Lifestyle Spending Account

# Lifestyle Spending Account (LSA)

## WHAT and HOW

- ✓ Allows an employer to fund an account that supports everyday needs that aren't typically covered by traditional benefits
  - Similar to HRA or FSA where eligible expenses are reimbursed
  - Post-tax, only taxable when spent
  - Employer can establish eligible expenses
  - Recommendation to focus on health and wellness expenses
  - Funded on an annual basis. Unused funds reverted back to PEBP.
  - Potentially helps toward recruitment and retention challenges

# Lifestyle Spending Account (LSA)

## Implementation

- ✓ Offered by both UMR and HSA Bank
  - HSA Bank - \$0.75 PMPM
  - UMR – pending
- ✓ Will require contract amendment
- ✓ Can be implemented as early as March 1 or on July 1.

State Lifestyle Spending Account Contribution					
	\$300 Premium Credit	\$250 Premium Credit	\$200 Premium Credit	\$150 Premium Credit	\$100 Premium Credit
State Active Employees (enrollment - 27,039)	\$ 8,111,700	\$ 6,759,750	\$ 5,407,800	\$ 4,055,850	\$ 2,703,900
Lifestyle Spending Account Fee (\$0.75 Per Account Per Month)	\$ 243,351	\$ 243,351	\$ 243,351	\$ 243,351	\$ 243,351
<b>Total Lifestyle Credit Projected Expense</b>	<b>\$ 8,355,051</b>	<b>\$ 7,003,101</b>	<b>\$ 5,651,151</b>	<b>\$ 4,299,201</b>	<b>\$ 2,947,251</b>

Average 2020 enrollment used for projections

*\*will require IFC approval*

# Lifestyle Spending Account (LSA)

Sample Eligible Expenses	
Gym memberships	Dance classes
Fitness classes	Estate and retirement planning
Personal training	Financial planning
Alternative Healing	Childcare
Massage Therapy	Elder care
Nutrition/weight loss counseling	Pet Care
Fitness equipment	WFH expenses (internet, office equipment)
Sports equipment	Education courses
Athletic event registration	Tutoring
Life coaching	Athletic gear
Cooking classes	Fitness trackers
Personal counseling	State/National Park passes
Vitamins & Nutritional Supplements	LTD, Life insurance, other premiums
Legal expenses	Identity theft
Hunting/fishing licenses	Student loan repayment



# Summary

Option	Description	PY24 Cost/(Savings)
Real Appeal	Weight Loss	(\$170,000)
Hinge Health	Virtual PT	(\$1,400,000)
Doctor on Demand	Virtual Behavioral Health	\$250,000
Abortion Travel	Travel Benefit	\$25,000 - \$50,000
Medical Travel	Travel Benefit and COE Network	(\$1,000,000 - \$1,500,000)
Oncology Program	Concierge Services and COE Network	(\$1,000,000 - \$2,000,000)
Dental	Increase ABL	\$600,000 - \$750,000
Premium Credits	Share Surplus with Members	\$3,700,000 - \$9,300,000
One Time HRA	Share Surplus with Members	\$3,100,000 - \$9,300,000
Lifestyle Spending Account	Share Surplus with Members	\$2,900,000 - \$8,400,000

Thank You

