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AGENDA ITEM

Action Item

Information Only

Date: September 29, 2022
Item Number: X
Title: Plan Year 2024 Initiatives Report

BACKGROUND

FUNDING

PEBP’s final FY24/25 budget will remain unknown until it is approved by the legislature in the spring of 2023. The budget submitted by PEBP (per Governor’s Office directives), was built to fund the program at current benefit levels for the biennium. The second budget, at the direction of the Board, was built to fund the program at pre-pandemic levels. Since PEBP is already using excess cash to restore many of the benefits cut as a result of the pandemic, the bulk of the additional costs of the alternate budget submission come from the restoration of life insurance and long-term disability insurance.

As shown in the table below, PEBP is starting off the current fiscal year with a beginning differential cash balance of approximately \$33M. After factoring in all the funding that has already been earmarked, 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.

Beginning cash differential for FY23	33,107,848
Medicare HRA (\$11 to \$13)	(3,300,000)
Plan Design Spenddown PY23	<i>\$8,667,000 already allocated in budget</i>
Premium BuyDown	(3,000,000)
Plan Design Spenddown PY24 - Projected	(8,667,000)
Plan Design Spenddown PY25 - Projected	(8,667,000)
Projected Available Cash Differential for FY23	9,473,848

Not all benefit enhancements will require the use of funds though. While most benefit enhancements come with a cost, it is important to note that many may be cost neutral or even result in an overall net savings. For example, the implementation of a chronic disease or weight loss program may result in the overall reduction in claims or a reduced increase in claims. However, the return on investment (ROI) is at times difficult to prove and if missed, could require PEBP to dip into catastrophic reserves to make up the budgetary differences.

HOW DOES PEBP COMPARE?

State agencies, including PEBP, continue to be plagued by staffing shortages. It has been argued that the state is not competitive in employee compensation and benefits when compared to the private sector and other public employers in Nevada. As a result, staff felt it was important to understand how PEBP benefits compare as we begin discussions on how best to enhance the plan for the upcoming plan year(s).

PEBP chose several large public employers throughout the state and compared the most important fundamentals of plan design. While an apples-to-apples comparison is almost impossible, the table in attachment A provides a simple illustration of the benefits provided by PEBP in comparison to other Nevada public employers:

SEE ATTACHMENT A

REPORT

PROPOSED PY24 INITIATIVES

Earlier this year, PEBP staff, several board members and vendors met in a day-long strategic planning session. Each partner provided valuable input on plan performance and possible solutions that may be beneficial to plan performance.

Program	Description	Justification
Real Appeal	Virtual weight loss program. No PMPM admin fees. Paid through claims.	Obesity is associated with most chronic conditions including diabetes, hypertension and heart disease. Launching an option that assists with weight loss and weight management may help reduce costs in other areas.
Hinge Health	Virtual musculoskeletal clinic and therapy program to address chronic knee, back, neck, hip and shoulder pain. PMPM cost.	Musculoskeletal related claims account for approximately 6% of plan costs. The provider shortage in Nevada creates barriers to accessing care. This option may not only provide greater access, but also help reduce overall MSK related claims costs.
Cancer Concierge	Focus is on assisting the member navigate a critical and stressful situation. These programs assist patients by making medical appointments, coordinating care among multiple providers, providing health coaching and mental wellbeing counseling, assisting with billing and claims submissions and generally easing a difficult situation so the patient can focus on his/her own care and wellbeing PMPM Cost	Cancer is the number one cost driver in the plan. Patients diagnosed with cancer often have complicated medical situations and complex billing scenarios.
Medical Travel	These programs provide access to a national network of specialists for planned, generally high-cost, surgical procedures. These networks are built on value-based contracts, where providers have generally agreed to provide care on a bundled-service basis and result in lower costs and improved outcomes PMPM Cost	PEBP has already implemented versions of this (e.g. hip and knee surgeries) as a way to reduce costs. This option expands medical travel into other areas using a vendor.
Premium credits	Utilize differential cash to provide premium credits	Premium credits provide immediate financial impacts to members.
Doctor on Demand	Explore incentivization of DoD utilization for behavioral health services.	There is a drastic shortage of behavioral health providers in Nevada, especially in the north and in the rurals.

Elimination of EPO plan	The EPO was developed to replace the fully insured HMO plan previously offered by Hometown Health and is intended to mirror the fully insured HMO plan offered by HPN in the South.	The mix of regional constraints of the plan and access issues in the north create additional barriers for members and administrative burdens on staff. With the introduction of the LD plan, the EPO may no longer be necessary.
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STAFF RECOMMENDATION:

PEBP recommends the Board approve the research of some or all of the above proposed PY24 program initiatives, as well as any others not listed in this report.

Attachment A

	PEBP			Washoe County			Clark County	City of Sparks	City of Las Vegas - 2019 DATA			Clark Cnty School Dist Licensed		Lyon County School District			Carson City School District		
	CHDP	LD	HMO/EPO	HDHP	PPO	HMO		PPO	HPN-HMO	VPS-PPO	PPO Plus	Signature	Advantage	HDHP	Base	Buy Up	HDHP	Freedom	HMO
Monthly Premium																			
Employee	\$47	\$68	\$161	\$0	\$0	\$0	Clark County does make employee benefits publicly available.	\$0	\$0	\$0	\$0	\$39	\$24	\$0	\$0	\$0	\$0	\$0	\$0
E+Spouse	\$251	\$293	\$479	\$267	\$469	\$410		\$189	\$213	\$273	\$338	\$268	\$248	\$586	\$609	\$807	\$547	\$874	\$848
E+Children	\$123	\$153	\$280	\$225	\$387	\$328		\$170	\$196	\$250	\$308	\$766	\$525	\$478	\$497	\$675	\$413	\$646	\$628
E+Family	\$328	\$378	\$598	\$453	\$819	\$763		\$365	\$471	\$602	\$745	\$951	\$535	\$1,168	\$1,215	\$1,511	\$961	\$1,519	\$1,476
Deductible (ind)	\$1,500	\$0	\$100	\$2,600	\$375	\$0		\$200	\$0	\$2,000	\$500	\$500	\$1,500	\$4,000	\$3,500	\$2,000	\$3,000	\$1,000	\$0
(fam)	\$3,000	\$0	\$200	\$2,950	\$750	\$0		\$400	\$0	\$4,000	\$1,000	\$1,500	\$3,000	\$8,000	\$7,000	\$4,000	\$6,000	\$3,000	\$0
OOPM (ind)	\$4,000	\$4,000	\$5,000	\$5,250	\$3,450	\$3,500		\$1,000	\$6,000	\$6,250	\$3,000	\$7,500	\$7,000	\$4,000	\$6,600	\$5,000	\$3,000	\$4,000	\$5,000
(fam)	\$8,000	\$8,000	\$10,000	\$6,350	\$6,900	\$7,000		\$2,000	\$12,000	\$12,500	\$6,000	\$15,000	\$14,000	\$8,000	\$13,200	\$10,000	\$6,000	\$8,000	\$10,000
Member Coinsurance	20%	20%	0%	20%	20%	0%		20%		30%	20%	20%	20%	0%	20%	20%	0%	20%	20%
ER Visit	20%	\$750	\$600	20%	20%+\$75	\$250		20%	\$150	\$350+30%	\$150	\$300 - After Ded.	20%	\$0 - After Ded.	\$350	\$350	\$0 - After Ded.	\$500	\$500
UC Visit	20%	\$80	\$50	20%	20%	\$40		20%	\$15	\$45	\$50	\$30	20%	\$0 - After Ded.	\$50	\$50	\$0 - After Ded.	\$50	\$50
HSA Contribution	\$600	N/A	N/A	\$2,000	N/A	N/A		N/A	N/A	N/A	N/A	N/A	\$500/\$1000	N/A	N/A	N/A	\$3,000	N/A	N/A
Retiree subsidy	Premium subsidy for employee and family tiers + YOS subsidy			No premium subsidy, YOS subsidy for employee only					Depends on CB agreement. Sick leave converted to subsidy until depleted.	No subsidy. Retiree pays full cost of premiums.			No premium subsidy. YOS Subsidy for employee only.		No subsidy. Retiree pays full cost of premiums.			No subsidy. Retiree pays full cost of premiums	

PEBP staff has attempted to gather the data based on publicly available information; however, this could be outdated or incomplete.
 Health care in Southern NV (Las Vegas) is significantly less expensive than other areas of the state, thus plans that provide coverage exclusively in Southern Nevada will be less costly.
 Health care in the rurals and northern areas of NV is significantly more expensive than in Southern NV, thus plans that provide coverage exclusively in the North or rurals will be more costly.
 PEBP provides coverage to employees/retirees throughout the state as well as nationally/globally.