



LAURA RICH  
Executive Officer

STEVE SISOLAK  
Governor

STATE OF NEVADA  
**PUBLIC EMPLOYEES' BENEFITS PROGRAM**  
901 S. Stewart Street, Suite 1001 | Carson City, Nevada 89701  
Telephone 775-684-7000 | 702-486-3100 | 1-800-326-5496  
www.pebp.state.nv.us

LAURA FREED  
Board Chair

**AGENDA ITEM**

Action Item

Information Only

**Date:** September 29, 2022

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

**Title:** Chief Financial Officer Budget Report

**Summary**

This report addresses the Operational Budget as of June 30, 2022 to include:

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

Budget Account 1338 – Operational Budget – Shown below is a summary of the operational budget account status as of June 30, 2022, with comparisons to the same period in Fiscal Year 2021. The budget status is reported on a cash basis and does not include incurred expenses and income owed to the fund.

The budget status report reflects actual income of \$363.5 million as of June 30, 2022, compared to \$386.4 million as of June 30, 2021 or a decrease of 5.9%. Total expenses for the period have increased by \$0.7 million or 0.2% for the same period.

The budget status report shows Realized Funding Available (cash) at \$135.7 million. This compares to \$154.8 million for last year. The table below reflects the actual revenue and expenditures for the period.

**Operational Budget 1338**

	FISCAL YEAR 2022			FISCAL YEAR 2021		
	Actual as of 6/30/2022	Work Program	Percent	Actual as of 6/30/2021	Fiscal Year 2021 Close	Percent
Beginning Cash	159,011,280	159,011,280	100%	154,541,329	154,541,329	100%
Premium Income	341,588,530	354,412,324	96%	366,550,801	368,807,766	99%
All Other Income	21,930,463	24,179,554	91%	19,835,354	24,098,398	82%
Total Income	363,518,993	378,591,878	96%	386,386,154	392,906,164	98%
Personnel Services	2,279,292	2,822,786	81%	2,311,337	2,413,496	96%
Operating - Other than Personnel	2,585,231	3,135,691	82%	2,169,759	2,340,118	93%
Insurance Program Expenses	381,671,622	389,943,547	98%	381,160,437	383,166,380	99%
All Other Expenses	286,022	1,199,300	24%	507,874	516,219	98%
Total Expenses	386,822,167	397,101,324	97%	386,149,407	388,436,213	99%
Change in Cash	(23,303,174)	(18,509,446)		236,748	4,469,951	
REALIZED FUNDING AVAILABLE	135,708,106	140,501,834	97%	154,778,077	159,011,280	97%
Incurred But Not Reported Liability	(52,286,000)	(52,286,000)		(51,514,000)	(51,514,000)	
Catastrophic Reserve	(34,875,000)	(34,875,000)		(34,835,000)	(34,835,000)	
HRA Reserve	(25,056,050)	(25,056,050)		(30,550,651)	(30,550,651)	
NET REALIZED FUNDING AVAILABLE	23,491,056	28,284,784		37,878,426	42,111,629	

***Current Budget Projections***

The following table represents projections for FY 2022. The projection reflects total income to be less than budgeted by 1.4% (\$531.3 million vs \$538.6 million), total expenditures are projected to be less than budgeted by 2.3% (\$391.1 million vs \$400.3 million); total reserves are projected to be less than budgeted by 4.6% (\$140.2 million vs \$147.0 million).

State Subsidies are projected to be less than the budgeted amount by \$2.7 million (1.0%), Non-State Subsidies are projected to be more than budgeted by \$3.3 million (16.3%), and Premium Income is projected to be less than budgeted by \$8.0 million (11.6%). This overall decrease in budgeted revenue is due in part to a planned 1-month employee premium holiday in October 2021 and due in part to a reduction in State Subsidies as a result of average enrollment as compared to budgeted enrollment and a change in the mix of plan tiers. The mix of participants is as follows:

- 4.40% fewer state actives,
- 1.99% more state non-Medicare retirees,
- 2.38% fewer non-state actives,
- 20.35% fewer non-state, non-Medicare retirees
- 7.20% more state Medicare retirees, and
- 1.93% fewer non-state Medicare retirees

<b>Budgeted and Projected Income (Budget Account 1338)</b>					
<b>Description</b>	<b>Budget</b>	<b>Actual 6/30/22</b>	<b>Projected</b>	<b>Difference</b>	
Carryforward	159,011,280	159,011,280	159,011,280	0	0.0%
State Subsidies	266,543,926	258,832,572	263,885,832	(2,658,094)	-1.0%
Non-State Subsidies	20,042,853	22,961,216	23,317,959	3,275,106	16.3%
Premium	68,825,545	59,794,742	60,865,705	(7,959,840)	-11.6%
COVID Funds	10,507,308	8,557,308	10,507,308	0	0.0%
Appropriations	6,009,449	6,009,449	6,009,449	0	0.0%
Reversions	(8,667,000)	(8,667,000)	(8,667,000)	0	0.0%
All Other	16,329,797	16,030,706	16,360,837	31,040	0.2%
<b>Total</b>	<b>538,603,158</b>	<b>522,530,274</b>	<b>531,291,370</b>	<b>(7,311,788)</b>	<b>-1.4%</b>
<b>Budgeted and Projected Expenses (Budget Account 1338)</b>					
<b>Description</b>	<b>Budget</b>	<b>Actual 6/30/22</b>	<b>Projected</b>	<b>Difference</b>	
Operating	7,157,777	5,150,545	6,471,381	686,396	9.6%
State Insurance Costs	341,502,889	334,941,001	337,171,320	4,331,569	1.3%
Non-State Insurance Costs	11,507,187	7,955,555	8,333,545	3,173,642	27.6%
Medicare Retiree Insurance Costs	40,119,012	38,775,066	39,127,338	991,674	2.5%
Total Insurance Costs	393,129,088	381,671,622	384,632,203	8,496,885	2.2%
Total Expenses	400,286,865	386,822,167	391,103,584	9,183,281	2.3%
Restricted Reserves	112,217,050	112,217,050	109,961,889	2,255,161	2.0%
Differential Cash Available	34,766,243	23,491,057	30,225,897	4,540,346	13.1%
Total Reserves	146,983,293	135,708,107	140,187,786	6,795,507	4.6%
<b>Total of Expenses and Reserves</b>	<b>547,270,158</b>	<b>522,530,274</b>	<b>531,291,370</b>	<b>15,978,788</b>	<b>2.9%</b>

Expenses for Fiscal Year 2022 are projected to be \$9.2 million (2.3%) less than budgeted when changes to reserves are excluded. Operating expenses are projected to be less than budgeted by \$0.7 million (9.6%). Employee and Retiree insurances costs are projected to be less than budgeted by \$8.5 million (2.2%) when taken in total (see table above for specific information).

Total reserves for the year ending June 30, 2022, are projected to be \$140.2 million. Reserves include \$52.3 million for Incurred but not Reported (IBNR) claims, \$35.0 million for the Catastrophic Reserve to insure plan solvency, \$22.8 million in HRA reserves, and a projected differential of cash available of \$30.2 million.

### ***Differential Cash Available for FY 2023***

PEBP ended FY 2022 with \$140.2 million of cash on hand to balance forward to FY 2023 (not including reversions). The FY 2023 budget was built with a balance forward amount of \$117.9 million (not including reversions). PEBP will submit work programs to transfer the additional cash authority from FY 2022 to FY 2023 and make necessary adjustments to the required reserve category authority for FY 2023. Once all the adjustments are approved through the state budget process, PEBP is projecting a final differential cash available to begin FY 2023 of \$33.1 million.

### **Recommendations**

None.