



LAURA RICH
Executive Officer

JOE LOMBARDO
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

JACK ROBB
Board Chair

AGENDA ITEM

Action Item

Information Only

Date: March 23, 2023
Item Number: XI
Title: Plan Year 2024 (PY24) Proposed Rates

SUMMARY

This report provides the PEBP Board and members of the public with information on PY24 proposed rates.

BACKGROUND

Rate Development

Step 1: Underwriting

PEBP Board policy requires its actuary, Segal, to set rates/trend aggressively – a 50% chance rates will be sufficient to cover expected claims costs and a 50% chance they will be short.

1. Segal gathers claims data (medical/Rx/dental) for the previous 12-24 months.
2. Claims are completed based on prior seasonality and claims lag and trended forward to PY24.
3. Plan design changes, changes to contracts, PBM market checks and any other projected savings are applied.
4. Enrollment expectations by tier and plan are applied along with utilization assumptions and actuarial values.
5. Base Rates Per Participant Per Month (PPPM) are then established for the three plan offerings (CDHP, LD, and EPO) separated by Medical, Pharmacy, and Dental expected Claims. EPO and HMO rates are blended.

Step 2: Enrollment weighting

Assumptions such as overall growth or decline, plan enrollment, assumed workforce changes or retirement influxes.

Step 3: Admin loads applied

Administrative loads such as administrative fees, HSA/HRA funding for the CHDP, and PEBP operating costs are applied appropriately.

Step 4: Tiering

The base rate is weighted by projected enrollment by tier. Per PEBP Board policy the following tiering methodology is then applied:

Participant = X

Participant + Spouse = 2X

Participant + children = X+Y

Participant + family = 2X + Y

X is the average cost of an adult and Y is the average cost of a child.

Step 5: Addition of Life Insurance

PPPM Life insurance costs are then added to each tier of the three plans to arrive at final overall rates. Life insurance costs differ for actives and retirees and life insurance costs for those on the Exchange is absorbed entirely by members on self-funded plans.

REPORT

Fortunately, PEBP has had favorable claims experience overall and the addition of several programs with projected savings will also have a positive impact on rates. Although the EPO/HMO have experienced a high loss ratio, the CDHP and LD have more than offset the deficiencies through lower than projected cost and utilization. Additionally, the PBM market check, along with new programs such as Hinge Health, Cancer Concierge and Medical Travel are expected to reduce future costs to the plan.

Flat Rates and Planned Surplus

The application of the standard rate development methodology would have resulted in a slight reduction of rates for all plans; however, staff is proposing the retention of flat rates to mitigate potential increases to premiums during the legislative “off-year” (PY25).

The Governor’s Recommended Budget includes a trend of 3.91% for medical, 3.67% for pharmacy, and 2% for dental; however, Segal has provided different trend projections of 4%, 8%, 1%, respectively. The projected pharmacy trend is higher than that used for budgeting purposes,

but that may be partially offset by enhanced rebates. Dental trend is projected to continue to be lower than used for budgeting. PEBP must consider the possibility that the higher trends will materialize and the shortfall will have to be funded entirely through employee premiums since there is no mechanism to adjust subsidy levels outside of legislative session.

The proposed flat premiums for all plans are expected to create a planned excess of \$2.4M, which can be considered a “safety net” for PY25. The planned excess can be used to mitigate rate increases in PY25 (should budgeted trend be lower than actual trend) or in a best-case scenario, rates do not increase, and the planned excess can instead be redistributed to members in the form of HSA/HRA funding in PY25.

Attachment A – rate tables

RECOMMENDATION:

Staff recommends the Board approve Plan Year 24 rates as proposed with the ability to make technical adjustments if necessary.

Plan Year 2024 State Rates - Active Employees

State Active Employees	Statewide CDHP				Copay PPO				EPO/HMO			
	Rate	Base Subsidy	Adjustments	Participant Premium	Rate	Base Subsidy	Adjustments	Participant Premium	Rate	Base Subsidy	Adjustments	Participant Premium
Employee Only	652.46	620.09	(14.59)	46.96	685.44	620.09	(2.79)	68.14	790.68	620.09	9.59	161.00
Employee + Spouse	1,295.56	1,069.66	(25.10)	251.00	1,361.48	1,069.66	(1.54)	293.36	1,571.98	1,069.66	23.22	479.10
Employee + Child(ren)	893.62	788.68	(18.52)	123.46	938.94	788.68	(2.34)	152.60	1,083.66	788.68	14.68	280.30
Employee + Family	1,536.72	1,238.24	(29.04)	327.52	1,615.00	1,238.24	(1.06)	377.82	1,864.96	1,238.24	28.32	598.40

Plan Year 2024 State Rates - Retirees

State Retirees Non-Medicare	Statewide CDHP				Copay PPO				EPO/HMO			
	Rate	Base Subsidy	Adjustments	Participant Premium	Rate	Base Subsidy	Adjustments	Participant Premium	Rate	Base Subsidy	Adjustments	Participant Premium
Retiree only	648.62	419.50	(12.14)	241.26	681.60	419.50	(0.34)	262.44	786.84	419.50	12.04	355.30
Retiree + Spouse	1,291.72	723.64	(20.88)	588.96	1,357.64	723.64	2.66	631.34	1,568.14	723.64	27.44	817.06
Retiree + Child(ren)	889.78	533.55	(15.41)	371.64	935.10	533.55	0.77	400.78	1,079.82	533.55	17.79	528.48
Retiree + Family	1,532.88	837.69	(24.17)	719.36	1,611.16	837.69	3.81	769.66	1,861.12	837.69	33.19	990.24
Surviving/Unsubsidized Dependent	648.62	-	-	648.62	681.60	-	-	681.60	786.84	-	-	786.84
Surviving/Unsubsidized Spouse + Child(ren)	889.78	-	-	889.78	935.10	-	-	935.10	1,079.82	-	-	1,079.82

Plan Year 2024 Non-State Rates - Active Employees

Non-State Active Employees	Statewide CDHP			Copay PPO			EPO/HMO		
	Rate	Base Subsidy	Participant Premium	Rate	Base Subsidy	Participant Premium	Rate	Base Subsidy	Participant Premium
Employee Only	914.11	-	914.11	973.25	-	973.25	971.19	-	971.19
Employee + Spouse/DP	1,818.84	-	1,818.84	1,937.12	-	1,937.12	1,933.01	-	1,933.01
Employee + Child(ren)	1,253.38	-	1,253.38	1,334.70	-	1,334.70	1,331.88	-	1,331.88
Employee + Family	2,158.11	-	2,158.11	2,298.57	-	2,298.57	2,293.69	-	2,293.69

Plan Year 2024 Non-State Rates - Retirees

Non-State Retirees Non-Medicare	Statewide CDHP				Copay PPO				EPO/HMO			
	Rate	Base Subsidy	Adjustments	Participant Premium	Rate	Base Subsidy	Adjustments	Participant Premium	Rate	Base Subsidy	Adjustments	Participant Premium
Retiree only	910.28	688.61	(19.59)	241.26	969.42	729.92	(22.94)	262.44	967.36	622.70	(10.64)	355.30
Retiree + Spouse/DP	1,815.00	1,259.92	(33.89)	588.97	1,933.28	1,342.52	(40.58)	631.34	1,929.18	1,128.09	(15.97)	817.06
Retiree + Child(ren)	1,249.54	902.87	(24.97)	371.64	1,330.86	959.64	(29.56)	400.78	1,328.04	812.19	(12.63)	528.48
Retiree + Family	2,154.28	1,474.16	(39.24)	719.36	2,294.74	1,572.29	(47.21)	769.66	2,289.86	1,317.59	(17.97)	990.24
Surviving/Unsubsidized	910.28	-	-	910.28	969.42	-	-	969.42	967.36	-	-	967.36
Surviving/Unsubsidized	1,249.54	-	-	1,249.54	1,330.86	-	-	1,330.86	1,328.04	-	-	1,328.04