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AGENDA ITEM

Action Item

Information Only

Date: January 26, 2023

Item Number: IV.II.I

Title: Chief Financial Officer Budget Report

Summary

This report addresses the Operational Budget as of September 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 September 30, 2022, with comparisons to the same period in Fiscal Year 2022. 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 \$77.7 million as of September 30, 2022, compared to \$88.2 million as of September 30, 2021, or a decrease of 11.9%. Total expenses for the period have decreased by \$6.7 million or 6.5% for the same period.

The budget status report shows Realized Funding Available (cash) at \$131.3 million. This compares to \$145.2 million for last year. The table below reflects the actual revenue and expenditures for the period.

Operational Budget 1338

| | FISCAL YEAR 2023 | | | FISCAL YEAR 2022 | | |
|--------------------------------------|---------------------------|--------------|---------|---------------------------|---------------------------|---------|
| | Actual as of 9/30/2022 | Work Program | Percent | Actual as of 9/30/2021 | Fiscal Year 2022 Close | Percent |
| Beginning Cash | 148,854,786 | 148,854,786 | 100% | 159,011,280 | 159,011,280 | 100% |
| Premium Income | 69,333,934 | 390,499,657 | 18% | 84,457,475 | 348,069,497 | 24% |
| All Other Income | 8,396,850 | 22,371,771 | 38% | 3,744,797 | 32,877,594 | 11% |
| Total Income | 77,730,784 | 412,871,428 | 19% | 88,202,272 | 380,947,091 | 23% |
| Personnel Services | 471,421 | 2,935,386 | 16% | 446,825 | 2,382,790 | 19% |
| Operating - Other than Personnel | 743,043 | 3,084,395 | 24% | 465,100 | 2,919,211 | 16% |
| Insurance Program Expenses | 93,981,030 | 410,458,880 | 23% | 100,977,789 | 384,632,203 | 26% |
| All Other Expenses | 102,414 | 424,234 | 24% | 85,350 | 1,169,380 | 7% |
| Total Expenses | 95,297,908 | 416,902,895 | 23% | 101,975,063 | 391,103,584 | 26% |
| Change in Cash | (17,567,124) | (4,031,467) | | (13,772,791) | (10,156,494) | |
| REALIZED FUNDING AVAILABLE | 131,287,662 | 144,823,319 | 91% | 145,238,489 | 148,854,786 | 98% |
| Incurring But Not Reported Liability | (51,030,000) | (51,030,000) | | (52,286,000) | (52,286,000) | |
| Catastrophic Reserve | (38,426,000) | (38,426,000) | | (34,875,000) | (34,875,000) | |
| HRA Reserve | (22,800,889) | (22,800,889) | | (25,056,050) | (25,056,050) | |
| NET REALIZED FUNDING AVAILABLE | 19,030,773 | 32,566,430 | | 33,021,439 | 36,637,736 | |

Current Budget Projections

The following table represents projections for FY 2023. The projection reflects total income to be less than budgeted by 3.2% (\$543.8 million vs \$561.7 million), total expenditures are projected to be less than budgeted by 2.0% (\$408.0 million vs \$416.3 million); total reserves are projected to be less than budgeted by 6.6% (\$135.8 million vs \$145.4 million).

State Subsidies are projected to be less than the budgeted amount by \$21.6 million (7.3%), Non-State Subsidies are projected to be more than budgeted by \$1.0 million (5.0%), and Premium Income is projected to be less than budgeted by \$11.1 million (15.0%). This overall decrease in budgeted revenue is due in part to a planned 1-month employee premium holiday in October 2022 and due in large part to a reduction in State Subsidies and participant premiums 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:

- 1.99% fewer state actives,
- 1.87% more state non-Medicare retirees,
- 14.3% fewer non-state actives,
- 21.2% fewer non-state, non-Medicare retirees
- 4.62% more state Medicare retirees, and
- 1.94% fewer non-state Medicare retirees

| Budgeted and Projected Income (Budget Account 1338) | | | | | |
|--|--------------------|-----------------------|--------------------|---------------------|--------------|
| Description | Budget | Actual 9/30/22 | Projected | Difference | |
| Carryforward | 148,854,786 | 148,854,786 | 148,854,786 | 0 | 0.0% |
| State Subsidies | 295,515,312 | 46,656,265 | 273,909,727 | (21,605,585) | -7.3% |
| Non-State Subsidies | 20,784,265 | 5,414,488 | 21,817,867 | 1,033,602 | 5.0% |
| Premium | 74,200,080 | 17,263,181 | 63,078,677 | (11,121,403) | -15.0% |
| COVID Funds | 0 | 0 | 0 | 0 | 84.6% |
| Appropriations | 6,009,449 | 0 | 6,009,449 | 0 | -3.2% |
| All Other | 16,329,797 | 8,396,850 | 30,140,998 | 13,811,201 | 84.6% |
| Total | 561,693,689 | 226,585,570 | 543,811,505 | (17,882,184) | -3.2% |
| Budgeted and Projected Expenses (Budget Account 1338) | | | | | |
| Description | Budget | Actual 9/30/22 | Projected | Difference | |
| Operating | 5,870,073 | 1,316,878 | 5,368,324 | 501,749 | 8.5% |
| State Insurance Costs | 361,575,444 | 83,285,107 | 354,082,036 | 7,493,408 | 2.1% |
| Non-State Insurance Costs | 11,952,082 | 1,868,831 | 9,184,248 | 2,767,834 | 23.2% |
| Medicare Retiree Insurance Costs | 36,931,354 | 8,827,092 | 39,365,073 | (2,433,719) | -6.6% |
| Total Insurance Costs | 410,458,880 | 93,981,031 | 402,631,357 | 7,827,523 | 1.9% |
| Total Expenses | 416,328,953 | 95,297,909 | 407,999,681 | 8,329,272 | 2.0% |
| Restricted Reserves | 112,256,889 | 112,256,889 | 112,599,364 | (342,475) | -0.3% |
| Differential Cash Available | 33,107,847 | 19,030,772 | 23,212,460 | 9,895,387 | 29.9% |
| Total Reserves | 145,364,736 | 131,287,661 | 135,811,824 | 9,552,912 | 6.6% |
| Total of Expenses and Reserves | 561,693,689 | 226,585,570 | 543,811,505 | 17,882,184 | 3.2% |

Expenses for Fiscal Year 2023 are projected to be \$8.3 million (2.0%) less than budgeted when changes to reserves are excluded. Operating expenses are projected to be less than budgeted by \$0.5 million (8.5%). Employee and Retiree insurances costs are projected to be less than budgeted by \$7.8 million (1.9%) when taken in total (see table above for specific information).

Recommendations

None.