



Board Meeting

Nevada Public Employees' Benefits Program

Potential Plan Changes for Plan Year 2025

December 7, 2023

| Agenda

- 1. Open Access Pharmacy**
- 2. Specialty Copay**
- 3. Medical Pharmacy Variable Coupon Program**
- 4. EPO/HMO**
- 5. Mental Health Parity and Addiction Equality Act (MHPAEA)**

Open Access Pharmacy

Consideration: Open access approach for 30- and 90-day fills

Why?

- Express Advantage and Smart90 networks implemented for PY22
- Requires members to use narrow pharmacy network(s)
- May not provide comparable access to all members
- Provides enhanced discounts compared to open network
- Members would have more local options

Next steps

- Compare access vs. cost/savings (for plan and members)

Open Access Pharmacy

Consideration: Open access approach for 30- and 90-day fills

- Open access will lead to higher costs for both the members and PEBP

Estimated Annual Cost Increase		
	Plan	Member
Retail 30	\$500,000 - \$750,000	\$300,000 - \$400,000
Retail 90	\$125,000 - \$150,000	\$30,000 - \$40,000
Total	\$625,000 - \$900,000	\$330,000 - \$440,000

- Improved Access will be minimal as current ESI networks provide access for nearly all members
- Many members changed pharmacies when implemented in PY22, but not all will return to the previous pharmacies if they are added back to the network.

Specialty Copay

Consideration: Eliminate specialty tier or implement a max copay

Why?

- Reduce costs for more vulnerable members since very few specialty medications have lower cost alternatives
- Current cost share provides incentive for SaveOnSP Rx participation, which results in \$0 member copay and savings to the Plan from leveraging manufacturer coupons; however, not all specialty medications are eligible for the SaveOnSP Rx program
- Current cost share provisions provide significant exposure to members with specialty medications

Benefit	CDHP	Low Deductible (LDHP)	EPO	HMO
Specialty	20% after deductible	30% after deductible (30-day mail only)	20% after deductible (30-day supply only)	20% after deductible

Example: \$10,000 medication = \$3,000 member cost in the Low Deductible Health Plan (LDHP)

- Member cost share is capped at annual Out-of-Pocket Maximum, but costs may be prohibitive for first few months of the Plan Year

Next steps

- Compare member impact vs. plan cost/savings
- Maintain current cost share for medications that are eligible for SaveOnSP Rx

Specialty Copay

Consideration: Eliminate specialty tier or implement a max copay

- Confirmed: ESI can administer different cost share for drugs on the SaveOnSP drug list versus those that are not

	Option 1	Option 2
SaveOnSP Drugs	30% coinsurance still applies	
Non SaveOnSP Drugs	Same as Non-Specialty	30% coinsurance with \$100/\$250 min/max copay
Annual Cost*	\$50,000	\$20,000

* Most members on specialty medications reach the annual Out-of-Pocket Maximum

	EPO/LDHP	HDHP
Tier 1	\$10	20% after annual deductible
Tier 2	\$40	
Tier 3	\$70	

Medical Pharmacy Coupon Program

Consideration: Implement coupon program for specialty drugs administered through the pharmacy benefit

Why?

- New option from UMR
- Leverages manufacturer coupons like ESI's SaveOnSP Rx, but for drugs administered in an inpatient setting
- SaveOnSP Rx applies only to outpatient medications

Next steps

- Review program details with UMR
- Evaluate member impact versus plan savings

Medical Pharmacy Coupon Program

Consideration: Implement coupon program for specialty drugs administered through the pharmacy benefit

How It Works

- UMR Copay Maximizer patient advocate team handles member outreach and support
- Patient advocates contact members to introduce UMR Copay Maximizer and enroll them in qualifying copay assistance programs
- Participation is voluntary and can be added or removed at any time by calling the patient advocate team
- Member receives billing for treatment that reflects \$0 or low-cost share, thanks to copay assistance (terms can vary by coupon)
- Copay assistance amounts are excluded from accumulators that track deductible and out-of-pocket maximum (OOPM) amounts
- UMR retains 30% of savings to administer the program

UMR estimates \$1.57 PMPM plan savings = \$1,000,000 annually
\$700,000 net of 30% administrative fee

Medical Pharmacy Coupon Program – How It Works

Illustrative Example provided by UMR:

- Drug has \$2,500 available per claim in copay assistance
- Estimated cost is \$4,000 per claim

Today		With Program			
No copay assistance		Copay assistance without UMR Copay Maximizer		Copay assistance with UMR Copay Maximizer	
Coinsurance	\$800	Coinsurance	\$800	Coinsurance	\$2,525
Copay card	\$0	Copay card	\$775	Copay card	\$2,500
Member pay (20% coinsurance)	\$800	Member pay	\$25	Member pay	\$25
Employer cost	\$3,200	Employer cost	\$3,200	Employer cost	\$1,475
Applied to accumulators	\$800	Applied to accumulators	\$800	Applied to accumulators	\$25

Note: All numbers are illustrative only.

With UMR Copay Maximizer, member saves \$775 per claim and PEBP saves \$1,725 per claim

EPO/HMO

Consideration: Review viability of EPO/HMO and consider alternatives

Why?

- HMO premium increases have been capped at 9.5% in previous years
 - Maximum rate increase for PY25 is 20% and Loss Ratio exceeds 120%
- EPO and HMO blended for rating purposes and EPO has benefited from lower HMO premiums
- HMO network and EPO network have significant provider overlap
- EPO and LDHP networks are the same and the difference in overall actuarial value is < 2% (plan design)
- EPO is in-network only and many employees enroll in EPO without understanding the limited/restricted network access
- UMR negotiates special case agreements with Out-of-Network providers to address access gaps.

Next Steps

- Develop specific options over the next year for PY26+
- Review cost impact and risk distribution
- Consider provider disruption and access to care

EPO/HMO – Plan Design Grid

- Below is a summary of the current in-network benefits for each plan currently offered by PEBP:

	Consumer Driven Health Plan (CDHP)	Low Deductible (LDHP)	Health Plan of Nevada (HMO)	Premier Plan (EPO)
Actuarial Value*	76.7%	85.2%	91.4%	88.3%
Service Area	Global	Global	Southern Nevada	Northern Nevada
Annual Deductible (medical and prescription combined)	\$1,500 Individual \$3,000 Family \$2,800 Individual Family Member Deductible	\$0	N/A With exception of Tier 4 prescription drug coverage	\$100 Individual \$200 Family \$100 Individual Family Member Deductible
Medical Coinsurance	20% after deductible	20% after deductible	N/A	20% after deductible
Out-of-Pocket Maximum	\$4,000 Individual \$8,000 Family \$6,850 Individual Family Member Max Out-of-Pocket	\$4,000 Individual \$8,000 Family \$4,000 Individual Family Member Max Out-of-Pocket	\$5,000 Individual \$10,000 Family \$5,000 Individual Family Member Max Out-of-Pocket	\$5,000 Individual \$10,000 Family \$5,000 Individual Family Member Max Out-of-Pocket
Primary Care/ Specialist Office Visit	20% after deductible	\$30/ \$50 copay per visit	\$25/ \$40 (\$25 with referral) copay per visit	\$20/ \$40 copay per visit
Urgent Care Visit	20% after deductible	\$80 copay per visit	\$50 copay per visit	\$50 copay per visit
Emergency Room Visit	20% after deductible	\$750 copay per visit	\$600 copay per visit	\$600 copay per visit
In-Patient Hospital	20% after deductible	20% after deductible	\$600 copay per visit	\$600 copay per visit
Outpatient Surgery	20% after deductible	\$500 copay per visit	Ambulatory Facility \$50 copay Hospital \$350 copay	\$350 copay per admit
Rx 30-days**	20% / 20% / 100% / 20%	\$10 / \$40 / \$75 / 30% (mail only)	\$10 / \$40 / \$75 / 20%***	\$10 / \$40 / \$75 / 20% (mail only)
Employee Only Premium	\$46.96	\$68.14	\$161.00	\$161.00

* Actuarial Value based on FY22 and FY23 data.

** 30-day supply Tier 1 / Tier 2 / Tier 3 / Tier 4

***Deductible: \$100 Individual, \$200 Family

EPO/HMO – PY2025 Renewal Savings Summary

- At the September 2023 Board Meeting, the anticipated renewal was capped at 20%
- HPN has adjusted their renewal percentage increase. Below is a summary of the calculated savings compared to the rate cap

	Percent Increase	Premium – PEPM	Premium – Annual*
Calculated Renewal Action	28.67%	\$1,355.15	\$56,900,000
Renewal Rate Cap	20.00%	\$1,263.84	\$53,100,000
Final Renewal Action	12.09%	\$1,180.53	\$49,600,000
Cost Differential	7.91%	\$83.31 (\$40-45 impact on EPO/HMO)	\$3,500,000

*Assumes 3,500 employees and retirees (State and Non-State)

MHPAEA Compliance Plan Design Changes

- Segal reviewed PEBP plan designs for compliance with MHPAEA requirements under the Qualitative Treatment Limit (QTL) and Non-Qualitative Treatment Limit (NQTL) testing requirements.
- **For QTL**
 - The CDHP was found to be compliant due to the plan applying deductible and coinsurance to both Medical/Surgical and Mental Health/Substance Use Disorder (MH/SUD) benefits
 - For the LDHP and EPO modifications for cost sharing provisions for **Other Outpatient Services** are needed to assure compliance with current standards and regulations
 - Options to bring Other Outpatient Services coverage in compliance for the EPO and LDHP include:

	Coverage Change	Specific Changes	Cost/(Savings)
Option 1	Medical Only	Add Copays to Med/Surg Diagnostic (\$20/\$30 for EPO/LDHP)	(\$3.0M - \$4.0M)
Option 2	Medical Only	Add Copays to Med/Surg Diagnostic (\$20/\$30 for EPO/LDHP) AND Increase 80% coinsurance to 100%	(\$400K - \$600K)
Option 3	Medical and MH/SUD Changes	Update all coinsurance to be 80% (both Med/Surg and MH/SUD)	(\$400K - \$600K)
Option 4	MH/SUD Only	Remove copay from MH/SUD (\$20/\$30 for EPO/LDHP)	\$300K - \$400K

MHPAEA Compliance Plan Design Changes

- **For NQTL**

- **There are some clarifications being recommended that will not affect the plans' cost share provisions or affect member out-of-pocket costs.**

- **Some examples include:**

- Adjustments to the Utilization Management Prior Authorization processes
- Modifying/Clarifying some plan benefit exclusions
- Updating key terms and definitions

Segal is working on this with PEBP to present updates and clarifications in detail in subsequent board meetings

Summary

Option	Description	PY24 Cost/(Savings)
Open Access Pharmacy Network	Expand ESI Retail 30 and Retail 90 networks	\$625,000 - \$900,000 (PEBP) \$330,000 - \$440,000 (members)
Specialty Copay (2 Options)	Reduce member cost share for specialty medications unless drug is on SaveOnSP drug list	\$20,000 - \$50,000
UMR Rx Coupon Program	Variable Coupon Program for medical Rx, similar to SaveOnSP for outpatient Rx	(\$1,000,000)
EPO/HMO	Accept HMO PY25 renewal	Cost Differential (12% vs. 20%): \$3,500,000
MHPAEA Compliance (4 options)	For Other Outpatient Services, modify med/surg and/or MH/SUD benefits to bring LDHP/EPO into compliance	Savings range: (\$400,000 - \$4,000,000) Cost Range: \$300,000 - \$400,000

Questions

