



CELESTENA GLOVER
Interim Executive Officer

JOE LOMBARDO
Governor

STATE OF NEVADA
PUBLIC EMPLOYEES' BENEFITS PROGRAM
3427 Goni Rd, Suite 109 | Carson City, Nevada 89706
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: September 28, 2023
Item Number: IX
Title: Plan Year 2025 Initiatives Report

SUMMARY

This report will provide the Board, participants, public, and other stakeholders information and recommendations for a deeper analysis on the potential plan benefits for Plan Year 2025.

REPORT

Excess Reserves

Excess reserves are difficult to project as costs and plan experience throughout the plan year typically differ from actual results. In addition, the PEBP board approved the utilization of excess reserves to fund certain benefit enhancements. PEBP recently closed Fiscal Year 2023 and as shown in the quarterly Budget Report, excess reserves were slowly being spent down. As of the close of Fiscal Year 2023 and the beginning of Fiscal Year 2024 the excess reserve balance is now at \$0.

Plan Design Considerations

There were several changes during Plan Year 2024 so in an effort to not overload members with more programs and more changes that may be difficult to understand and/or may not apply to many members PEBP staff believes it would be prudent to keep changes (if any) to a minimum for Plan Year 2025. PEBP staff discussed with Segal's team potential options for Plan Year 2025 modifications and requested Segal's team review the current plan design and present options for discussion and consideration with the PEBP Board. Those options included:

- Pharmacy Network enhancement to include Smart90 and Specialty Copay
- Plan Alternatives to include a review of the viability of the EPO and HMO plans.

Consumer Driven Health Plan

The Internal Revenue Service (IRS) has recently updated the annual deductible and out of pocket maximums for health savings account (HSA) eligible plans in calendar year 2024. The annual deductible will increase to \$1,600 for self-only coverage and \$3,200 for family coverage (up from \$1,500 and \$3,000 in 2023) while the annual out-of-pocket expenses are not to exceed \$8,050 for self-only coverage or \$16,100 for family coverage (up from \$7,500 and \$15,000 in 2023). In addition, the IRS also raised HSA contribution limits to \$4,150 for individuals and \$8,300 for families (up from \$3,850 and \$7,750 in 2023). The catch-up contribution for those aged 55 and over remains at \$1,000 above the HSA limit.

PEBP will be required to increase the deductibles in order to continue to provide HSA benefits to those qualifying members enrolled in the CDHP.

Plan Design Enhancements/Differential Cash (Excess Reserves)

In the past the PEBP Board approved a number of enhanced benefits to be funded by differential cash (excess reserves). As of the date of this report and as noted in the Budget Report, PEBP ended Fiscal Year 2023 with \$120.7 million of cash on hand to balance forward to Fiscal Year 2024. The budget was approved with a balance forward amount of \$144.8 million a difference of \$24.1 million. PEBP's budget was legislatively approximately with \$14.7 million in the excess reserves. Those reserves have now been fully exhausted meaning any plan design enhancements the Board wishes to consider may affect the overall plan rates.

PEBP staff will monitor revenue and expenditures closely to determine if this situation is likely to change during the year.

STAFF RECOMMENDATION:

PEBP recommends the Board approve the research of some or all of the above proposed PY25 plan design options, as well as any others not listed in this report.



Nevada Public Employees' Benefits Program

Potential Plan Changes for Plan Year 2025

September 28, 2023 PEBP Board Meeting

Agenda

1. Changes for Plan Year 2024
2. Open Access Pharmacy
3. Specialty Copay
4. Medical Pharmacy Variable Coupon Program
5. EPO/HMO

Changes for PY2024

Option	Description	Annual Cost/(Savings)	Status
Real Appeal	Weight Loss	(\$170,000)	Implemented July 1, 2023
Hinge Health	Virtual PT	(\$1,400,000)	Implemented July 1, 2023
Doctor on Demand	Virtual Behavioral Health	\$250,000	Not Approved by Board
Abortion Travel	Travel Benefit	\$25,000 - \$50,000	Implemented July 1, 2023
Medical Travel	Travel Benefit and COE Network	(\$900,000 - \$1,000,000)	Implementation anticipated for January 1, 2024
Oncology Program	Concierge Services and COE Network	(\$1,000,000 - \$2,000,000)	RFP issued in August 2023 with proposals due September 2023
Dental	Increase ABL	\$750,000	Implemented July 1, 2023
One Time HRA	Share Surplus with Members	\$9,300,000	Implemented July 1, 2023

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)

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 LDHP plan
- Member cost share is capped at annual OOP Maximum, but costs may be prohibitive for first few months of the Plan Year.

Specialty Copay

Next steps

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

Medical Pharmacy Coupon Program

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

Why?

- ✓ New option from UMR
- ✓ Leverages manufacturer coupons similar to 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 vs. plan savings

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 actuarial value is < 2%
- ✓ EPO is in-network only and many employees enroll in EPO without understanding the limited/restricted network access
- ✓ UMR negotiates special case agreements with OON providers

EPO/HMO

Review Viability of EPO/HMO and Consider Alternatives

Next Steps

- ✓ Develop specific options, which could include
 - Sunset HMO and merge with EPO (all self-insured)
 - Merge LDHP and EPO (and possibly HMO)
- ✓ Review cost impact and risk distribution
- ✓ Consider provider disruption and access to care
- ✓ Consider new plan option to maintain 3 plan structure?

Thank You

