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AGENDA ITEM

Action Item

Information Only

Date: September 26, 2024

Item Number: 4.2.1

Title: Chief Financial Officer Budget Report

Summary

This report addresses the Operational Budget as of June 30, 2024, fiscal year end, 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, 2024, with comparisons to the same period in Fiscal Year 2023. 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 \$434.9 million as of June 30, 2024, compared to \$393.9 million as of June 30, 2023, or an increase of 10.4%. Total expenses for the period have increased by \$39.2 million or 9.3% for the same period.

The budget status report shows Realized Funding Available (cash) at \$94.5 million. This compares to 120.7 million for the same period of last year. The table below reflects the actual revenues and expenditures for the period.

Operational Budget 1338

	FISCAL YEAR 2024			FISCAL YEAR 2023		
	Actual as of 8/31/2024	Work Program	Percent	Actual as of 8/31/2023	Fiscal Year 2023 Close	Percent
Beginning Cash	120,714,437	120,714,437	100%	148,854,786	148,854,786	100%
Premium Income	388,899,933	419,156,515	93%	357,314,410	357,314,410	100%
All Other Income	46,036,998	38,079,991	121%	36,548,418	36,548,418	100%
Total Income	434,936,931	457,236,506	95%	393,862,827	393,862,827	100%
Personnel Services	2,722,805	2,938,164	93%	2,320,130	2,320,130	100%
Operating - Other than Personnel	2,825,959	3,084,368	92%	3,400,154	3,400,154	100%
Insurance Program Expenses	455,467,372	458,919,129	99%	415,155,444	415,155,444	100%
All Other Expenses	172,381	187,157	92%	1,127,449	1,127,449	100%
Total Expenses	461,188,517	465,128,818	99%	422,003,177	422,003,177	100%
Change in Cash	(26,251,586)	(7,892,312)		(28,140,349)	(28,140,349)	
REALIZED FUNDING AVAILABLE	94,462,851	112,822,125	84%	120,714,437	120,714,437	100%
Incurred But Not Reported Liability	(52,874,000)	(52,874,000)		(51,030,000)	(51,030,000)	
Catastrophic Reserve	(38,212,000)	(38,212,000)		(38,426,000)	(38,426,000)	
HRA Reserve	(20,600,889)	(20,600,889)		(22,800,889)	(22,800,889)	
NET REALIZED FUNDING AVAILABLE	(17,224,038)	1,135,236		8,457,548	8,457,548	

Current Budget Projections

The following table represents the budget totals for the year ending June 30, 2024. The projection reflects total income to be less than budgeted by 3.9% (\$555.7 million vs \$577.9 million), total expenditures were less than budgeted by 0.8% (\$461.3 million vs \$465.2 million); total reserves are less than budgeted by 9.4% (\$94.3 million vs 112.8 million).

State Subsidies were less than the budgeted amount by \$19.3 million (6.0%), Non-State Subsidies were more than budgeted by \$0.2 million (1.2%), and Premium Income was less than budgeted by \$11.2 million (14.1%). The overall decrease in budgeted revenue is due in part to a reduction in participant premiums and state subsidies because of actual enrollment compared to budgeted enrollment and a change in the mix of plan and tiers. The mix of participants is as follows:

- 0.43% more state actives,
- 4.36% less state non-Medicare retirees,
- 12.50% more non-state actives,
- 7.08% less non-state, non-Medicare retirees
- 1.76% less state Medicare retirees, and
- 4.44% less non-state Medicare retirees

Budgeted and Projected Income (Budget Account 1338)					
Description	Budget	Actual 8/31/24	Projected	Difference	
Carryforward	120,714,437	120,714,437	120,714,437	0	0.0%
State Subsidies	319,982,387	300,658,001	300,658,001	(19,324,386)	-6.0%
Non-State Subsidies	20,164,091	20,408,993	20,408,993	244,902	1.2%
Premium	79,010,037	67,832,939	67,832,939	(11,177,098)	-14.1%
COVID Funds	0	0	0	0	30.3%
Appropriations	11,816,381	11,816,381	11,816,381	0	-3.9%
All Other	26,263,610	34,220,617	34,220,617	7,957,007	30.3%
Total	577,950,943	555,651,368	555,651,368	(22,299,575)	-3.9%
Budgeted and Projected Expenses (Budget Account 1338)					
Description	Budget	Actual 8/31/24	Projected	Difference	
Operating	6,298,572	5,810,029	5,810,029	488,544	7.8%
State Insurance Costs	408,490,131	408,353,812	408,353,812	136,319	0.0%
Non-State Insurance Costs	7,824,432	7,347,845	7,347,845	476,587	6.1%
Medicare Retiree Insurance Costs	42,604,566	39,765,715	39,765,715	2,838,851	6.7%
Total Insurance Costs	458,919,129	455,467,372	455,467,372	3,451,757	0.8%
Total Expenses	465,217,701	461,277,400	461,277,400	3,940,301	0.8%
Restricted Reserves	123,292,889	111,686,889	111,686,889	(11,606,000)	-9.4%
Differential Cash Available	1,135,236	(17,312,921)	(17,312,921)	18,448,157	1625.1%
Total Reserves	124,428,125	94,373,968	94,373,968	6,842,157	5.5%
Total of Expenses and Reserves	589,645,826	555,651,368	555,651,368	10,782,459	1.8%

Expenses for Fiscal Year 2024 were 3.9 million (0.8%) less than budgeted when changes to reserves are excluded. Operating expenses were less than budgeted by \$0.5 million (7.3%). Employee and Retiree insurances costs were less than budgeted by \$3.5 million (0.8%) when taken in total (see table above for specific information).

PEBP ended FY 2024 with \$94.5 million in cash on hand to balance forward, which is a \$43.5 million shortfall in beginning cash for FY 2025. Adjustments have been made to the reserve categories in FY 2025 to account for the shortfall and will address the requirement to restore those reserve balances in FY 2026 and 2027.

Recommendations

None.