



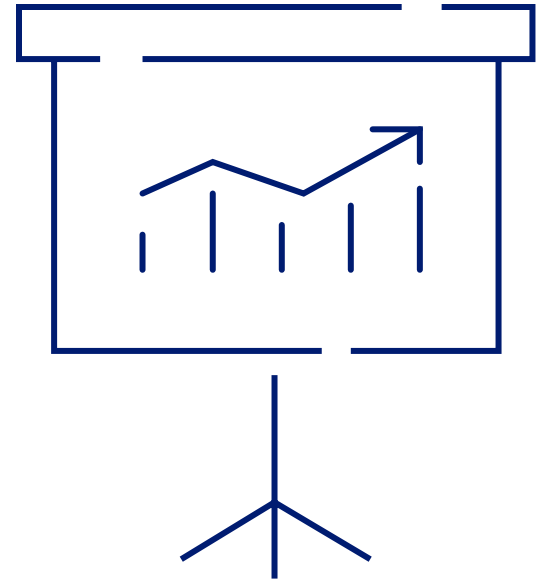
State of Nevada – Public Employees’ Benefit Program

Trend Presentation

March 20, 2025

Agenda

- Historical plan cost trends
- Results of 2025 *Segal Health Plan Cost Trend Survey*
- PY2026 Pricing methodology and assumptions
- Questions



Executive Summary

- For plan years 2022-2024, PEBP’s medical and dental trends are running slightly above industry, while pharmacy trend is running above
- Segal is projecting moderately higher medical claims trend, lower (but still higher than industry) Rx claims trend and continued low dental claims trend.
 - Medical claims trend is higher than last year’s 4.0%, projected to be 6.8% for PY25
 - Gross pharmacy claims trend is running lower than last year’s 19.2%, projected to be 15.5% for PY25
 - Gross pharmacy trend has exceeded 10% since PY22
 - Net Rx trend is reduced to 13.9% after rebates are applied
 - Dental claims trend was 11.8% in PY24 due to the increase in maximum benefit. Trend is projected to decrease to 2.4% for PY25
 - Dental claims trend ran low post-COVID, at -1.6% in PY23
- These trends assume no plan design changes.

Plan Years 2022-2024 Actual ¹		
	PEBP	Industry ²
Medical	6.0%	5.8%
Pharmacy	17.5%	11.9%
Dental	4.9%	4.5%

Plan Year 2025 Projected		
	PEBP	Industry
Medical	6.8%	7.4%
Pharmacy	15.5%	10.7%
Dental	2.4%	4.3%

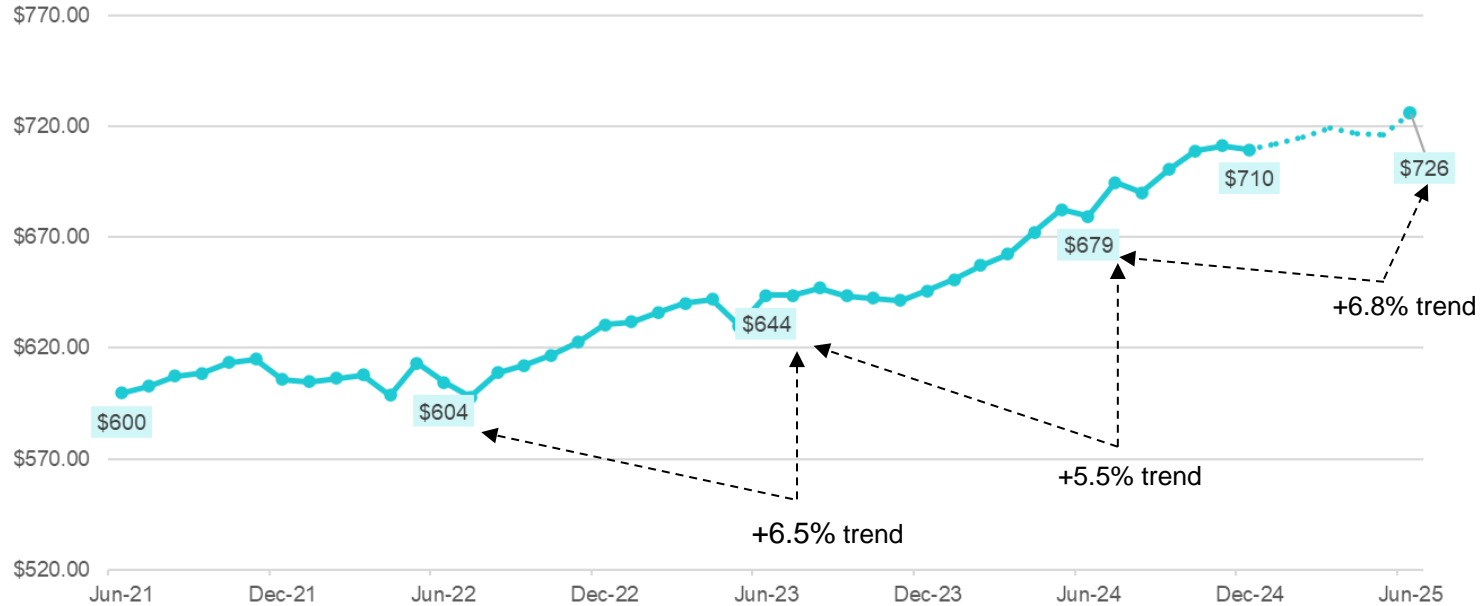
Plan Year 2026 Projected		
	PEBP	Industry
Medical	5.0%	7.9%
Pharmacy	15.0%	11.4%
Dental	3.0%	4.5%

¹ Average annualized trend comparing PY2024 to PY2022 costs.

² PY2024 industry trends use a projected component.

Historical Trend - Medical

Medical PEPM Cost History
Rolling 12-month Incurred Basis



Plan Year	Governor's Budget Trend	Pricing Trend ¹	Actual ²
2022	3.52%	3.0%	0.8%
2023	3.52%	5.4%	6.5%
2024	3.91%	4.0%	5.5%
2025 ³	3.91%	3.0%	6.8%
2026	5.00%	5.0%	TBD

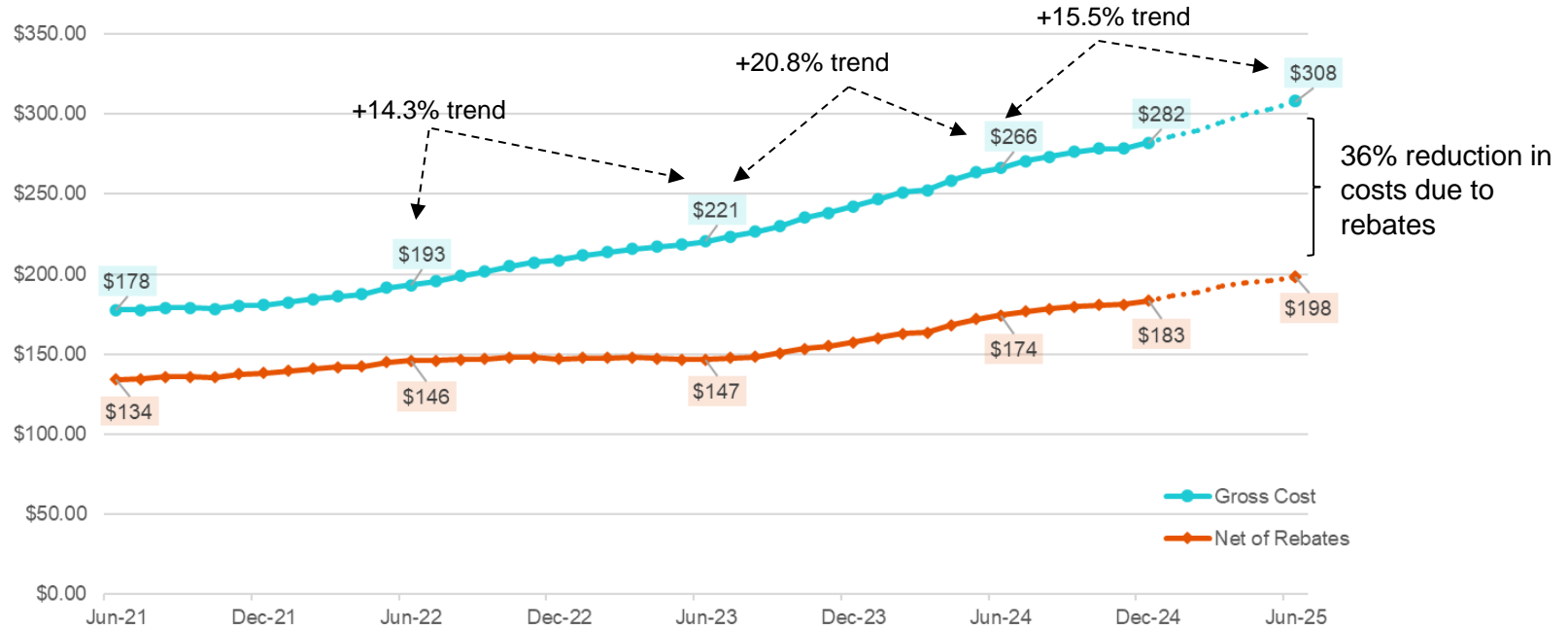
¹ Expected trends are based on the pricing trend assumed when setting each Plan Year's rates.

² Actual trends are based on incurred claims data as reported by UMR with runout paid through December 31, 2024.

³ The actual trend shown for PY2025 is estimated based on actual claims incurred year-to-date with a projection of expected claim cost. Therefore, actual PY2025 trends may change as experience develops.

Historical Trend – Rx

Prescription Drug PEPM Cost History
Rolling 12-month Incurred Basis



Plan Year	Governor's Budget Trend	Pricing Trend ¹	Actual ² (Gross)	Actual ² (Net)
2022	4.00%	7.0%	8.7%	8.9%
2023	4.00%	6.7%	14.3%	0.5%
2024	3.67%	8.0%	20.8%	18.8%
2025 ³	3.67%	10.0%	15.5%	13.9%
2026	15.00%	15.0%	TBD	TBD

¹ Expected trends are based on the pricing trend assumed when setting each Plan Year's rates.

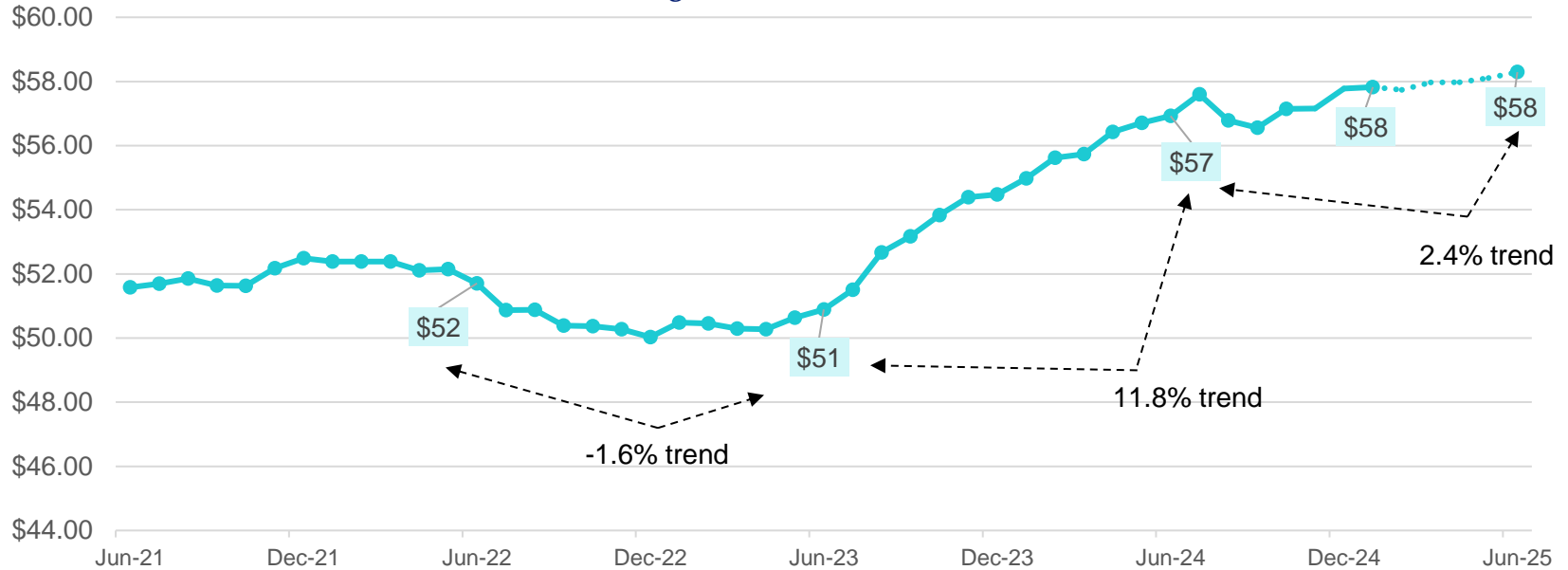
² Actual trends are based on incurred claims data as reported by ESI with runout paid through December 31, 2024.

³ The actual trend shown for PY2025 is estimated based on actual claims incurred year-to-date with a projection of expected claim cost. Therefore, actual PY2025 trends may change as experience develops.

Pharmacy trends are shown on both a gross and net plan cost basis (i.e., before and after the application of manufacturer rebates).

Historical Trend - Dental

Dental PEPM Cost History
Rolling 12-month Incurred Basis



Plan Year	Governor's Budget Trend	Pricing Trend ¹	Actual ²
2022	1.75%	1.8%	0.2%
2023	1.75%	3.0%	-1.6%
2024	2.00%	1.0%	11.8%
2025 ³	2.00%	2.0%	2.4%
2026	3.00%	3.0%	TBD

¹ Expected trends are based on the pricing trend assumed when setting each Plan Year's rates.

² Actual trends are based on incurred claims data as reported by UMR with runout paid through December 31, 2024.

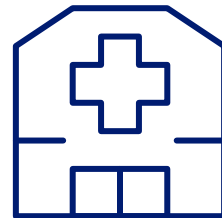
³ The actual trend shown for PY2025 is estimated based on actual claims incurred year-to-date with a projection of expected claim cost. Therefore, actual PY2025 trends may change as experience develops.

About the Segal Health Plan Cost Trend Survey

- The 2025 Segal Health Plan Cost Trend Survey is our 28th annual survey of managed care organizations, health insurers, PBMs and TPAs. We conducted the survey during the summer of 2024.
- Respondents reported 2024 trend forecasts for medical, prescription drug, dental and vision coverage. In addition, the survey respondents reported actual allowed health cost trends for 2023 based on their group health plan experience.
- Respondents include approximately 70 national and regional insurance carriers, administrators and pharmacy benefit managers.
 - Collectively, the survey respondents represent more than 80 percent of the commercially insured and self-insured market.
- Three categories of active and early retiree coverage are tracked in the survey:



PPO/POS Plans

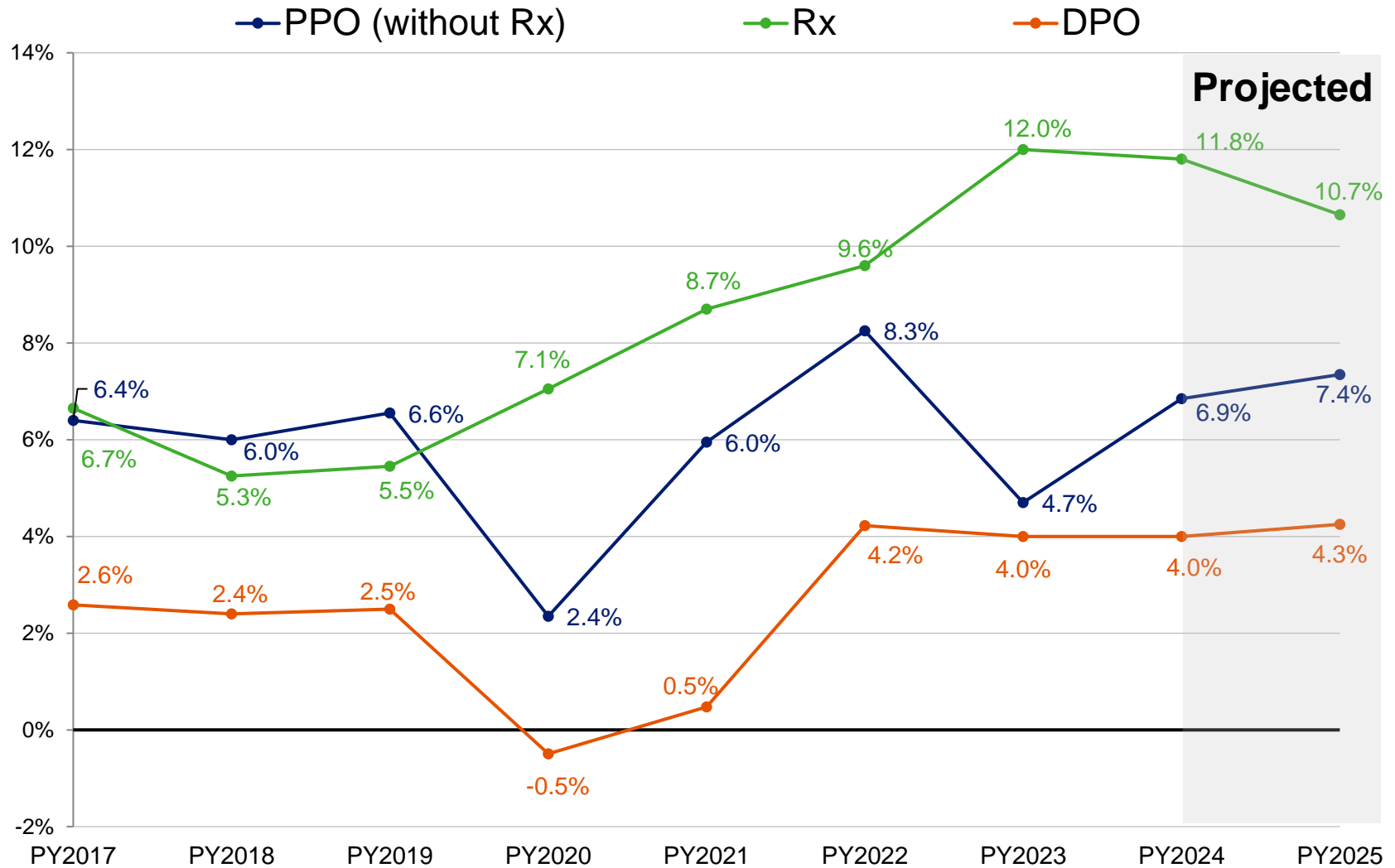


HMO/EPO Plans



HSA-Qualified HDHPs

Ten-Year Summary of Selected Medical, Prescription Drug Carve-Out and Dental Trends: 2016–2023 Actual and 2024 and 2025 Projected¹



Source: 2025 Segal Health Plan Cost Trend Survey

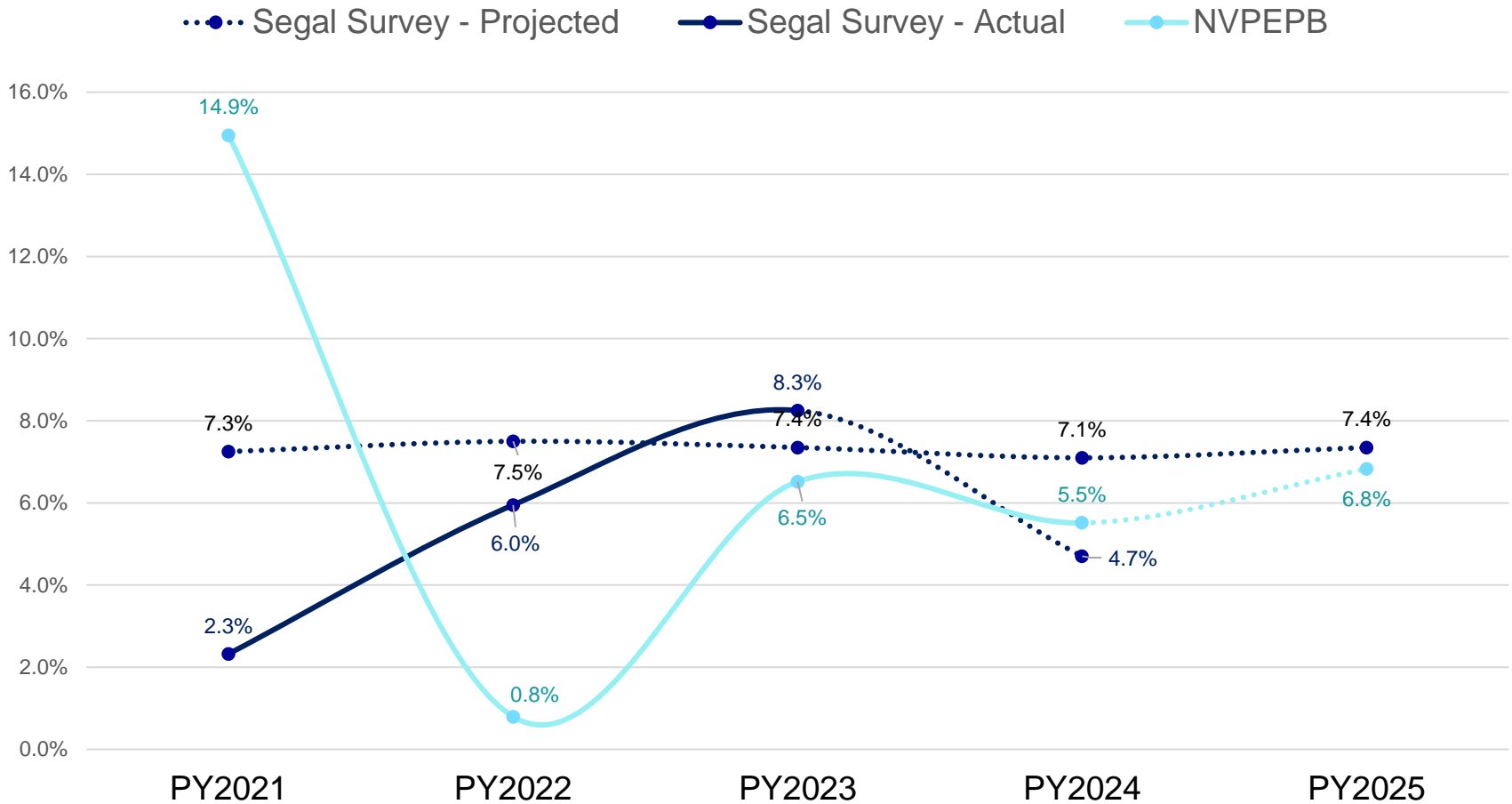
¹ All trends are illustrated for actives and retirees under age 65, except for MA HMOs.

² Prescription drug trend is combined for retail and mail order delivery channels.

The Segal Trend Survey data is reported on a calendar year basis and has been converted to a plan year basis to align with PEBP's fiscal year.

Five-Year Summary of Selected Medical Trends

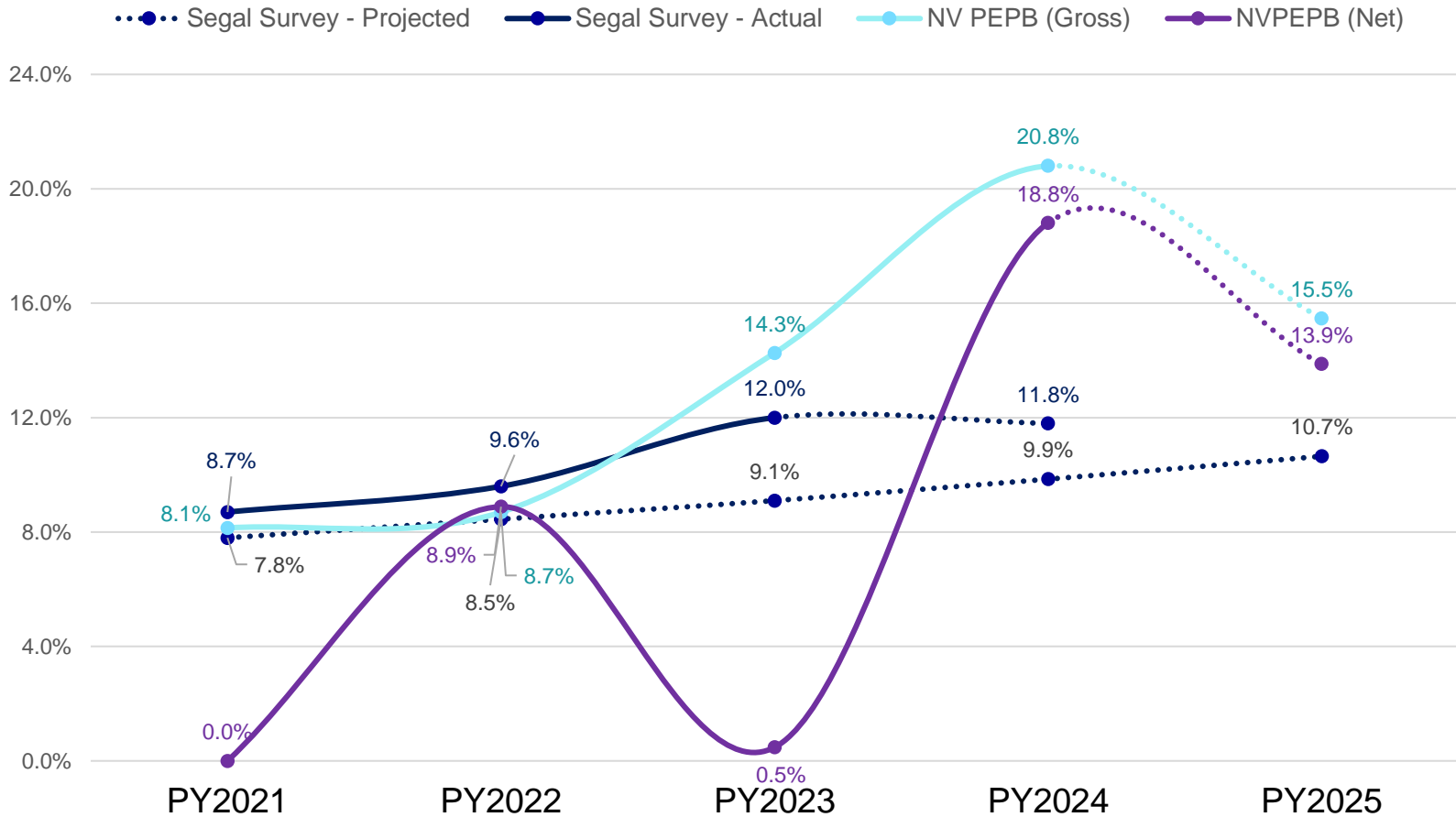
Plan Year 2021–2023 Actual and 2024 and 2025 Projected



Source: 2025 Segal Health Plan Cost Trend Survey. All trends are illustrated for actives and retirees under age 65, except for MA HMOs, in the Segal Survey. The Segal Trend Survey data is reported on a calendar year basis and has been converted to a plan year basis to align with PEBP's fiscal year. The PY2024 Segal Survey Actual figure includes a projected component.

Five-Year Summary of Selected Prescription Drug Carve-Out Trends

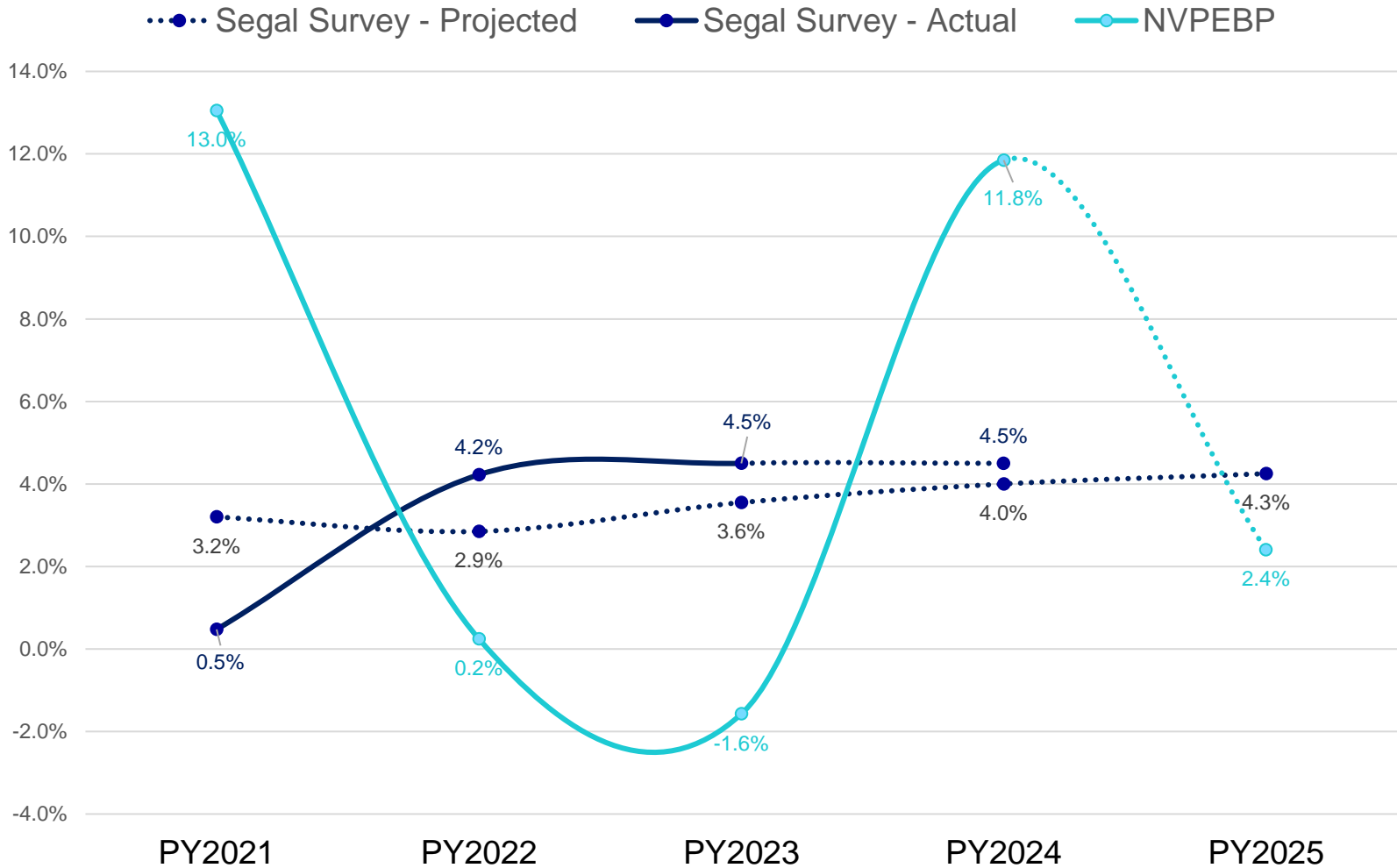
Plan Year 2021–2023 Actual and 2024 and 2025 Projected



Source: 2025 Segal Health Plan Cost Trend Survey. All trends are illustrated for actives and retirees under age 65, except for MA HMOs, in the Segal Survey. The Segal Trend Survey data is reported on a calendar year basis and has been converted to a plan year basis to align with PEPB's fiscal year. The PY2024 Segal Survey Actual figure includes a projected component.

Five-Year Summary of Selected Dental Trends

Plan Year 2021–2023 Actual and 2024 and 2025 Projected



Source: 2025 Segal Health Plan Cost Trend Survey. All trends are illustrated for actives and retirees under age 65, except for MA HMOs, in the Segal Survey. The Segal Trend Survey data is reported on a calendar year basis and has been converted to a plan year basis to align with PEBP's fiscal year. The PY2024 Segal Survey Actual figure includes a projected component.

What's Behind the Numbers

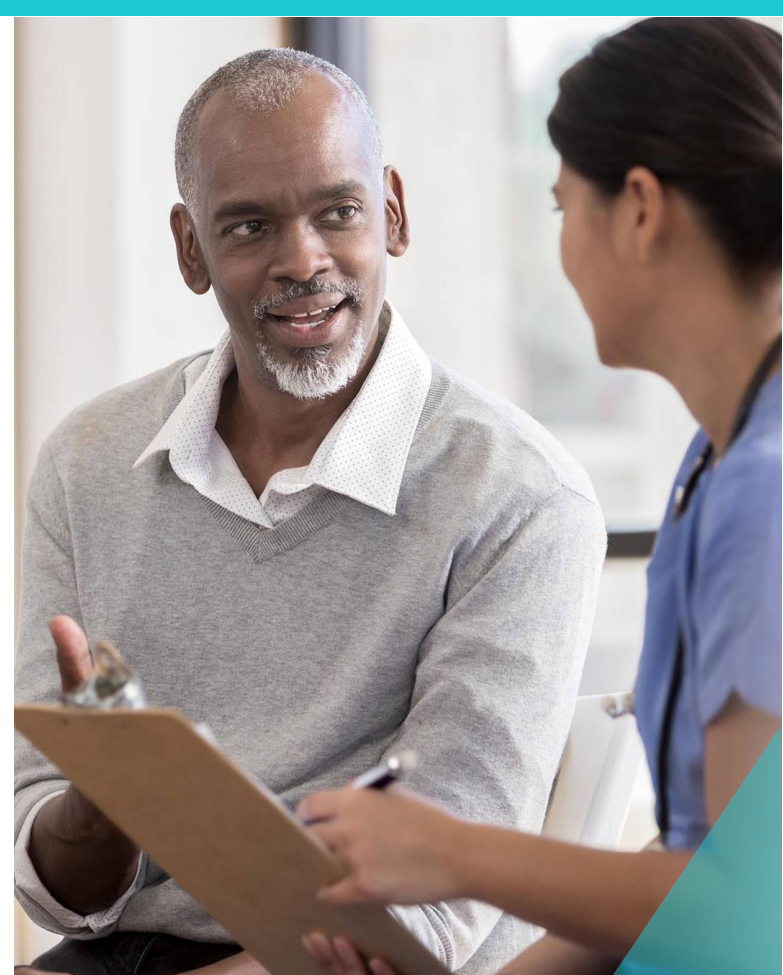
1. Price inflation is the primary component of health plan cost increases, driven by:
 - Inpatient cost increases as hospital systems look to recoup losses
 - Supply challenges and labor shortages
 - Provider group consolidation
2. Specialty drug trend remains in the double-digits, driven by:
 - Utilization of high-cost new specialty drugs, replacing current drug therapies that have lower prices. In some cases, without strong evidence of superior outcomes.
 - Utilization changes accounts for almost 60 percent of the gross cost trend increase before rebates
 - High list price increases



What Drives Trend?

- New treatments, therapies and technology
- Greater emphasis on detection and diagnostics
- Medical inflation, impacting the cost of care delivery
- Provider price increases
- Increased demand from increased health risks due to aging populations or rise in obesity
- Increased treatment burden due to the aging population and rise in obesity
- Social and economic factors, which can influence utilization or care decisions
- Provider cost shifting from reduced payment by Medicare and Medicaid
- Erosion effect of fixed deductibles and copayments¹

¹ This is a driver of net paid claim cost trends, not gross per capita claims cost increases.



Pricing Methodology Overview

1

Historical Claims and Enrollment

Medical, pharmacy and dental claims + shared savings fees + capitation fees, less pharmacy rebates

2

Project to Experience Period

Pricing trend assumptions, plan design changes, demographic and seasonality adjustments

3

Administrative Fees

Medical, pharmacy, dental ASO fees and other applicable fees or credits

4

Rates & Contributions

Develop budget rates by coverage tier as the basis for setting employee and retiree contributions

Pricing Methodology and Assumptions

1

Historical Claims and Enrollment¹

- Historical claims and enrollment from November 2022 through October 2024 were used as the basis of the projection. Data was provided by the NV PEBP vendors: UMR, ESI, and TELUS Health.

2

Project to Experience Period

- Claims costs are projected on an incurred basis with 70% weighting to the most recent 12-month experience period.
- Trend assumptions
 - Assumptions are based on a combination of factors: actual PEPM NV PEBP cost changes, Segal's Book of Business trend norms and expected unit cost changes in the Nevada marketplace
 - Annual claims trend assumption rates are market expectations for per capita increases assuming no plan changes and do not necessarily equal net NV PEBP trend rates
 - These are trend rates prior to any actions employed to mitigate trend, such as plan migration, plan design changes and mix of services
- Costs/savings projections for the following programs and plan design changes were included in the projection:
 - Increase in deductible for the CDHP plan per IRS rules²
 - Increase HSA and HRA to \$700 for primary participant and \$200 for each dependent (\$600 max)
- Pharmacy rebates are modeled based on the anticipated minimum guarantees for PY2025 in the current ESI contract.

Medical	5%
Rx	15%
Dental	3%

¹ In conducting our analysis, we have relied on data provided by NV PEBP's vendors. We have accepted the data without audit and relied upon the sources for the accuracy of the data.

² FY2024 CDHP deductibles of \$1,600 Individual and \$3,200 for family coverages is increased to \$1,650 and \$3,300 respectively.

Pricing Methodology and Assumptions

3

Administrative Fees

- Administrative Fees
 - Medical ASO
 - Rx ASO
 - Dental ASO
 - General Administration fees
 - Life premiums
- Fully Insured HMO premiums for PY2025, which included a 12% increase over current rates, were provided by UHC.

4

Rates & Contributions

- AEGIS and REGI amounts were set forth in the Governor's Recommended Budget Presentation, which was released February 14, 2025.

Thank
You