Nevada Faculty Alliance

AB 188

The **Nevada Faculty Alliance** is the independent statewide association of professional employees of the Nevada System of Higher Education (NSHE). The NFA is affiliated with the American Association of University Professors and the American Federation of Teachers. ***The Nevada Faculty Alliance works to empower our members to be fully engaged in our mission to help students succeed.***

Assembly Bill 188: Restore Retiree Health Benefits for State Employees

- AB 188 restores retiree health benefits for state employees hired after 2011 and for PEBP Medicare Exchange retirees.
- State employees hired after the Great Recession deserve the same benefits as those hired in better economic years.
- Robust retiree health benefits are needed to compete with other Nevada public employers, especially to retain mid-career employees, who carefully consider health care and retirement benefits.

Problem: Cuts to retiree health benefits are unfair to newer state employees and hurt retention

- Retiree health benefits through the Public Employees Benefits Program (PEBP) were eliminated for employees hired after 2011. Because none of the employees have met the minimum of 15 years of service, none have retired with health benefits, **this has resulted in no cost savings for the State.**
- **In 2011, retirees on Medicare were removed from PEBP coverage and required to buy supplemental coverage through a private exchange**. Instead of secondary PEBP plan coverage, Medicare retirees only receive a subsidy in their Health Reimbursement Account (HRA). The subsidy was $10 per month per year of service up to 20 years, and is now only $13/month/YOS despite higher increases in Medicare B premiums and Medigap insurance.
- A retiree's ability to drop PEBP coverage (e.g., due to coverage from other employment or through a spouse) and rejoin was **reduced to once in a lifetime.**
- Retiree HRA account balances are capped at $8,000, which means they have **fewer funds for out-of-pocket costs or catastrophic health events.**

Solution: AB 188 reverses cuts to retiree health benefits for state employees

- Restore retiree health benefits for employees hired after December 31, 2011. These employees would receive subsidies for PEBP health benefits upon retirement and after at least 15 years of service. [Sec. 3]
- Encourage the Governor and Legislature to provide equitable subsidies to PEBP Medicare Exchange retirees. Require PEBP to calculate and report the cost of supplemental insurance to provide benefits that are actuarially equivalent to those for pre-Medicare PEBP retirees [Sec. 1].
- Allow retirees to reinstate PEBP coverage after more than one gap [Sec. 4].
- Prohibit PEBP from capping HRA balances for Medicare Exchange retirees [Sec. 3(7)].

Cost analysis: Minimal impact on fringe rate for retiree health benefits

Retiree health benefits are paid by a fringe-rate assessment on all state salaries, which averaged 2.50% since FY2010. ***Because the number of retirees relative to the total salary base will not change, the fringe rate should remain about the same with AB 188.***

January 1, 2027, is the earliest that post-2011 state hires could retire with the minimum 15 years of service to receive a subsidy under AB 188. PEBP estimates 73 such retirees in FY2027, compared with a total PEBP retiree population of 15,500. That would raise the fringe rate by only 0.01% (from 2.50% to 2.51%) for FY2027 (Fig. 1), which the Retired Employee Group Insurance Fund could absorb. PEBP predicts a total of about 1,000 additional retirees over 10–12 years, which could raise the fringe rate by 0.16%, but that may not consider the natural decrease of retirees hired before 2011. **The cost of restoring retiree health benefits is very modest, and no general fund appropriation for 2025–2027 should be required.** PEBP's fiscal note request for adding four new staff positions to its current 34 positions is not justified by a 0.2% projected increase in caseload in FY 2027 (out of 46000 covered employees and retirees), or even for a 2.2% increase after a decade.

Removing the cap on HRA balances and allowing more than one reinstatement will have little fiscal impact.

AB 188 increases the Other Post-Employment Benefits (OPEB) accounting liability that must be reported (Fig. 2), but **the Treasurer's Office has indicated that AB188 is unlikely to affect the state's credit ratings.** PEBP has always been on a pay-as-you-go basis, and AB 188 will not change that.

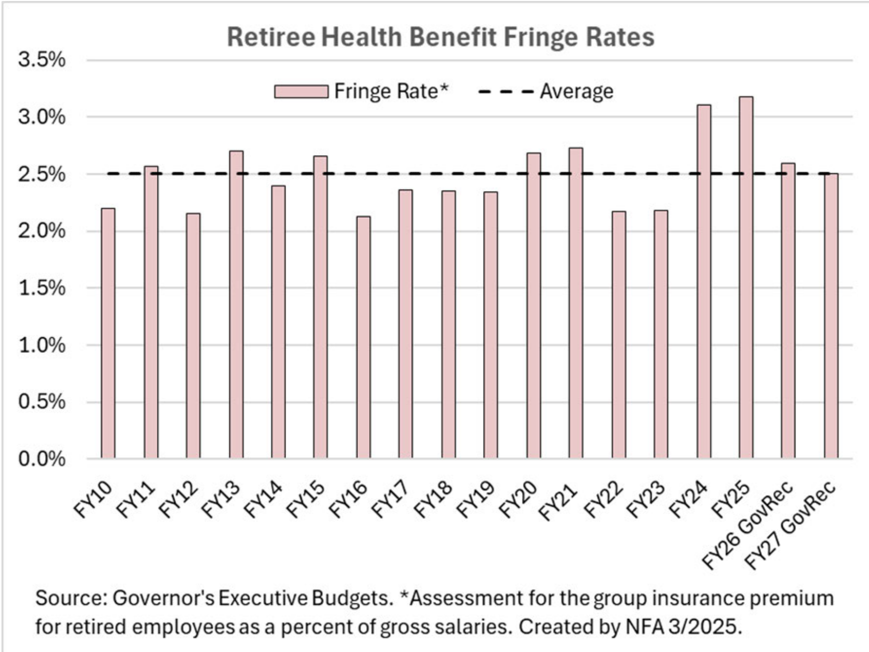

Fig. 1. Historical fringe rate assessments for state retiree health benefits, FY2010–2027. The retiree health fringe rate has varied from 2.13% to 3.18% since FY2010, and per GovRec it will be 2.59% in FY2026 and 2.50% in FY2027. The average is 2.50% of state salaries, paid by the employing agency funding source and deposited into the Retired Employees' Group Insurance (REGI fund 1368). Transfers from the REGI fund to PEBP pay for retiree benefits. **The projected increase in the fringe rate due to AB 188 is 0.01% in FY2027 and 0.16% or less long term, smaller than the year-to-year fluctuation from other sources.**

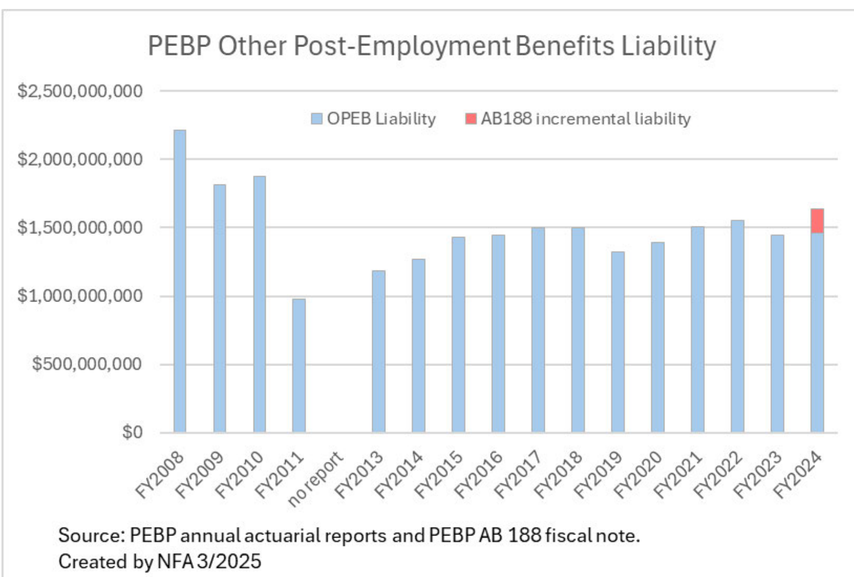

Fig. 2. Reported Other Post-Employment Benefits (OPEB) accounting liability for PEBP from FY2008 to 2024. The OPEB liability declined after the major cuts to retiree benefits in 2011, primarily moving Medicare retirees to the private insurance exchange. According to the fiscal note from PEPB, the partial restoration of retiree benefits in AB 188 would increase the OPEB future liability by $179 million, from $1.46 billion to $1.64 billion (upon enactment). The Office of the State Treasurer has indicated that the increase in the OPEB liability from AB 188 is unlikely to change the state's credit ratings. **PEBP is on a pay-as-you-go-basis; no annual payments against the future liability are being made or contemplated.**

Leila Veil

For the 13 years I have been an employee of the State of Nevada there has been two things that never change, the lack of information being provided and how bad PEBP is.

UMR is moving on dropping Carson Tahoe Hospital. PEBP said in an email to contact them and wait for the 05/30/25 deadline to see if a solution happens. Well open enrollment closes before then, no other insurance company was chosen to replace them, left ONCE AGAIN FOR THE NORTH TO SUFFER with the worse insurance I have ever had in my adult life. The PEBP board has repeatedly shown no concern or action to help us in the North. To make the statement we must be the ones to fight UMR about the large group of employees this affects, is the worse lack of action PEBP has done to date.

So, if we are not in Vegas we don't matter, got it, nice to know.

Furthermore, PEBP website is the most unfriendly user website. Just another joke that is PEBP. Stop telling employees to go there or fix it.

Lisa Butler
[redacted]
April 22, 2025

Nevada Public Employees' Benefits Program
Board of Directors
3427 Goni Rd, Suite 109
Carson City, NV 89706

Dear Members of the Board,

I am writing to express my deep disappointment, frustration, and concern regarding the Board's recent decision to continue the contract with UMR as the third-party administrator for the PEBP health plan until June 2026. Given the longstanding issues between UMR and Carson Tahoe Health, this decision is not only disheartening, but it is a betrayal of trust to the public employees who rely on this program for their healthcare needs.

This issue is deeply personal for me.

In July of last year, [redacted] and after numerous phone calls—*and I mean several*—I, along with my doctor's office, confirmed with UMR that a [redacted] procedure would be covered at 100%. However, a month later, I was shocked to receive bills from Carson Tahoe because UMR was refusing to pay. I spent hours on the phone, reliving this traumatic experience over and over again, simply to get UMR to honor the coverage they had confirmed. This emotional and exhausting ordeal is something no one should have to endure when dealing with a deeply personal and painful event.

Now, [redacted], I am once again facing the same issues. I have received bills for services that should be standard and fully covered, [redacted] These services are routine and essential, and yet UMR has denied them because they did not like the way the coding was done.

The ongoing problems with UMR are not just isolated to my experience—they reflect a systemic failure that many of us, as public employees, continue to face. What makes this situation even more concerning is that we have all been anxiously waiting for an update on the future of the UMR contract, especially after Carson Tahoe indicated they would be ending their contract with UMR effective June 1, 2025. To my shock, I only learned of this change after I took the initiative to call PEBP myself. No one thought that we would continue a contract with UMR given all the ongoing troubles they have caused. The fact that the decision to extend this contract has been made is an absolute shock to me and many others. Now, it feels as though we have no choice but to accept this situation because it is too late in the year for the Board to explore alternative options.

Public employees deserve an insurance program that provides support, not more stress. This contract extension with UMR only perpetuates the cycle of confusion, denied claims, and emotional distress that has already impacted too many of us. I urge you to reconsider this decision immediately and take steps to find a more competent and responsive healthcare administrator—one that will prioritize the well-being of Nevada's public employees.

Thank you for your time and attention to this urgent matter. I sincerely hope that you will take these concerns seriously and take action to correct this situation.

Sincerely,
Lisa Butler

TO: PEBP Board Members

FROM: Ana Barbara Barrios

REFERENCE: Termination of Benefits

Dear Commissioners,

I worked for the Athletic Commission for 29 years and retired on October 2, 2024, due to family hardship. I was not aware of all the steps because I didn't attend any of the webinars. When I went to PERS to give notice and notified my Employer, I immediately contacted PEBP. I spoke with Casey a few times and she told me I needed to enroll in Medicare Part B, which I did. She also advised me to contact VIA Benefits, 60 days after I retired to continue my benefits for dental and to enroll in a secondary supplemental plan. I followed through with everything I was advised to do. I also made a telephone appointment for the end of November with VIA. They enrolled me with AETNA. After several months, I was I was NOT happy with AETNA and changed to Humana. My sister is also a PERS retiree, and she has HUMANA and didn't encounter any problems when she enrolled in Humana.

I'm reaching out to The Board of Commissioners to express my recent experience and disappointment regarding my retiree benefits. Each time I called PEBP and Standard Insurance inquiring about my BASIC & VOLUNTARY Life Insurances, they told me to call back in 60 days after I retired, which I did. Standard quoted me a monthly premium of $158.00. I mailed them a money order and then they told me it was going to be $202.00 monthly after they reviewed my Group Insurance plan benefits. By this time, it's the end of the year and I'm thinking everything was okay. In February 2025, Standard informed me I don't qualify for State Group continuation of benefits and that my premium was increasing from $123 to $1,356 monthly. All of this happened because PEBP terminated my benefits on January 31, 2025, and NEVER notified me until I got a telephone call on April 15, 2025 @ 4:15 pm from Jasmine stating that my benefits all terminated on January 31, 2025. I was at my Primary Dr's Office, and I was in total shock and couldn't believe what I was hearing.

After several days, I contacted the Governor's Office because we were under their umbrella for assistance. I have yet to receive a return call. Previously, I had contacted them about my longevity payment that I didn't receive in December because I didn't know, and no one told me, that I had to work one day in November to receive my pay. Also, I contacted Jennifer in HR about my Voluntary Life Insurance Benefits and was told she could not assist me.

I have worked 55+ years and never retired before. This is all new to me. I have always been a model employee; never broke any laws, followed all the rules and now my daughter will receive no help with my final expenses because I did something wrong in the end. I deserve better and I am asking THE BOARD to investigate this matter and come to my assistance. I have confidence in your authority and anxiously await your decision.

Thank you very much for this forum and for the opportunity to express my frustration, anger, ire, and disbelief of the angsts I have endured since my retirement.

Sincerely,

From: Jarod Williams

To: PEBP Board

Subject: Carson Tahoe Health cancelling network ties to United Healthcare

As both and employee of the State of Nevada and a resident of Carson City, the recent decision by Carson Tahoe Health to terminate their relationship with United Healthcare at the end of 2025 will directly impact myself and many others negatively.

The PEBP board now needs to move quickly before the end of coverage to its participants, to ensure that in-network healthcare can be provided. PEBP has a duty to serve its participants to provide reliable healthcare at an affordable price. I understand that the PEBP board has no say in the matters between companies such as Carson Tahoe Health and United Healthcare. However, PEBP is contracted with a company that can no longer provide the benefits you once negotiated for.

I urge the board to move decisively to change insurance provider, to one whom can provide state employees in-network healthcare with physicians we already have existing relationships with.

NEVADA FACULTY ALLIANCE
840 S. Rancho Dr., Suite 4-571
Las Vegas, Nevada 89106

Date: May 19, 2025
To: PEBP Board
From: Kent Ervin, Nevada Faculty Alliance, Director of Government Relations
Subject: Legislative Update 5/22/2025

The PEBP Board is authorized by statute (NRS 287.043(5)) and the PEBP Duties, Policies and Procedures to take a position on any proposed legislative matters affecting the Program and to direct PEBP staff to make that position known to the Legislature. The Nevada Faculty Alliance recommends the following positions on bills currently under consideration at the Legislature:

- Support AB 188 as amended, restoration of PEBP retiree health benefits for post-2011 state hires. The attached sheets have a summary of the bill and a cost analysis.
- Oppose SB 494 as introduced, placing PEBP within the new Nevada Health Authority. The concept of the Nevada Health Authority has merit, but the bill needs to be amended to preserve the PEBP Board as an independent, non-political body to advance employee and retiree benefits and for the Board to retain full fiduciary authority over contracts.
- Neutral on SB 495 as introduced, the Governor's health care act. PEBP needs to retain authority to determine whether adopting the pre-authorization regulations and other provisions are in the best interests of participants and the Program.

Thank you for your careful consideration of these bills.

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The Nevada Faculty Alliance is the independent statewide association of professional employees of the colleges and universities of the Nevada System of Higher Education. The NFA is affiliated with the American Association of University Professors, which advocates for academic freedom, shared governance, and faculty rights, and the American Federation of Teachers/AFL-CIO, representing over 300,000 higher education professionals nationwide. *The NFA works to empower our members to be fully engaged in our mission to help students succeed.*

NEVADA FACULTY ALLIANCE

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Assembly Bill 188: Restore Retiree Health Benefits for State Employees

- AB 188 (R1) restores retiree health benefits for state employees hired after 2011 and for PEBP Medicare retirees.
- State employees hired after the Great Recession deserve the same benefits as those hired in better economic years.
- Robust retiree health benefits are needed to compete with other Nevada public employers, and especially to retain mid-career professional employees who carefully consider health care and retirement benefits.

Problems: ***Cuts to retiree health benefits are unfair to newer state employees and hurt retention***	***Solutions:*** ***AB 188 reverses cuts to retiree health benefits for state employees***
• **When state employees hired after 2011 retire they will have no retiree health benefits** through the Public Employees Benefits Program (PEBP). Because these state employees have not yet met the minimum of 15 years of service, **the State has had no cost savings.**	• Restore retiree health benefits for state employees hired after December 31, 2011. These employees would receive PEBP health benefits upon retirement and after at least 15 years of state service. [Sec. 3] *The amendment eliminates credit for non-state service, removing fiscal impacts for local governments.*
• **In 2011, retirees on Medicare were removed from PEBP coverage and required to buy supplemental coverage through a private exchange.** PEBP Medicare retirees only receive a contribution to a Health Reimbursement Arrangement (HRA). **The HRA contribution has not been increased since 2019 and has not kept up with cost increases for Medicare Part B premiums and supplemental insurance (Figs. 1 & 2).**	• Encourage the Governor and Legislature to provide equitable benefits to PEBP Medicare retirees by requiring PEBP to calculate and report the cost of supplemental insurance to provide benefits that are actuarially equivalent to those for pre-Medicare PEBP retirees [Sec. 1].
• A retiree's ability to drop PEBP coverage (e.g., due to coverage from other employment or through a spouse) and rejoin was **reduced to once in a lifetime.**	• Allow retirees to reinstate PEBP coverage after more than one gap [Sec. 4]. *The amendment allows PEBP to require evidence of continuous other coverage for more than one reinstatement.*
• Retiree HRA account balances have been capped at $8,000, which means they have **fewer funds for out-of-pocket costs or catastrophic health events.**	• *As amended*, prohibit PEBP from capping HRA balances for Medicare Exchange retirees to an amount less than 5 years of maximum HRA contributions (currently $15,600). [Sec. 3(7)]

Cost analysis: Minimal impact on the fringe rate for retiree health benefits

- Retiree health benefits are paid by a fringe-rate assessment on all state salaries, which averaged 2.50% since FY2010. ***This fringe rate should remain about the same with AB 188,*** as long as the ratio of retirees to the total state payroll remains stable.
- January 1, 2027, is the earliest that post-2011 state hires could retire with the minimum 15 years of state service to receive a benefit under AB 188. PEBP estimates 73 additional retirees in FY2027, compared with a total PEBP state retiree population of 12,776. That 0.6% increase in retiree enrollment would raise the fringe rate by only 0.014% (from 2.50% to 2.51%) for FY2027 **(Fig. 3)**, which the Retired Employee Group Insurance (REGI) fund could absorb. PEBP predicts a total of about 1,000 additional retirees over 10–12 years, which could raise the fringe rate by 0.20%, not considering the natural decrease of older retirees over time. **The cost of restoring state retiree health benefits is very modest.**
- PEBP's fiscal note requesting four new staff members (costing $395,477 in FY2027) is not justified by the tiny potential increase in caseload due to AB188 (73 additional retirees in FY2027 out of 49,179 active and retired participants), mostly handled by vendors. ***But even using PEBP's full $1.025M fiscal note for FY2027, compared with $71.6M in total revenue to REGI, would raise the FY2027 fringe rate by only 0.036%, from 2.50% to 2.54%.***
- AB 188 increases the Other Post-Employment Benefits (OPEB) accounting liability that must be reported **(Fig. 4)**, but **the Treasurer's Office has indicated that AB188 is unlikely to affect the state's credit ratings.** PEBP has always been on a pay-as-you-go basis, and AB 188 will not change that.

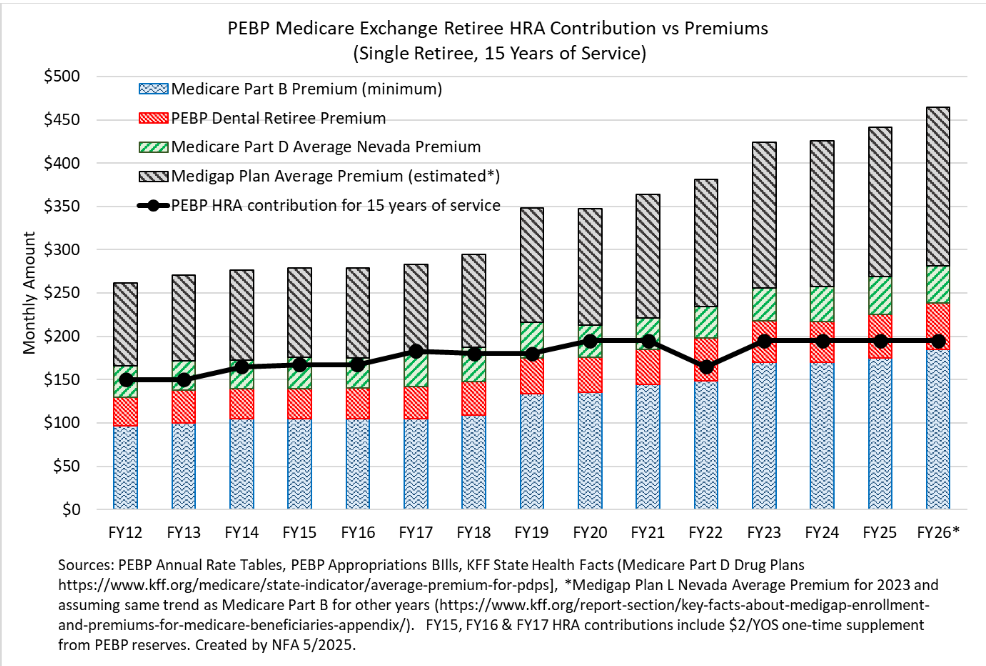


Figure 1. Comparison of PEBP contribution to Health Reimbursement Arrangements (HRAs) for Medicare Exchange retirees (15 years-of-service base amount) and cost of Medicare B, Medicare D, PEBP dental and Medigap supplemental coverage. **The HRA contributions have not kept up with increases in the cost of premiums for PEBP Medicare Exchange retirees.**

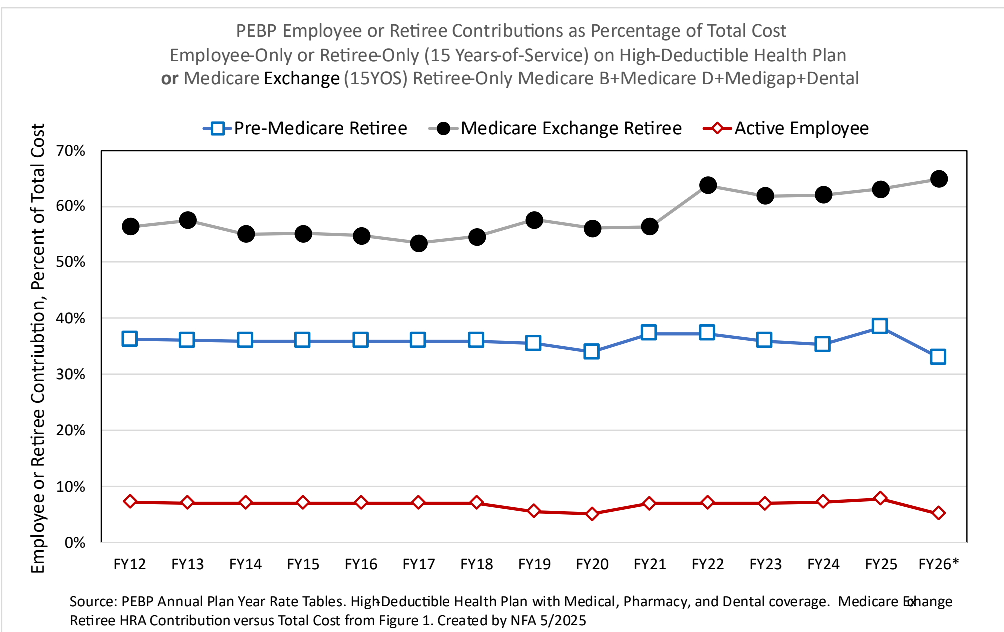
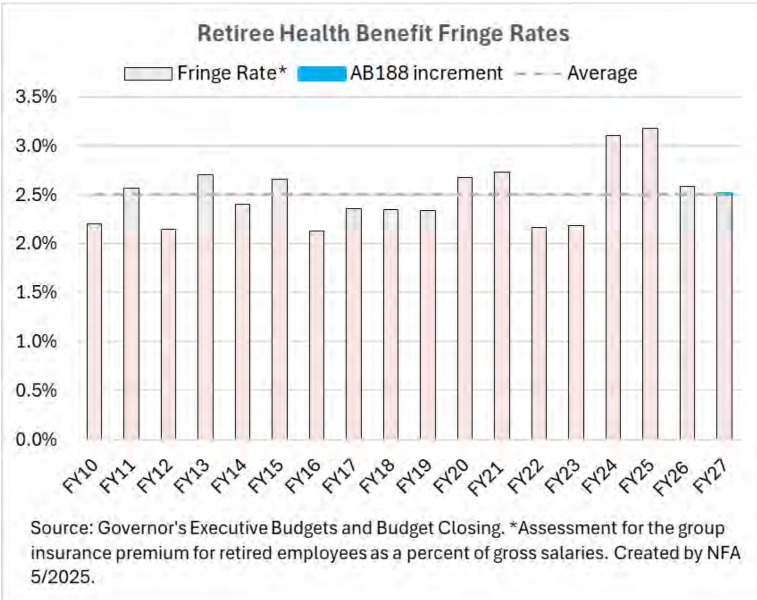
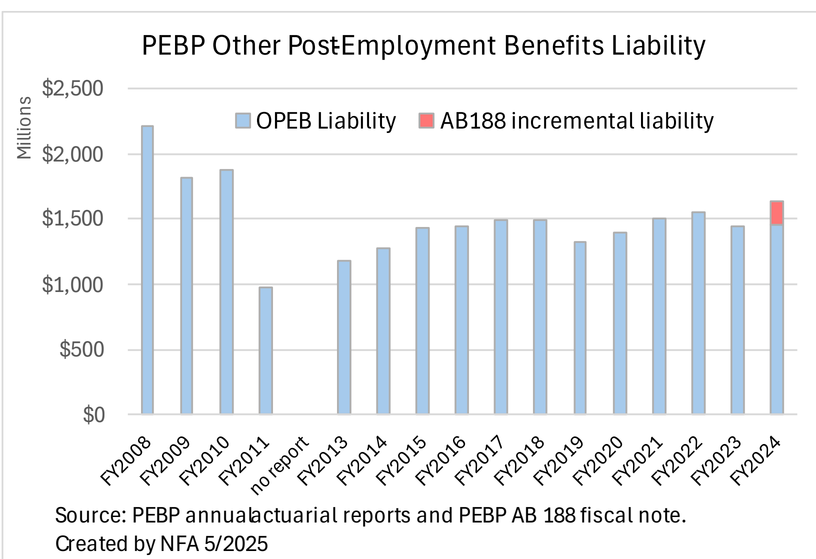


Figure 2. Employee or retired contributions toward health insurance as a percentage of the total cost. **The contribution percentage has held steady or decreased for active employees and pre-Medicare retirees, but PEBP Medicare Exchange retirees are paying more.**



2.50% average fringe rate; 0.014% increment in FY2027 for AB 188 (best estimate)

Figure 3. Historical fringe rate assessments for state retiree health benefits, FY2010–2027, varying from 2.13% to 3.18% since FY2010; 2.59% in FY2026 and 2.50% in FY2027. The long-term average is 2.50% of state salaries, paid by the employing agency funding source and deposited into the Retired Employees' Group Insurance (REGI fund 1368). Transfers from the REGI fund to PEBP (fund 1338) pay for retiree benefits. Based on 12776 enrolled retirees and 73 additions in FY2027, **the projected increment in the fringe rate due to AB 188 is 0.014% in FY2027 and 0.20% long term** for 1000 additional retirees**, smaller than the year-to-year fluctuation due to other sources.** ***Even using PEBP's full $1.02M fiscal note for FY2027, compared with $71.6M in total revenue to REGI (GovRec), would raise the fringe rate by only 0.036%, from 2.50% to 2.54%.*** The average number of family members per state participant is 1.5 to 2.0, depending on plan option and group.



Small increase in accounting liability; No impact on general fund or state payments

Figure 4. Reported Other Post-Employment Benefits (OPEB) accounting liability for PEBP from FY2008 to 2024. The OPEB liability declined after the major cuts to retiree benefits in 2011, primarily moving Medicare retirees to the private insurance exchange. According to PEBP's fiscal note, AB 188 would increase the OPEB future liability by $179 million, from $1.46 billion to $1.64 billion (upon enactment). **The Office of the State Treasurer has indicated that the increase in the OPEB liability from AB 188 is unlikely to change the state's credit ratings.** PEBP is on a pay-as-you-go basis; no annual payments against the future liability are being made or contemplated.

TO: Joy Grimmer, Chair; and Public Employee Benefits Program Board

FROM: Douglas Unger, Acting President, UNLV Chapter, and Vice Chair, Government Affairs Committee, Nevada Faculty Alliance; & Member, UNLV Employee Benefits Advisory Committee; [redacted] [redacted]

PEBP BOARD MEETING – 5-22-2025 -- PUBLIC COMMENT

Doug Unger, Acting President, UNLV Chapter, Nevada Faculty Alliance; and member, UNLV Employee Benefits Advisory Committee. Thank you Chair Grimmer, Executive Officer Glover, and thank you to the PEBP Board, which, this week, we appreciate more than ever.

Regarding Agenda Item 9—Legislative Update—we express our strong support for AB 188, which would restore retiree healthcare subsidies for post-2011 retirees. Our more recently hired and younger employees deserve this benefit, which will assist much-needed state worker retention. It looks to a more stable future, plus it's just and right to do. We have been informed that the projected OPEB encumbrance will have insignificant impact stretched out over time, nor will this negatively affect the state's bonding rating. We disagree with the $1 Million and $2.5 Million PEBP cites as a fiscal note. It's not as though AB 188, if passed, will produce a tsunami of state worker retirements. Why would it cost so much more than PEBP is already expending to accommodate annual retirees, almost all of whom collect this benefit now? We most respectfully request a detailed itemization of this fiscal note when AB 188 is discussed before the Board.

Next: we are concerned about SB 494, which reorganizes PEBP under the new Nevada Health Authority. The PEBP Board should be concerned, too, if many of the strings of legalese spun out by LCB like blue spaghetti on the pages are left without urgently needed amendments. Let's just say the first draft of SB 494 is not as advertised to the PEBP Board at the March 7th meeting. If left to stand as is, the bill would strip the Board of most of its independence and authority; the composition of the Board would radically change; every current Board member should be replaced by a new appointee by July 1st; and for state employees, this draft is vague at best if we would keep the self-funded plans on which so many of us count on and rely. In sum: SB 494 must be thoroughly amended wherever it refers to PEBP and the PEBP Board for it to be acceptable. We are grateful to Administrator Weeks and her staff that SB 494 is now considering positive, transformative changes proposed by representatives of NFA, AFSCME, and RPEN to restore PEBP Board independence and authority, to retain a selection process modeled after the current one laid out in NRS 287; and for the PEBP Board to continue its sound authority in statute to manage our health plans, so, as it was presented, "PEBP would remain the same." We are hopeful that changes and new language will update AB 494 into legislation we can, if amended, support for its noble intentions and aspirations to reorganize and reform healthcare benefits administration for the ultimate good of our whole state. Thank you.