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STATE OF NEVADA  
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**LAURA RICH**  
Interim Executive Officer

**AGENDA ITEM**

- Action Item
- Information Only

**Date:** January 23, 2020  
**Item Number:** X  
**Title:** Interim Executive Officer Report

**SUMMARY**

This report will provide the Board, participants, public, and other stakeholders information on the overall activities of PEBP.

**REPORT**

**LEGISLATIVE COUNSEL BUREAU AUDIT**

The Legislative Counsel Bureau (LCB) Audit Division supports the legislature by performing periodic independent audits of state agencies. These audits provide an independent and unbiased evaluation of government operations with the goal of improving accountability and effectiveness of state government.

In January of 2019, PEBP was notified by the LCB that it would be performing an Information Technology and Security audit on the agency. In March, a separate performance audit was initiated to include finance and operations. Throughout the course of the last year, PEBP staff have worked diligently to provide information, data and formulated responses to auditor requests.

Once these audits have been completed, the LCB will schedule a findings meeting with PEBP and a draft of the audit report will be provided at a subsequent date. All audit findings are considered confidential until they are presented to the Audit Subcommittee. At that point, PEBP will have 60 days to provide a corrective action plan. A summary of the findings and corrective action plan will be brought to the Board for final approval once the report has been made public.

INTERIM RETIREMENT AND BENEFITS COMMITTEE

On February 5, 2020 PEBP is scheduled to testify at the Interim Retirement and Benefits Committee (IRBC). The IRBC meets biennially between sessions to review the operations of the Public Employees' Benefits Program, the Public Employees' Retirement System and the Judicial Retirement System. The committee may make recommendations based on the information that is presented.

In accordance to NRS 287.0425 PEBP has provided a series of reports and will be presenting each of them to the committee:

- Audited financial statements
- Utilization reports for the year ending June 30, 2019
- Materials provided to participants and the PEBP Communications Plan
- PY20 Final Benefits and Rates Report
- PY19 IBNR and Catastrophic reserve report
- GASB OPEB Valuation report

UPCOMING EXPIRING CONTRACTS

There are a significant number of PEBP contracts due to expire in 2021. Due to the long runway that is needed if the decision is to go out to bid, PEBP will need to bring each of these up for discussion early. In some of these cases, the replacement of an existing vendor will require substantial planning and a significant implementation timeframe, so it is crucial that PEBP begin the process early to reduce the risks of disruption to the program and to the membership.

<b>Contract</b>	<b>Vendor</b>	<b>Expiration</b>
Dental Network	Diversified Dental Services Inc.	6/30/2021
Southern Nevada HMO	Health Plan of Nevada Inc	6/30/2021
Website Hosting/Assistance	KPS3	6/30/2021
In-State PPO/EPO Network	Hometown Health Providers	7/30/2021
Financial Auditor	Casey,Neilon & Associates	12/31/2021
Benefits Management System	Moreneau Shepell LTD	12/31/2021* 12/31/2023

\*As a result of Moreneau Shepell not meeting the deliverables outlined in the contract amendment, PEBP is not obligated to honor the extension provided in the third amendment to the contract approved November 13, 2018. This will be a decision brought to the board in July 2020.

#### OPERATIONAL CHANGES

PEBP has been working closely with Morneau Shepell to move toward a paperless, more efficient enrollment system. Currently, employers are required to complete and mail in forms whenever there are employee status changes (new hire, termination, leave events, etc.). The time delays associated with this process create inefficiencies for both the employer (agency representatives) and members. PEBP will be launching an online portal that will replace the antiquated paper process. The new system will allow agencies to report pertinent employee information more timely to PEBP and ensure more immediate access to new employees that need to enroll in or decline benefits.

#### PARTNERING WITH THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

With approximately 40% of the overall PEBP membership being retirees, PEBP serves much of the same population as PERS. Given the recent leadership changes at both agencies, staff from both organizations met and discussed possible opportunities to leverage resources, increase communication and improve efficiencies between our programs.

The meeting was very successful and PEBP is excited to coordinate more closely with PERS in the future. Both organizations have committed to incorporating the other in retiree related communications, presentations and outreach and partner in anything that may help in our shared goal of serving our retiree populations.

#### CONCLUSION

PEBP has a busy year ahead. In addition to several public presentations, contract decisions, RFP's and operational and system changes, PEBP staff will also be working closely with the Board and Governor's Finance Office to prepare for FY22/23 budget building.