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LAURA RICH
Executive Officer

AGENDA ITEM

Action Item

Information Only

Date: July 23, 2020

Item Number: IV.II.I

Title: Chief Financial Officer Budget Report

Summary

This report addresses the Operational Budget as of March 31, 2020 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 March 31, 2020 with comparisons to the same period in Fiscal Year 2019. 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 \$270.4 million as of March 31, 2020 compared to \$278.3 million as of March 31, 2019 or a decrease of 2.8%. Total expenses for the period have increased by \$32.3 million or 12.1% for the same period.

The budget status report shows Realized Funding Available (cash) at \$122.0 million. This compares to \$155.0 million for last year. After subtracting \$58.8 million for reserves for Incurred but not Reported (IBNR) claims, \$42.4 million for the Catastrophic Reserve and \$36.2 million for the HRA Reserve, the remaining balance is a shortfall of \$15.4 million in Excess reserves. The table below reflects the actual revenue and expenditures for the period.

Operational Budget 1338

	FISCAL YEAR 2020			FISCAL YEAR 2019		
	Actual as of 3/31/2020	Work Program	Percent	Actual as of 3/31/2019	Fiscal Year 2019 Close	Percent
Beginning Cash	150,276,433	150,276,433	100%	143,129,728	143,129,728	100%
Premium Income	258,232,490	382,017,605	68%	269,852,064	363,123,752	74%
All Other Income	12,213,121	9,151,598	133%	8,472,586	13,001,438	65%
Total Income	270,445,611	391,169,203	69%	278,324,649	376,125,190	74%
Personnel Services	1,852,664	2,835,868	65%	1,918,136	2,721,398	70%
Operating - Other than Personnel	1,441,925	2,383,964	60%	1,572,186	2,142,352	73%
Insurance Program Expenses	294,976,801	391,635,970	75%	262,174,182	363,036,252	72%
All Other Expenses	444,061	669,431	66%	781,802	1,078,483	72%
Total Expenses	298,715,452	397,525,233	75%	266,446,306	368,978,485	72%
Change in Cash	(28,269,841)	(6,356,030)		11,878,344	7,146,705	
REALIZED FUNDING AVAILABLE	122,006,592	143,920,403	85%	155,008,072	150,276,433	103%
Incurring But Not Reported Liability	(58,790,000)	(58,790,000)		(51,800,000)	(51,800,000)	
Catastrophic Reserve	(42,400,000)	(42,400,000)		(39,900,000)	(39,900,000)	
HRA Reserve	(36,204,203)	(36,204,203)		(31,676,056)	(31,676,056)	
NET REALIZED FUNDING AVAILABLE	(15,387,611)	6,526,200		31,632,016	26,900,377	

Current Budget Projections

The following table represents projections for FY 2020 based on data available as of March 31, 2020. The projection reflects total income to be more than budgeted by 0.7% (\$545.5 million vs \$541.4 million), total expenditures are projected to be less than budgeted by 2.2% (\$388.6 million vs \$397.5 million); total reserves are projected to be more than budgeted by 9.2% (\$157.2 million vs \$143.9 million).

Budgeted and Projected Income (Budget Account 1338)					
Description	Budget	Actual 3/31/20	Projected	Difference	
Carryforward	150,276,433	150,276,433	150,276,433	0	0.0%
State Subsidies	286,540,424	189,615,175	292,360,928	5,820,504	2.0%
Non-State Subsidies	29,202,769	19,024,578	28,187,570	(1,015,199)	-3.5%
Premium	66,274,412	38,569,931	57,836,447	(8,437,965)	-12.7%
All Other	9,151,598	11,883,525	16,816,231	7,664,633	83.8%
Total	541,445,636	409,369,642	545,477,609	4,031,973	0.7%
Budgeted and Projected Expenses (Budget Account 1338)					
Description	Budget	Actual 3/31/20	Projected	Difference	
Operating	5,889,263	3,382,417	5,391,262	498,002	8.5%
State Employee Ins Cost	294,710,442	195,938,341	279,252,127	15,458,315	5.2%
State Retirees Ins Cost	41,439,426	35,198,569	57,675,778	(16,236,352)	-39.2%
Non-State Employees Ins Cost	140,039	59,342	162,870	(22,831)	-16.3%
Non-State Retirees Ins Cost	15,384,713	6,914,303	11,413,986	3,970,727	25.8%
State Medicare Ret Ins Cost	23,155,087	14,871,237	20,384,856	2,770,231	12.0%
Non-State Medicare Ret Ins Cost	16,806,263	9,289,189	14,362,911	2,443,352	14.5%
Total Insurance Costs	391,635,970	262,270,980	383,252,528	8,383,442	2.1%
Total Expenses	397,525,233	265,653,397	388,643,790	8,881,444	2.2%
Restricted Reserves	137,394,203	137,394,203	139,294,953	(1,900,750)	-1.4%
Excess Reserves for Benefit Enhancements	6,526,200	6,322,042	17,866,322	(11,340,122)	-173.8%
Total Reserves	143,920,403	143,716,245	157,161,276	(13,240,873)	-9.2%
Total of Expenses and Reserves	541,445,636	409,369,642	545,805,065	(4,359,429)	-0.8%

State Subsidies are projected to be more than the budgeted amount by \$5.8 million (2.0%), Non-State Subsidies are projected to be less than budgeted by \$1.0 million (3.5%), and Premium Income is projected to be less than budgeted by \$8.4 million (12.7%). This overall increase in projected revenue is due in part to an increase in Rx Rebate and Treasurer's Interest revenue.

Expenses for Fiscal Year 2020 are projected to be \$8.9 million (2.2%) less than budgeted when changes to reserves are excluded. Operating expenses are projected to be less than budgeted by \$0.5 million (8.5%). Employee and Retiree insurances costs are projected to be less than budgeted by \$8.4 million (2.1%) when taken in total (see table above for specific information). This overall decrease in projected expenditures is due in part to a decrease in claims and utilization of the plan when taking COVID-19 into consideration for total year projections.

Recommendations

None.