

From: [Kent Ervin](#)
To: [Wendi Lunz](#)
Subject: Fwd: Ervin/NFA public comment
Date: Tuesday, March 31, 2020 9:06:04 AM

For the record, PEBP public comment 3/31/2020

Kent Ervin K-E-N-T E-R-V-I-N, for the Nevada Faculty Alliance.

Thank you all for your service in these times and welcome to the new board members, Marsh Urban and Heather Korbolic. We are impressed and grateful with how everyone in state government and the university system is pitching in to deal with the coronavirus health emergency.

To conserve time, I will limit my remarks to the rates, agenda item 9.

In the proposed rates, the employee premium for the CDHP increases by 53% while the employee premium for the EPO/HMO plan increase by 23%. That's even before considering the deferral or cancellation of the \$125 HSA contribution which represents another \$12/month for the CDHP only.

How did we get here? In part it is because of higher expenses, but it is also because the Legislative appropriations for PEBP increased only 3% for FY21 over FY20, compared with the 5.4% increase in PEBP's budget request based on AON's projections. So this was indeed foreseeable.

The Legislature's budget closing for PEBP in May 2019 mandated a 95% base state contribution rate for the CDHP plan for both FY20 and FY21. The proposed rates in agenda 9 drop the percentage to 92.6%. Part of the reason the percentage is dropping so much is the EPO/HMO expenses are increasing significantly faster than for the CDHP. Also, the state contributions percentages for the EPO/HMO relative to the CDHP were increased several years ago during the Sandoval administration to keep the premiums stable, but that is probably no longer affordable.

It may still be possible to maintain the CDHP contributions at 95% for the employee and 75% for dependents, as approved by the Legislature, with more modest increases to the employee premiums, by allowing the EPO/HMO percentages to decline closer to historical levels. That would be unfortunate, but it is no longer affordable to subsidize the EPO/HMO at a much higher dollar amounts than the CDHP plan for the same tiers.

The Board should use its full authority to ameliorate these premium increases, especially for the base CDHP employee premium which affects the most employees. If maintaining that means dipping a little further into the Catastrophic reserve, that may be appropriate. After all, the Catastrophic reserve used to be called the Rate Stabilization reserve.

For the record, in the coming budget crunch due to the coronoavirus crisis, state employees should not again bear the brunt of cuts. Salaries and benefits for state employees have still not caught up from the cuts after the Great Recession. PEBP is still dealing with that as we see today.

Thank you.



UNLV Employee Benefits Advisory Committee
4505 South Maryland Parkway
Las Vegas, NV 89154

March 25, 2020

Nevada Public Employee Benefits Program
901 South Stewart St, Suite 1001
Carson City, NV 89701
Laura Freed Board Chair and Members of the Board

The UNLV Benefits Advisory Committee would like to encourage increased competition for health insurance providers for public employees in Nevada. Health plans are classified in metals Bronze, Silver, Gold, and Platinum. Nevada does not have a Platinum option. We understand past solicitations have resulted in the currently selected Health Maintenance Organization (HMO) in the South, the Exclusive Provider Organization in the North, and the decision to create the Consumer Driven Health Plan (CDHP) and eliminate the low deductible Preferred Provider Organization (PPO) based on the evaluation criteria at that time.

In light of the COVID-19 pandemic, we understand a discussion is evolving to increase rates for public employees. We support Laura Rich's efforts to reduce the current reserves to mitigate rate increases to participants, and we ask the Board to consider working with the state to create a request for information (RFI) to compare our current health insurance products with others in the free market. Potential vendors could

include United Health Care, Aetna, Cigna, Humana, Anthem, CVS Health, Health Care Services Corporation, Blue Cross Blue Shield, Molina Healthcare, Highmark, Presbyterian, and Kaiser Permanente. Given the current rate increases being proposed across all three plan options, we feel the time is now optimum to reconsider health plan providers for Nevada State employees.

Providing exclusive contracts to vendors based on the lowest bid in the past has resulted in companies increasing prices to the Public Employee Benefits Plan (PEBP) for services provided after the first contract year completes. We think this is a shameful practice, and want to see fair market rates being charged. We do not want to see a single vendor awarded an exclusive contract, especially when the bid undercuts the competition, in order to win the opportunity to provide services to public employees. Creating an RFI will help PEBP understand if increases to current rates are needed, or if we could award contracts to third party vendors to maintain or increase our current benefits at the current rates.

If the RFI yields information the Board believes would result in benefits to state employees in the form of maintaining our current health coverage at our current rates, then a request for proposal (RFP) could be created to award contracts to multiple vendors. The RFP would contain weighted criteria, in order for price not to be the sole deciding factor. We would ask that selected representatives of Nevada State Employees, who have a vested interest in selecting benefit plans that meet our collective needs, be included in any evaluation process. While we understand price

needs to be evaluated, it should not be the sole factor in determining the selected vendors.

Having multiple vendors compete for the opportunity to provide insurance to Nevada employees through an HMO, Exclusive Provider Organization (EPO), Low Deductible PPO, or Consumer Driven Health Plan (CDHP) is vital to protect state employees' health benefits. We appreciate that PEBP offers an HMO, an EPO in the North, and CDHP plans whose claims are managed by Healthscope. There is not a low deductible PPO health plan as an option for Nevada public employees.

Northern Nevada Plan Options

Exclusive Provider Organization	Traditional Health Maintenance Organization	Low Deductible Preferred Provider Organization	Consumer Driven Health Plan
YES	NO	NO	YES

Southern Nevada Plan Options

Exclusive Provider Organization	Traditional Health Maintenance Organization	Low Deductible Preferred Provider Organization	Consumer Driven Health Plan
No	YES	NO	YES

We understand why PEBP created the EPO for the Northern Nevada population, and we understand why PEBP opted to implement a CDHP in both the North and the South during the last recession. Competition is good and we believe there should be an EPO in the North and the South, if the EPO can out compete the market. We believe PEBP should continue the CDHP plan, so long as they can provide competitive benefits the market cannot provide.

The EPO and CDHP plans managed by PEBP provide competition for traditional HMO and low Deductible PPO plans to help ensure Nevadans are receiving the best possible health care at the most competitive price. Allowing the selection from among of multiple vendors will encourage traditional healthcare companies' to structure plans to entice participants to enroll.

We ask the Board and the Executive Officer of PEBP to:

1. Create an RFI to evaluate HMO, CDHP, PPO, and EPO plans to ensure Nevadans are being provided the best healthcare at the most competitive prices for the North, South, and the entire state.
2. Hire a second actuarial firm to evaluate the current accounting methods. AON has consistently provided information the Board has used to make inaccurate predictions. Having a second recommendation will aid the Board to make more accurate predictions.

State employees deserve to understand the true cost of healthcare. While PEBP may have a small competitive advantage in providing the CDHP and EPO plans because PEBP does not pay the premium tax, we believe the consideration of using other providers, and an external actuarial review, would encourages traditional healthcare providers to put their best foot forward in order to maintain the best services and prices for enrollees.

Sincerely,

UNLV Employee Benefits Advisory Committee