

Illustrative and subject to change

Because of the very fluid nature of this epidemic and states correspondingly fluid responses to re-opening their economies, this report is a point in time, illustrative exercise of cost estimates and impact of phased re-opening activities.

COVID-19 Potential Impacts in 2020

Presentation to Public Employees' Benefits Program Board – **for conversational discussion**
Projections as of May 19, 2020

About The Model – Walking through the potential impacts of Re-Opening

- Forecasts the potential impact of the COVID-19 virus on your employee population and dependents

- **Features:**
 - Adjust for essential employees and industry-specific infection exposure
 - View population impact by geographic area over time
 - Model infection peak for each employer group
 - Estimate the number of mild cases, hospitalizations, ICU visits, and fatalities based on specific population demographics
 - Model impact of mitigation measures and mitigation end dates
 - Estimate health care costs associated with testing and treatment
 - Estimate employee days lost by case severity
 - Powered by a cloud-based platform always updated with latest data and forecasts

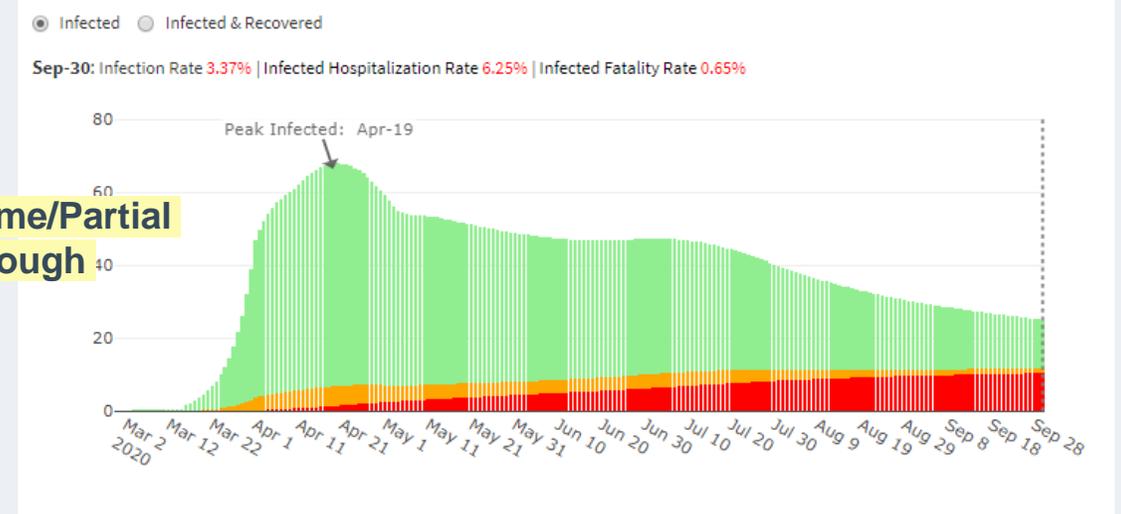
- **Methodology:**
 - Simple, non-identifiable census data from PEBP
 - Combine with geography-specific infection rates
 - Informed by epidemiologic model sources, including additional consultation with national carriers and labs
 - Reflects social distancing measures taken by local governments
 - Developed by Actuarial & Analytics, Aon Reinsurance and Retirement & Investments

Illustrative Self-Funded Impact by September 30th

Claim costs peak in Q4 of PY20, as COVID-19 cases peaked on April 19th

Includes enrollees in HealthScope CDHP and EPO

Illustrative – to aid in discussion



MEMBER COUNT:	SUSCEPTIBLE 45,807	MILD (80% undetected/20% detected) 13 INFECTED 1,473 RECOVERED	HOSPITALIZED + CRITICAL 1 INFECTED 99 RECOVERED	DEATHS 10	TOTAL 47,404
MEDICAL CLAIMS COST: <i>(excludes non-enrolled)</i>	\$730K <i>(\$100-\$200 per testing)</i>	\$529K <i>(\$0-\$2,000 per case)</i>	\$3.6M <i>(\$30,000-\$80,000 per case)</i>	The medical claims cost and work days lost for cases resulting in deaths is included with the HOSPITALIZED + CRITICAL cases.	\$4.9M <i>(\$103 per enrolled member)</i>
WORK DAYS LOST:	2,640	9,382	2,054		14,076

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Illustrative COVID-19: Self-Funded Medical Impact Scenarios

Net impact of COVID-19 could be a cost or a savings, depending on the level of COVID-19 claims and the level of claims suppression within PEBP's population

Illustrative – to aid in discussion

		COVID-19 Claim Costs (in Millions)		
		Low	Medium	High
Claims Suppression	Low	\$2.4 <u>(\$4.7)</u> (\$2.3)	\$4.9 <u>(\$4.7)</u> \$0.2	\$7.3 <u>(\$4.7)</u> \$2.6
	Medium	\$2.4 <u>(\$7.7)</u> (\$5.3)	\$4.9 <u>(\$7.7)</u> (\$2.8)	\$7.3 <u>(\$7.7)</u> (\$0.4)
	High	\$2.4 <u>(\$10.8)</u> (\$8.4)	\$4.9 <u>(\$10.8)</u> (\$5.9)	\$7.3 <u>(\$10.8)</u> (\$3.5)

- Assumes PEBP/State of Nevada maintains the Safer-at-Home/Partial Business Reopen strategy that started in early May
- Estimates of COVID-19 claims and claims suppression are associated with large uncertainty
- Low scenario assumes costs are 50% of medium, high scenario assumes 150% of medium
- Claims suppression assumes 15%, 25% and 35% of medical claims will be suppressed during a 3-month lockdown, only 50% of which will return in the next 6 months
- Costs based on March 31, 2020 rejections
- COVID-19 medium scenario reflects cost estimates from Aon's COVID-19 Employee Impact Model

Illustrative COVID-19: Self-Funded Medical Impact --- Medium Scenario

Under this scenario, the net impact of COVID-19 is estimated to be saving \$2.8M in calendar year 2020

Illustrative – to aid in discussion

	PY20 and PY21 (in Millions)				Total
	Q3 PY20	Q4 PY20	Q1 PY21	Q2 PY21	
COVID-19 Claims	\$0.2	\$3.0	\$1.7	\$0.0	\$4.9
Claims Suppression	(\$1.3)	(\$14.2)	\$3.9	\$3.9	(\$7.7)
Net Impact	(\$1.1)	(\$11.2)	\$5.6	\$3.9	(\$2.8)

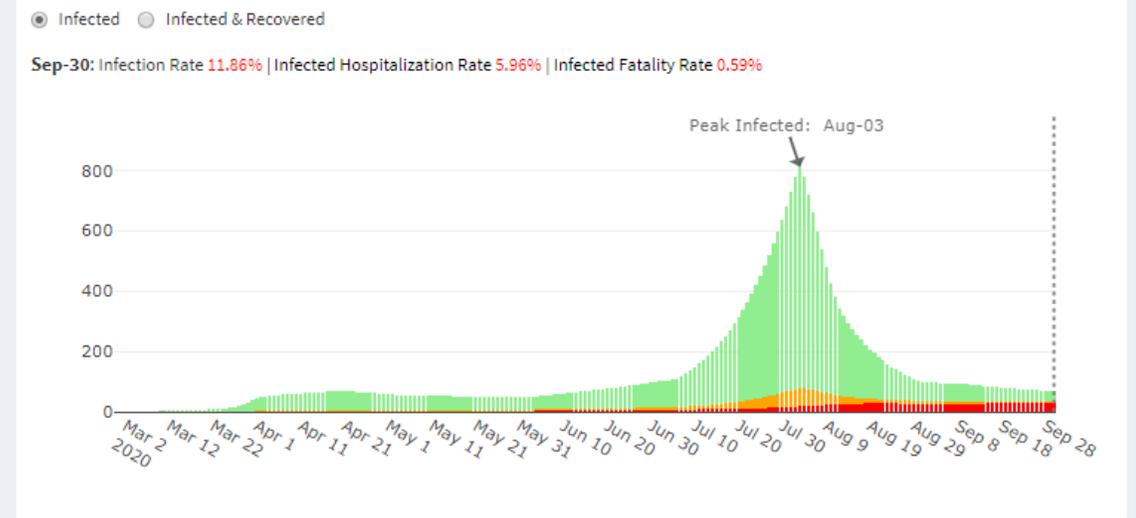
- Assumes PEBP/State of NV maintains a Safer-at-Home/Partial Business Reopen strategy that began in early May
- COVID-19 estimated increase in claims of \$4.9M, or 2.0% in calendar year 2020
- Suppression of non-COVID-19 claims estimated to save \$7.7M, or 3.1% in calendar year 2020
- COVID-19 claims estimate based on PEBP’s own population demographics and geographic distribution
- Assumes 64% of PEBP’s workforce had not been able to shelter in place and were reporting to work
- Claims suppression assumptions based on feedback from national carriers
- Actual results may vary, since the situation is very fluid, changing daily

Illustrative Self-Funded Impact by September 30th with additional Re-Opening

Claim costs peak after moving to phase 3 on July 1st, as COVID-19 cases peak on August 3rd and lockdown resumes

Includes enrollees in HealthScope CDHP and EPO

Illustrative – to aid in discussion



MEMBER COUNT:	SUSCEPTIBLE 41,781	MILD (80% undetected/20% detected) 32 INFECTED 5,222 RECOVERED	HOSPITALIZED + CRITICAL 3 INFECTED 332 RECOVERED	DEATHS 33	TOTAL 47,404
MEDICAL CLAIMS COST: <i>(excludes non-enrolled)</i>	\$2.6M (\$100-\$200 per testing)	\$1.9M (\$0-\$2,000 per case)	\$11.8M (\$30,000-\$80,000 per case)	The medical claims cost and work days lost for cases resulting in deaths is included with the HOSPITALIZED + CRITICAL cases.	\$16.3M (\$343 per enrolled member)
WORK DAYS LOST:	9,493	32,983	6,859		49,336

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Illustrative COVID-19: Self-Funded Medical Impact Scenario w/ Re-Opening

Net impact of COVID-19 could be a cost or a savings, depending on the level of COVID-19 claims and the level of claims suppression

Illustrative – to aid in discussion

		COVID-19 Claim Costs (in Millions)		
		Low	Medium	High
Claims Suppression	Low	\$8.1 <u>(\$4.7)</u> \$3.4	\$16.3 <u>(\$4.7)</u> \$11.6	\$24.4 <u>(\$4.7)</u> \$19.7
	Medium	\$8.1 <u>(\$7.7)</u> \$0.4	\$16.3 <u>(\$7.7)</u> \$8.6	\$24.4 <u>(\$7.7)</u> \$16.7
	High	\$8.1 <u>(\$10.8)</u> (\$2.7)	\$16.3 <u>(\$10.8)</u> \$5.5	\$24.4 <u>(\$10.8)</u> \$13.6

- Assumes PEBP/State of Nevada moves to Phase 2 on June 1st, nearly a full open on July 1, and then back into Stay-at-home on August 1st
- Estimates of COVID-19 claims and claims suppression are associated with large uncertainty
- Low scenario assumes costs are 50% of medium, high scenario assumes 150% of medium
- Claims suppression assumes 15%, 25% and 35% of medical claims will be suppressed during a 3-month lockdown, only 50% of which will return in the next 6 months
- Costs based on March 31, 2020 reprojections
- COVID-19 medium scenario reflects cost estimates from Aon's COVID-19 Employee Impact Model

Disclaimer and Limitations

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- **What we don't know yet:**

- Reductions due to suspension of non-critical medical services
- Health care system capacity limitations
- Impact of Federal assistance
- Potential for new drugs or vaccinations to be developed
- Timing and corresponding impact to lifting Stay-At-Home and Safer-At-Home guidelines