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**AGENDA ITEM**

Action Item

Information Only

**Date:** July 29, 2021

**Item Number:** VIII

**Title:** American Rescue Plan Funding Request

**SUMMARY**

This report will provide the Board, participants, public, and other stakeholders information on PEBP's strategy to leverage American Rescue Plan funding.

**REPORT**

State agency directors were recently provided further direction and information by the State Treasurer's Office (STO) regarding the distribution of the \$2.7B awarded to Nevada through the American Rescue Plan Act (ARP). Last April, the state developed the "Every Nevadan Recovery Framework" ([https://nvhealthresponse.nv.gov/wp-content/uploads/2021/04/Every-Nevadan-Recovery-Framework\\_final.pdf](https://nvhealthresponse.nv.gov/wp-content/uploads/2021/04/Every-Nevadan-Recovery-Framework_final.pdf)), intended to serve as a foundation to ensure the best use of the funds. The document lays the framework by identifying Nevada's priorities and guiding principles. Additionally, it provides an avenue for stakeholder engagement by permitting members of the public, legislators, and executive branch agencies to submit ideas for ARP spending. The framework was further deliberated in SB 461 during the 81<sup>st</sup> legislative session and was subsequently signed by the Governor.

The STO reports that in addition to the ARP funds, there are 99 additional "buckets" of funding available, however the staffing required to interpret and apply the constantly updated guidance and FAQ's on how each of these funding categories can be spent to the growing volume of requests that have been submitted is extensive. As a result, a contract has been awarded to a vendor to assist in the development of the Nevada Roadmap to Recovery. This vendor will help

manage the volume of requests, determine if they are eligible and assist in the stakeholder engagement process.

Due to the complexity and different funding sources available, the STO has discouraged those submitting ideas from attempting to determine whether the idea is eligible or not. Instead, it is strongly encouraging the submission of all ideas and allowing those with the expertise the ability to make the final determination.

The STO and Governor’s Office will begin this process by scheduling 75 days of stakeholder engagement meetings. Through the course of these conversations, executive and legislative branch staff tasked with leading this effort will be gathering information and identifying prioritization and recommendations. Factors such as the States’ ability to commit to funding ongoing costs and prioritization as identified in SB461 may be considered. While these stakeholder meetings have not yet commenced, PEBP anticipates being invited to participate in any conversations surrounding employee benefits.

**POSSIBLE RECOMMENDATIONS**

In order to receive consideration, PEBP will need to submit its own requests through the “Every Nevadan Recovery Framework” portal. With the assistance of Aon Consulting, PEBP has provided recommendations for potential requests. The recommendations include plan design changes that fully or partially restore plan design back to pre-pandemic levels, the restoration of ancillary benefits and monthly premium credits in PY23. Each request must be submitted separately to ensure each option can be evaluated and considered independently.

It is important to note that the expected cost of each of these requests is a **very** premature estimate and is likely to fluctuate as claims utilization and trend stabilizes.

Possible Options	Plan	Estimated Cost (FY23 only)
Revert deductible back to pre-pandemic \$1,500/\$3,000 (CDHP), \$0 (EPO/HMO) Decrease LD plan deductible to \$300/\$600	CDHP/EPO/HMO/LD	\$3.5M*
Change deductible to leaner alternative \$1,600/\$3,200 (CDHP), \$100/\$200 (EPO/HMO)	CDHP/EPO/HMO	\$1.4M*
Revert OOPM back to pre-pandemic \$3,900/\$7,800 (CDHP), \$7,150/\$14,300 (EPO/HMO) Decrease LD plan OOPM to \$4,000/\$8,000	CDHP/EPO/HMO/LD	\$2.3M*

American Rescue Plan Funding Request

July 29, 2021

Page 3

Change OOPM to leaner alternative \$4,100/\$8,200 (CDHP), retain EPO/HMO OOPM at current (lower) levels	CDHP/EPO/HMO	\$2.3M*
Revert coinsurance from 20% to 0% (EPO/HMO) Decrease LD plan coinsurance from 20%/50% to 10%/40%	EPO/HMO/LD	\$3.1M*
Revert PCP/inpatient/ER copays to pre-pandemic \$20/\$500/\$500	EPO/HMO	\$1.5M*
Restore LTD, 1 year	All members	\$4.6M**
Restore Basic Life, 1 year	All members	\$3.0M**
\$44 Premium Credit (possible suggestion of 11 month credit to supplement the already approved 1 month premium holiday)	CHDP/EPO/HMO/LD	\$1.4M (monthly) \$15.3M (annual)

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*For all proposed EPO/HMO changes, it includes an estimated plan design change cost to the HPN HMO plan based on actuarial value changes. Final cost impacts would have to be priced out by UHC.*

*\*Based on incurred claims trended to PY2023 based on a **very aggressive 3% medical**, and 7% Rx trends. The actual PY2023 claims costs could vary significantly from Aon's projections due to changes in utilizations, enrollment, discounts, and plan designs as well as more industry standard medical trends of 6%.*

*\*\*Life Insurance and LTD rates are subject to change and will be dependent on the results of the new contract which will go into effect on July 1, 2022.*