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AGENDA ITEM

Action Item

Information Only

Date: June 11, 2021

Item Number: IX

Title: Discussion and possible action regarding the implementation of Assembly Bill 48

BACKGROUND

NRS 287.0475 addresses the reinstatement of insurance by a retired public officer, employee or surviving spouse. The statute as it currently reads allows retirees from a participating state agency or local government to reinstate coverage if they have no more than one period not covered under the program. This allows retirees from the state and participating local governments one opportunity to return to the program as “late enrollees” during open enrollment should they disenroll. It does not, however provide the same opportunity to non-state retirees since they do not fall under a participating local government agency.

Since 2011, numerous state and non-state Medicare Exchange retirees have been affected by this rule and many non-state retirees have permanently lost their benefits. Retirees enrolled through Via Benefits have the opportunity every year to change plans during the Medicare Open Enrollment period. It is usually during this period that retirees mistakenly enroll directly through the carrier which results in an agent of record change. Once the agent of record is altered, the retiree is no longer covered in a medical plan through Via Benefits. In other cases, Medicare plans are discontinued, and retirees are required to choose a new plan. In some cases, carriers are authorized to “crosswalk” members on a discontinued plan to a comparable plan should the member not actively choose a new one. However, in some cases there is no comparable plan available, and the member is required to actively select and enroll in a new option. If a retiree fails to actively choose another plan, then they are disenrolled.

In both of the cases described retirees are no longer considered enrolled in a medical plan through Via Benefits and are subsequently disenrolled from the program and terminated by

PEBP because statute requires participation in a plan. It is not until they receive termination notices from PEBP that they begin to realize the consequences of their actions. Because PEBP anticipates this, PEBP includes language stressing the importance of making any plan changes through Via Benefits in all retiree guides, resources, and trainings. We also make sure to send reminder notices prior to each Medicare open enrollment period and have also engaged in aggressive communications to those who have been identified as participating in a plan which is set to expire. Unfortunately, there are always retirees who disenroll and end up losing their HRA subsidy. State retirees have the ability to mitigate the damage by using their one-time opportunity allowed in statute to reinstate during PEBP Open Enrollment, but non-state retirees lose their ability to participate in the program, and lose their HRA subsidies, permanently.

Based on enrollment data, PEBP estimates that over 1100 non-state retirees have disenrolled from the plan in this manner and lost their HRA subsidies since 2011.

To address this problem, PEBP submitted a Bill Draft Request in early 2020 which was later introduced as Assembly Bill 48. The bill has passed in both the Assembly and, in the Senate, and is expected to become effective July 1, 2021.

REPORT

Historically, state retirees who have opted to use their one-time reinstatement opportunity per plan rules, have been required to wait until Open Enrollment to reinstate their benefits. If the standard rules are applied in the case of AB48, the affected non-state retirees who wish to use their newly approved one-time reinstatement, will be required to wait until Open Enrollment in May 2022 and will not be able to have their benefits reinstated until July 2022.

In order to be able to provide adequate opportunity to those that would be eligible to reinstate, PEBP staff recommend allowing a special enrollment period for non-state retirees on the Exchange who are eligible to reinstate benefits as a result of AB48 from July 1, 2021 through May 31, 2022. This not only allows for advocacy groups and the agency to communicate the legislative changes, but also eliminates an unnecessary one-year waiting period that would come as a result of the unfortunate timing of OE and the effective date of the legislation. Moreover, allowing an extended time period will likely smooth out the workload on staff and vendors by decreasing the changes of a “wave” of reinstatement in a short period of time.

PEBP will also be coordinating with RPEN and AFSCME to ensure these changes and processes are communicated to retirees.

Recommendation: Allow a special enrollment period from July 1, 2021 to May 31, 2022 for non-state retirees who are eligible for reinstatement of benefits as a result of AB48.