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AGENDA ITEM

Action Item

Information Only

Date: March 25, 2021

Item Number: IV.III.I

Title: Chief Financial Officer Budget Report

Summary

This report addresses the Operational Budget as of December 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 December 31, 2020 with comparisons to the same period in Fiscal Year 2020. 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 \$202.1 million as of December 31, 2020 compared to \$195.7 million as of December 31, 2020 or an increase of 3.3%. Total expenses for the period have decreased by \$12.2 million or 6.2% for the same period.

The budget status report shows Realized Funding Available (cash) at \$167.6 million. This compares to \$144.4 million for last year. The table below reflects the actual revenue and expenditures for the period.

Operational Budget 1338

	FISCAL YEAR 2021			FISCAL YEAR 2020		
	Actual as of 12/31/2020	Work Program	Percent	Actual as of 12/31/2019	Fiscal Year 2020 Close	Percent
Beginning Cash	154,541,329	154,541,329	100%	150,276,433	150,276,433	100%
Premium Income	194,503,274	375,455,443	52%	187,733,763	378,746,198	50%
All Other Income	7,632,569	20,863,995	37%	7,959,417	17,070,199	47%
Total Income	202,135,843	396,319,438	51%	195,693,181	395,816,398	49%
Personnel Services	1,089,420	2,896,914	38%	1,244,900	2,603,314	48%
Operating - Other than Personnel	1,158,070	2,383,918	49%	967,249	2,073,172	47%
Insurance Program Expenses	186,569,016	418,644,286	45%	199,101,863	386,256,172	52%
All Other Expenses	262,068	647,864	40%	299,417	618,845	48%
Total Expenses	189,078,574	424,572,982	45%	201,613,428	391,551,503	51%
Change in Cash	13,057,269	(28,253,544)		(5,920,248)	4,264,895	
REALIZED FUNDING AVAILABLE	167,598,598	126,287,785	133%	144,356,185	154,541,328	93%
Incurred But Not Reported Liability	(51,514,000)	(51,514,000)		(58,790,000)	(58,790,000)	
Catastrophic Reserve	(34,835,000)	(34,835,000)		(24,201,541)	(24,201,541)	
HRA Reserve	(30,550,651)	(30,550,651)		(36,204,203)	(36,204,203)	
NET REALIZED FUNDING AVAILABLE	50,698,947	9,388,134		25,160,441	35,345,584	

Current Budget Projections

The following table represents projections for FY 2021. The projection reflects total income to be less than budgeted by 1.6% (\$542.1 million vs \$550.9 million), total expenditures are projected to be less than budgeted by 7.9% (\$391.0 million vs \$424.7 million); total reserves are projected to be more than budgeted by 19.8% (\$151.1 million vs \$126.1 million).

State Subsidies are projected to be less than the budgeted amount by \$7.7 million (2.8%), Non-State Subsidies are projected to be less than budgeted by \$4.5 million (15.4%), and Premium Income is projected to be more than budgeted by \$3.8 million (5.6%). This overall decrease in budgeted revenue is due in part to a reduction in State Subsidies as a result of average enrollment as compared to budgeted enrollment and a change in the mix of plan tiers. The mix of participants is as follows:

- 3.14% fewer state actives,
- 0.85% fewer state non-Medicare retirees,
- 6.25% fewer non-state actives,
- 1.73% fewer non-state, non-Medicare retirees
- 5.28% fewer state Medicare retirees, and
- 6.69% fewer non-state Medicare retirees

Budgeted and Projected Income (Budget Account 1338)					
Description	Budget	Actual 12/31/20	Projected	Difference	
Carryforward	154,541,329	154,541,329	154,541,329	0	0.0%
State Subsidies	278,042,182	145,792,777	270,353,502	(7,688,680)	-2.8%
Non-State Subsidies	29,075,407	12,314,777	24,592,004	(4,483,403)	-15.4%
Premium	68,337,854	36,395,720	72,177,190	3,839,336	5.6%
All Other	20,863,995	7,632,569	20,428,055	(435,940)	-2.1%
Total	550,860,767	356,677,172	542,092,080	(8,768,687)	-1.6%
Budgeted and Projected Expenses (Budget Account 1338)					
Description	Budget	Actual 12/31/20	Projected	Difference	
Operating	5,928,696	2,509,558	5,715,178	213,518	3.6%
State Employee Ins Cost	308,157,770	137,811,194	276,863,494	31,294,276	10.2%
State Retirees Ins Cost	53,659,367	24,498,232	57,514,721	(3,855,354)	-7.2%
Non-State Employees Ins Cost	142,871	47,351	143,703	(832)	-0.6%
Non-State Retirees Ins Cost	13,453,450	5,385,446	11,746,686	1,706,764	12.7%
State Medicare Ret Ins Cost	25,382,152	11,827,074	22,561,978	2,820,174	11.1%
Non-State Medicare Ret Ins Cost	17,991,547	6,999,719	16,418,092	1,573,455	8.7%
Total Insurance Costs	418,787,157	186,569,016	385,248,673	33,538,484	8.0%
Total Expenses	424,715,853	189,078,574	390,963,851	33,752,002	7.9%
Restricted Reserves	116,899,651	116,899,651	111,395,726	5,503,925	4.7%
Differential Cash Available	9,245,263	50,698,947	39,732,503	(30,487,240)	-329.8%
Total Reserves	126,144,914	167,598,598	151,128,229	(24,983,315)	-19.8%
Total of Expenses and Reserves	550,860,767	356,677,172	542,092,080	8,768,687	1.6%

Expenses for Fiscal Year 2021 are projected to be \$33.8 million (7.9%) less than budgeted when changes to reserves are excluded. Operating expenses are projected to be less than budgeted by \$0.2 million (3.6%). Employee and Retiree insurances costs are projected to be less than budgeted by \$33.5 million (8.0%) when taken in total (see table above for specific information). The significant reduction in projected expenditures compared to the budget is substantially due to the claims suppression experienced between July and December during the COVID-19 shutdown.

Recommendations

None.