



STEVE SISOLAK
Governor

LAURA FREED
Board Chair

STATE OF NEVADA
PUBLIC EMPLOYEES' BENEFITS PROGRAM
901 S. Stewart Street, Suite 1001 | Carson City, Nevada 89701
Telephone 775-684-7000 | 1-800-326-5496 | Fax 775-684-7028
www.pebp.state.nv.us

LAURA RICH
Executive Officer

AGENDA ITEM

Action Item

Information Only

Date: March 25, 2021

Item Number: VIII

Title: Plan Year 22 Rates

SUMMARY

This report outlines options for Plan Year 22 (July 1, 2021 – June 30, 2022) rates for State and Non-State employees, retirees and their dependents for the Consumer Driven Health Plan (CDHP), Low Deductible (LD) Plan, Exclusive Provider Organization (EPO) Plan, and Health Maintenance Organization (HMO) Plan.

REPORT

BUDGET CONSIDERATIONS

PEBP's budget since originally submitted last August has undergone many different versions, all while attempting to pivot and adjust to the constantly changing budgetary and healthcare environments. At this point in the process, most of the budgetary decisions now lie with the legislature, however PEBP must set rates to ensure the program is prepared for the May 1 open enrollment date. Although changes made to PEBP's budget during the legislative process (such as deviations to the employer subsidy amounts) would have an effect on rates, the legislature is aware of the implications and is sensitive to this. Because of the evolving situation, PEBP has been in close coordination with LCB fiscal staff and the Governor's Finance Office.

PEBP's budget is somewhat unique because the budget factors in two years of trend, even though it is far too early to project trend two years out. As a result, any trend increases above what was incorporated into the budget is borne entirely on the member premium in the second year of the biennium. In normal years, this is already a challenge, but the pandemic has only intensified this issue. Plan Year 21 claims costs were extraordinarily lower than projected due to shutdowns and stay at home orders, but there are concerns in the industry of potential spikes in future years. The delays in care have not only resulted in pent up demand for scheduled

surgeries, but may also result in more severe health conditions and thus claims costs could rise sharply in the coming years.

In an attempt to adjust for a potential higher than budgeted trend, PEBP and the Governor’s Finance Office adjusted employer subsidy amounts in the budget so that the employer subsidy was lower in the first year and raised significantly in the second year. As more claim information became available and actuaries began applying the standard rate methodology, the lower employer subsidy in PY22 has resulted in sizeable increases to participant premiums. Although this standard methodology would normally be recommended, the pandemic has led to some rather unique budget scenarios that cannot be ignored.

The claim suppression in combination with lowered reserve requirements will likely result in substantial excess cash amounts when PEBP closes its books for FY21.

Balancing out the employer subsidy amounts between the two years (as opposed to the lower subsidy in PY22 and higher subsidy in PY23 as was submitted in the budget) would “fix” the situation of higher employee costs in PY22, however GFO indicated that a budget amendment to make this adjustment would be difficult because of the effect on the general fund. Instead, PEBP is proposing that this be accomplished by artificially suppressing rates in PY22. This option will likely reduce the amount of excess that has built up in PY21 (by drawing down on some of the expected year end closing excess cash). However, the size of the excess is difficult to determine and is largely dependent on how long claims suppression continues or how quickly it returns to normal in calendar year 2021 or worst case, how quickly to moves above normal expectations. In addition, this plan would keep rates nearly flat in PY22, as was the desire and goal of the Governor and attempts to keep rates relatively flat in PY23 should the expected spikes in trend not be extraordinarily high.

Option 1:

Application of Standard Rate Methodology/Budgeted Rates:

State Active Employees	Statewide CDHP			NEW Copay PPO			EPO/HMO		
	Rate	Base Subsidy	Participant Premium	Rate	Base Subsidy	Participant Premium	Rate	Base Subsidy	Participant Premium
Employee Only	632.57	579.10	53.47	652.21	579.10	73.11	732.12	579.10	153.02
Employee + Spouse	1,254.97	998.95	256.02	1,294.25	998.95	295.30	1,454.07	998.95	455.12
Employee + Child(ren)	865.97	736.54	129.43	892.98	736.54	156.44	1,002.85	736.54	266.31
Employee + Family	1,488.37	1,156.39	331.98	1,535.02	1,156.39	378.63	1,724.81	1,156.39	568.42

Plan Year 2022 Rates

March 25, 2021

Page 3

State Retirees Non-Medicare	Statewide CDHP			NEW Copay PPO			EPO/HMO		
	Rate	Base Subsidy	Participant Premium	Rate	Base Subsidy	Participant Premium	Rate	Base Subsidy	Participant Premium
Retiree only	628.36	386.90	241.46	648.00	386.90	261.10	727.91	386.90	341.01
Retiree + Spouse	1,250.76	667.40	583.36	1,290.04	667.40	622.64	1,449.86	667.40	782.46
Retiree + Child(ren)	861.76	492.09	369.67	888.77	492.09	396.68	998.64	492.09	506.55
Retiree + Family	1,484.16	772.59	711.57	1,530.81	772.59	758.22	1,720.60	772.59	948.01
Surviving/Unsubsidized Dependent	628.36	-	628.36	648.00	-	648.00	727.91	-	727.91
Surviving/Unsubsidized Spouse + Child(ren)	861.76	-	861.76	888.77	-	888.77	998.64	-	998.64

Non-State Active Employees	Statewide CDHP			NEW Copay PPO			EPO/HMO		
	Rate	Base Subsidy	Participant Premium	Rate	Base Subsidy	Participant Premium	Rate	Base Subsidy	Participant Premium
Employee Only	986.15	-	986.15	1,031.91	-	1,031.91	931.42	-	931.42
Employee + Spouse/DP	1,962.13	-	1,962.13	2,053.66	-	2,053.66	1,852.68	-	1,852.68
Employee + Child(ren)	1,352.14	-	1,352.14	1,415.07	-	1,415.07	1,276.90	-	1,276.90
Employee + Family	2,328.12	-	2,328.12	2,436.81	-	2,436.81	2,198.15	-	2,198.15

Non-State Retirees Non-Medicare	Statewide CDHP			NEW Copay PPO			EPO/HMO		
	Rate	Base Subsidy	Participant Premium	Rate	Base Subsidy	Participant Premium	Rate	Base Subsidy	Participant Premium
Retiree only	981.94	740.48	241.46	1,027.70	766.60	261.10	927.22	586.21	341.01
Retiree + Spouse/DP	1,957.92	1,374.56	583.36	2,049.45	1,426.81	622.64	1,848.48	1,066.02	782.46
Retiree + Child(ren)	1,347.93	978.26	369.67	1,410.86	1,014.18	396.68	1,272.69	766.14	506.55
Retiree + Family	2,323.91	1,612.34	711.57	2,432.61	1,674.39	758.22	2,193.95	1,245.94	948.01
Surviving/Unsubsidized	981.94	-	981.94	1,027.70	-	1,027.70	927.22	-	927.22
Surviving/Unsubsidized	1,347.93	-	1,347.93	1,410.86	-	1,410.86	1,272.69	-	1,272.69

Option 2:

Artificial Suppression to Adjust for Claims Suppression and Excess Cash

State Active Employees	Statewide CDHP				NEW Copay PPO				EPO/HMO			
	Rate	Base Subsidy	Using Excess Cash	Participant Premium	Rate	Base Subsidy	Using Excess Cash	Participant Premium	Rate	Base Subsidy	Using Excess Cash	Participant Premium
Employee Only	632.57	579.10	8.84	44.63	652.21	579.10	8.84	64.27	732.12	579.10	8.84	144.18
Employee + Spouse	1,254.97	998.95	15.25	240.77	1,294.25	998.95	15.25	280.05	1,454.07	998.95	15.25	439.87
Employee + Child(ren)	865.97	736.54	11.25	118.18	892.98	736.54	11.25	145.19	1,002.85	736.54	11.25	255.06
Employee + Family	1,488.37	1,156.39	17.65	314.33	1,535.02	1,156.39	17.65	360.98	1,724.81	1,156.39	17.65	550.77

State Retirees Non-Medicare	Statewide CDHP				NEW Copay PPO				EPO/HMO			
	Rate	Base Subsidy	Using Excess Cash	Participant Premium	Rate	Base Subsidy	Using Excess Cash	Participant Premium	Rate	Base Subsidy	Using Excess Cash	Participant Premium
Retiree only	628.36	386.90	7.18	234.28	648.00	386.90	7.18	253.92	727.91	386.90	7.18	333.83
Retiree + Spouse	1,250.76	667.40	12.39	570.97	1,290.04	667.40	12.39	610.25	1,449.86	667.40	12.39	770.07
Retiree + Child(ren)	861.76	492.09	9.13	360.54	888.77	492.09	9.13	387.55	998.64	492.09	9.13	497.42
Retiree + Family	1,484.16	772.59	14.34	697.23	1,530.81	772.59	14.34	743.88	1,720.60	772.59	14.34	933.67
Surviving/Unsubsidized Dependent	628.36	-	-	628.36	648.00	-	-	648.00	727.91	-	-	727.91
Surviving/Unsubsidized Spouse + Child(ren)	861.76	-	-	861.76	888.77	-	-	888.77	998.64	-	-	998.64

Plan Year 2022 Rates

March 25, 2021

Page 4

Non-State Active Employees	Statewide CDHP			NEW Copay PPO			EPO/HMO		
	Rate	Base Subsidy	Participant	Rate	Base Subsidy	Participant Premium	Rate	Base Subsidy	Participant Premium
Employee Only	986.15	-	986.15	1,031.91	-	1,031.91	931.42	-	931.42
Employee + Spouse/DP	1,962.13	-	1,962.13	2,053.66	-	2,053.66	#####	-	1,852.68
Employee + Child(ren)	1,352.14	-	1,352.14	1,415.07	-	1,415.07	#####	-	1,276.90
Employee + Family	2,328.12	-	2,328.12	2,436.81	-	2,436.81	#####	-	2,198.15

Non-State Retirees Non-Medicare	Statewide CDHP			NEW Copay PPO			EPO/HMO		
	Rate	Base Subsidy	Participant Premium	Rate	Base Subsidy	Participant Premium	Rate	Base Subsidy	Participant Premium
Retiree only	981.94	740.48	241.46	1,027.70	766.60	261.10	927.22	586.21	341.01
Retiree + Spouse/DP	1,957.92	1,374.56	583.36	2,049.45	1,426.81	622.64	1,848.48	1,066.02	782.46
Retiree + Child(ren)	1,347.93	978.26	369.67	1,410.86	1,014.18	396.68	1,272.69	766.14	506.55
Retiree + Family	2,323.91	1,612.34	711.57	2,432.61	1,674.39	758.22	2,193.95	1,245.94	948.01
Surviving/Unsubsidized	981.94	-	981.94	1,027.70	-	1,027.70	927.22	-	927.22
Surviving/Unsubsidized	1,347.93	-	1,347.93	1,410.86	-	1,410.86	1,272.69	-	1,272.69

Recommendation: Option 2 smooths out volatility of rate fluctuations while ensuring higher rates do not contribute to the excess cash.