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AGENDA ITEM

Action Item

Information Only

Date: September 30, 2021

Item Number: VII

Title: COVID-19 Update, Coverage Options and Potential COVID Surcharge for Unvaccinated Members

SUMMARY

This report will provide the Board, participants, public, and other stakeholders information on PEBP COVID-19 claims experience and discuss potential coverage and premium options.

BACKGROUND

On March 5, 2020, Governor Sisolak issued an Emergency Regulation requiring all fully-insured health plans regulated by the Division of Insurance (DOI) to cover all COVID-19 testing related costs. Because PEBP is a self-insured program and is therefore not regulated by the DOI, several coverage options were brought to the Board at the March 31, 2020 meeting. The Board ultimately voted on and approved the following option:

- Option 2: Effective March 5 through July 3, 2020, cover all testing and associated office visit at 100% of the plan's maximum allowable charge regardless of network participation status with no cost sharing to the member. Cover formulary medications for the treatment of COVID-19 with no cost sharing and non-formulary medications without prior authorization when supply shortages exist.

The elimination of cost sharing for COVID-19 testing was later strengthened on a federal level and the Board opted to extend the no cost-sharing requirement for associated office visits and treatments indefinitely.

REPORT

PEBP COVID-19 CLAIMS EXPERIENCE

The chart below provides an illustration of the COVID diagnosis among members in PEBP’s self-insured plans (not including Medicare Exchange or HMO members).

COVID-19 Diagnosis	# of Members	# with ER	% with ER	# with Inpatient	% with Inpatient	# with ICU	# with Ventilator
Confirmed	2,252	335	14.9%	226	10.0%	34	13
Probable*	35	2	5.7%	2	5.7%	1	0
Possible*	273	39	14.3%	200	73.3%	32	6

- 18 PEBP members have passed away as a result of a COVID-19 diagnosis
- Since the beginning of the pandemic, the plan has paid \$13,240,650 in COVID related costs, including claims for testing, treatment and vaccinations.
- The plan has paid approximately \$5,046,389 in (medical) claims costs since April 2021, when the vaccine became available to Nevadans 16 years of age and older.

Examples:

Case 1: 61-year-old female admitted on 8/14/20 to Summerlin Hospital for shortness of breath and fever. Member was diagnosed with COVID-19 and admitted to ICU. Member passed away on 9/26/20. COVID related services plan paid amount **\$197,185.90**

Case 2: 70-year-old male admitted to Carson Tahoe Regional Medical Center for worsening respiratory distress. Member was diagnosed with COVID-19 and admitted to ICU. Member passed away on 4/19/21. COVID related services plan paid amount **\$179,411.12**

Case 3: 28-year-old male with no significant prior medical history. He presented to the emergency department at Sunrise Hospital on July 18, 2021 with complaints of shortness of breath, cough, nausea, and fever. He tested positive for COVID-19 and was unvaccinated. He tried to manage his symptoms as outpatient but they worsened. He also noticed occasional blood in his phlegm. He was started on intravenous medications and antibiotics. He required intubation and mechanical ventilation on July 30, 2021 due to hypoxic respiratory failure. it was determined that he needed extracorporeal membrane oxygenation (ECMO). However, there were no ECMO beds available in Nevada. A referral was made to UCLA Health Hospital in California where an ECMO bed was available for him. He was transferred to Ronald Reagan UCLA Medical Center on August 4, 2021 by air ambulance. The member passed away on August 16, 2021. COVID related services: **~\$1M in billed charges**

COST-SHARING COVERAGE

As the vaccine has become widely available to adults, insurers have reverted toward applying normal cost-sharing rules for COVID-19 claims (excluding testing, which continues to be required to be covered at 100%). For PEBP, this change would result in COVID related hospitalization and treatment being again subject to deductibles, coinsurance and copays, versus the 100% coverage that is in place today.

COVID SURCHARGES

On August 25, 2021, Delta announced that it would be implementing a \$200 surcharge on health insurance premiums to all unvaccinated employees, citing the surcharge as a way to recover the costs of insuring employees who get hospitalized for COVID. The company, who like PEBP is self-insured, has paid on average of approximately \$50,000 for COVID hospitalizations. Two weeks after the announcement, 20% of their previously unvaccinated employees had been vaccinated. <https://www.natlawreview.com/article/imposing-group-health-plan-monthly-surcharges-unvaccinated>

After receiving initial support from the Governor's Office, PEBP conducted some preliminary research in this area. Although there appears to be a lack of clear guidance and various potential challenges, there may be opportunities to mimic a solution similar to Delta's COVID surcharge for implementation at PEBP either mid-year or at the beginning of the upcoming plan year. Staff will work in conjunction with Governor's Office and other state agencies to develop options to present at the November Board meeting, should the Board express interest in the possible implementation of COVID surcharges to unvaccinated members.

Recommendation:

- 1. Remove 100% coverage benefit for COVID related treatment and hospitalization and apply existing plan rules to COVID related treatment and hospitalization claims moving forward.***
- 2. Permit PEBP staff to conduct further research on COVID surcharges and provide an update and potential options at the November Board meeting.***