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AGENDA ITEM

- Action Item
- Information Only

Date: January 27, 2022

Item Number: V

Title: Executive Officer Report

SUMMARY

This report will provide the Board, participants, public, and other stakeholders information on PEBP activities and operations.

REPORT

COVID-19 UPDATE

Emergency Declaration:

On January 14, the Department of Health and Human Services extended the national public health emergency. As a result, the end date for the cost share waiver and other COVID-19 benefit options has been extended to April 15, 2022. The following benefits are affected by this extension:

- Cost sharing for COVID-19 testing and test-related visits
- Cost share for COVID-19 vaccine administration.

OSHA Mandate:

OSHA's Emergency Temporary Standard, which imposes testing requirement on large employers, was blocked by the Supreme Court on January 13th; however, this decision does not affect the Governor's policy mandating weekly testing of unvaccinated state employees.

Insurer Mandate:

On January 10th, the Departments of Health and Human Services (HHS), Labor, and Treasury released guidance outlining new policy requiring insurers and group health plans to cover and reimburse covered members for up to eight at-home COVID tests per 30-day period. The requirement began on January 15th and goes through the end of the public health emergency.

Under this policy, insurers are incentivized to negotiate with in-network pharmacies to ensure members can purchase tests at zero cost and avoid the burdensome process of paying for tests up front and having to submit receipts for reimbursement. Members will also be able to submit receipts and be reimbursed up to \$12/each test purchased through other pharmacies where automatic payment arrangements are not in place. With such short notice, most insurers (including PEBP) are unable to have an automated process in place by the effective date, so members will initially have to utilize the manual reimbursement option. As of the date this report was written, the following process has been established and communicated to PEBP members:

- CDHP/LD/EPO: Tests will be reimbursed through a manual reimbursement request performed by our Pharmacy Benefit Manager, Express Scripts (ESI). Members will need to mail/fax the ESI claim form along with a pharmacy receipt.
 - ESI is in the process of establishing the technology necessary to ensure members can purchase OTC tests at no up-front costs through partnering pharmacies and/or through mail order. This is expected to be available within the next 30 days.
- HMO (HPN): Members can purchase OTC tests at any Walmart Pharmacy with no up-front costs. Members who purchase tests at other pharmacy can submit receipts through the online member center to receive a reimbursement.

The impact of this mandate is yet to be determined and will be largely dependent on COVID infection rates, consumer behavior, as well as COVID policies. If the infection rates continue to remain high, it is likely the demand for tests will also increase. On one hand, eight OTC tests will cost the plan approximately the same as one PCR test. It is unlikely members will seek a PCR test if rapid tests are widely available. Additionally, the Biden Administration recently announced an online option so Americans can order up to four free tests per household, which could also presumably reduce the number of PCR tests members are seeking. Given these factors, PEBP can theorize the plan will likely not experience increases in testing related costs because the OTC cost will replace the previous more expensive PCR testing.

On the other hand, many PCR tests performed today have never been billed to the plan. Numerous testing providers are receiving state or federal funding to perform COVID testing, therefore insurance information is not collected from members and insurers are not being billed. PEBP has no way of knowing how many members have received COVID tests through these sources, but it can be presumed the percentage is significant. In this case, PEBP would very likely experience higher testing costs because OTC tests would now be replacing testing costs PEBP previously did

not absorb. Moreover, there is the concern members may stockpile OTC tests regardless of need. The combination of all these factors has the potential to drive up plan costs considerably.

Testing roll-out:

PEBP, through its HealthSCOPE Benefits contract, is partnering with Quest Diagnostics to oversee the distribution of tests and facilitate access to those unvaccinated state employees who are subject to the state weekly testing requirement as well as those employees who become symptomatic or with confirmed exposures.

PEBP has reached out to all department directors for information and to-date, PEBP has received requests for over 20,000 individual tests to be shipped to state agencies across the state. Additionally, there are over 300 tests to be mailed to individuals.

As of the date of this report, PEBP is awaiting the finalization of the contract between HealthSCOPE Benefits and Quest. Tests are expected to ship within 3 weeks of the final signed contract.

Surcharges:

With the focus on testing roll-out and implementation of the new enrollment system, there are no substantial updates to provide on the implementation of surcharges at this time, however, below are some high-level updates on next steps:

- Discussions regarding the implementation of this functionality with BenefitFocus have already begun. Although PEBP has been granted access to state vaccination data, this functionality remains a priority.
- PEBP has begun initial discussions with the Governor's Office regarding the religious/medical exemption process.
- PEBP will continue working with Aon to monitor COVID costs to ensure surcharge amounts approved at the December 2, 2021 meeting remain valid.

STAFFING

PEBP has not been immune to staffing issues caused by national labor shortages and COVID. PEBP currently has 8 of 34 positions vacant and getting the open positions filled has been challenging. The first obstacle is related to the Division of Human Resource Management (DHRM) new recruitment system and the longer processing times associated with the new system. Once a candidate list is finally received, many of the best candidates are either no longer interested or have already accepted another position elsewhere. In some cases, PEBP has had to repost positions and/or consider an underfill option.

Furthermore, COVID infections and exposure have led to absenteeism. This has the most significant impact on our member services unit (call center), because, while already understaffed, these positions are unable to work remotely if they believe they have been exposed or are having symptoms.

With the additional volume of work happening at PEBP as well as the numerous upcoming changes, it is important that PEBP is fully staffed and trained to ensure the agency can be successful moving forward. It is an understatement to say that the PEBP staff have been giving it 100% despite the intense challenges the agency is faced with.

Legislative Committee Meetings:

On February 8th, PEBP is scheduled to present to the Interim Retirement and Benefits Committee (IRBC). Per NRS 287.0425, PEBP is required to present a series of reports regarding the program's previous fiscal year performance and operations. Similar to last years' presentation, PEBP has also elected to provide the committee with information on all major PEBP Board decisions and other information the committee members may find useful as legislators prepare for the 2023 legislative session.

PEBP is also on the agenda for the February 9th meeting of the Interim Finance Committee. PEBP has submitted a work program authorizing the use of \$8.7M in excess reserves to fund the PY 23 plan design to restore deductibles and out-of-pocket maximums beginning July 1, 2022. Although this was approved by the Board in December, the legislature must ultimately authorize the use of reserves to fund benefits.