Segal

Nevada Public Employees' Benefits Program

Plan Design and Subsidy Considerations

October 2, 2026

Agenda

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Current State

Current Financial State

- FY26 PEBP ending cash balance = $52.6M
- IBNR as of June 30, 2026 = $63M
- Board voted in March 2026 to phase-in full rates: Anticipated $32M need in additional funding, not included in PY27 AEGIS/REGI funding allocation
  - PY27 projected to be $32M - $36M
- Projected PY27 cash balance = $16M
  - Data through July 2026
  - Assuming an additional $13M to offset a portion of the phase-in
  - Reflecting IBNR reserve results in -$47M

PY2027 Plan Designs

	CDHP	LDPPO	EPO	HMO
Actuarial Value	78%	83%	89%	91%
Service Area	Global	Global	Northern Nevada	Southern Nevada
HSA/HRA Contribution	$700 PEPY +$200 per dep (max 3)	N/A	N/A	N/A
Annual Deductible	$1,700 Individual $3,400 Family $3,400 Individual Family Member Deductible	$300 Individual $600 Family	$100 Individual $200 Family $100 Individual Family Member Deductible	N/A With exception of Tier 4 prescription drug coverage
Medical Coinsurance	20% after deductible	20% after deductible	20% after deductible	N/A
Out-of-Pocket Maximum	$5,000 Individual $10,000 Family	$5,000 Individual $10,000 Family	$4,000 Individual $8,000 Family	$5,000 Individual $10,000 Family
Primary Care/ Specialist Office Visit	20% after deductible	$30/ $50 copay per visit	$20/ $40 copay per visit	$25/ $40 ($25 with referral) copay per visit
Urgent Care Visit	20% after deductible	$80 copay per visit	$50 copay per visit	$50 copay per visit
Emergency Room Visit	20% after deductible	$750 copay per visit	$600 copay per visit	$600 copay per visit
In-Patient Hospital	20% after deductible	20% after deductible	$600 copay per visit	$600 copay per visit
Outpatient Surgery	20% after deductible	$500 copay per visit	$350 copay per visit	Ambulatory Facility $50 copay Hospital $350 copay
PY2027 Employee Only Premium	$55.26	$160.18	$381.24	$381.24

Enrollment Change as of July 2026

Plan Migration During Open Enrollment PY 2027 – Actives and Non-Medicare Retirees

		July 2026 Plan Election					
May 2026 Plan Election		CDHP	LDPPO	EPO	Dropped	Total	May 2026 Share
	CDHP	12,027	357	5	691	13,080	45.4%
	LDDPO	1,151	11,733	12	606	13,502	46.8%
	EPO	54	474	1,654	72	2,254	7.8%
	New Plan Enrollees	709	995	18		1,722	
	Total	13,941	13,559	1,689	1,369	30,558	
	July 2026 Share	47.8%	46.5%	5.8%			

- CHDP Plan:
  - July enrollment share increased 2.4 percentage points to 47.8% from May 2026
  - 3% (357) moved to LDPPO
- LDPPO Plan
  - July enrollment share stayed roughly the same (a 0.3 percentage point decrease)
  - 9% (1,151) moved to CDHP
- EPO Plan
  - July enrollment share decreased 2 percentage points
  - 21% (474) moved to LDPPO, 2% (54) moved to CDHP
- More EPO members moved to LDPPO and less into CDHP than expected; it also depends on who moved as well.
- Less LDPPO members moved to CDHP than expected, again depends on who does and does not move.

PY2026 Medical/Rx Plan Performance

- Total expenses exceeded medical/Rx revenue by $14.6M

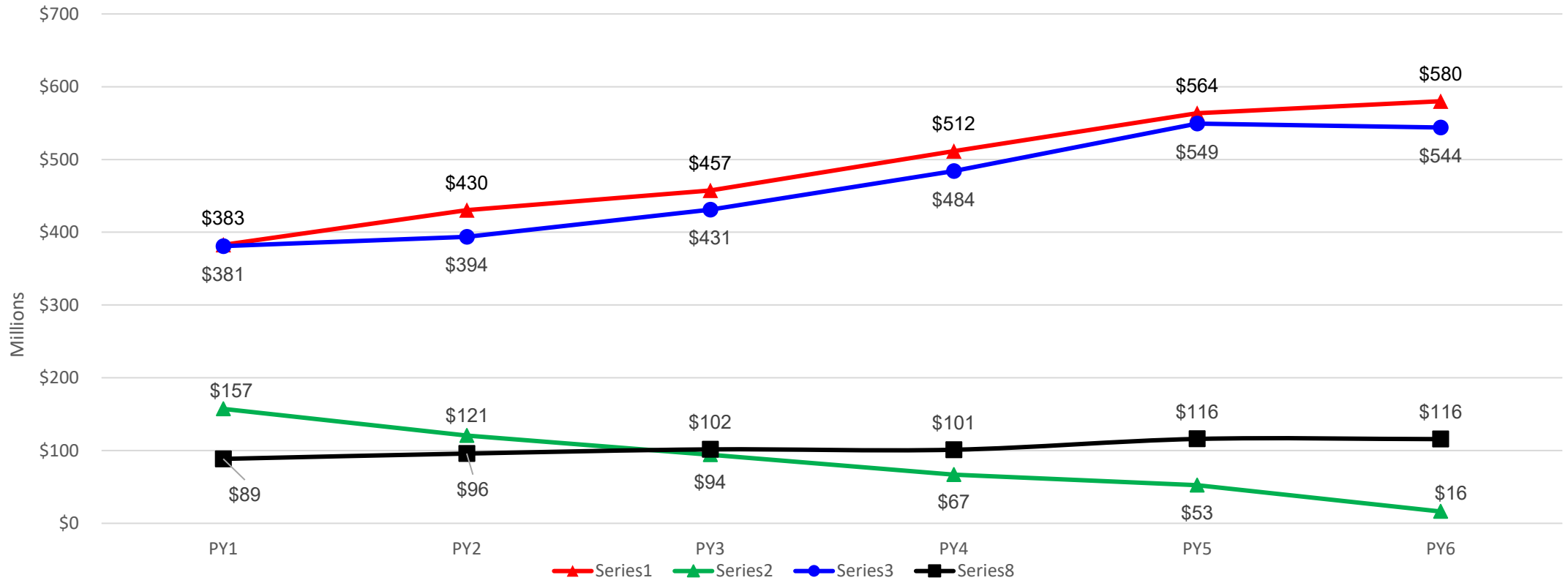
	CDHP	LDPPO	EPO/HMO	Dental	Medicare HRA	Total
Total Revenue*	$176,046,991	$179,927,657	$87,638,887	$30,767,700	$33,612,164	$507,993,400
Total Expenses**	$154,136,600	$202,554,900	$102,383,700	$29,939,700	$33,612,164	$522,627,064
Net	$21,910,391	($22,627,243)	($14,744,813)	$828,000	$0	($14,633,664)
Avg. Enrollment	13,772	13,450	5,634	41,873	12,936	32,856[1]
Revenue PEPM***	$1,065	$1,115	$1,296	$61	$217	$1,288
Expense PEPM	$933	$1,255	$1,514	$60	$217	$1,326
Net PEPM Difference	$133	($140)	($218)	$2	$0	($37)

* State funding, employee and retiree premium contributions (excludes contributions to dental, life and general PEBP administration costs and revenue received in PY2026 attributable to prior plan years).
** Paid claim costs, fully insured HMO premiums, HSA contributions, HRA claims (including supplemental) and administrative costs, net of prescription drug rebates
*** Per Employee Per Month
[1] Represents total Medica/Rx plan enrollment

Reserves

- Leading up to FY2024, reserves were actively spent down
  - Plan changes, premium subsidies and supplemental HRAs
- Trend increase accelerated at the same time
- FY26 increase in AEGIS/REGI used to reduce employee premiums, partially used in FY27 for the premium phase-in

	FY24	FY25	FY26	FY27
AEGIS	$730	$759	$991	$943
REGI	$515	$545	$650	$700



[1]Catastrophic Reserve set at 50 days of claims for PY2024 and earlier; 45 days of claims for PY2025 and later.
[2] Assets and IBNR estimated for FY2027.

Plan Design and other Financial Considerations

Plan Design Scenarios

- Option A – Eliminate EPO/HMO; enhance plan design for LDPPO = $8M PY28 projected savings
- Option B – Change HMO to self-funded (EPO) option = $7M PY28 projected savings
- Option C – De-couple active and retirees = $19M PY28 projected reduction in active rates, $20M PY28 increase in retiree rates

Plan Design Considerations – Option A

Eliminate EPO/HMO, enhance LDPPO plan design

- Increased Actuarial Value in LDPPO by one percentage point (83% to 84%)
- Assume most members remaining in EPO plan would migrate to LDPPO
- Update specialty Rx benefit for CDHP and LDPPO
- Update CDHP deductible to comply with IRS requirements
- Majority of savings is associated with move to a self-funded arrangement

Projected PY28 Total Med/Rx Savings = $8M

PY28 Plan Design Considerations – Option A

Medical	CDHP	LDPPO Current	LDPPO - Proposed
Actuarial Value (Medical + Rx)	78%	83%	84%
Service Area	Global	Global	Global
HSA/HRA Contribution	$700 PEPY +$200 per dep (max 3)	N/A	N/A
Annual Deductible	$1,750 Individual $3,500 Family $3,500 Individual Family Member Deductible	$300 Individual $600 Family	$500 Individual $1,000 Family
Medical Coinsurance	20% after deductible	20% after deductible	20% after deductible
Out-of-Pocket Maximum	$5,000 Individual $10,000 Family	$5,000 Individual $10,000 Family	$4,000 Individual $8,000 Family
Primary Care/ Specialist Office Visit	20% after deductible	$30/ $50 copay per visit	$25/ $40 copay per visit
Urgent Care Visit	20% after deductible	$80 copay per visit	$50 copay per visit
Emergency Room Visit	20% after deductible	$750 copay per visit	$600 copay per visit
In-Patient Hospital	20% after deductible	20% after deductible	20% after deductible
Outpatient Surgery	20% after deductible	$500 copay per visit	$400 copay per visit
Rx			
Preferred Generic (30d/90d)	20% after deductible	$10 (30-day) /$20 (90-day retail and mail)	$10 (30-day) /$20 (90-day retail and mail)
Preferred Brand	20% after deductible	$40 (30-day)/ $80 (90-day retail and mail)	$40 (30-day)/ $80 (90-day retail and mail)
Non-Formulary	100% member paid	$75 (30-day) /$150 (90-day retail and mail)	$100 (30-day) /$200 (90-day retail and mail)
Specialty (30 day)	30% after deductible; for drugs not on SaveOnSP ($75 min / $150Max)	30% after deductible; for drugs not on SaveOnSP ($100 min / $250Max)	30% after deductible; for drugs not on SaveOnSP ($75 min / $150Max)

Plan Design Considerations – Option B

Change HMO to self-funded

- Change HMO to self-funded option, plan design = EPO
- CDHP deductible change to comply with IRS requirements
- Rx specialty change on CDHP and LDPPO (page 12)

Projected PY28 Total Med/Rx Savings = $7M

Plan Design Considerations – Option C

Actives and Retirees De-Coupled

Based on projections for PY2028, if actives and retirees were rated separately based on their own experience

Population	Projected Budget Rate Impact	Projected PY 2028 Budget Impact
Actives	4% reduction	- $19M
Retirees	27% increase	+ $20M

Tier Analysis

Coverage Tier Analysis

	Current Tier Ratios	Ratios Based on 5yr Claims Analysis	Suggested updated Tier Ratios
Employee (EE)	1.000	1.000	1.000
EE + Spouse/DP	2.000	2.204	2.200
EE + Child(ren)	1.375	1.448	1.450
EE + Family	2.375	2.651	2.650

- **Changes to tier ratios will not change overall costs**
- **Changes will reduce unintended subsidies between employees and dependents**

Tier	PY27 CDHP Rates	Illustrative PY27 LDPPO with updated Tier Ratios	$ Change	PY27 LDPPO Rates	Illustrative PY27 LDPPO with updated Tier Ratios	$ Change
Employee (EE)	$55	$46	($9)	$160	$139	($21)
EE + Spouse/DP	$314	$334	$20	$521	$565	$44
EE + Child(ren)	$152	$154	$2	$296	$299	$3
EE + Family	$411	$441	$30	$657	$724	$67

Subsidy Analysis

Subsidy Analysis – Current State

- AEGIS and REGI Base Subsidy is consistent across plans and is based on CDHP rates
  - AEGIS: Employee = **93.5%** of CDHP total EE only rate
  - AEGIS: Dependents = **68.5%** of dependent portion of total CDHP rate
  - REGI: Retiree = **70%** of CDHP total retiree only rate
  - REGI: Dependents = **45%** of dependent portion of total CDHP rate
- When reviewing Base Subsidy as a percentage of total rates, the following percentages apply:

State Actives	CDHP	LDPPO	EPO
Employee (EE)	93.5%	69.8%	55.1%
EE + Spouse/DP	81.1%	60.5%	47.6%
EE + Child(ren)	86.8%	64.7%	51.0%
EE + Family	79.1%	59.0%	46.5%

State Retirees	CDHP	LDPPO	EPO
Retiree (Ret)	70.0%	52.2%	41.1%
Ret + Spouse/DP	57.6%	42.9%	33.8%
Ret + Child(ren)	63.2%	47.1%	37.1%
Ret + Family	55.6%	41.4%	32.6%

Based on initial PY 2028 budget projections

Subsidy Scenarios

- Scenario 1 – Return AEGIS and REGI Base Subsidies to historical levels = **PY28 projected savings of $6M**
- Scenario 2 – AEGIS Base Subsidy set so CDHP employee only premium = $0, dependent subsidy changes, no change for REGI = **$0 PY28 projected savings**
- Scenario 3 – AEGIS Base Subsidy percentage varies by plan, no change for REGI = **PY28 projected savings of $1M**
- Scenario 4 – Reduce AEGIS spousal Base Subsidy 5%, reduce REGI Base Subsidy = **PY28 projected savings of $8M**
- Scenario 5 – Only REGI Base Subsidy for retirees, no change to AEGIS Base Subsidy = **PY28 projected savings of $9M**

Subsidy Scenario 1 – Historical Levels

- Return Base Subsidy to historical levels:
  - AEGIS: **93%** for employee and **68%** for dependents
  - REGI: **64%** for retirees and **39%** for dependents

Projected PY28 PEBP Med/Rx Savings = $6M

- $2M for AEGIS
- $4M for REGI

Subsidy Scenario 1 – Historical Levels Premium

	Plan Year 2027 Participant Premium			Illustrative Participant Premium			Difference		
State Active Employees	**CDHP**	**LDPPO**	**EPO/HMO**	**CDHP**	**LDPPO**	**EPO/HMO**	**CDHP**	**LDPPO**	**EPO/HMO**
Employee Only	$55	$160	$381	$60	$165	$386	$5	$5	$5
Employee + Spouse	$314	$521	$962	$327	$535	$976	$13	$13	$13
Employee + Child(ren)	$152	$296	$599	$160	$304	$607	$8	$8	$8
Employee + Family	$411	$657	$1,180	$428	$673	$1,197	$17	$17	$17

	Plan Year 2027 Participant Premium			Illustrative Participant Premium			Difference		
State Retirees	**CDHP**	**LDPPO**	**EPO/HMO**	**CDHP**	**LDPPO**	**EPO/HMO**	**CDHP**	**LDPPO**	**EPO/HMO**
Retiree only	$278	$373	$589	$326	$421	$637	$48	$48	$48
Retiree + Spouse	$703	$892	$1,324	$852	$1,042	$1,474	$149	$149	$149
Retiree + Child(ren)	$437	$568	$865	$525	$655	$952	$88	$88	$88
Retiree + Family	$862	$1,087	$1,600	$1,048	$1,273	$1,786	$186	$186	$186

- Actual premiums paid by retirees depend on years of service, retirement date, and enrollment in Medicare B
- Maximum subsidy is $262.50 for 20+ years of service and $145.30 for Medicare Part B for a total of $407.80 per month

Subsidy Scenario 2 – $0 EE CDHP Premium

- Set AEGIS Base Subsidy such that the resulting employee premium for CDHP is $0
  - May result in additional migration into the CDHP
  - Higher increases for tiers covering spouses
- Resulting AEGIS Base Subsidy rates are **100.0%** for employee and **47.4%** for dependents

Projected PY28 PEBP Med/Rx Savings = $0 (net neutral)

	Plan Year 2027 Participant Premium			Illustrative Participant Premium			Difference		
State Active Employees	**CDHP**	**LDPPO**	**EPO/HMO**	**CDHP**	**LDPPO**	**EPO/HMO**	**CDHP**	**LDPPO**	**EPO/HMO**
Employee Only	$55	$160	$381	$0	$105	$326	($55)	($55)	($55)
Employee + Spouse	$314	$521	$962	$433	$641	$1,081	$119	$119	$119
Employee + Child(ren)	$152	$296	$599	$162	$306	$609	$10	$10	$10
Employee + Family	$411	$657	$1,180	$596	$841	$1,365	$185	$185	$185

Subsidy Scenario 3 – Subsidy Varies by Plan

- AEGIS Base Subsidy will vary by plan:
  - Employee: **95%** for CDHP, **75%** for LDPPO, **65%** for EPO/HMO
  - Dependent: **40%** for all plans

Projected PY28 PEBP Med/Rx Savings = $1M

	Plan Year 2027 Participant Premium			Illustrative Participant Premium			Difference		
State Active Employees	**CDHP**	**LDPPO**	**EPO/HMO**	**CDHP**	**LDPPO**	**EPO/HMO**	**CDHP**	**LDPPO**	**EPO/HMO**
Employee Only	$55	$160	$381	$44	$129	$297	($12)	($31)	($84)
Employee + Spouse	$314	$521	$962	$536	$627	$916	$222	$105	($46)
Employee + Child(ren)	$152	$296	$599	$228	$316	$529	$76	$20	($70)
Employee + Family	$411	$657	$1,180	$721	$813	$1,148	$310	$156	($32)

Subsidy Scenario 4 – Reduce Spousal and Retiree Subsidy

- AEGIS: No Change to employee and children Base Subsidy, reduce the spousal Base Subsidy 5%
  - No change to Employee Only and Employee + Child(ren) tiers
  - Resulting subsidy rates are **93.5%** for employee, **63.5%** for spouses, and **68.5%** for children
- REGI: Reduce retiree Base Subsidy to **64%** and spouse Base Subsidy to **29%**

Estimated PY28 PEBP Med/Rx Savings = $8M

- $3M for AEGIS
- $5M for REGI

Subsidy Scenario 4 – Reduce Spousal and Retiree Subsidy Premium

	Plan Year 2027 Participant Premium			Illustrative Participant Premium			Difference		
State Active Employees	**CDHP**	**LDPPO**	**EPO/HMO**	**CDHP**	**LDPPO**	**EPO/HMO**	**CDHP**	**LDPPO**	**EPO/HMO**
Employee Only	$55	$160	$381	$55	$160	$381	$0	$0	$0
Employee + Spouse	$314	$521	$962	$359	$566	$1,007	$45	$45	$45
Employee + Child(ren)	$152	$296	$599	$152	$296	$599	$0	$0	$0
Employee + Family	$411	$657	$1,180	$456	$702	$1,225	$45	$45	$45

	Plan Year 2027 Participant Premium			Illustrative Participant Premium			Difference		
State Retirees	**CDHP**	**LDPPO**	**EPO/HMO**	**CDHP**	**LDPPO**	**EPO/HMO**	**CDHP**	**LDPPO**	**EPO/HMO**
Retiree only	$278	$373	$589	$326	$421	$637	$48	$48	$48
Retiree + Spouse	$703	$892	$1,324	$932	$1,121	$1,553	$229	$229	$229
Retiree + Child(ren)	$437	$568	$865	$554	$685	$982	$117	$117	$117
Retiree + Family	$862	$1,087	$1,600	$1,158	$1,383	$1,896	$296	$296	$296

- Actual premiums paid by retirees depend on years of service, retirement date, and enrollment in Medicare B
- Maximum subsidy is $262.50 for 20+ years of service and $145.30 for Medicare Part B for a total of $407.80 per month

Subsidy Scenario 5 – REGI Retiree Only Subsidy

- Return REGI subsidy for retirees to historical levels **64.0%** and **0%** for dependents

Estimated PY28 PEBP Med/Rx Savings = $9M

	Plan Year 2027 Participant Premium			Illustrative Participant Premium			Difference		
State Retirees	**CDHP**	**LDPPO**	**EPO/HMO**	**CDHP**	**LDPPO**	**EPO/HMO**	**CDHP**	**LDPPO**	**EPO/HMO**
Retiree only	$278	$373	$589	$326	$421	$637	$48	$48	$48
Retiree + Spouse	$703	$892	$1,324	$1,163	$1,353	$1,785	$461	$461	$461
Retiree + Child(ren)	$437	$568	$865	$640	$770	$1,067	$203	$203	$203
Retiree + Family	$862	$1,087	$1,600	$1,477	$1,702	$2,215	$615	$615	$615

- Actual premiums paid by retirees depend on years of service, retirement date, and enrollment in Medicare B
- Maximum subsidy is $262.50 for 20+ years of service and $145.30 for Medicare Part B for a total of $407.80 per month

Combined Scenario

Combined Plan Design and Subsidy Scenario

- Eliminate EPO/HMO
- Implement specialty medical and Rx design changes on LDPPO and CDHP
- Return AEGIS subsidy for actives to historical levels **93%** for employee and **68%** for dependents
- Return REGI subsidy for retirees to historical levels **64%** for retiree and **39%** for dependents

Estimated PY28 Total Med/Rx Savings = $14M

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