



Joe Lombardo
Governor

NEVADA HEALTH AUTHORITY
PUBLIC EMPLOYEES' BENEFITS PROGRAM

3427 Goni Road, Suite 109
Carson City, Nevada 89706
(775) 684-7000 | (702) 486-3100 | (800) 326-5496
NVHA.NV.GOV
PEBP.NV.GOV



Stacie Weeks
Director

Theresa Carsten
Executive Officer

AGENDA ITEM



Action Item



Information Only

Date: October 24, 2025

Item Number: 11

Title: Executive Officer Report

SUMMARY

This report provides the Board, PEBP members and other stakeholders with information on agency operations.

REPORT

FOR INFORMATION ONLY:

1. STAFFING UPDATE:

PEBP currently has 34 positions and currently 3 vacancies. The vacant positions are administrative assistant positions within the Member Services Unit, which are responsible for customer service calls and emails from members. PEBP's vacancy rate is currently: 9%.

2. CYBER ATTACK UPDATE:

On August 25, 2025, PEBP was closed due to a statewide government response to a cyberattack. On August 26, 2025, staff came to the office to pick up equipment, meet the new Executive Officer, and provide contact information in case staff were later "called back" to the office. Some staff received administrative leave this day as both internet and phones were not accessible. Essential staff that had laptops were allowed to work from home. Supervisors monitored PEBP portal messages and emails to assist members. On August 27, 2025, staff with access to laptops continued to work from home, while the remainder were out on administrative leave. On August 28, 2025, staff returned to the office as internet and phones were back up. The cyberattack had minimal impact on PEBP, as files were saved to the cloud and accessible through internet access. Another contributing factor for the minimal impact to PEBP is that the system portals used for business processes are hosted by third party vendors who had not been impacted by the statewide outages.

3. PLAN MIGRATION FROM PLAN YEAR 2024 TO 2025 AND 2025 TO 2026

Plan enrollment year over year shows membership moving away from CDHP, EPO, and HMO plans.

	Plan YR 2024	Plan YR 2025		Plan YR 2025	Plan YR 2026	
	June 24	July 24	Difference	June 25	July 25	Difference
CDHP Total Lives	23,861	22,708	-1153	22,991	22,526	-465
LD-PPO Lives	20,108	22,286	2178	23,812	25,181	1,369
EPO Lives	5,562	5,289	-276	5,052	4,621	-431
HMO Lives	6,123	6,036	-87	5,977	5,677	-300
Med Exchange Total Lives	14,673	14,743	70	14,561	14,686	125
Tricare Total Lives	300	302	2	307	314	7
PEBP Total Lives	70,627	71,364	734	72,700	73,005	305

4. RESERVE BALANCES

Reserve	Actuary Amount	Budgeted Amount	Work Program Amount	Deficit
IBNR	57,513,000.00	62,444,001.00	53,670,132.00	-3,842,868
Catastrophic	46,500,000.00	49,490,100.00	42,536,700.00	-3,963,300
HRA				
80%	17,541,532.97	29,198,807.00	25,096,147.00	7,554,614.00
Total Difference				-251,554.00

During previous public comment periods it was asserted that PEBP reserves were short by tens of millions. PEBP staff provide here today an accounting of actuarial amounts communicated by Segal as well as current reserve balances.

Segal estimated the IBNR reserve at 57.5 million for FY 26 and PEBP budgeted 62 million, this was reduced through the final budgeting process. Catastrophic reserves were advised to be budgeted for 46.5 million this year based on 45 days of projected total incurred claims for FY 25. PEBP budgeted 49 million for this reserve account and the final approved budget is 42.5 million.

Finally, the HRA reserve must maintain 80% of the available HRA balances. The remaining balance for FY 25 is 2.4 million and the balance for FY 26 is 19.5 million. 80% of these balances is 17.5 million, PEBP budgeted 29 million, and the allowable budget was 25 million.

5. CARSON TAHOE HOSPITAL/UMR UPDATE

Carson Tahoe and UMR have entered contract negotiations to extend participation in the PEBP network through June 30, 2027. Final contract amendments have not been completed, but both parties will be sending a communication to notify the board of their negotiations and their commitment to PEBP members accessing services in the Carson Valley for the November Board Meeting.

Additionally, during the July board meeting there was public comment made that members had reported being denied services at Carson Tahoe. After the board meeting, PEBP staff reviewed call center logs as well as complaints and appeals report and could not identify one member reporting an incident of this nature. Staff were made aware of an incident where a member was accessing services from Carson Medical Group and Carson Medical Group referenced that they were in network and would be in network after 2025. This statement may navigate patients away from seeking services at Carson Tahoe providers but is not the same thing as Carson Tahoe denying services to PEBP members through 2025. PEBP could not confirm the statement made at July's public comment.

FOR POSSIBLE ACTION:

6. HPN LARGE GROUP MEDICAL LOSS RATIO PREMIUM REBATE (FOR POSSIBLE ACTION)

Attached you will find a memo prepared by Segal to address the premium rebate amounts and the considerations for refunding members.

Recommendation:

PEBP staff recommend a variation from Segal's suggested options, which is refunding the approximate \$79 through a one-time reduction to the premium deductions applied to affected members and advising non-state employers to reduce their employee premiums by the appropriate amount.

Option 1 would require PEBP accounting staff to release refunds by check, which would be a larger administrative burden at this time.

Option 2 would require PEBP staff to reduce premiums by manual adjustments during the monthly payroll cycle for thousands of member premiums, which would negatively impact our accounting staff's workflow as there would be a significant increase in adjustments that would be made manually every month.

If the Board approves our recommendation, then the PEBP accounting staff will need to alternate the number of manual adjustments over several pay periods in Plan Year 27 to apply all the MLR related adjustments for State staff and will notify members which pay period their reduction in premium will be adjusted as a result of the MLR Rebate. It may take up to 6 months to apply all premium reductions by manual adjustment to the payroll deductions.

Memorandum

To: Board of Trustees
Nevada Public Employees' Benefits Program (PEBP)

From: Richard Ward, FSA, FCA, MAAA

Date: October 24, 2025

Re: Medical Loss Ratio Rebate from Health Plan of Nevada (HPN)

Overview

The Affordable Care Act requires that health insurance issuers provide rebates to policyholders and subscribers in large group health plans when the issuer's Medical Loss Ratio (MLR) is below 85% for the large group market in the state in which the policy is located. Issuers must also send notices concerning the rebate directly to both the policyholder and the individual subscribers.

Rules vary on how the rebates should be handled, based on the type of plan. For example, rules for public sector plans are different from those for private sector plans and church plans. Additionally, the rules do not apply to self-funded plans. Therefore, by definition, the only PEBP group health policy in this consideration is the HMO.

This memo focuses on the applicable provisions and requirements for insured public sector plans and how they relate to PEBP. The decision regarding how to use rebates involves fiduciary considerations; therefore, legal counsel should be consulted before finalizing any decisions regarding how to use the funds.

Provisions for Public Sector Plans

Although non-federal governmental plans are not subject to ERISA, HHS has direct regulatory authority over them. Consequently, HHS issued an interim final rule establishing how these plans can use rebates.¹

HHS has directed that insurers distribute the entire rebate to the group policyholder. The group policyholder is then required to use the portion of the rebate attributable to the percentage of premiums paid by participants for the benefit of participants. For example, if an insurer pays a \$20,000 rebate to a policyholder, and the employees paid 40 percent of the total premium, then the policyholder must use 40 percent of the rebate, or \$8,000, for the benefit of the participants.

¹ 76 Fed. Reg. 76596 (December 7, 2011), <http://www.gpo.gov/fdsys/pkg/FR-2011-12-07/pdf/2011-31291.pdf>

The participant portion of the rebate must be used in one of the following ways, to be determined by the policyholder:

1. Reduce participants' portion of the annual premium for the subsequent policy year for *all* participants covered under any option offered under the group health policy at the time the rebate is received by the policyholder;
2. Reduce the participants' portion of the annual premium for the subsequent policy year only for those participants covered under the group health option for which the rebate was based at the time the rebate is received by the policyholder; or
3. Provide a cash refund only to participants enrolled in the group health option for which the rebate is based at the time the rebate is received by the policyholder.

At the policyholder's option, the reduction or refund may be divided evenly among the participants, divided based on each subscriber's actual contributions to premium, or apportioned in a manner that reasonably reflects each subscriber's contributions to premium.

For non-federal governmental plans, the interim final regulations specifically require any portion of a rebate that is based on former participants' contributions to be aggregated and used for the benefit of current participants. Therefore, all options available to PEBP require that the rebate be used to benefit those covered at the time the rebate is *received* by the policyholder, not those covered during the period that generated the rebate.

Current Rebate

On September 17, 2025, HPN notified PEBP staff that it would be issuing a rebate of \$891,657.35 for the 2024 benefit plan year (i.e., calendar year 2024) and this would be paid directly to PEBP as the policyholder. The calendar year measurement period differs from PEBP's July-June plan year cycle, but this does not affect how the rebate should be calculated. It does mean that premium reductions would be applied in the July-June 2027 Plan Year, since this is the subsequent policy year after the rebate is received.

The portion to be allocated to reducing member costs is about \$257,000, based on a 28.9% member cost share of the full premium rates in (calendar year) 2024 for the HMO. With approximately 3,250 subscribers HMO option in September 2025, this converts to about \$79 per subscriber.

Final amount will be dependent upon how the refund is used to reduce member costs.

HPN has subsequently sent the required notification to all PEBP members enrolled in the HPN HMO during 2024. This includes current and former PEBP members.

PEBP Options

PEBP is required to use the rebate to reduce costs for subscribers enrolled in the HMO when the rebate is received. This prohibits PEBP from providing a refund to former HMO enrollees, whether currently enrolled in PEBP or not.

PEBP has the discretion to provide the same rebate to all eligible members. With this approach, there are two straightforward options:

1. Provide a cash refund of about \$79.
2. Provide a premium reduction of about \$6.50 per month in PY2027, which is the subsequent policy year after the date the rebate is received.

PEBP has the discretion to vary the subsidy by such factors as coverage tier election. But the administrative effort required to operationalize that may outweigh the intended additional precision. Therefore, our recommendation is to provide a uniform rebate to all eligible members.

For Non-State members, the employer collects the employee premium and provides PEBP the full cost for both the employer and the employee. Federal regulations require the rebate reduce costs for the participants. Therefore, PEBP should instruct affect Non-State PEBP employers to reduce their employees' HMO premiums by the appropriate amount.

In Summary

This rebate provides some financial relief for PEBP and members, to amounts of approximately \$630,000 for PEBP and \$260,000 for members. The rebate has been paid to PEBP as the HMO policy holder and the next step is for PEBP to determine how to utilize the member portion of the rebate to reduce member expenses.

cc: Theresa Carsten, PEBP