

UNLV

Employee Benefits Advisory Committee

April 14, 2020

REPORT ON PEBP RATES AND ACTIONS

for 2020-21

New Higher Rates Approved by PEBP Board – Option #3 (equal % raises across tiers):

Premiums								
State Active Employees	Statewide PPO				Statewide EPO/HMO			
	Consumer Driven Health Plan				PEBP EPO and HPN HMO			
	PY20	PY21	Change	% Change	PY20	PY21	Change	% Change
Tier								
Employee Only	30.95	43.94	12.99	42%	137.47	171.05	33.58	24%
Employee + Spouse	160.01	227.16	67.15	42%	415.95	517.57	101.62	24%
Employee + Child(ren)	82.97	117.80	34.82	42%	275.84	343.23	67.39	24%
Employee + Family	212.02	301.01	88.99	42%	554.32	689.74	135.42	24%
State and Non-State Retirees	Statewide PPO				Statewide EPO/HMO			
	Consumer Driven Health Plan				PEBP EPO and HPN HMO			
	PY20	PY21	Change	% Change	PY20	PY21	Change	% Change
Tier								
Employee Only	203.33	233.59	30.26	15%	362.56	419.79	57.23	16%
Employee + Spouse	482.10	553.84	71.74	15%	859.32	994.97	135.65	16%
Employee + Child(ren)	315.68	362.66	46.98	15%	609.39	705.58	96.19	16%
Employee + Family	594.45	682.91	88.46	15%	1,106.15	1,280.76	174.61	16%

** PEBP also voted to postpone \$125 add-on to HSA/HRA accounts to January 1, 2021 – if funds are available – (at March 31 meeting).

Explanation for unexpected rate hikes:

- PEBP internal accounting and AON actuarial estimates for enrollment – 2019-2020 – missed plan experience
- Higher than expected # of high cost patients – (cases in excess of \$100K)
- Shortfall estimate in range of \$20M (\$20,610,000)– will be reported more accurately at end of fiscal year

PEBP mitigation actions to lower rate hike and backfill shortfall:

Board voted to -

1. Approve changing the IBNP margin load from 25% to 10%, releasing \$7.04M
2. Approve lowering the catastrophic reserve level from 62 days on hand to 60 days on hand, releasing \$1.4M.

** Note: changing Invoiced but Not Paid (IBNP) margin load and lowering Catastrophic Reserves was UNLV Employee Benefits Committee advocacy to enhance the CDHP plan in January – now used to backfill accounting and actuarial shortfalls to lessen rate shock to state employees.*

Note: direction of PEBP plan – much higher than state subsidy per employee costs for HMO/EPO plans, while state subsidy costs for CDHP plan are almost at state contribution levels: *the costs of the HMO/EPO plans have become unsustainable.*

Overall Rates – Before Contributions and Premiums

State Employees		
Tier	CDHP	EPO/HMO
Employee Only	634.67	867.54
Employee + Spouse	1,218.66	1,710.42
Employee + Child(ren)	877.05	1,284.14
Employee + Family	1,461.03	2,127.02

State Retirees		
Tier	CDHP	EPO/HMO
Employee Only	622.35	850.08
Employee + Spouse	1,182.04	1,679.37
Employee + Child(ren)	852.10	1,260.99
Employee + Family	1,411.79	2,090.28

State Contributions thru 2019-20 (which almost certainly will not be raised):

Table 2		Employer Contribution History								
State Active Employees	PY 2011	PY 2012	PY 2013	PY 2014	PY 2015	PY 2016	PY 2017	PY 2018	PY 2019	PY 2020
Employee Only	\$ 580.93	\$ 565.78	\$ 596.86	\$ 596.94	\$ 521.54	\$ 556.78	\$ 556.78	\$ 557.38	\$ 547.52	\$ 603.99
Employee + Spouse	\$ 1,223.52	\$ 979.29	\$ 1,034.96	\$ 1,035.04	\$ 838.42	\$ 907.15	\$ 907.16	\$ 915.88	\$ 911.13	\$ 1,004.24
Employee + Child(ren)	\$ 684.24	\$ 693.74	\$ 735.79	\$ 735.87	\$ 648.15	\$ 694.16	\$ 694.16	\$ 700.45	\$ 695.77	\$ 764.62
Employee + Family	\$ 994.78	\$ 1,107.32	\$ 1,173.87	\$ 1,173.95	\$ 964.41	\$ 1,043.92	\$ 1,043.92	\$ 1,058.94	\$ 1,059.37	\$ 1,164.88
State Retirees Non-Medicare										
Retiree only	\$ 392.27	\$ 388.98	\$ 404.04	\$ 404.12	\$ 348.10	\$ 371.70	\$ 371.70	\$ 372.70	\$ 362.70	\$ 405.73
Retiree + Spouse	\$ 765.67	\$ 637.76	\$ 663.49	\$ 663.57	\$ 539.09	\$ 582.88	\$ 582.89	\$ 589.51	\$ 579.85	\$ 651.21
Retiree + Child(ren)	\$ 452.30	\$ 465.96	\$ 484.04	\$ 484.12	\$ 421.99	\$ 453.03	\$ 453.03	\$ 459.22	\$ 451.23	\$ 504.25
Retiree + Family	\$ 632.75	\$ 714.79	\$ 745.93	\$ 746.01	\$ 615.03	\$ 665.32	\$ 665.32	\$ 676.03	\$ 668.38	\$ 749.74
Surviving/Unsubsidized Spouse	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Surviving/Unsubsidized Spouse	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**** UNLV Employee Benefits Advisory Committee is requesting replacement of HMO/EPO with low-level deductible PPO plan as 2nd choice – as promised by PEBP Executive Officer and Board in March, 2019. And open competitive RFP process for all plans in 2021, when contracts are up for renewal.**

The very bad news received 5:30 p.m. April 11th:

All rates and benefits reported and voted on at April 9th meeting must now be reconsidered – stay tuned.

PEBP must absorb a 6% budget cut for FY 2020 & 2021 mandated by Gov. Sisolak to address COVID-19 budget crisis. PEBP Board meets on April 27th to determine budget cut proposals: 1st round is est. \$25,000,000.

UNLV Employee Benefits Committee met 4/13 to make recommendations to PEBP to mitigate new rate hikes.

Possible budget suggestions from employee advocates:

UNLV Employee Benefits Advisory Committee advocates the new higher rates NOT be raised further and benefits should NOT be cut – they are far too difficult to restore once reduced – benefits are still not restored from Great Recession.

We are working with AFSCME, NFA, RPEN, and other groups, instead, to:

- Reduce Catastrophic Reserves and HSA/HRA Reserves and apply to 6% cut;
- Include state hiring freeze (4% attrition average) and consequent reductions in state contributions to health plan in cut; plus re-calculate enrollment revenue;
- Last resort: lowering HSA/HRA base contribution from \$700 to \$600 annually; and include Save-On Rx savings (just approved Ap. 9th) in budget cut proposal.

The Only Good News (so far):

PEBP Policy for COVID-19 (will be revisited in May, 2020):

Will cover any and all COVID-19 costs to PEBP plan members at 100%, including: testing, treatment, hospitalization. Note: AON estimates for COVID-19 related costs (based on both Nevada and national experience) will be reported in May.

Questions?