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MAGGIE CARLTON, *Assemblywoman, Chair*
Sarah Coffman, *Fiscal Analyst*
Wayne Thorley, *Fiscal Analyst*

MEETING NOTICE AND AGENDA

Name of Organization: Interim Retirement and Benefits Committee
(*Nevada Revised Statutes [NRS] 218E.420*)

Date and Time of Meeting: Wednesday, December 16, 2020
8:00 a.m.

Place of Meeting: Pursuant to Sections 2 through 9, inclusive, of Chapter 2, *Statutes of Nevada 2020*, 32nd Special Session, pages 9 through 11, there will be no physical location for this meeting. The meeting can be listened to or viewed live over the Internet. The address for the Nevada Legislature's website is <http://www.leg.state.nv.us>. Click on the link "[Scheduled Meetings](#)."

We are pleased to make reasonable accommodations for members of the public with a disability. If accommodations for the meeting are necessary, please notify the Fiscal Analysis Division of the Legislative Counsel Bureau, in writing, at fiscal@lcb.state.nv.us, or call the Fiscal Analysis Division at (775) 684-6821 as soon as possible.

Please submit electronic copies of testimony and visual presentations if you wish to have complete versions included as exhibits with the minutes to (IRBC@lcb.state.nv.us). You may also mail written documents to the Fiscal Analysis Division, 401 South Carson St., Carson City, NV 89701, or fax them to (775) 684-6600.

I. ROLL CALL.

II. PUBLIC COMMENT.

Because there is no physical location for this meeting, public testimony under this agenda item may be presented by phone or written comment.

Because of time considerations, each caller offering testimony during this period for public comment will be limited to not more than 3 minutes. To call in to provide testimony during this period of public comment in the meeting any time after 7:30 a.m. on Wednesday, December 16, 2020, dial (669) 900-6833. When prompted to provide the Meeting ID, please enter 968 0907 7940 and then press #. When prompted for a Participant ID, please press #. To resolve any issues related to dialing in to provide public comment for this meeting, please call (775) 684-6990.

A person may also have comments added to the minutes of the meeting by submitting them in writing either in addition to testifying or in lieu of testifying. Written comments may be submitted electronically before, during, or after the meeting by email (at IRBC@lcb.state.nv.us). You may also mail written documents to the Fiscal Analysis Division, 401 South Carson St., Carson City, NV 89701, or fax them to (775) 684-6600.

**For
Possible
Action**

III. APPROVAL OF THE MINUTES FOR THE MEETING ON FEBRUARY 5, 2020.

**For
Possible
Action**

IV. PUBLIC EMPLOYEES' BENEFITS PROGRAM (PEBP).

1. Presentation on the health (medical, pharmacy, dental), life and disability insurance plan design and policy changes considered, and adopted, by the Board of the Public Employees' Benefits Program for the plan year that begins on July 1, 2021 (PY 2022).
2. Reports from an independent certified public accountant regarding audited financial statements, for the year ending June 30, 2020, pursuant to NRS 287.0425 for:
 - a) Fund for the Public Employees' Benefits Program (NRS 287.0435).
 - b) State Retirees' Health and Welfare Benefits Fund (NRS 287.0436).
3. Report on utilization of PEBP by participants for the plan year ending June 30, 2020, including an assessment of the actuarial accuracy of reserves (NRS 287.0425).
4. Report on material provided generally to participants or prospective participants in connection with enrollment in PEBP for the plan year beginning July 1, 2019 (PY 2020) (NRS 287.0425).
5. Report on the July 1, 2019, independent actuarial valuation of post-employment health and welfare benefits for current and future state retirees provided by the State of Nevada, pursuant to Statement Number 75 of the Governmental Accounting Standards Board (GASB) for Fiscal Year 2020 (NRS 287.0425).
6. Report on the biennial review of PEBP's compliance with federal and state laws relating to taxes and employee benefits dated October 28, 2020 (NRS 287.0425).

**For
Possible
Action**

V. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, JUDICIAL RETIREMENT SYSTEM AND LEGISLATORS' RETIREMENT SYSTEM.

1. Report on actuarial valuation for the Public Employees' Retirement System as of June 30, 2020.
2. Report on actuarial valuation for the Judicial Retirement System as of June 30, 2020.

3. Report on actuarial valuation for the Legislators' Retirement System as of June 30, 2020.
4. Update on investment earnings – PERS, Legislators' Retirement and Judicial Retirement Funds.
5. Status report on one-fifth of a year purchase of service benefits for certain education employees provided under the former provisions of NRS 391.165.
6. Status report on administration and investment of the Retirement Benefits Investment Fund (NRS 355.220).
7. Status report on the implementation of PERS' pension administration system authorized by the 2019 Legislature.

VI. PUBLIC COMMENT.

Because there is no physical location for this meeting, public testimony under this agenda item may be presented by phone or written comment.

Because of time considerations, each caller offering testimony during this period for public comment will be limited to not more than 3 minutes. To provide public testimony by telephone during this period of public comment, members of the public may call any time after the Chair announces this second period of public comment on Wednesday, December 16, 2020. To call in, dial (669) 900-6833. When prompted to provide the Meeting ID, please enter 968 0907 7940 and then press #. When prompted for a Participant ID, please press #. To resolve any issues related to dialing in to provide public comment for this meeting, please call (775) 684-6990.

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VII. ADJOURNMENT.

Notice of this meeting was posted on the Internet through the Nevada Legislature's website at www.leg.state.nv.us.

Supporting public material provided to Committee members for this meeting may be requested from Donna Thomas, Secretary, Fiscal Analysis Division, Legislative Counsel Bureau, at fiscal@lcb.state.nv.us and is/will be available at the Nevada Legislature's website at www.leg.state.nv.us.

Minutes of the February 5, 2020, meeting

**MINUTES OF THE
NEVADA LEGISLATURE'S
INTERIM RETIREMENT AND BENEFITS COMMITTEE
(Nevada Revised Statutes 218E.420)
February 5, 2020**

The first meeting of the Nevada Legislature's Interim Retirement and Benefits Committee (IRBC) was held at 1:30 p.m. on February 5, 2020, at the Grant Sawyer State Office Building, 555 East Washington Avenue, Room 4401, Las Vegas, Nevada with videoconference to the Nevada Legislative Building, 401 South Carson Street, Room 3137, Carson City, Nevada.

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Senator Marilyn Dondero Loop
Senator Ben Kieckhefer
Senator Joyce Woodhouse, Chair
Assemblywoman Maggie Carlton, Vice Chair
Assemblywoman Brittney Miller

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Assemblyman Jim Wheeler

STAFF MEMBERS PRESENT IN LAS VEGAS:

Alex Haartz, Principal Deputy Fiscal Analyst, Fiscal Analysis Division
Sarah Coffman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division
Eileen O'Grady, Chief Deputy Legislative Counsel, Legal Division

STAFF MEMBERS PRESENT IN CARSON CITY:

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division
Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division
Brenda Erdoes, Legislative Counsel, Legal Division
Donna Thomas, Committee Secretary, Fiscal Analysis Division

EXHIBITS:

Exhibit A: Agenda and Meeting Packet

I. ROLL CALL.

Chair Woodhouse called the meeting to order at 1:44 p.m. The secretary called roll; all members were present.

II. PUBLIC COMMENT.

Tom Wellman, resident of Senate/Assembly District 1, stated that he successfully retired from the Clark County School District (CCSD) over nine years ago. He worked for the

school district as a teacher and school counselor for 32 years. Currently, he was serving as the president of Nevada State Education Association-Retired (NSEA-R) program. He indicated that he was present at the meeting to speak about health insurance, which was a serious issue faced by all retired educators and support professionals across the State of Nevada. The number one expense that retirees faced as they moved into retirement was the rising cost of health insurance and prescription drugs. He said the NSEA-R spent the better part of 2019 meeting with active teachers and support professionals in the state hoping to educate them on the issues and concerns they could face as they moved into retirement. Most teachers had no idea about their insurance upon retirement and what they needed to do to qualify for insurance. When pressed, the teachers found that they could qualify to stay on their district insurance plan but would be responsible to pay the whole premium without any assistance. Most of the premiums were between \$800 to \$900 per month, or more if a spouse or dependent was covered under the plan, which was expensive for someone on a fixed income pension check. He noted that only two counties in the state have negotiated agreements toward retired health care, which were Clark County and Lander County; although, anyone hired after 2014 would not be eligible for the benefit in Lander County. The state needed to do better for its educators who made a career of educating the children in the state. In addition, the state needed to address the problem that many educators faced, which was the ability to qualify for Medicare. He noted that people hired between 1978 and 1986 did not pay any Medicare tax; therefore, do not qualify for enrollment in Medicare, which was unacceptable. Members needed to know that they had a safe and secure retirement and not have to worry about qualifying for Medicare. Mr. Wellman indicated that NSEA-R was available to help and wanted to ensure that retiree health care was a priority. He added that NSEA-R was willing to work with the Legislature to make this priority a reality.

Steven Horner, Vice President, Clark Retired Education Association (CREA) and member of NSEA-R, indicated that two of his great passions were traveling rural Nevada and playing golf on the courses in rural Nevada. He noted that during the summer of 2015, while playing golf in Ely, he fell and broke his oxygen concentrator and was not traveling with back-up oxygen. With a breathing disability at close to 7,000 feet above sea level, the need for oxygen was important. When he called the nearest hospital he found that he would have to pay full price for an oxygen concentrator because he was not yet eligible for Medicare. Therefore, he had to go without oxygen. He stated that he was very lucky because his wife was able to drive from Las Vegas to Ely to bring backup oxygen to him. However, while waiting for his backup oxygen he only had albuterol and a nebulizer to keep his oxygen at safe levels. Thankfully, Mr. Horner stated that his breathing disability had not progressed to needing to be hospitalized. At that point, he realized that affordable health coverage was necessary for the educators and state workers that either had to retire, or could retire before Medicare eligible. As the next legislative session approached, he urged the Legislature to work to find a solution to this important issue. Teachers, educators and other state workers have given their lives to the state and deserved the best.

Harry Beall, board member, NSEA-R, and member of the Clark County Retired Education Association, stated that his wife began teaching elementary school in 1979, which was an important date to remember. After working 30 years as a teacher, and later as a school librarian, his wife retired a few years before reaching the age of 65. A few months before she turned 65, she went to the Social Security Office to sign up for Medicare. However, she left the Social Security Office in tears after being told she was not eligible because her employer never deducted Medicare taxes from her paycheck, which was a huge shock to them. He noted that his wife did not recall any member of the school district, or anyone in the school district's health plan, Teachers' Health Trust, informing her that she would not qualify for Medicare. Later, he discovered that his wife could enroll in Medicare through his work credits because they were married and she could "borrow" his credits to use for her Medicare insurance. Mr. Beall wondered why anyone would work for 30 years in the Clark County School District and not be eligible for Medicare.

Providing some history, Mr. Beall stated that Medicare payroll deductions began in 1966 for private or corporate employers, their employees, and people who were self-employed at that time. In 1983, federal employees started paying Medicare taxes. In 1986, newly hired state and local government employees started having Medicare payroll taxes withheld from their paychecks. In 1986, his wife had already spent seven years with the school district and she, like others who were hired before 1986, were "grandfathered" into the way payroll deductions were made on their previous paychecks, without Medicare deductions.

Mr. Beall wondered how many other employees similar to his wife would find out when they retired from the school district that they may not have any Medicare. The answer to that was unknown. However, PERS provided some raw data indicating that between 1977 and 1986, 414 employees were initially hired by a school district and were still active employees. He wondered if they were married to someone with enough credits to receive Medicare, or if they have enough odd jobs while they were teaching to earn credits. Lastly, Mr. Beall believed that no one should retire with their PERS benefits only to have an expensive monthly premium which basically penalized them for working in the public sector. He urged the Legislature to do something to help these people.

Linda Gingras, member, Clark County Educational Association-Retired, and Nevada State Education Association-Retired, in addition to a member of Sierra Health and Life-PPO Insurance for over two decades, stated that in 2007, her husband Arthur was diagnosed with a rare form of cancer, Gastrointestinal Stromal Tumors (GIST). After an immediate removal of one tumor, he was prescribed 400 mg of Gleevec, which was a pill form of chemotherapy to help manage his cancer. Ms. Gingras said her husband was advised that he would need to take Gleevec for the remainder of his life. Their group insurance, Sierra Health, paid for this costly medication until her husband lived longer than expected, an ugly reality of today's insurance system.

Ms. Gingras noted that her husband was known by the insurance company as ID#021206074-00. However, she stated that Arthur was much more than a mere number and she wanted to take a minute to introduce him to the Committee, not as a number but

as a survivor of cancer. Arthur is a husband, father, and grandfather of three handsome boys. He served in the United States Air Force, and is a 100 percent disabled veteran and Purple Heart recipient of the Vietnam conflict, which is where they understood he developed his cancer. Since his honorable discharge, Arthur has been an upstanding citizen as well as a productive contributor to society. Together, they have raised two university-educated children who are also productive citizens. In addition, Ms. Gingras stated they have always owned their own homes, and were employed taxpayers until their retirement. In the 40 years living in Las Vegas, she said they continuously volunteered for the betterment of others. These volunteer services included, but were not limited to the following: coaching soccer, baseball, and softball through community youth programs, and extracurricular activities with elementary, middle and high school students. In addition, they were instructors for senior self-improvement programs through the Osher Lifelong Learning Institute (OLLI) program at the University of Nevada, Las Vegas (UNLV), and were currently devoting more than 40 hours a month as first responders for the Trauma Intervention Program (TIP). She and her husband have always believed in going beyond the extra mile for others, and were now in need of companionate help of their own.

In June of 2007, Arthur went to the emergency room with flu-like symptoms that had plagued him for weeks. After many hours of tests and diagnoses, they were told he had two large masses – one in his lower abdomen and one on his liver. To correct these problems, the doctors surgically removed a part of his lower intestine requiring him to wear a drain in his liver for approximately one month. The final outcome of the tests showed he had a GIST tumor and would need a pill form of chemotherapy for the rest of his life.

Continuing, Ms. Gingras said that Arthur was introduced to Dr. Russell Gollard, a noted oncologist who prescribed 400 mg of Gleevec, 30 tablets per month. From July 2007 to September 2017 her husband did not experience any type of negative symptoms from the prescribed medication. During that time, he would have two computerized axial tomography (CAT) scans and one positron emission tomography (PET) scan, monthly blood draws, along with scheduled visits to Dr. Gollard four times a year. The scans, doctor visits and blood draws were ongoing. In September of 2017, Arthur was told by the insurance company that he would have to accept the generic drug Imatinib Mesylate 400 mg to replace the more costly Gleevec medication, which they were told was the same medication only a lower cost generic version. They agreed to the lower cost medication; however, in the 14-month period on the generic brand Arthur developed symptoms such as Tolosa Hunt Syndrome; upset stomach, vomiting and diarrhea; night sweats; pain and swelling in his joints; multiple cysts, resulting in surgical removal; bruising; fatigue and depression. Arthur contacted the manufacture of the generic pill to explain his symptoms and to discuss the reason he was experiencing those symptoms. The manufacture of the generic drug requested that he fill out some forms and talk with two of their technicians, which he did as requested. However, to date he has not heard back from anyone, even after several follow-up telephone calls requesting the information.

Ms. Gingras indicated, in doing their own research, they found that the generic brand contained 400 mg of Imatinib Mesylate. However, different binder elements were used, which may have caused the many problems he was experiencing. In discussions with Dr. Gollard, it was decided that it was medically necessary for Arthur to go back on Gleevec 400 mg. Arthur returned to Gleevec in December of 2017, and to date, has not experienced any of the mentioned symptoms. In January 2020, the insurance company once again advised Arthur to return to the generic brand because they would no longer pay for Gleevec. She stated that they were both PERS retirees paying a high fee for the privilege of remaining on the group insurance under the CCSD.

Ms. Gingras questioned why her husband would accept the generic brand when in the past it caused the aforementioned symptoms. His history showed that her husband was doing well on Gleevec for 122 months until the insurance company forced him to use the generic brand. Complying with the insurance company request, Arthur experienced serious health issues for 14 months, at which time the oncologist found it was medically necessary to put him back on Gleevec. Since his return to Gleevec, he has had no problems, or side effects in the last 12 months.

Concluding her presentation, Ms. Gingras stated, because one medication might work for many, it does not work for everyone. Insurance companies were only concerned with its bottom line of profits. Her husband simply lived too long on the right medication, Gleevec, and it became a problem to the profits for the insurance company. She wondered how much a life was worth and if Arthur was being a victim of death panels created by insurance companies to justify their inhumane treatments. She wondered if she would have to lose her husband of over 50 years because this death panel would not allow Gleevec. Lastly, Ms. Gingras stated that the medical field has learned how to treat and save her husband's life and the insurance company should let the medical field treat him properly.

Marlene Lockard, representing the Retired Public Employees of Nevada (RPEN) stated that she wanted to address the massive turnover and changes on the PEBP Board and leadership within the PEBP agency. She noted that because of the previous history with PEBP, she thought PEBP needed to stabilize the PEBP Board as quickly as possible and recruit knowledgeable board members with expertise in insurance and other fiscal issues. In addition, she wanted to address the continuing excess reserves that PEBP enjoyed since 2011 when dramatic changes to health insurance and benefit cuts were made. The continuation of the excess reserves indicated that premiums were too high and the cuts were too deep, and at some point that needed to be trued-up to restore the benefits that were cut in 2011. Ms. Lockard stated that an additional cut was made in 2011 to eliminate the early retirees from PEBP coverage. Therefore, there were the retirees of an age prior to being eligible for Medicare, which resulted in a gap and different tier of individuals currently hired after 2011, which was similar to the previous "orphan" issue. The people who retired before the age 65 would be another group from 2011 who were ineligible for insurance until Medicare eligible. Ms. Lockard said that rather than let the retiree issue accumulate over a period of years like the orphan issue, she thought it was important to

bring the issue of the elimination of the early retirees to the Committee's attention, so they could start looking at that gap and implement some remedial action.

Kent Ervin, representing the Nevada Faculty Alliance (NFA) stated that the NFA worked to empower the Nevada System of Higher Education (NSHE) to be fully engaged in the NFA mission to help students succeed. Being fully engaged for state employees required a robust benefits package that protected employees and their families and kept them healthy and on the job. He noted that NFA recognized that PEBP, its Board, and the Department of Administration have undergone some significant leadership changes recently. He welcomed Laura Rich, Interim Executive Officer, PEBP, and expressed appreciation for her willingness to engage with the employee advocates.

Continuing, Mr. Ervin stated that the level in fluctuations of the "so called" excess reserves continued to be an issue. The NFA applauded the PEBP Board, which at its meeting in January 2019 authorized a request for information (RFI) to determine the cost of an independent review of actuarial assumptions used by PEBP. He noted that a third-party actuarial review was overdue and important and PERS did such a review on a regular schedule. Over the past eight years, excess reserves were generated nearly every year. As of the close of FY 2019, the excess reserves were \$26.9 million while total cash on hand increased by \$7.0 million over the prior year, which was in contrast to the projections earlier in the biennium that excess reserves were to be spent down to near zero. Therefore, even with reserves being absorbed by the creation of a new EPO, self-funded, HMO-like option by supplemental contributions to the HSA, and by an uptick of high-cost claims in FY 2019, the excess reserves still accumulated. He asked the Committee to encourage PEBP to conduct the actuarial review because the RFI would determine the feasibility and costs of such a review. He noted that information would be critical to have in the 2021 Legislative Session to determine how to solve the problem and perhaps restore some of the benefits that were cut.

Mr. Ervin stated that the hiring of the independent actuary was not in the budget and may require one-time use of funds from excess reserves to be approved by the Interim Finance Committee. He indicated that NFA maintained that the continual accrual of new excess reserves meant that some of the benefits that have not been restored since the Great Recession could be restored without an increase in state funding. For example, the annual maximum for dental benefits was \$1,500, the identical dollar amount in 1989, which he was aware of from his original hire benefits package from 1989. The dental maximum was still \$1,500; however, dental price inflation increased prices over a factor of three in those three decades. He said that employees were delaying crowns and other major dental work to the next plan year, which caused a great risk for complications and harm to overall health.

Mr. Ervin thanked the Committee for allowing his testimony. He thought an actuarial review needed to be conducted during the interim so there was good information for the next legislative session.

Pricilla Maloney, representing American Federation of State, County and Municipal Employees (AFSCME) echoed the previous concerns and issues offered at the meeting. In addition, she noted that the PEBP Board was aware that there were a list of suggestions from the advocacy groups about building some increases in benefits that would restore the retirees back to the level of benefits before cuts were made in 2011. The items of concern were listed and voted on, and cost estimates for budgetary purposes would be provided by PEBP's current actuary, AON, and presented at the next PEBP Board meeting. She expressed that an independent review of the actuarial assumptions to true-up the excess reserves was needed by an independent third-party outside of the actuary that PEBP has been using since 2011. Concluding, Ms. Maloney said the utilization report in the meeting packet (Exhibit A) showed a decrease in the Medicare retiree population in claims on the dental plan. As stated earlier, if people do not have the money to get the appropriate dental care, sometimes it caused a false positive and fewer claims were reflected in the data. She noted that after the benefit cuts were made during the 2011 Legislative Session, there was a large decrease in the utilization rate once PEBP moved to a consumer-driven high deductible plan. However, when that happened, the question was, were people unable to afford the out-of-pocket costs for the necessary services. Ms. Maloney stated that PEBP needed to be careful that members were not filing claims because they were not utilizing benefits, which led to much bigger medical problems.

III. APPROVAL OF THE MINUTES OF THE DECEMBER 12, 2018, MEETING.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE MINUTES OF THE DECEMBER 12, 2018, MEETING OF THE INTERIM RETIREMENT AND BENEFITS COMMITTEE.

SENATOR DONDERO LOOP SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

IV. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS).

1. Approval of executive staff salaries (NRS 286.160).

Tina Leiss, Executive Officer, Public Employees' Retirement System (PERS), directed the Committee to Agenda Item IV.1., beginning on page 40 of the meeting packet (Exhibit A). She introduced Steve Edmundson, Investment Officer, PERS.

Ms. Leiss stated that Agenda Item IV.1., outlined the executive staff salary modifications approved by the Retirement Board beginning Fiscal Year (FY) 2020 pending approval by the Interim Retirement and Benefits Committee (IRBC). She stated the proposed FY 2020 maximum salaries for all positions reflected the maximum salaries that were previously approved by the IRBC, with the addition of a 3 percent cost of living adjustment (COLA) approved by the 2019 Legislature for all state employees. The executive staff salary modifications reflected the reduction for the retirement contribution increase that went into effect July 1, 2019. If the salary increases set by the Retirement Board, pursuant to

NRS 286.160, were approved by the IRBC, the 3 percent COLA would be applied as of July 1, 2020. Pursuant to statute, the salaries were stated under the pre-tax contribution plan, the employer-pay plan. She stated the Retirement Board requested that the IRBC approve the maximum salaries shown on page 41 (Exhibit A) for Fiscal Years 2020 and 2021.

SENATOR KIECKHEFER MOVED TO APPROVE THE 3 PERCENT COST OF LIVING INCREASE FOR EXECUTIVE STAFF SALARIES OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM FOR FISCAL YEARS 2020 AND 2021.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

2. Report on actuarial valuation for the Public Employees' Retirement System (PERS) as of June 30, 2019.

Ms. Leiss stated that Agenda Item IV.2., began on page 43 of the meeting packet (Exhibit A) and provided an update on the FY 2019 actuarial valuation for the Public Employees' Retirement System. She said, by statute, the System must perform an actuarial valuation at least every other year; however, the Retirement Board determined that annual actuarial valuations were appropriate to monitor the assets and liabilities associated with the pension plan. Per statute, the statutory contribution rates could only be adjusted on July 1 of odd-numbered calendar years (even-numbered fiscal years) based on the biennial actuarial valuation and report from the preceding year. The annual valuation report for FY 2019, ending June 30, 2019, was conducted during the interim between legislative sessions and was used to track trends, but did not affect contribution rates. To project the costs and liabilities of the System, assumptions (projected experience) were made about future events that could affect the amount and timing of benefit payments as well as the accumulated assets needed to pay those benefits. She explained, as part of the valuation process, actual experience was compared against projected experience and deviations were recognized as gains and losses in that years' experience. Each years' actual experience would impact the actuarial contribution rates and could impact the statutory rates that were set every two years. Ms. Leiss stated it was important to use appropriate assumptions in order to maintain adequate funding; therefore, by policy, the Board conducted an experience study through its actuary every four to six years. She noted the previous experience study was conducted in 2017, and that the next experience study may occur as early as 2021.

Ms. Leiss noted the charts on pages 46 and 47 (Exhibit A) showed the actuarially calculated contribution rates for FY 2019. The actuarially determined contribution rate for Regular active members under the employer pay contribution plan (EPC) was calculated at 29.65 percent compared to the current statutory rate of 29.25 percent. The actuarial rate for Police/Fire active members under the employer pay plan was calculated at 43.33 percent compared to the current statutory rate of 42.50 percent. The FY 2019 actuarial valuation results for the employee/employer contribution plans for both

Regular and Fire/Police members were similar to those on the employer pay plans. Since FY 2019 was a non-rate-setting year, there were no changes in the statutory rate. She noted that if it was a rate-setting year, the Regular fund rate would not have changed, but the Police/Fire fund rate would have increased. The ultimate impact to the statutory contribution rates would not be known until the FY 2020 valuation, and would depend on the actual experience through that date.

Moving to page 53 (Exhibit A), Ms. Leiss noted the chart showed PERS funded ratios for the last ten years based on the ratio of actuarial value of assets versus actuarial calculated liabilities. She indicated that PERS used the actuarial value of assets for funding purposes because it smoothed data over a five-year period to reduce or eliminate short-term volatility that could otherwise be seen in the market value of assets. The unfunded actuarial liability (UAL) included all projected benefit payments owed in the future for current members and retirees based on the Retirement Board's current adopted assumptions. The actuarial funded ratio for the Regular fund increased from 74.7 percent as of June 30, 2018, to 74.9 percent over the same reporting period in 2019, while the Police/Fire fund remained the same in both FY 2018 and 2019 at 76.5 percent, for a combined ratio of 75.3 percent in FY 2019. She noted that if PERS used the market value of assets for the ratio, the combined funded ratio would have been 76.5 percent in FY 2019 because of the \$675 million in unrecognized gains.

Ms. Leiss referenced pages 54 and 55 (Exhibit A) and stated the market value of PERS assets as of June 30, 2019, totaled \$44.1 billion compared to \$41.3 billion as of June 30, 2018. She explained that the tables on pages 54 and 55 showed PERS value of assets and UAL for the last ten years on both actuarial and market value basis. The difference between the two showed the asset smoothing process and the reduced volatility over time, but ultimately reflected the same growth in PERS value of assets and UAL.

Assemblywoman Carlton stated, in the past, the Retirement Board had its actuary perform an experience study over a four-year period (2012 to 2016). She asked if a future experience study was planned to determine where the state was moving forward.

Ms. Leiss replied that the last study was conducted in FY 2017; therefore, the next study would be conducted in FY 2021 using data through June 30, 2021. The results would be presented to the Retirement Board in September, or October 2021 to be used in the valuation for FY 2021.

Senator Kieckhefer asked if the potential changes and actual contribution rate changes as a result of the experience study would be implemented for the 2023 Legislative Session.

Ms. Leiss replied that the Retirement Board previously conducted an experience study on a three to five-year cycle. However, it was changed to every four to six years because the Board liked to apply the assumption changes in a non-rate-setting year to see what the changes might do, and to provide fair warning of any possible changes. Essentially,

the results of the experience study would apply to the FY 2021 valuation, but the first time it would be applied to a rate-setting valuation would be the FY 2022 valuation to go into effect July 1, 2023.

Senator Kieckhefer asked if PERS evaluated return expectations at the same time as the experience study, and Ms. Leiss replied it was one of the assumptions that the Board always looked at during an experience study.

3. Report on actuarial valuation for the Judicial Retirement System as of June 30, 2019.

Ms. Leiss stated that page 57 (Exhibit A) provided an update on the FY 2019 actuarial valuation for the Judicial Retirement System (JRS). By policy, the Board performed an annual valuation to monitor the assets of liabilities associated with the JRS; however, similar to PERS, it was a non-rate-setting year for the JRS. Pursuant to NRS 1A.180 (5), the contribution rate was only adjusted based on an even-numbered year valuation (2018). The JRS covered state judges, municipal judges and justices of the peace of the local jurisdictions that have opted to participate in the JRS. She stated that, unlike PERS, the JRS was not a cost-sharing plan among the various employers, and that the valuation information provided was for the JRS as a whole. However, the participating local government employers had their own individual contribution rate and were valued on an individual jurisdiction basis. The actuarial contribution rate for JRS state judges, consisting of normal costs and administrative expenses, was 22.14 percent as of June 30, 2019, compared to the current statutory rate of 22.00 percent. The 2019 amortization payment for the state's unfunded actuarial accrued liability (UAAL) was not included in the calculated contribution rate, but was submitted to PERS annually by the Administrative Office of the Courts. The lump sum payments were due in July each year of the 2019-21 biennium and were based on the 2018 valuation. The calculated lump sum payment, which did not affect what the JRS paid to PERS, was slightly higher based on the 2019 valuation. The ratio of the actuarial value of assets to actuarial accrued liability remained at 91.8 percent on a total fund basis. Ms. Leiss stated that, although the UAAL increased from \$11.3 million to \$12.0 million, the UAAL was still below the \$16.8 million that was calculated in 2017. The JRS made very good progress on its unfunded liability and the funded ratio was over 90 percent. Concluding her presentation, Ms. Leiss noted that pages 58 through 60 (Exhibit A) contained contribution and demographic information for the JRS.

Senator Kieckhefer asked the state's percentage of UAAL liability versus other government entities, and Ms. Leiss replied that, under the Governmental Accounting Standards Board (GASB) rules, accounting rules required a separate calculation for the state and all the various employers because the JRS was not a cost-sharing plan. She said, although she did not have that information in front of her, she believed the JRS state judges made up approximately 17 percent of the total UAAL. The total unfunded liability was calculated on a contribution basis so it would change each year. Ms. Leiss offered to research the exact number from the last calculation that was done and provide that information to the Committee through staff.

4. Report on actuarial valuation for the Legislators' Retirement System as of June 30, 2019.

Ms. Leiss continued with her presentation on page 63 (Exhibit A), Fiscal Year 2019 Actuarial Valuation for the Legislators' Retirement System (LRS). She noted that the even-numbered fiscal year valuation for the LRS determined the lump sum contribution made by the employer for each year of the biennium; therefore, the FY 2019 valuation would not affect the contributions made to the LRS. She reported that the FY 2019 valuation reflected a decrease in the amount of the actuarially calculated employer contribution compared to the FY 2018 valuation. The provisions of the LRS allowed legislators to participate, or opt out of participation in the System. The FY 2019 valuation showed that active memberships increased from 30 legislators to 35 legislators between July 1, 2018, and June 30, 2019. She noted the number of retirees remained the same at 56 members while the overall number of beneficiaries, including survivors, remained at 72 members. The actuarial funded ratio of the LRS increased from 90.5 percent to 95.8 percent for the FY 2019 valuation, and the unfunded actuarial accrued liability decreased from \$493,622 to \$201,528 primarily due to large gains in mortality and post-retirement offset by losses in other experience categories. Concluding her presentation, Ms. Leiss noted that page 64 (Exhibit A) displayed the year-over-year change in the demographic and financial information relative to active and retired members of the LRS.

5. Update on Investment Earnings - PERS, Legislators' Retirement and Judicial Retirement Funds.

Steve Edmundson, Investment Officer, PERS, directed the Committee to the table on page 69 of the meeting packet (Exhibit A) and provided a summary regarding investment portfolios for PERS, the LRS and the JRS. The first column detailed each system's performance through FY 2019. PERS generated an 8.5 percent return with \$44.1 billion in assets in FY 2019, and produced an annualized return of slightly below 10.0 percent over the past decade, and 9.2 percent over the last 35 years since inception. The LRS fund generated an annualized return of 7.6 percent in FY 2019 with \$4.8 million in assets. The JRS produced an annualized return in FY 2019 of 7.7 percent with an asset value of \$133.4 million. Mr. Edmundson noted that due to the smaller size of the LRS and JRS portfolios, the composition of those assets were a little different than the larger PERS fund. He said PERS designed those portfolios to mimic the risk and return profile of the larger PERS portfolio and individual returns relative to PERS would bounce around a little; however, over the long term, the LRS and JRS returns were expected to generally line up with the larger PERS portfolio.

Continuing, Mr. Edmundson referenced the chart on page 70 (Exhibit A) that measured PERS investment returns over the last 35 fiscal years. He explained that the horizontal line across the middle of the page depicted PERS actuarial assumed rate or return, which was reduced from 8.0 percent to 7.5 percent in the fall of 2017, and was used as the actuarial assumption for long-term periods versus by fiscal year. In any single year, PERS expected to see a normal investment return ranging from negative 5.0 percent to positive

20.0 percent. Long-term investment returns were expected to average closer to 7.5 percent. He noted that PERS focused more on long-term investment returns.

Mr. Edmundson noted that, although the most recent valuation report was through FY 2019, ending June 30, 2019, his update included performance through the start of FY 2020. Currently, PERS portfolio was up about 9.0 percent with approximately \$47.5 billion in assets. While the strong start to FY 2020 was definitely encouraging, it was not necessarily indicative of where the state would end the fiscal year with five months remaining. He noted that given current equity market valuations and absolute level of interest rates, in addition to the strong return environment over the last decade, it would not be surprising to see returns moderate somewhat over the near- to mid-term periods.

Concluding his presentation, Mr. Edmundson stated PERS investment strategy was unique in the industry and the fund embraced a simple approach relative to its larger public fund peers. He stated that PERS utilized a higher allocation to high quality, publically traded U.S. stocks and Government Treasury securities. In addition, the System used 100 percent indexed management across all public trading asset classes, so U.S. and international stock portfolios along with PERS fixed income allocation were 100 percent indexed. Likewise, PERS deliberately avoided exposure to complex investment strategies, such as hedge funds, derivatives, or the use of total fund leverage. PERS simple structure not only goes beyond the composition of the assets of the PERS portfolio, but extends into staff size as well. Mr. Edmundson indicated that he is currently the only Investment Officer employed at the System, whereas other public pension funds sizeable to PERS with approximately \$40 billion to \$50 billion in assets, employed approximately 12 to in excess of 20 investment staff members. Mr. Edmundson acknowledged that while there are advantages to a small staff size, there are also risks associated, especially with PERS approaching the \$50 billion asset mark. Moving forward, the System will evaluate the need for an additional investment staff member given the asset level and the Board's ongoing succession planning. He believed the evaluation was prudent and warranted to maintain effective and efficient management of the investment program.

Mr. Edmundson stated that PERS simple approach has proven to be highly competitive relative to industry peers. PERS rate of return ranked in the top quartile, or better, of large public funds over the past 20 years. In addition, PERS investment costs were among the lowest in the industry due to its simple structure. PERS estimated average annual cost savings was approximately \$170 million per year compared to a similar sized public plan. He emphasized that \$170 million compounded over a decade equated to more than \$2.0 billion in cost savings, and that keeping a low-cost plan was one of PERS competitive advantages relative to the rest of the industry.

Concluding, Mr. Edmundson said the PERS investment program was working as designed. He said PERS could not control the direction of the financial markets; therefore, considerable time was focused on the things it could control, such as

implementing a disciplined common sense investment strategy and keeping costs as low as possible, in an unwavering, disciple fashion.

Assemblywoman Miller acknowledged the low management costs due to the System utilizing index funds, and asked what the fee savings equated to per year for participants. Mr. Edmundson replied a calculation of the cost savings per member and beneficiary has not been done; however, PERS could provide a fee-savings estimate to the Committee through staff.

Senator Kieckhefer asked if statute required the PERS fund to be managed and invested for the sole purpose of maximizing returns for its members, and Mr. Edmundson concurred. He said, per statute, the System invested money in the PERS trust exclusively for the members and in the best economic interest of the members and beneficiaries of the System. He emphasized that PERS was not influenced by political or social issues.

6. Status report on one-fifth of a year purchase of service benefits for certain education employees provided under the former provisions of NRS 391.165.

Ms. Leiss explained that, pursuant to NRS 391.165, the board of trustees of each school district was required to purchase one-fifth of a year of retirement service for certain employees of the school district as an incentive to attract and retain those employees, page 81 (Exhibit A). She stated that Assembly Bill 1 (23rd Special Session) repealed NRS 191.165, effective July 1, 2007; however, anyone under contract prior to July 1, 2007, could elect to participate in the program until a full year of service had been purchased for them as long as they met the qualifications under NRS 191.165. She noted that because teachers moved in and out of positions, there were still a few members that qualified for this purchase; however, she expected the program to phase out soon. She explained that the chart on page 83 provided information on service credit purchases made in the Clark County and Churchill County school districts for calendar years 2018 and 2019. In 2019, the System received \$339,720.13 for 61 purchases through calendar year 2019. Therefore, approximately 61 people were remaining that were still eligible for the benefit. Ms. Leiss noted that since inception of the program, the System received over \$147.0 million for approximately 41,607 purchases.

7. Status report on critical labor shortage exemptions for PERS reemployment restrictions (NRS 286.523).

Ms. Leiss referred to page 85 (Exhibit A), NRS 286.523(6), Biennial Report on Critical Labor Shortage Designations. The report briefly outlined PERS normal reemployment restrictions for retirees of the System, as well as the reemployment exemption under NRS 286.523 that allowed retirees of the System to return to public employment for positions deemed by the governing body to be suffering from a critical labor shortage of qualified applicants. The designating authority is required to submit to the System its written findings that supports designation of the positions, which subsequently is compiled into a biennial report by the System and presented to the IRBC. A report on the compilation of the forms received from each designating authority that designated a

critical need position, effective July 1, 2017, to June 30, 2019, was illustrated on pages 87 through 90 (Exhibit A). Miss Leiss stated that Assembly Bill 488 (2009 Legislative Session) significantly revised the critical labor shortage exemption from the PERS reemployment provision. First, it declared that it was the policy of the state to ensure that reemployment of retired public employees was limited to positions of extreme need. It required public employers who seek to employ retired public employees for which there is a critical labor shortage to make that determination based upon the appropriate and necessary delivery of services to the public. In addition, it required the designating authority to hold a hearing in an open public meeting in order to determine a position as one of critical need. The critical labor shortage provisions in A.B. 488 were scheduled to sunset on June 30, 2015; however, Senate Bill 406 (2015 Legislative Session) removed the sunset. Effective for the period July 1, 2017, to June 30, 2019, there were 96 positions with critical labor shortage designations, including 5 positions designated by the state; 73 positions designated by school districts and charter schools; 7 positions by counties; 10 positions by hospitals; and 1 position by a water district, for a combined total of 32 public employers. Designated positions for which there is a critical labor shortage are valid for two years. To be redesignated, the designating authority must consider, and make new findings using the same process as the original designation to validate the criteria set forth to support the designation. Ms. Leiss clarified that the declaration of critical need was position driven, and not individual specific; therefore, one designation may cover multiple employees in a school district. For example, a school district could designate a special education position to cover all of those positions within that school district under the one designation. She reminded the Committee that not all critical labor shortage positions were filled with retired public employees and retirees only qualified when all other recruitment efforts have been exhausted.

Ms. Leiss reiterated that page 87 (Exhibit A) contained a list of all the positions currently designated as critical needs effective during the period of the report, along with the original date they were designated.

Assemblywoman Carlton asked if page 87 (Exhibit A) was a listing of all the people that were currently active in a critical need position.

Ms. Leiss replied that the spreadsheet on page 87 (Exhibit A) displayed all active critical labor shortage positions for the period July 1, 2017, through June 30, 2019, that could be filled by a retiree without suspension of their System benefits. However, that did not mean the designation was filled with a retiree. Ms. Leiss stated she was unaware if a position with the critical need designation was currently filled with a retiree.

Assemblywoman Carlton stated the list on page 87 (Exhibit A) showed the different positions that were designated to continue in a critical labor shortage designation; however, she did not see teachers on the list. She thought it would be good to know if there were teachers working in a critical labor shortage designation.

Senator Kieckhefer asked for the number of individuals who were receiving both a salary and a retirement benefit. He asked if retired state employees hired back under the critical labor designation provisions could augment their original retirement benefit through these additional years of service if they retired prior to completing 30 years of service.

Ms. Leiss stated as of the June 30, 2019, valuation date, there were 211 retired PERS members currently working in a critical labor shortage position. She noted when a retiree returned to work in a critical labor shortage position, they had the option to reenroll in the System. If the retiree opted to reenroll in the System, they would be under PERS reemployment retiree provisions, which meant they could accrue additional benefits. If they retired with maximum service credit, additional service time could not be accrued. In addition, depending on how long the retiree remained in the critical labor shortage position, it was possible to accrue a separate benefit, if eligible, or improve their existing benefit if they remained in the position for five years, depending on the status of their benefit when they retired.

Senator Kieckhefer stated that it seemed like an odd structure for a retired employee of the state to be able to return to work and reenroll in the System where they could improve both their salary and retirement benefit at the same time.

Ms. Leiss explained that it was the same structure as when a retiree suspends their benefit by returning to work in order to improve their retirement benefit. She emphasized that the critical labor shortage provision in NRS 286.523 is what reinstated the allowances under the System for the duration of that employment.

8. Status report on administration and investment of the Retirement Benefits Investment Fund (NRS 355.220).

Mr. Edmundson stated that, by statute, the Retirement Benefits Investment Fund (RBIF) was managed by the Retirement Board solely as an investment vehicle for Nevada public employers who chose to participate in the program to fund other post-employment benefits. The decision to invest or withdraw from the program was solely up to each employer; therefore, in this respect, the structure was similar to how mutual funds were managed for individual investors. In FY 2019, the RBIF generated a return of 7.9 percent and experienced an annualized return of 6.6 percent since its inception in January 2008. Due to the fund's structure, the investment performance for each participating member of RBIF was dependent on their individual contribution date, so while the inception return for the program was 6.6 percent, it only represented the inception performance for the first investor of the plan. He noted employers that invested on different dates had different performance experiences in the program. The RBIF portfolio has grown considerably since its inception in FY 2008, and has only one participating employer with less than \$16.0 million in total fund assets. Mr. Edmundson indicated that as of June 30, 2019, the RBIF had grown to 13 trusts established by participating local government entities with a sizable portfolio of \$534.0 million in total assets.

Continuing, Mr. Edmundson stated that, because the PERS Board utilized 100 percent index management in the RBIF, and was able to take advantage of the multibillion dollar relationships that PERS maintained, the portfolio investment fees were low at approximately 1.3 basis points, and were approximately 97 percent lower relative to comparable investment programs of that size. He noted that statute required the RBIF to be managed in the same manner as PERS; however, due to its smaller asset size of \$534.0 million versus the \$44.1 billion in assets for PERS, there were some structural differences relative to the funds. However, the overall risk and return profile of the two portfolios remained identical. Over the last five years and since inception, the return of the RBIF portfolio was within 0.2 percent, or 20 basis points of the PERS fund, which confirmed the Board's success in meeting the statutory requirements for the RBIF.

9. Report on investments of money by PERS in scrutinized companies (NRS 286.723).

Mr. Edmundson stated that, pursuant to the reporting requirements outlined in Assembly Bill 493 of the 2009 Legislative Session, Nevada PERS was required to report any company affiliated with doing business with, or being scrutinized for doing business with the country of Iran. He noted it was a reporting requirement and not an investment-related requirement. He stated that as of December 31, 2019, PERS does not own stock in any company on the current list of companies that were scrutinized for doing business in or with the country of Iran.

10. Status report on the implementation of the new pension administration system authorized by the 2019 Legislature.

Ms. Leiss stated that Agenda Item IV.10., page 99 (Exhibit A), provided an update on the status of the new pension administration system replacement project. She stated there were no changes as of November 2019 and that PERS was proceeding with the timeline for the implementation plan and projected deployment. Ms. Leiss said that currently PERS was working on selecting a vendor and anticipated that the PERS Board would select a finalist at its February 2020 meeting. Upon selection of the vendor, PERS staff would begin finalizing contract negotiations. She noted that, subject to successful contract negotiations, PERS anticipated an April 2020 start date.

Chair Woodhouse asked if PERS experienced any issues that would cause a delay in the April 2020 start date for project implementation. Ms. Leiss replied that PERS does not expect any delays; however, contract negotiations have not been finalized.

Assemblywoman Miller asked if the vendor process and request for proposal (RFP) was open to the public. Ms. Leiss explained, although the System was not required to use the State Purchasing Division for its RFP programs, the System designed a procedure that paralleled the State Purchasing process and was essentially identical to what every state agency used for its RFP process. She indicated that it was a public process and there were limited vendors qualified to bid on the implementation plan. Ms. Leiss noted that PERS received the response it expected from the RFP, and reiterated that the process

was in accordance with the same rules and procedures as any RFP through the State Purchasing Division.

Senator Dondero Loop asked if the RFP process for vendor selection was put out for public bid in addition to its posting on the PERS website.

Ms. Leiss replied that PERS retained a project manager in accordance with generally accepted principles to provide data management services for the planning of the pension administration system project, and the decision was made for the System to conduct the RFP. She explained that typically the System did not use State Purchasing to contract services because of the unique way the statute was set up. The RFP notice was put out for PERS public meetings and posted on a website that was highly frequented by vendors qualified to bid on a public pension project of this nature. In addition, the RFP was available directly from the System for anyone who was interested.

V. PUBLIC EMPLOYEES' BENEFITS PROGRAM (PEBP).

Laura Rich, Interim Executive Officer, PEBP, introduced herself to the Committee, along with Cari Eaton, Chief Financial Officer, PEBP, and Stephanie Messier, Actuary, AON Consulting (AON). In addition, attending the meeting were Scott Syverson, AON, and Mark Thorlton, Health Plan of Nevada (HPN), who were available to answer questions from the Committee. Ms. Rich stated she would present a series of reports on the PEBP programs, including the audited financial statements; utilization of PEBP's plans; communication strategies for PEBP; actuarial valuation report; and an update on the Exclusive Provider Organization Plan (EPO) and its performance in PY 2019.

1. Report from independent certified public accountant regarding audited financial statements for the year ending June 30, 2019, pursuant to NRS 287.0425 for:

- a) Fund for the Public Employees' Benefits Program (NRS 287.0435)**
- b) State Retirees' Health and Welfare Benefits Fund (NRS 287.0436)**

Ms. Rich stated that every year an audit of the Self Insurance Trust Fund and the State Retirees' Health and Welfare Benefits Fund was performed by Casey Neilon, page 111 (Exhibit A). The audit, which covered the period through June 30, 2019, assessed PEBP's financial statements to ensure it complied with generally accepted auditing principles and standards. She directed the Committee to page 140, which showed that no deficiencies were identified in internal controls in the report that were considered to be material weaknesses for the two funds. In addition, there were no instances of noncompliance, or other matters to be reported under *Government Auditing Standards*.

2. Report on utilization of PEBP by participants for the plan year ending June 30, 2019, including an assessment of the actuarial accuracy of reserves, pursuant to NRS 287.0425.

Ms. Rich referred the Committee to pages 164 and 165 (Exhibit A) displaying the Executive Summary for the Consumer Driven Health Plan (CDHP) and the PEBP Premier Plan (EPO). She would provide an update on the medical cost trends that were presented to the PEBP Board at its January 2020 meeting. She said the update was to the September 26, 2019, memorandum that was included in the meeting packet, page 163 (Exhibit A). Ms. Rich noted that the CDHP plan paid costs increased 6.5 percent in Plan Year (PY) 2019 for medical, pharmacy and dental combined. In PY 2018, PEBP experienced a 3.8 percent overall trend; prior to PY 2018 the trend was zero percent. She noted the Committee may recall that often PEBP presented at previous meetings that the trend for medical, pharmacy and dental combined was not normal and below the national average, which was not expected to continue. However, the trend normalized and was up to 6.5 percent, which was higher than PEBP expected. Ms. Rich stated that the trend for medical claims on the CDHP was 7.1 percent. Putting it into perspective, Ms. Rich noted there was a 0.2 percent trend in PY 2018, and prior to PY 2018, there was a negative 1.2 percent trend for medical claims, which was due to the many high cost claims on all three plans.

Continuing, Ms. Rich indicated that in PY 2018, pharmacy utilization reflected a 20.4 percent increase, normalizing to 7.1 percent in PY 2019, which was lower than expected. In PY 2018, PEBP made changes to the plan which shifted costs from the medical side to the pharmacy side contributing to the 20.4 percent trend in PY 2018. Therefore, PEBP was seeing more normal trends in PY 2019 on the pharmacy side.

Ms. Rich stated that utilization for enrollment on the CDHP, page 175 (Exhibit A), experienced an insignificant increase with approximately 700 people added to the plan. High cost claims increased by 20 percent with 198 high cost claims in PY 2019, compared to 164 high cost claims in PY 2018. She indicated a high cost claim for the CDHP were claims that were over \$100,000. Health Plan of Nevada defined high cost claims as \$50,000, and \$100,000 for PEBP's CDHP. She added PEBP received email notifications when there were high cost claims, and to date, she has received three high cost claims, so there were a lot of high cost claims at this point in PY 2020. High costs claims contributed to 32 percent of the plan spend, which reflected a 20.7 increase. Referencing page 181 (Exhibit A), Inpatient Facility Utilization showed a variance from PY 2018 to PY 2019 with a 20 percent increase, which may look concerning; however, it was due to the length of stay for people in the hospital because PEBP was paying less per day and there were less admits per 1,000 members.

Ms. Rich said the Emergency Room and Urgent Care Summary, page 188 (Exhibit A) showed that emergency room visits were down, which was a national trend. However, urgent care was being utilized more. The national peer index showed that PEBP was in line with what other plans were experiencing. Page 194, Chronic Conditions Summary, showed an error on the page for chronic kidney disease and should be \$7.0 million instead of \$43.0 million. She said, it was important to note, there were approximately

43,000 members on the CDHP, and 13,316 of those members had at least one, or more chronic condition, which was almost one-third of the population. The cost per member type on the page showed members with a chronic condition were expensive. Ms. Rich indicated chronic conditions such as asthma, cancer, kidney disease, and COPD were very costly and the state had a high percentage of members with these conditions. Continuing, page 195 showed the pharmacy costs summary and members were paying 3.6 percent less than what they were paying in PY 2018, which was attributed to the preventive drug list that PEBP implemented. The preventive drug list had certain types of maintenance medications that allowed members to bypass their deductible and go straight into their coinsurance. Therefore, instead of paying for their prescription medication upfront until they met their deductible, members could utilize their 20 percent coinsurance for their medication, which likely contributed to that 3.6 percent decrease on the member side. Conversely, PEBP was paying more on the plan and reflected a 9 percent increase in pharmacy costs. She noted that PEBP was paying upfront for preventative medications hoping that it would eventually reduce high cost claims later on the medical side. Ms. Rich stated that, overall there was high utilization of specialty drugs, both on the CDHP and EPO, which was the most significant factor affecting the pharmacy costs on the CDHP.

Assemblywoman Miller stated page 192, Preventative Services Utilization and Compliance, showed members participating in preventative compliance services was below 50 percent. She expressed interest in understanding why members appeared to underutilize preventative services and whether it was due to members being covered by another plan within their household. She asked PEBP to provide a summary of the data that explained participant underutilization. Additionally, she asked how PEBP's preventative services utilization and compliance experience compared to national utilization and rates data. If national data was available for generally comparable high deductible health plans, she asked PEBP to provide those plans' experience for Plan Years 2017, 2018 and 2019.

Ms. Rich replied that she did not have the national preventative services compliance rates; however, that data would be easy to get and she would provide the data to the Committee through staff. She added that the preventative drug list has helped with pharmacy compliance. In addition, PEBP has implemented a series of things they hoped would increase compliance. During PY 2018 and PY 2019, PEBP incentivized preventative services by providing additional funding to participants' HSA and HRA for members who utilized preventative care services, such as an annual exam, routine lab work, a dental exam and cleaning, which provided an uptick in services. However, PEBP always struggled with members who were non-compliant. In addition, PEBP's third-party administrator distributed mailings about preventative services strategically targeted to specific populations. She said PEBP was continually striving to improve wellness care for its membership to try to increase compliance rates. She indicated that the financial incentive earnable for utilizing preventative services was eliminated in the 2019 Legislative Session.

Directing the Committee to page 198 (Exhibit A), Overview for the Exclusive Provider Organization (EPO), Ms. Rich indicated that the annualized plan cost per employee was 40.8 percent above the Health Scope Benefits (HSB) Book of Business Index. Ms. Rich noted that HSB, PEBP's third-party administrator does not have similar plans in their Book of Business, so the comparison was unfair, which she wanted to point out because the number was quite concerning. In 2019, PEBP replaced its Northern Nevada HMO through Hometown Health with a PEBP-managed EPO plan. The EPO was comparable to the HMO; the benefits were structured similarly with a copay model that closely mirrored the HMO. When the EPO was implemented, PEBP basically took the same benefits offered through Hometown Health and mirrored them for the EPO plan. Therefore, the members that went from the HMO plan to the EPO plan did not experience any differences in benefit plan design. Page 200 showed there were approximately 8,500 members on the EPO plan, similar to the membership on the previous HMO. She noted that there was not a lot of migration and members that were previously on the HMO stayed on the PEBP EPO plan. Ms. Rich indicated that high cost claimants were also an issue on the EPO plan. Given that the EPO was a PEBP-managed plan and the HMO plan in PY 2018 was run by a vendor, there was nothing to compare the plan against. She noted that the average high cost claim paid was \$274,000 and on the CDHP it was approximately \$219,000. Referencing page 205, Ms. Rich said that emergency room visits were fairly in line with the CDHP with 171 visits per 1,000 on the EPO; emergency room visits on the CDHP were 162 visits per 1,000. She added, typically the sicker population were on the EPO rather than the CDHP, so higher emergency room visits were expected on the EPO.

Ms. Rich stated that page 206 (Exhibit A) displayed the EPO network utilization. The network utilization was high at 98.3 percent because of the way the EPO was set up. The EPO was a regional plan and set up similarly to a HMO and members could only access services in their region outside of emergent situations. Page 207 showed that the clinical classifications on the EPO were fairly similar to those on the CDHP. The top four categories by claim type were diseases of the respiratory system, musculoskeletal system, circulatory system, and neoplasms such as cancer. Moving to page 213, preventive services compliance, Ms. Rich stated that HMO compliance was fairly similar to members on the CDHP. She indicated that PEBP was struggling with preventative services compliance and the rates of compliance ranged from 20 percent to 45 percent, depending on the type of compliance.

Moving to page 215 (Exhibit A), Ms. Rich noted the page displayed the Chronic Conditions Summary. As noted for the CDHP, one in three members on the EPO plan had at least one chronic condition, which was 40 percent of the population on the plan. Page 216 showed prescription costs and since there was nothing to compare against, PEBP was comparing the third quarter to the fourth quarter; therefore, the data was premature. PEBP saw a drop in pharmacy utilization from the third quarter to the fourth quarter. She noted that the costs displayed on the table do not include rebates, which were significant and would definitely reduce the numbers when applied.

Senator Kieckhefer asked the advantage of the EPO for the state and members. He asked if PEBP found the EPO plan cost effective from an administrative standpoint, and if it was able to utilize any potential savings to pass on to the benefit structure. Ms. Rich responded that PEBP would present the end-of-year evaluation report of the EPO under the last agenda item of the meeting. However, she noted the state and members experienced a significant savings on the EPO plan.

Continuing, Ms. Rich stated that the HMO was administered by Health Plan of Nevada (HPN) and was offered in Southern Nevada. She added that a representative of HPN was present at the meeting to answer any questions from the Committee. She noted the Quarterly Health Plan Performance Review, page 223 (Exhibit A) provided by HPN was updated with additional detailed information due to a request of the Committee. Referring to page 226 (Exhibit A) she noted that the HMO membership decreased approximately 1.5 percent to 6,700 membership for this period. Its risk factor decreased by 25.7 percent from the prior period, but was still 25.8 percent higher than peer. Additionally, the HMO had a sicker population than what was seen on the CDHP. Page 227 showed net paid per member per month trend on the pharmacy increased 22.5 percent, which was a significant increase. Page 228 displayed the emergency room and urgent services for the HPN, which were similar to the CDHP and EPO. She stated that Health Plan of Nevada was seeing a decrease in emergency room utilization with stable urgent care utilization. Page 230 (Exhibit A) showed that high cost claimants on HPN, defined as claims over \$50,000, increased but were not as high as the claims on the EPO and CDHP.

Assemblywoman Carlton stated the emergency room visits for the CDHP decreased, but urgent care visits increased. However, on the HMO plan, emergency room visits decreased and urgent care visits were fairly stable and only decreased a little. She asked if an analysis was done to see if members were more likely to use a primary care physician rather than going to urgent care.

Ms. Rich replied that because the HMO was run by HPN she did not have a lot of insight for the reason members were utilizing the different services. However, the national trend was people were utilizing urgent care services as opposed to emergency services. She noted that plan benefit design could help steer the services' members were utilizing, so it also depended on the cost of urgent care versus emergency services, which she thought was around \$500 for an emergency room visit and less for urgent care. The model in Southern Nevada was a managed care model through HPN due to the health care environment in the Las Vegas area.

Stephanie Messier, AON, explained part of the HPN numbers for urgent care visits versus emergency room visits were due to the 1.2 percent decrease in membership. She said that page 228 (Exhibit A) showed HPN urgent care visits per 1,000 stayed relatively flat from the prior period with a 0.4 percent increase. Therefore, the decrease of 1.1 percent for urgent care visits was really a result of the membership decreasing, with flat urgent care utilization similar to the CDHP.

Assemblywoman Carlton asked if the membership decrease in the HMO was translating over to the CDHP, or was it translating to retirees entering Medicare, and Ms. Messier replied that it was a little of both. The CDHP reflected a slight increase in membership but some of that could be from new hires to the plan, as well as some members moving to Medicare.

Senator Dondero Loop asked if any of the figures were “skewed” because of the ability for members to go to a free-standing emergency room, or an urgent care facility, and Ms. Rich concurred and added that it was not happening just in Southern Nevada, but across the country. Ms. Rich agreed the free-standing facilities were increasing and people were utilizing those facilities more as opposed to the emergency room, or an urgent care facility.

Moving to the Incurred But Not Paid (IBNP) Liability and Catastrophic Reserve Actuarial Letter, page 235 (Exhibit A), Ms. Rich stated that each year AON actuaries developed an estimated IBNP, which was incurred but not paid liability. She said that IBNP reserves increased from \$37.6 million at the end of FY 2018 to \$58.8 million at the end of FY 2019. She indicated that \$14.7 million of that increase was due to the implementation of the EPO plan, and the remaining \$6.5 million went to increase the IBNR reserves, due to the increase in enrollment in the CDHP, in addition to an overall increase in claims. In addition, the claims processing speed also affected that number as well. Ms. Rich noted that because PEBP funds the IBNP reserves at a 95 percent confidence level, when claims grow they had to be funded and PEBP had to add to those funds; therefore, PEBP increased those IBNP reserves.

Chair Woodhouse asked if the PEBP Board had discussed benefit plan design changes moving forward that could result in plan design changes beyond PY 2021.

Ms. Rich replied that the Board addressed plan design changes in November 2019 and the changes approved were insignificant. She said that as part of the budget, PEBP addressed the possibilities of those changes. PEBP would conduct an analysis and costs for those plan design changes and the data would be presented to the PEBP Board in May. That data would then be included in PEBP’s August 2020 agency budget request that was sent to Governor’s Finance Office to become part of The Executive Budget.

3. Report on material provided generally to participants or prospective participants in connection with enrollment in PEBP for the plan year beginning July 1, 2019 (NRS 287.0425).

Ms. Rich referenced pages 241 to 254 (Exhibit A), the Public Employees’ Benefits Program Communications Plan for Plan Year 2019. The communication plan described PEBP’s approach and objectives for communication, strategic messaging, tools, tactics and measures for the outcomes. In addition to the typical plan documents that PEBP provided to its members there were benefit guides and other informational material available for members. Page 249, Communication Schedule, showed that PEBP had a significant number of mailings, in-person training and general outreach to its members.

Ms. Rich stated that, ultimately communication was vital, and members indicated that they desired more training and education. Therefore, PEBP has taken many measures to ensure it expanded education and communication with its members. She stated that communication has been a challenge even when PEBP provided mailings, email and everything it could to communicate with members. Some members do not look at their email messages and the message went directly to their trash, so there were definitely some challenges. However, PEBP has placed an emphasis on communication and expanded its program and staffing internally to address some of the issues, which has improved its communication with members.

In addition, PEBP partnered with PERS because it also experienced a change in leadership and they thought it was a good time to leverage their resources. She said PERS and PEBP shared a significant retiree population, so they partnered to provide better communication for retirees. She said anyone retiring from the state had a lot responsibility in terms of what they needed to do to receive their PEBP and PERS' benefits. Ms. Rich stated the PEBP was excited to work with PERS, and they were constantly looking for new ways to improve communication, provide training and education, because healthcare was confusing and was not something that the average person understood until they had to deal with it.

Assemblywoman Carlton asked the last time PEBP conducted an outreach to the retirees on the Medicare Exchange, because she had heard that it was hard to reach someone by phone and she was concerned with the turnaround time for member reimbursement.

Ms. Rich responded that she thought Assemblywoman Carlton was referring to Medicare VIA Benefits, which helped members choose the medical, prescription drug, dental and vision plans that fit their requirements and budget to make informed and confident benefit enrollment decisions. Previously, this benefit was offered by Towers Watson One Exchange, which was the Medicare Exchange. Members experienced problems with the Exchange and the Exchange was on a performance improvement plan and presented bimonthly updates to the Board. She noted that there has been an improvement and the issues that currently existed were largely because of legislation in place. Once a person elected not to participate in the Exchange and moved somewhere else to purchase a Medicare policy, many members could not return, and therefore, lose their benefits. State employees have a one-time return policy and non-state members, such as school districts, could not return to the plan and would lose their subsidy. She said that typically during the Medicare open enrollment period, there were plans that end and when they did, the participant needed to choose another plan through the Exchange. If members did not choose another plan through the Exchange and went directly through their carrier, they were reported as terminated. Ms. Rich said that once PEBP was aware of this issue it reached out to retirees through a phone call, via mail, or email in anticipation of the issue; however, not all members were reached. Some retirees were negatively affected and followed up with their representative, or the Office of the Governor to complain. She noted she had conversations with the Governor's Office on the issue and how it would be addressed in the future.

4. Report on the July 1, 2018, actuarial valuation of post-employment health and welfare benefits provided by the State of Nevada, pursuant to Statement Number 75 of the Governmental Accounting Standards Board (GASB) for Fiscal Year 2019 (NRS 287.0425).

Scott Syverson, AON, stated that he would provide an overview on the June 30, 2019, actuarial valuation of post-employment health and welfare benefits provided by the State of Nevada, pursuant to Statement Number 75 of the Governmental Accounting Standards Board (GASB). He indicated that the results were summarized in the report, Tab V.4. (Exhibit A). He noted that per the GASB 75 rules, the June 30, 2019, valuation was a roll forward valuation and utilized the same census and plan provisions as the prior FY 2018 valuation. The valuation was an allowable method under GASB, which essentially allowed efficiencies in having to collect information on an annual basis versus every other year. The assumptions used in the valuation were largely the same as the assumptions used in the prior valuation. However, the one discount would be the discount rate, which was updated to reflect market conditions as of the measurement date. In that situation, the discount rate increased slightly from 2018 to 2019. With the change in discount rate, when there was a higher interest rate, there were reductions in liabilities of above \$40.0 million. Other assumptions were largely the same and those assumptions would be updated for the next year valuation to be consistent with the most recent demographic assumptions used by PERS. The assumptions considered were mortality, retirement rates, withdrawal rates, and the assumptions that PERS used as developed with their actuaries. AON leveraged those assumptions as the populations were very similar, if not the same in certain situations. Mr. Syverson said it was an efficiency to utilize assumptions for the same purpose. He said another way to think of it was when a person retired and received a benefit from PERS, they would likely have the same probability of retiring, or continuing to work, as someone receiving a benefit under PEBP, so they wanted a consistent model between the two different valuations.

Moving to the total OPEB liability, Mr. Syverson stated that page 261 (Exhibit A) showed the liability increased approximately \$25.0 million; from \$1,301 billion on a net basis in FY 2018 to \$1,324 billion on a total basis in FY 2019. The assumption changed the lower liabilities, and the other factors for the increase were due to benefit accruals of around \$50.0 million for participants through working additional years of service, which earned benefits of approximately \$50.0 million. The other increase was driven by time, value of money, and interest costs and the liability grew with interest each year around \$50.0 million. Lastly, the liability itself decreased with the benefits that were paid each year of around \$40.0 million in FY 2018.

5. Report on End-of-Year (Plan Year 2019) Evaluation of PEBP Exclusive Provider Option (EPO) Plan.

Ms. Rich stated that in PY 2017, PEBP was faced with potential 13 percent and 15 percent rate increases for both the Northern Nevada and Southern Nevada HMO plans. As a result, the PEBP Board approved the development and implementation of a PEBP

managed self-insured EPO organization, similar to the CDHP. The EPO plan was effective July 1, 2018, and first year data was now available. PEBP has completed a comparison of the benefit design, utilization and cost of the PY 2018 HMO plan as compared to the PY 2019 EPO plan. She noted the EPO plan only replaced the Northern Nevada HMO plan because once PEBP decided to implement the plan, Health Plan of Nevada (HPN) in Southern Nevada ultimately agreed to decrease rates by 8 percent for its members. Therefore, PEBP continued to offer HPN in Southern Nevada and only replaced the Northern Nevada HMO plan.

Continuing, Ms. Rich explained that the EPO and HMO plan had almost identical plan benefit designs. The EPO plan offered a better specialty prescription drug copay, so PEBP was able to lower the copay by 10 percent allowing members to receive a better benefit. In addition, PEBP added benefits, such as telemedicine, and the quality and cost comparison tool. The plan was identical to the previous HMO plan and the only differences were benefits to the members. She added that utilization on the EPO was lower than the HMO plan utilization. Ms. Rich referenced page 288 (Exhibit A) showing that enrollment in the EPO was steady and PEBP experienced very minimal migration from PY 2018 to PY 2019 with the loss of the Northern Nevada HMO and the addition of the PEBP EPO plan.

Moving to page 289 (Exhibit A), Ms. Rich stated that comparing the total HMO and EPO rates for PY 2019, the rate change on almost every tier was lower on the EPO plan. The tiers that were higher only changed by \$1.37 to \$2.50 depending on the tier of coverage, which was an insignificant amount. Members were paying less to be on the EPO than if they had remained on the HMO. Page 290 displayed the total HMO/EPO rates by comparing the actual versus the projected rate, so the HMO rate with the cost increases would have been what PEBP projected. The participant HMO/EPO premium rates for state employees and state retirees experienced a cost savings in every tier. Any rate changes to the PEBP plans had a direct effect on the contribution, which was a subsidy that was provided by the state. If PEBP did not implement the EPO plan and approved the HMO rate increases as presented, the state would have provided a total of \$291.0 million for PY 2019. Ultimately, PEBP saved over \$14.7 million in PY 2019 by implementing the EPO plan and not increasing the HMO rates. Ms. Rich noted that page 292 showed that the HMO cost analysis for PY 2020 was very similar and the unsubsidized total rates were much lower than what PEBP would have paid if it kept the HMO. In addition, the participant premiums were lower and in PY 2020, PEBP saved the state over \$10.9 million by implementing the EPO plan and not increasing the HMO rates. In total, the switch to the EPO plan saved not only on the member side, but on the state side as well with \$25.6 million in savings. Ms. Rich said that overall, PEBP believed it was a very good decision to move to the Northern Nevada EPO plan.

Senator Kieckhefer stated that he represented a lot of state employees and has not received any complaints from his constituents about the PEBP-managed EPO. He said financially, it seemed like a successful transition for the members and state. He asked if the apparent success of the EPO roll out made PEBP consider creating an EPO in conjunction to HPN in Southern Nevada. Ms. Rich replied that an actuarial analysis was

done on having a similar plan in Southern Nevada and the results would not be the same because of the environment in Southern Nevada. The same cost savings would not be realized with the managed care that existed through the United Health Care plan in Southern Nevada.

Assemblywoman Carlton stated it was not often to hear that the price of health care decreased. She asked the analysis that was done to determine the differences between the previous HMO and the services, access and utilization, verses what was currently on the PEBP-managed EPO keeping in mind there was only one year of data. She indicated there were similar numbers when PEBP switched to the CDHP, and three years later they found out it was because members were not going to the doctor. She asked where the EPO plan was actually saving money.

Ms. Rich replied the data provided for utilization was premature with only one year of the PEBP-managed EPO. She noted that PEBP was comparing the data to what PEBP would have paid given the 13 percent and 15 percent rate increases proposed at the time, versus what PEBP paid. Moving forward, the utilization and landscape could change like it was changing on the CDHP as well. The EPO plan was run differently than Hometown Health and many cost containment measures were taken into account. The previous HMO was a regional plan and the regional limitations were not necessarily being followed by the previous vendor. Therefore, since PEBP was implementing those rules and following them more to its plan documents, PEBP was able to do the cost containment measures and members were seeking service within the network instead of outside of the network. Since, PEBP has been able to put in cost containment measures and enforced the rules that should have been enforced, PEBP has seen better cost containment in the PEBP-managed EPO plan. However, the data was very premature and utilization would change and PEBP was watching the situation closely.

Assemblywoman Carlton stated that she was interested in seeing the change in the coinsurance amount, prescription drugs, and if participants were paying more out of pocket. She wanted to see the differentiation between generic and name brand drugs. In addition, she wanted to understand the changes made for participants, not just the cost savings, but what PEBP was actually providing to the members, because state employees have not received a pay raise in three years and finding money to actually go to doctor was the difference.

Ms. Rich responded that she could provide that information but noted that the pharmacy coinsurance benefit has been lowered throughout the years. Previously, the coinsurance was 40 percent and was now down to 20 percent to match the CDHP, so members were paying less on their coinsurance on the EPO versus the HMO.

Senator Kieckhefer asked if the cost of copayments for doctor and emergency room visits also changed. He believed the PEBP-run EPO plan was supposed to match, or mimic the CDHP, so that out-of-pocket costs would not spike dramatically like it did with the shift to the CDHP.

Ms. Rich stated that the coinsurance model was different depending on the type of services. For example, if a member was going to a primary care physician the copay could be \$20.00. If a member was going to see a specialty physician there were different tiers and coinsurance costs for each one on that benefit plan. However, it was identical to the previous HMO plan.

Ms. Messier explained that the information in the report was mainly on a paid date basis. She said that actuaries liked to look at incurred dates and what people incurred in terms of services on the plan to get to Assemblywoman Carlton's concern whether people were getting the care needed. When looking at the EPO plan on an incurred date basis, as the trend was analyzed and looking forward to underwriting the plan for the March PEBP Board meeting, the actuaries were seeing that costs did not decrease to the extent the paid dates showed. Members moved to the Health Scope Benefits plan from Hometown Health paying those claims through June 30, 2019, and starting July 1, 2019, members moved to Health Scope Benefits, the TPA administer. Therefore, for the first few months Health Scope Benefits was not paying the claims, and when claims slowly started to trickle in there was not a lot of money going out, which caused a lag in payments. Thus, comparing the first 12 months of payments when moving from a fully insured plan to a self-funded plan there was a payment lag and with Health Scope Benefits there was up to a 60-day lag. Accordingly, it was similar to comparing an immature service calculation to a full 12-months, which was why there was the IBNR. Ms. Messier noted, when those were added together, there was not as large of a decrease as was seen from a paid date basis. She explained that there a little "hush" of services as people moved from one plan to another because they would seek a lot of services on the old plan, such as fill prescriptions before the new plan began. Therefore, there was a rush of services followed by a little hush, so there were probably some people who did not get as many services in July and August as they normally would, but would seek services in May and June. Ms. Messier said she did not think they should be concerned with what was seen in 2011 when people moved to the CDHP and a much larger increase in the deductible was seen, which scared members. If it cost \$1,500 to go to a doctor, members would not go if they did not have the money. She did not think it was the same as what was seen with the EPO plan, and the numbers in the report were due to the payment mechanism. Ms. Messier noted, when looking at on an incurred basis, there was not as much of a decrease and it certainly saved the plan money. She said PEBP has done a good job of lamenting cost saving measures and she wanted to ensure that she was not illustrating that people were not going to the doctor and there was a 20 percent drop in utilization of services. The report indicated it was a pay-to-pay comparison and a truer actuarial comparison would be to look at incurred dates of services for utilization, which was an accurate measure of what happened to members on the plan.

VI. Public Comment.

There was no public comment.

VII. ADJOURNMENT.

The meeting was adjourned at 4:06 p.m.

Respectfully submitted,

Donna Thomas, Committee Secretary

APPROVED:

Senator Joyce Woodhouse, Chair

Date: _____

Presentation on the health (medical, pharmacy, dental), life and disability insurance plan design and policy changes considered, and adopted, by the Board of the Public Employees' Benefits Program for the plan year that begins on July 1, 2021

IV.1

AGENDA ITEM IV.1.

Presentation on the health (medical, pharmacy, dental), life and disability insurance plan design and policy changes considered, and adopted, by the Board of the Public Employees' Benefits Program for the plan year that begins on July 1, 2021 (PY 2022).



STEVE SISOLAK
Governor

LAURA FREED
Board Chair



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Expires 04/01/2021

LAURA RICH
Executive Officer

DATE: December 16, 2020
TO: Public Employees' Benefits Program Board
Brenda Erdoes, Director, Legislative Counsel Bureau
Laura Freed, Director, Department of Administration
CC: Alex Haartz, Principal Deputy Fiscal Analyst, LCB Fiscal Division
Heather Field, Executive Branch Budget Officer, Governor's Finance Office
FROM: Laura Rich, Executive Officer, PEBP
SUBJECT: NRS 287.0425 Addendum Report to Reflect Plan Year 2022 Board Decisions

Summary

In accordance with NRS 287.0425, PEBP has previously provided reports to reflect the status on several matters pertaining to the Public Employees' Benefits Program (PEBP) for Plan Year 2020 (July 1, 2019 – June 30, 2020). This report is intended to supplement the previously submitted reports and provides additional information on Board decisions and policy changes affecting Plan Year 2022.

Report

PY21 Budget Reserves

Due to an unexpected decline in revenues as a result of the COVID-19 pandemic, agencies were asked in April 2020 to submit budget reserve proposals of 4% for fiscal year 20 and 6/10/14% proposals for fiscal year 21. Unable to make plan design changes so late in the fiscal year, PEBP was exempt from FY20 budget reserves, but was asked to provide a proposal for 6% (\$24.5M) for FY21.

Given that plan design, rates and all open enrollment material had already been finalized, PEBP was very limited in options. Unless PEBP implemented drastic options such as extending the plan year (which would have its own fiscal implications), finding 6% had to be restricted to

benefits that were not part of the basic plan design. In order to meet achieve the \$24.5M mark, the Board approved the following policy changes:

- **Reduced required Health Reimbursement Arrangement (HRA) reserve levels from 100% to 80%.**
The possibility of members with HRA balances using 100% of their funds at once is very unlikely. Funding the reserves at 80% freed up one-time funding of \$7.2M
- **Implemented Medicare HRA balance caps to \$8,000.**
Many members on the Medicare Exchange had accrued large balances since its inception in 2011. Approximately 117 accounts had no activity within the last five years with some of those having no activity since 2011. This action implemented a cap of \$8,000 that takes effect each year on May 31. Members with balances over \$8,000 at that time will be reset to an \$8,000 balance. This action freed up approximately \$5.4M.
- **Reduced Catastrophic Reserve Levels from 95% confidence level to 50 days on hand.**
This option reduced the reserve levels the program is required to maintain. This action released one-time funds of \$7M
- **Savings from pharmacy contract adjustments and programs.**
The yearly market check performed on the pharmacy benefit manager (PBM) in addition to the implementation of the SaveOn pharmacy program produced the remaining projected savings to meet the required budget reserves.

Fiscal Year 22/23 Agency Request Budget

Prior to the pandemic, the Governor's Finance Office (GFO) had released budget kickoff directives for agencies which included instructions to use flat budgeting (2x FY21 cap). Because of trend, a flat budget for PEBP is essentially a cut of approximately 5% and in order to meet the \$299M yearly subsidy cap, the program would be required to reduce benefits for PY22 and 23. Additionally, the pandemic only raised concerns that future budget cuts would be necessary, so PEBP moved up its annual strategic planning event typically held in September to May. PEBP staff, partners and several board members convened to discuss and consider innovative solutions that would reduce the direct member impact and maintain affordable access to care despite the budgetary woes.

The results of the strategizing, which included recommendations to plan design and policy, were presented at the July 23, 2020 Board meeting to ensure that any budgetary impacts from plan design and policy changes were incorporated in PEBP's agency request budget due in August 2020.

The following changes were approved by the PEBP Board:

- **Modifications to plan benefit design of existing plans (CDHP, EPO/HMO) and introduction of middle tier, low deductible (LD) copay-based plan.**

Although only the concept was approved (specific plan design decisions are presented and approved at the November board meeting), the illustrated examples presented by PEBP included adjustments to the CDHP and EPO/HMO to ensure the actuarial values (AV) were spaced out evenly to provide members with plan options that meet their individual needs. The introduction of a third, middle tier plan option provides members with more choice and attempts to address the feedback from members regarding the desire for the return of a low deductible option.

In the proposed design, the CDHP is adjusted to be less rich than the current version offered today (increased deductibles and out-of-pocket maximums and reduced HSA contributions) but remains the lowest priced plan. The new LD plan is the middle-priced option that is largely copay-based for the most widely used services but is subject to a low deductible for certain other benefits. The proposed EPO and HMO structure remains relatively unchanged except for the addition of a small deductible applied to certain services.

In these examples, example rates showed that employee premiums would be relatively stable in PY22 but require increases in PY23.

- **Underwriting of Self-funded plans into a Single Risk Pool.**

In a self-funded plan (CDHP, LD, and EPO), a claim is PEBP's responsibility regardless of which plan the member has selected. Pricing plans based on their actuarial values (the overall average percentage of healthcare costs paid by the plan) eliminates plan "death spirals" – a situation that occurs when a less healthy population, or overly large risk pools, move to or away from a specific plan. PEBP's policy was to underwrite plans separately which impacts overall experience as high cost members move from one plan to another. Underwriting plans as one single risk pool eliminates this potential issue "neutralizes" the high cost claims that may occur in a specific plan. PEBP will continue to maintain the statutorily required state and non-state risk pools.

- **Single Contribution (flat dollar amount) Strategy**

When the CDHP was originally introduced, the intent was to price the HMO and CDHP plans so that the total out of pocket expenses (premiums and copays) were equivalent. Over the past decade, this pricing differential was not maintained as the HMO rates have been set based on claims experience by fully insured carriers. This has ultimately resulted in significantly higher HMO/EPO single coverage costs when compared to the CDHP. Part of this disparity is solved by the policy change to underwrite plans; however contributions strategies play a significant role as well. Applying a single contribution strategy consistently across all plans allows PEBP to make more stable budget projections as they are no longer dependent on participant plan selections.

- **HSA/HRA Funding to Single Amount per Employee**
PEBP’s policy of funding HSA/HRA contributions based on the number of dependents creates unknown variables that ultimately have an affect on budget projections. This policy provides any HSA/HRA funding contributions to be distributed by a single amount per employee regardless of tier.

- **Streamlining Tier Factors**
PEBP has historically received claims estimates from Aon (actuarial consultants) that are tiered based on medical and pharmacy experience for state participants, non-state participants and a separate claims experience for dental. Aon provides rates based on the experience and tier per plan, and PEBP then adds on what is referred to as the “administrative load”. Some of these administrative costs are flat amounts by tier and others, such as HSA/HRA funding, vary by tier. This results in final total rates that differ from the initial actuarial rates developed by Aon and as a result are not considered actuarially correct. To rectify this, the following changes were made:
 - Use a per participant per month factor for claims
 - Add on administrative fees on a per participant per month basis
 - Use one tier for all plans, products, state, and non-state
 - Maintain this factor static for the two-year budget cycle (at a minimum)

- **Rx Rebates to Offset Claims**
Although not technically a policy change, this adjustment was necessary for transparency purposes. PEBP receives a substantial amount of pharmacy rebates every year. In FY 20, PEBP was projected to receive approximately \$13M in Rx rebates. It is typical to see rebates directly offset the cost of pharmacy claims (since that is how they are generated), however PEBP has used it to offset administrative costs. Moving forward, beginning in FY22, PEBP will be working with the Governor’s Finance Office to ensure these rebates are moved into the claims category to more provide a more accurate reflection of the underwriting of claims calculations.

FY22/23 Budget Reserves and PY22 Plan Design

Typically, the November Board meeting is designed to provide the Board with recommendations on cost saving opportunities and plan design options for the following plan year. Decisions made in November allow PEBP staff to begin work on all the activities necessary leading up to open enrollment. For example, the addition of a new plan requires the development of new Master Plan Documents, updated benefit guides, mass communications to members, website updates, IT implementations in the enrollment and eligibility system and training of call center staff. In addition, it provides actuaries with the time and information necessary to accurately make rate recommendations in March.

On November 3rd, the Governor’s Finance Office issued a memo to all state agencies indicating that unfortunate economic conditions and declining revenues are expected in the next biennium and as a result, agencies were being asked to make necessary preparations by formulating and submitting proposed budget reserves of 12%. For PEBP, 12% is the equivalent of approximately

\$72M for the biennium. To meet this requirement, PEBP would have to consider significant benefit reductions and with such a tight timeframe, PEBP staff and vendors were forced to work quickly to complete the analysis and be able to present feasible recommendations by the November 23rd Board meeting.

To begin, PEBP had to start with plan design adjustments that included significant benefit reductions from the plan design concept previously presented to the Board in July. The recommended plan design approved by the Board (illustrated in plan design grid below), achieved approximately \$20.1M of the necessary \$36M/year. With the inability to solicit member feedback in such a small timeframe, the proposed plan design was developed with the intent of maintaining stable premiums for PY22, recognizing that higher premiums would create further strain on employee take home pay and may possibly result in some lower income employees deciding to decline benefits and leaving them uninsured. In addition to the proposed plan design, the PEBP Board approved the following benefit reductions in order to meet reach the remaining \$15.9M:

- **Transition To 140% Medicare Pricing Model to Negotiate Out-of-network Claims. (\$1.9M)**
Fair Health has historically been considered the claims payment markets' solution for the pricing of non-contracted providers. Fair Health maintains a database of billed charges by service code and zip code and determines typical charges for that service in that geographical area. This is referred to as the "Fair Health Usual & Customary charge." Since Medicare pricing is a controlled and equitable price point that takes into account geographic location. Moving to a referenced based value approach increases plan savings while using a value familiar to the provider community
- **Implement Smart 90 pharmacy network on EPO and LD plan (\$500k)**
In PY19, PEBP implemented Smart 90 to the CDHP on a voluntary basis and in PY20 it became mandatory. Smart 90 improves drug pricing on 90- day maintenance medications for both the program and the member by narrowing the pharmacy network to Smart90 participating pharmacies. Although two major pharmacies are excluded from this network (CVS and Walgreens), all but 34 members will have access to a participating pharmacy within 4 miles of their home.
- **Implement 30-day Express Advantage Network on CHDP, EPO, LD plans. (\$900k)**
Similar to Smart 90, the Express Advantage Network improves drug pricing on 30-day prescriptions to the program by narrowing the pharmacy network to Express Advantage participating pharmacies. Although two major pharmacies are excluded from this network (CVS and Walgreens), all but 34 members (EPO) and 94 members (CDHP) will have access to a participating pharmacy within 4 miles of their home. Additionally, members have the option of continuing to fill their prescription at a non-participating pharmacy by paying an additional \$10 to the price of their medications.
- **Reduction to Medicare HRA contributions from \$13 to \$11 per year of service (\$3.4M)**

- **Reduction of Basic Life Insurance Benefit from \$25k/\$12,500 (Active/Retiree) to \$10k/\$5k. (\$4M)**
- **Reduction of the Long-Term Disability Benefit from 60% to 50% Benefit levels (\$1.5M)**
- **Unbundling of Dental Premium (\$4.2M)**
Dental premiums are currently embedded into the overall premium. Members enrolling in a medical plan automatically receive dental coverage. This option separates the two premiums and allows members to opt out of dental or pay a separate premium to enroll into dental. Proposed premiums to enroll in dental: E only: \$5, E+S: \$10, E+C: \$10, E+F: \$15 (Note: the illustrative rates in the plan design table include the additional dental premium. Those members who choose to opt out of dental would see a reduction of \$5, \$10 or \$15 in their total premium).

	Modified CDHP		New Low Ded PPO w/ copay		EPO/HMO	
	PY21	Proposed PY22	PY21	Proposed PY22	PY21	Proposed PY22
Deductible (Individual w/in Family)	\$1,500/\$3,000 (\$2,800)	\$2,000/\$4,000 (\$2,850)		\$1,000/\$2,000 (\$1,000)	\$0	\$500/\$1,000 (\$500)
OOP Max (Individual w/in Family)	\$3,900/\$7,800 (\$6,850)	\$6,000/\$12,000 (\$6,000)		\$6,000/\$12,000 (\$6,000)	\$7,150/\$14,300 (\$7,150)	\$6,000/\$12,000 (\$6,000)
Coinsurance	20%	20%		20%	N/A	20%
Primary Care Visit	20% after ded.	20% after ded.		\$30	\$20	\$25
Specialist Visit	20% after ded.	20% after ded.		\$50	\$40	\$40
ER visit	20% after ded.	20% after ded.		\$750	\$500	ded + \$750
UC Visit	20% after ded.	20% after ded.		\$80	\$30	\$50
Inpatient Hospital	20% after ded.	20% after ded.		20% after ded.	\$500	ded + \$750
Outpatient Surgery	20% after ded.	20% after ded.		\$500	\$350	\$350
RX						
Generic	20% after ded.	20% after ded.		\$10	\$10	\$10
Formulary	20% after ded.	20% after ded.		\$40	\$40	\$40
Non-formulary	20% after ded.	20% after ded.		\$75	\$75	\$75
Specialty	20% after ded.	20% after ded.		30% after ded.	20%	30% after ded.
All other services	20% after ded.	20% after ded.		20% after ded.	Varies by service	20% after ded.
HSA employer contribution	\$700 + \$200/dep	\$300		N/A	N/A	N/A
Actuarial Value	87.3%	78.4%		81.8%	92.0%	86.2%
Approximate EE only Rate	\$43.94	\$66.27		\$105.91	\$171.05	\$171.48
Approx E + spouse Rate	\$227.16	\$282.29		\$361.56	\$517.57	\$492.69
Approx E + Children Rate	\$117.80	\$160.27		\$214.77	\$343.23	\$304.92
Approx E+Fam Rate	\$301.01	\$335.21		\$429.35	\$689.74	\$585.06

*Rates are only an approximation based on above plan design and current experience through November 2020. Illustrative rates have been updated from those presented at the November 23, 2020 Board meeting to reflect updated decisions made by the Board and a lower 2.0% reduction in headcount assumption.

Variables

It is important to emphasize that although standard actuarial methodology has been applied to develop Plan Year 22 budget savings options and recommendations, the program has many outstanding variables that will ultimately play a critical role and affect the overall experience of the plan:

- *Renewal of several major contracts*

PEBP has 7 contracts expiring in 2021, with several of those being major contracts that will have a significant budgetary impact. For example, the PPO Network contract and Dental contracts, which directly impact the cost of medical and dental claims (the majority of the PEBP budget), both have active solicitations and are due to be renewed on July 1, 2021.

- *COVID-19 costs*

At the beginning of the pandemic, the PEBP Board approved 100% coverage for all COVID-19 related testing and treatment. Due to CARES Act reimbursements and claims suppression experienced from stay-at-home directives, the program has been relatively shielded from the unforeseen costs of COVID-19 testing and care. With CARES Act funds expiring at the end of the year and no additional stimulus agreements on the federal level, the program will have to be required to absorb these costs moving forward. Additionally, while the vaccine is expected to be no cost to the program, there are still unknowns regarding the fees associated with administration of the vaccine.

- *Trend*

Based on claims suppression, the assumption that members will continue to avoid elective care during times of financial pressure and being mindful of how the plan performed during the last recession, Aon has applied significantly more aggressive trend for PY22/23. It is important to recognize though that both the short-term and long-term effects of the pandemic are unknown.

- *Introduction of new plan – unknown utilization*

Similar to when PEBP introduced the CDHP and more recently, the EPO, utilization trends shift as members become more accustomed to the plan.

- *Legislative Session*

Any new legislation affecting health care, employee benefits or PEBP funding will have an impact on the program.

Timeline

July 1, 2021	New Plan Year Starts
June 15, 2021	Deadline for supporting docs. Eligibility staff processes as many pending events as possible to ensure July 1 coverage effective date.
May 31, 2021	Last Day of Open Enrollment
May 1, 2021	First day of Open Enrollment.
April 15, 2021	Website updated to reflect new PY enrollment materials
April 1-15	Rate and plan selection testing in E&E system. OE meetings/webinars held.
March 18- March 31*	Rates loaded into eligibility and enrollment system
March Board meeting	Rates approved.
Jan - March	Work continues on updates to plan documents, member communications, member guides, necessary system changes. Training provided to PEBP staff on plan year changes.
Jan Board Meeting	Any remaining plan design decisions are approved.
December 2020	Operational and IT needs to implement approved plan design are assessed. Coordination with vendors begins. Development on new plan documents, new PY OE materials including benefit guides and member communication begins. Planning for OE meetings and webinars starts.
Nov Board Meeting	Plan design approved.

*Changes made to employee premiums after March 18 will impact the timeline. Since new rates must be loaded and tested and all plan related documents and website material must be updated accordingly to reflect the new premiums, it will be necessary to start OE later and the OE window to shorten. Additionally, the noticing requirements in NRS 287.043(2)(c)(d) would require an exemption.

NRS 287.0425 Report



STEVE SISOLAK
Governor

LAURA FREED
Board Chair



STATE OF NEVADA
PUBLIC EMPLOYEES' BENEFITS PROGRAM
901 S. Stewart Street, Suite 1001 | Carson City, Nevada 89701
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ACCREDITED
CORE
Expires 04/01/2021

LAURA RICH
Executive Officer

DATE: October 8, 2020
TO: Public Employees' Benefits Program Board
Brenda Erodes, Director, Legislative Counsel Bureau
Laura Freed, PEBP Board Chair
CC: Alex Haartz, Principal Deputy Fiscal Analyst, LCB Fiscal Division
Heather Field, Executive Branch Budget Officer, Governor's Finance Office
FROM: Laura Rich, Executive Officer
SUBJECT: NRS 287.0425 Report

Summary

In accordance with NRS 287.0425, this report provides to the Public Employees' Benefits Program Board, the Department of Administration and the Director of the Legislative Counsel Bureau for transmission to various committees of the Legislature the status on several matters pertaining to the Public Employees' Benefits Program (PEBP). The Board meeting dates at which the items were presented and a link to the reports on the PEBP website are included in this report where applicable. Topics included are as follows:

- Section 1(a) – An audited financial statement of the Program Fund for the immediately preceding fiscal year.
- Section 1(b) – An audited financial statement of the Retirees' Fund for the immediately preceding fiscal year.
- Section 1(c) – A report of the utilization of the Program by participants during the immediately preceding plan year, segregated by benefit, administrative cost, active employees and retirees, including, without limitation, an assessment of the actuarial accuracy of reserves.
- Section 1(d) – Material provided generally to participants or prospective participants in connection with enrollment in the Program for the current plan year.
- Section 2(a) – An independent biennial certified actuarial valuation and report of the State's health and welfare benefits for current and future state retirees, which are provided for the purpose of developing the annual required contribution pursuant to the statements issued by the Governmental Accounting Standards Board.
- Section 2(b) – A biennial review of the Program to determine whether the Program complies with federal and state laws relating to taxes and employee benefits. The review must be conducted by an attorney who specializes in employee benefits.

Report

A. Section 1(a) – An audited financial statement of the Program Fund for the immediately preceding fiscal year.

Attachment A-1

The annual audit of the Program Fund conducted by an independent certified public accountant for Fiscal Year 2019 was provided to the PEBP Board and approved at the November 21, 2019 Board meeting.

B. Section 1(b) – An audited financial statement of the Retirees’ Fund for the immediately preceding fiscal year.

Attachment B-1

The annual audit of the Retirees’ Fund conducted by an independent certified public accountant for Fiscal Year 2019 was provided to the PEBP Board and approved at the November 21, 2019 Board meeting.

C. Section 1(c) – A report of the utilization of the Program by participants during the immediately preceding plan year, segregated by benefit, administrative cost, active employees and retirees, including, without limitation, an assessment of the actuarial accuracy of reserves.

Attachment C-1

Annual Utilization Report for the year ending June 30, 2020.

Attachment C-2

Plan Year 2020 Utilization Review of CDHP Medical and Pharmacy Benefits, and program-wide Dental Benefits

Attachment C-3

Plan Year 2020 Utilization Review of PEBP Premier Plan (EPO) Medical and Pharmacy Benefits

Attachment C-4

Plan Year 2020 Health Plan of Nevada Utilization Review of Medical and Pharmacy Benefits

Attachment C-5

Plan Year 2020 IBNR and Catastrophic Reserve Actuarial Letter

The annual utilization report was presented to the Board at its September 24, 2020 meeting.

A summary of the actual PEBP reserves for Fiscal Year 2020 and the projected reserves for Fiscal Year 2021 is provided below.

At the November 21, 2019 Board meeting, PEBP provided the Board with opportunities for potential Plan Year 2021 Benefit Design changes. The Board reviewed recommendations and decided to approve the plan benefit design changes below:

- Implement Second Opinion Services (CDHP and EPO)
- Pilot Program for Chronic Kidney Disease (CDHP)*
- Additional HSA/HRA Funding of \$125 (CDHP)
- Increasing member educational benefits utilizing the Centers of Excellence (CDHP)

*The Chronic Kidney Disease Pilot Program was later cancelled by the Board in 2021 prior to implementation due to cost and redundancy of services.

PEBP’s actuarial consultants provide the estimates for the Reserve for Incurred But Not Paid (IBNP) – formerly Incurred But Not Reported or IBNR – claims and a Catastrophic Reserve (to provide a 95% probability the plan will maintain fiscal solvency) each year. The PEBP Board voted at the April 9th, 2020 board meeting to decrease the IBNP margin at a 95% confidence interval (a 25% load on the Medical and Dental plans) to a more standard margin of 10%.

At the April 9th, 2020 Board Meeting, PEBP’s Board elected to move from the 95% confidence interval on their Catastrophic Reserve (which amounted to approximately 62 days of claims payments on hand) to a 60 days of claims payments on hand methodology. Later, at the April 29th, 2020 Board Meeting, this was moved to 50 days as part of several decisions intended to meet budget reserve goals.

The PEBP Board also voted at the April 9th, 2020 board meeting to decrease the HRA Reserve Balance from 100% of the available balance, to 80% of the available balance. Additionally, effective May 31, 2021 and annually thereafter, Medicare HRA balances will be capped at \$8,000 to start each new plan year.

Fiscal Year 2020 Reserves		
Reserve Type	FY 2020 Budget	FY 2020 Actual
HRA Reserve	\$36,204,203	\$36,204,203
IBNP Reserve	\$58,790,000	\$58,790,000
Catastrophic Reserve	\$42,400,000	\$42,400,000
Differential Cash Available *	\$6,526,200	\$17,147,125
Total Reserves	\$143,920,403	\$154,541,328

**Actual Differential Cash Available is calculated based upon FY20 Balance Forward, Less Required Reserves.*

Fiscal Year 2021 Reserves		
Reserve Type	FY 2021 Budget	FY 2021 Estimated (as of 9/26/2020)
HRA Reserve	\$33,881,083	\$30,550,651
IBNP Reserve	\$57,500,000	\$51,514,000
Catastrophic Reserve	\$45,800,000	\$34,835,000
Differential Cash Available*	\$343,384	\$8,324,790
Total Reserves	\$137,524,467	\$125,224,441

**Differential Cash Available is calculated based upon FY20 Balance Forward, Less Required Reserves, Less budget work program changes.*

D. Section 1(d) – Material provided generally to participants or prospective participants in connection with enrollment in the Program for the current plan year, including, without limitation:

- (1) Information regarding rates and the costs for participation in the Program paid by participants on a monthly basis; and**
- (2) A summary of the changes in the plan design for the current plan year from the plan design for the immediately preceding plan year.**

A Plan Year 2021 Benefit Guide was provided generally to participants or prospective participants in connection with enrollment in the Program for the current plan year.

The Benefit Guide is available on the following web pages under New Hire Resources and Retiree Resources respectively:

<https://pebp.state.nv.us/wp-content/uploads/2020/05/PY2021-PEBP-Benefit-Guide.pdf>

A summary of the plan design changes and final approved monthly rates for Plan Year 2021 can be found in the following Board report.

Attachment D-1

Plan Year 2021 Final Benefits and Rates Report

The Plan Year 2021 Plan Design and Rates were presented to and approved by the Board at its March 31, 2020 meeting. The report, summary and approved rates are available as Agenda Item 9 of the March 31, 2020 Board meeting on the following web page:

<https://pebp.state.nv.us/meetings-events/board-meetings/march-31-2020-board-meeting/>

The board approved rates were adjusted after the board approval by making technical adjustments. The final Plan Year 2021 rates are displayed below.

Plan Year 2021 State Rates - Active Employees

State Active Employees	Statewide PPO				Statewide EPO/HMO			
	PPO Consumer Driven High Deductible Health Plan				PEBP Premier Plan & Health Plan of Nevada			
	Unsubsidized Rate	Base Subsidy	Supp Subsidy	Participant Premium	Unsubsidized Rate	Base Subsidy	Supp Subsidy	Participant Premium
Employee Only	638.60	594.66	-	43.94	871.86	700.81	-	171.05
Employee + Spouse	1,228.00	1,000.84	-	227.16	1,719.07	1,201.50	-	517.57
Employee + Child(ren)	883.10	765.30	-	117.80	1,290.63	947.40	-	343.23
Employee + Family	1,472.50	1,171.49	-	301.01	2,137.84	1,448.10	-	689.74

Plan Year 2021 State Rates - Retirees

State Retirees Non-Medicare	Statewide PPO				Statewide EPO/HMO			
	PPO Consumer Driven High Deductible Health Plan				PEBP Premier Plan & Health Plan of Nevada			
	Unsubsidized Rate	Base Subsidy	Supp Subsidy	Participant Premium	Unsubsidized Rate	Base Subsidy	Supp Subsidy	Participant Premium
Retiree only	627.31	393.72	-	233.59	855.12	435.33	-	419.79
Retiree + Spouse	1,189.88	636.04	-	553.84	1,688.57	693.60	-	994.97
Retiree + Child(ren)	858.18	495.52	-	362.66	1,268.10	562.53	-	705.57
Retiree + Family	1,420.75	737.84	-	682.91	2,101.55	820.79	-	1,280.76
Surviving/Unsubsidized Dependent	627.31	-	-	627.31	855.12	-	-	855.12
Surviving/Unsubsidized Spouse + Child(ren)	858.18	-	-	858.18	1,268.10	-	-	1,268.10

A summary of Plan Year 2020 communications can be found in the following attachment.

Attachment D-2

Plan Year 2020 Communication Plan and Schedule

- E. Section 2(a) – An independent biennial certified actuarial valuation and report of the State’s health and welfare benefits for current and future state retirees, which are provided for the purpose of developing the annual required contribution pursuant to the statements issued by the Governmental Accounting Standards Board.***

The independent certified actuarial valuation and report of the State’s health and welfare benefits for current and future state retirees can be found in the following attachment:

Attachment E

Nevada Public Employees’ Benefits Program’s Retiree Health and Life Insurance Plans Actuarial Report for GASB OPEB Valuation, Fiscal Year Ending June 30, 2020.

The GASB OPEB Valuation report was presented to the Board at its September 24, 2020, meeting.

- F. Section 2(b) – A biennial review of the Program to determine whether the Program complies with federal and state laws relating to taxes and employee benefits. The review must be conducted by an attorney who specializes in employee benefits.***

The PY2020 biennial review has not yet been finalized. It is anticipated to be finalized by December 2020.

Attachment E

Nevada Public Employees’ Benefits Program’s Biennial Legal Compliance Review for PY2018.

Reports from an independent certified public accountant regarding audited financial statements, for the year ending June 30, 2020, pursuant to NRS 287.0425

a) Fund for the Public Employees' Benefits Program (NRS 287.0435)

IV.2.a



CASEY NEILON

November 16, 2020

To the Board of the Public Employees' Benefits Program

We have audited the financial statements of the Self Insurance Trust Fund of the Public Employees' Benefits Program (the "Fund") for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated September 28, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Fund are described in Note 1 to the financial statements. We noted no new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Fund during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Fund's financial statements were:

Management's estimate of the reserve for loss and loss adjustment expense is based on claims incurred but not reported during the policy period. This was supported by an actuarial opinion, and meets the standards required by generally accepted accounting principles. We evaluated the key factors and assumptions used to develop the reserve for unpaid loss and loss adjustment expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the reserve for loss and loss adjustment expense includes the unused portion of the Health Reimbursement Account (HRA) component of the Consumer Driven Health Plan (CDHP) and the Medicare Exchange.

Management's estimate of the Express Scripts (account 1600) and Medicare D (account 1679) accounts receivable is based on average of cash received during the fiscal year and average number of participants. We evaluated the key factors and assumptions used to develop the receivable estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

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Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the unpaid claims liabilities and reserves in Note 7 to the financial statements because these numbers are based on actuarial opinions and estimates and have a material impact on the financials statements. These accruals are estimates which if there were material changes occur to the estimates there could be material changes to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 16, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Fund's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Fund's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the pension and other post-employment benefits schedules of information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

This information is intended solely for the use of the Public Employees' Benefits Program Board and management of the Fund and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Casey Neilon

**STATE OF NEVADA
SELF INSURANCE TRUST FUND
PUBLIC EMPLOYEES' BENEFITS PROGRAM**

JUNE 30, 2020 AND 2019

**STATE OF NEVADA
SELF INSURANCE TRUST FUND
PUBLIC EMPLOYEES' BENEFITS PROGRAM
JUNE 30, 2020 AND 2019**

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Casey Neilson
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of the
Public Employees' Benefits Program

Report on the Financial Statements

We have audited the accompanying financial statements of the Self Insurance Trust Fund, Public Employees' Benefits Program of the State of Nevada, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Self Insurance Trust Fund, Public Employees' Benefits Program of the State of Nevada's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Self Insurance Trust Fund, Public Employees' Benefits Program of the State of Nevada as of June 30, 2020 and 2019, and the changes in financial position and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1, the financial statements of the Self Insurance Trust Fund, Public Employees' Benefits Program of the State of Nevada are intended to present the financial position, the changes in financial position, and the cash flows of only that portion of the activities of the State of Nevada that is attributable to transactions of the Fund. They do not purport to, and do not, present fairly the financial position of the State of Nevada as of June 30, 2020 and 2019, the changes in its financial position, or, where applicable, its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the pension and other post-employment benefits information on pages 19-20 and 21-22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on this required information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020 on our consideration of the Self Insurance Trust Fund, Public Employees' Benefits Program of the State of Nevada's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Self Insurance Trust Fund, Public Employees' Benefit Program of the State of Nevada internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Self Insurance Trust Fund, Public Employees' Benefits Program of the State of Nevada's internal control over financial reporting and compliance.

Casey Neilon

Casey Neilon, Inc.
Carson City, Nevada
November 16, 2020

STATE OF NEVADA
 SELF INSURANCE TRUST FUND
 PUBLIC EMPLOYEES' BENEFITS PROGRAM
 STATEMENTS OF NET POSITION
 JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 159,637,188	\$ 155,908,618
Prepaid insurance	3,202	3,611
Receivables:		
Accounts receivable, net	6,055,621	6,106,065
Intergovernmental receivable	8,911,233	2,419,215
Due from other funds	12,732,822	5,230,821
Due from component units, net	4,567	19,210
Total Current Assets	187,344,633	169,687,540
Capital assets:		
Property and equipment	461,025	466,100
Less: Accumulated depreciation	(435,940)	(411,151)
Total Capital Assets (net of accumulated depreciation)	25,085	54,949
Total Assets	187,369,718	169,742,489
Deferred outflows of resources:		
Pension related amounts	663,273	641,824
OPEB related amounts	69,742	44,268
Total Deferred Outflows of Resources	733,015	686,092
LIABILITIES		
Current liabilities:		
Bank overdraft	3,428,332	3,829,541
Accounts payable	1,409,272	4,274,803
Accrued payroll and related liabilities	98,393	87,285
Due to other funds	20,435	25,334
Unearned revenue	3,489,755	3,662,898
Compensated absences	156,804	163,215
Reserve for losses	89,702,313	94,881,428
Total Current Liabilities	98,305,304	106,924,504
Noncurrent liabilities:		
Compensated absences	38,259	54,490
Net pension obligation	3,833,649	3,547,239
Net OPEB liability	1,301,204	1,417,507
Total Noncurrent Liabilities	5,173,112	5,019,236
Total Liabilities	103,478,416	111,943,740
Deferred inflows of resources:		
Pension related amounts	362,280	257,269
OPEB related amounts	79,050	95,047
Total Deferred Inflows of Resources	441,330	352,316
NET POSITION		
Invested in capital assets	25,085	54,949
Restricted expendable - losses	84,157,902	58,077,576
Total Net Position	\$ 84,182,987	\$ 58,132,525

See accompanying notes.

STATE OF NEVADA
 SELF INSURANCE TRUST FUND
 PUBLIC EMPLOYEES' BENEFITS PROGRAM
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET POSITION
 FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES:		
Insurance premiums	\$ 391,121,895	\$ 357,432,206
Other	5,520	1,902
	<u>391,127,415</u>	<u>357,434,108</u>
OPERATING EXPENSES:		
Salaries and benefits	2,793,277	2,910,928
Operating	2,356,630	3,398,726
Claims expense	303,888,916	314,546,591
Depreciation	40,542	42,013
Insurance premiums and contractual obligations	59,748,805	59,318,572
	<u>368,828,170</u>	<u>380,216,830</u>
Total Operating Expenses	<u>368,828,170</u>	<u>380,216,830</u>
Operating Income (Loss)	<u>22,299,245</u>	<u>(22,782,722)</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	1,407,557	1,694,774
Interest income	2,343,660	3,031,971
	<u>3,751,217</u>	<u>4,726,745</u>
Total Nonoperating Revenues	<u>3,751,217</u>	<u>4,726,745</u>
CHANGE IN NET POSITION	26,050,462	(18,055,977)
NET POSITION		
Beginning of year	<u>58,132,525</u>	<u>76,188,502</u>
End of year	<u>\$ 84,182,987</u>	<u>\$ 58,132,525</u>

See accompanying notes.

STATE OF NEVADA
 SELF INSURANCE TRUST FUND
 PUBLIC EMPLOYEES' BENEFITS PROGRAM
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and users	\$ 73,055,552	\$ 29,482,963
Receipts for interfund services provided	296,430,133	322,062,620
Receipts from component units	13,822,120	13,588,561
Payments to suppliers, other governments and beneficiaries	(380,396,574)	(349,437,609)
Payments to employees	(2,592,613)	(2,718,441)
Payments for interfund services used	(865,561)	(1,298,678)
	Net Cash Provided by Operating Activities	11,679,416
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(10,678)	-
	Net Cash Used by Financing Activities	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	4,286,191	4,199,606
	Net Cash Provided by Investing Activities	4,199,606
	Net Increase in Cash and Cash Equivalents	15,879,022
Cash and cash equivalents, July 1	155,908,618	140,029,596
Cash and cash equivalents, June 30	\$ 159,637,188	\$ 155,908,618
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating income	\$ 22,299,245	\$ (22,782,722)
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation	40,542	42,013
Allowance for doubtful accounts	3,595	(3,592)
Changes in assets and liabilities:		
(Increase) decrease in receivables	(14,467,501)	3,464,863
(Increase) decrease in prepaid expenses	409	(3,611)
(Increase) decrease in deferred outflows	(46,923)	(74,158)
Increase (decrease) in payables and accruals	(8,462,288)	27,146,263
Increase (decrease) in unearned revenue	(173,143)	3,613,982
Increase (decrease) in net pension obligation	286,410	185,322
Increase (decrease) in net OPEB liability	(116,303)	77,760
Increase (decrease) in deferred inflows	89,014	13,296
	Total Adjustments	34,462,138
	Net Cash Provided by Operating Activities	\$ 11,679,416

See accompanying notes.

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NOTE 1 - Summary of Significant Accounting Policies:

The financial statements of the Self Insurance Trust Fund, Public Employees' Benefits Program ("PEBP") of the State of Nevada ("Self Insurance Trust Fund") have been prepared in conformity with accounting principles generally accepted in the United States of America (USGAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the Self Insurance Trust Fund's significant accounting policies applied in the preparation of the accompanying financial statements is presented below.

Plan Description:

The Self Insurance Trust Fund was created in 1983 by the Nevada Legislature to administer group health, life and disability insurance for covered employees, both active and retired, of the State, and certain other participating public employers within the State of Nevada. All public employers in the State are eligible to participate in the activities of the Self Insurance Trust Fund and currently, in addition to the State, there were four public employers participating at June 30, 2020 whose employees are covered under the plan. Additionally, all retirees of public employers contracted with PEBP to provide coverage to their employees are eligible to join the program subsequent to their retirement. Public employers are required to subsidize their retirees who participate in the plan in the same manner the State subsidizes its retirees. Currently, the State, the Nevada System of Higher Education and 165 public employers within the State of Nevada are billed for retiree subsidies. The Self Insurance Trust Fund provides medical, dental, vision, long-term disability, mental health, substance abuse, and life insurance benefits. The Self Insurance Trust Fund is overseen by the Public Employees' Benefits Program Board. The Board is composed of ten members, nine members appointed by the Governor, and the Director of the Department of Administration or their designee.

The Self Insurance Trust Fund is self-insured for medical, dental, vision, mental health and substance abuse benefits and also offers fully insured HMO products. Long-term disability and life insurance benefits are fully insured by outside carriers. For the self-insured benefits, rate-setting policies have been established after consultation with an actuary. The participating public employers, with the exception of the State, are not subject to supplemental assessment in the event of deficiencies.

PEBP has instituted a Consumer Driven Health Plan (CDHP) with Health Savings Account (HSA) and Health Reimbursement Account (HRA) components. The HSA component is designed for eligible active employee's where the HRA component is for retirees and surviving spouses, domestic partners and certain employees enrolled in the CDHP.

PEBP has also implemented an individual market Medicare exchange where retirees eligible for Medicare purchase individual coverage on the private market with an HRA component to reimburse retirees for insurance premiums and other out of pocket expenses.

In fiscal year 2019 PEBP implemented an Exclusive Provider Organization (EPO) plan. The plan is self-insured and employees were eligible to elect this plan as of July 1, 2018.

Reporting Entity:

Governmental accounting and financial reporting principles require that basic financial statements be presented for governmental entities which present financial statements in accordance with generally accepted accounting principles. The accompanying financial statements are not intended to present the combined financial activities of the State of Nevada taken as a whole, but are intended only to present the financial position, results of operations, and cash flows of the Self Insurance Trust Fund.

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NOTE 1 - Summary of Significant Accounting Policies (continued):

Fund Accounting:

The operations of the Self Insurance Trust Fund, a proprietary fund (internal service fund), are accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses. The Self Insurance Trust Fund is used to account for the services provided to the employees and retirees of the State of Nevada and other governmental units under the programs administered by management.

Basis of Accounting:

The Self Insurance Trust Fund maintains its accounting records on the accrual basis of accounting as defined by the Governmental Accounting Standards Board ("GASB"). Under this method, revenues are recognized at the time they are earned and expenses are recognized when the related liabilities are incurred regardless of the timing of cash flows.

The Self Insurance Trust Fund is reported using the economic resources measurement focus. The revenues derived from current operations are generally intended to provide those resources necessary to maintain continued delivery of such services in the future. Net positions greater or lesser than those required to support ongoing operations are moderated by adjustments of future charge rates appropriate to accomplish the long-term cost recovery objectives of the Self Insurance Trust Fund.

Internal Service Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services in connection with providing group health, life and disability insurance. Operating expenses include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash Equivalents:

For the purpose of presentation in the Self Insurance Trust Fund's financial statements, cash equivalents are short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

Receivables:

Insurance premiums due through June 30 but remitted after that date are recorded as receivables or due from other funds, component units or governments in the financial statements.

The third party administrator that processes claims payments on behalf of the Self Insurance Trust Fund has identified overpayments in the amount of \$2,059,472 and \$1,940,931 as of June 30, 2020 and 2019, respectively. Overpayments are followed up on every 30 days until recovery is made. These amounts have not been accrued as a receivable on the statement of net assets, but are recorded as a reduction to claims expense in the period in which recovery is received. Collection attempts cease when the overpayment is greater than 4 years old.

The Self Insurance Trust Fund administers an additional pass-through budget account, the Active Employee Group Insurance Subsidy (AEGIS) budget account. This budget account is utilized for recording the payments made by the state and received by the Self Insurance Trust Fund on behalf of active employees. Agencies contribute a fixed dollar amount per employee into this budget account. However, insurance premiums are earned by the main operating budget account in accordance with the PEBP approved rate for insurance coverage for the plan and tier to which each employee belonged. The difference between cash contributions and revenue recognition resulted in a surplus of contributions over premiums of \$3,196,058 and \$3,122,265 for the years ended June 30, 2020 and 2019, respectively. These amounts were allocated among all state entities that paid the AEGIS subsidy proportionate to their size and were included in the subsequent year's budget.

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NOTE 1 - Summary of Significant Accounting Policies (continued):

Receivables (continued):

The Self Insurance Trust Fund considers \$277,718 and \$274,123 in participant premiums as uncollectible as of June 30, 2020 and 2019, respectively. Pursuant to NRS 353C.220, only accounts that have been approved by the State of Nevada Board of Examiners may be written off. Of the uncollectible premiums listed above, \$0 and \$0 were approved for write-off by the State of Nevada Board of Examiners as of June 30, 2020 and 2019, respectively. The State has a policy in which all uncollectible amounts are remitted to the State Controller's Office for continued collection attempts and are eventually written off. In accordance with this policy, the Self Insurance Trust Fund created an allowance to account for the remaining uncollectible amounts that have been remitted to the State Controller's Office, but not yet been approved by the State of Nevada Board of Examiners for write off.

Property and Equipment:

Fixed assets are capitalized and depreciated using the straight line method of depreciation over the assets' estimated useful lives ranging from three to ten years. Capital acquisitions for the years ended June 30, 2020 and 2019 were \$10,678 and \$0, respectively. Capital dispositions for the years ended June 30, 2020 and 2019 were \$15,753 and \$0, respectively.

Estimated Claims:

The Self Insurance Trust Fund contracted with Aon, a provider of consulting and actuarial services, to estimate its liability for incurred but not reported claims, claims reported but not yet paid and administrative expenses expected to be incurred in conjunction with processing incurred but not reported claims as of June 30, 2020 and 2019, respectively. This liability is estimated by the actuary based on industry trends and claims lag information reported by the third party administrator. Such liabilities are necessarily based on estimates, and, while management believes the amount is adequate, the ultimate liability may be in excess of, or less than, the amounts provided. The methods for making such estimates and for establishing the resulting liability are reviewed on an annual basis and any adjustments are currently reflected in net income from operations.

Included in the estimated claims is the liability for the unused portion of the HRA component of the CDHP and the Medicare exchange. The Fund contracted with HealthSCOPE and Willis Towers Watson, respectively, to administer these programs and the liabilities are provided by each.

Compensated Absences:

A liability for compensated absences relating to services already rendered and that are not contingent on a specified event is accrued as employees earn the rights to the benefits. Compensated absences relating to future services or that are contingent on a specified event will be accounted for in the period those services are rendered or those events take place. Annual and sick leave benefits not used as earned accumulate to be carried over to the next year, except that annual leave in excess of 240 hours (30 days) per employee is forfeited each December 31.

Accumulated annual leave and compensatory time are payable upon termination, retirement, or death. Unused sick leave may be partially compensated at that time according to formulas established by the Department of Administration. The Self Insurance Trust Fund reports accrued compensated absences as a liability.

Pensions:

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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NOTE 1 - Summary of Significant Accounting Policies (continued):

Post Employment Benefits Other Than Pensions (OPEB):

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the State Retirees' Health and Welfare Benefits Fund, Public Employees' Benefits Program (PEBP) and additions to/deductions PEBP's fiduciary net position have been determined on the same basis as they are reported by PEBP. For this purpose, PEBP recognizes benefit payments when due and payable in accordance with the benefit terms.

Deferred Outflows/Inflows of Resources:

In addition to assets, the Statements of Net Position include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources until then. Self Insurance Trust Fund has pension and OPEB related deferred outflows that qualify for reporting in this category. Pension and OPEB related deferred outflows of resources are discussed in depth in Note 4 and 5, respectively.

In addition to liabilities, the Statements of Net Position include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time. Self Insurance Trust Fund has pension and OPEB related deferred inflows that qualify for reporting in this category. Pension and OPEB related deferred inflows of resources are discussed in depth in Note 4 and 5, respectively.

Net Position:

Net position presents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in the statement of net position. Net position invested in capital assets are net of accumulated depreciation and reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Restricted net position results when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law through constitutional provisions or enabling legislation. Management determined that the net position at year end should be restricted for future claims payments due to legal restrictions on the use of the funds.

Operating and Non-operating Revenues and Expenses:

Revenues and expenses are classified as operating if they result from providing services and producing and delivering goods. They also include other events that are not defined as capital and related financing, noncapital financing, or investing activities. Contracts representing an exchange transaction are considered operating revenues.

Revenues and expenses are classified as non-operating if they result from capital and related financing, noncapital financing, or investing activities. Appropriations received to finance operating deficits are classified as noncapital financing activities; therefore, they are reported as non-operating revenues. Contracts representing non-exchange receipts are treated as non-operating revenues.

Reinsurance:

The Self Insurance Trust Fund does not carry any reinsurance policies.

Reclassifications:

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**STATE OF NEVADA
 SELF INSURANCE TRUST FUND
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NOTE 1 - Summary of Significant Accounting Policies (continued):

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements (Not Yet Adopted):

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities* (GASB 84). This statement addresses the identification and presentation of fiduciary activities for accounting and financial reporting purposes. GASB 84 is effective for fiscal years beginning after December 15, 2019. It is not clear at this point how this will impact the financial statements as of June 30, 2020.

NOTE 2 - Compliance with Nevada Revised Statutes and the Nevada Administrative Code:

The Self Insurance Trust Fund conformed to all significant statutory constraints on its financial administration during the year.

NOTE 3 - Cash and Deposits as of June 30:

	<u>2020</u>	<u>2019</u>
Cash:		
Operating checking account	\$ (3,428,332)	\$ (3,829,541)
Deposits with State Treasurer:		
State Treasurer's Investment Pool	157,843,151	155,522,138
GASB 31 adjustment	<u>1,794,037</u>	<u>386,480</u>
Total Deposits with State Treasurer	<u>159,637,188</u>	<u>155,908,618</u>
Total Cash and Deposits	<u><u>\$156,208,856</u></u>	<u><u>\$152,079,077</u></u>

The Self Insurance Trust Fund has three checking accounts with Wells Fargo Bank at June 30, 2020 and 2019. These accounts contain \$1,171,735 and \$1,058,501 in stale outstanding checks for the years ended June 30, 2020 and 2019, respectively. Additionally, certain Bank of America and Wells Fargo Bank zero balance accounts were closed in previous fiscal years. These closed accounts contain \$48,637 and \$301,826 in stale outstanding checks as of June 30, 2020 and 2019, respectively. Checks presented for payment from the closed accounts are rejected by the bank, voided, and reissued by the Self Insurance Trust Fund using the controlled disbursement account. The controlled disbursement account is funded only when checks are presented for payment. The negative balance represents outstanding checks issued that have not been presented for payment. In accordance with NRS 353.140, the Self Insurance Trust Fund honors outstanding stale warrants presented for payment within six years from the date of origination. For insurance and collateral purposes, the account is commingled with all of the cash accounts of the State of Nevada. All cash and deposits are recorded at fair value.

Nevada Revised Statutes direct the Office of the State Treasurer to deposit funds into any state, or national bank, credit union or savings and loan association covered by federal depository insurance. For those deposits over and above the federal depository insurance maximum balance, sufficient collateral must be held by the financial institution to protect the State of Nevada against loss. The pooled collateral for the deposits program maintains a 102% pledge collateral for all public deposits.

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NOTE 3 - Cash and Deposits as of June 30 (continued):

NRS 355.140 details the types of securities in which the State may invest. In general, authorized investments include: certificates of deposit, asset-backed securities, bankers' acceptances and commercial paper, collateralized mortgage obligations, corporate notes, money market funds whose policies meet the criteria set forth in the statute, United States treasury securities and specific securities implicitly guaranteed by the federal government. Additionally, the State may invest in limited types of repurchase agreements; however, statutes generally prohibit the State from entering into reverse-repurchase agreements.

A copy of the State of Nevada Comprehensive Annual Financial Report can be obtained online at <https://controller.nv.gov/FinRpts/CAFR/CAFR/>.

NOTE 4 - Pension Plan:

Plan Description. The Self Insurance Trust Fund contributes to the PERS, a cost sharing, multiple employers, defined benefit plan administered by the Public Employees' Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. A publicly available financial report that includes financial statements and required supplementary information for PERS may be obtained by writing to the Public Employees' Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

Funding Policy. Plan members' benefits are funded under one of two methods. Under the employer paid contribution plan, the Self Insurance Trust Fund is required to contribute all amounts due under the plan. The rate for those contributions was 29.25%, 28.00% and 28.00% for regular members on all covered payroll for the years ended June 30, 2020, 2019 and 2018, respectively. The second funding mechanism for providing benefits is the employer/employee paid contribution plan. Under this method, employees are required to contribute a percentage of their compensation to the plan while the Self Insurance Trust Fund is required to match that contribution. The rate for regular employees under this plan was 15.25%, 14.50% and 14.50% for the years ended June 30, 2020, 2019 and 2018, respectively. The contribution requirements of plan members and the Self Insurance Trust Fund are established by NRS Chapter 286. The funding may only be amended through legislation. The Self Insurance Trust Fund's contributions to PERS for the years ended June 30, 2020, 2019, and 2018 were \$270,646, \$241,299, and 226,892, respectively, equal to the required contributions for the year.

Pension Liability. At June 30, 2020 and 2019 the Self Insurance Trust Fund reported a liability of \$3,833,649 and \$3,547,239, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Self Insurance Trust Fund's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2020 and 2019. The Self Insurance Trust Fund's proportionate share is approximately 0.028% and 0.026% as of June 30, 2020 and 2019, respectively.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. As of June 30, 2020 and 2019, the total employer pension expense is \$637,076 and \$387,713, respectively. Amounts totaling \$267,388 resulting from Fund contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. At June 30, 2020 and 2019, the Self Insurance Trust Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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NOTE 4 - Pension Plan (continued):

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 143,758	\$ 110,577	\$ 111,125	\$ 164,653
Change of assumptions	156,014	-	186,917	-
Net difference between projected and actual earnings on investments	-	190,710	-	16,888
Changes in proportion and differences between actual contributions and proportionate share of contributions	96,113	60,993	72,852	75,728
System contributions subsequent to the measurement date	267,388	-	270,930	-
Totals	\$ 663,273	\$ 362,280	\$ 641,824	\$ 257,269

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, without regard to the contributions subsequent to the measurement date and changes in proportion and differences between actual contributions and proportionate share of contributions, are expected to be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Amount</u>
2021	\$ 10,797
2022	(72,742)
2023	19,984
2024	24,755
2025	14,069
2026	1,622
	<u>\$ (1,515)</u>

The net difference between projected and actual investment earnings on pension plan investments will be recognized over five years, all the other above deferred outflows and deferred inflows will be recognized over the average expected remaining service lives, which was 6.18 years for the measurement period ending June 30, 2019.

<u>Reconciliation of Net Pension Liability</u>	<u>2020</u>	<u>2019</u>
Beginning net pension liability	\$ 3,547,239	\$ 3,361,917
Pension expense	637,076	387,713
Employer contributions	(270,646)	(241,299)
Net deferred (inflows)/outflows	(80,020)	38,908
Ending net pension liabilities	<u>\$ 3,833,649</u>	<u>\$ 3,547,239</u>

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NOTE 4 - Pension Plan (continued):

Actuarial Assumptions. The Fund's net pension liability was measured as of June 30, 2019 and 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Productivity pay increase	0.50%
Projected salary increase	Regular: 4.25% to 9.15%, depending on service Rates include inflation and productivity increases
Investment rate of return	7.50%
Other assumptions	Same as those used in the June 30, 2019 funding actuarial valuation

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of the experience study for the period July 1, 2012 through June 30, 2016.

Investment Policy. The following was the Retirement Board's adopted policy target asset allocation as of June 30, 2019:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
U.S. stocks	42%	5.50%
International stocks	18%	5.50%
U.S. bonds	28%	0.75%
Private markets	12%	6.65%

*As of June 30, 2019, PERS' long-term inflation assumption was 2.75%.

Discount Rate and Pension Liability Discount Rate Sensitivity. The following presents the net pension liability of the PERS as of June 30, 2019, calculated using the discount rate of 7.50%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.5%) or 1 percentage-point higher (8.50%) than the current discount rate:

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net Pension Liability \$	\$ 5,935,939	\$ 3,833,649	\$ 2,086,109

Pension Plan Fiduciary Net Position. Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the PERS Comprehensive Annual Financial Report (CAFR) available on the PERS website at www.nvpers.org under Quick Links – Publications.

NOTE 5 – Other Post Employment Retirement Benefits:

Plan Description. Employees of the State, who meet the eligibility requirements for retirement, have the option upon retirement to continue group insurance pursuant to NAC 287.530. NRS 287.046 requires the State to pay an amount toward the cost of the premiums for most persons retired from state service. Retirees assume any portion of the premium not covered by the State. The State allocates funds for payment of post retirement insurance benefits as a percentage of budgeted payrolls to all State agencies.

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NOTE 5 – Other Post Employment Retirement Benefits (continued):

The cost of the employer contribution is recognized in the year the costs are charged. No unused funds are carried forward to the next fiscal year.

The Public Employees Benefit Program administers these benefits as a multiple employer cost sharing plan. The State Retirees' Health and Welfare Benefits Trust Fund has been created to provide benefits to retirees and their beneficiaries.

Benefits. The Public Employees Benefit Program provides medical, dental, vision, mental health and substance abuse and also offers fully insured HMO products. Long-term disability and life insurance benefits are fully insured by outside carriers.

Contributions. Per NRS 287 contribution requirements of the participating entities and covered employees are established and may be amended by the PEBP Board. The Fund's contractually required contribution for the years ended June 30, 2020 and 2019 were \$41,705 and \$44,268, respectively, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year. Employees are not required to contribute to the OPEB plan.

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2020 and 2019, the Fund reported a liability of \$1,301,204 and \$1,417,507, respectively, for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of January 1, 2019, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of that date. The Fund's proportion of the collective net OPEB liability was based on a projection of the Fund's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. For the year ended June 30, 2020 and 2019, respectively, the Fund's proportion was 0.0934% and 0.1070%.

The components of the net OPEB liability at June 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Total OPEB liability	\$1,301,420	\$ 1,419,217
Plan fiduciary net position	(216)	(1,710)
Net OPEB liability	<u>\$1,301,204</u>	<u>\$ 1,417,507</u>

For the years ended June 30, 2020 and 2019, respectively, the Fund recognized OPEB expense of (\$122,109) and \$131,880. At June 30, 2020 and 2019, the Fund Reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following sources:

	<u>2020</u>		<u>2019</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Resources
Changes of assumptions	\$ 28,037	\$ 55,581	\$ -	\$ 94,871
Net difference between projected and actual earnings on OPEB plan investments	-	23,469	-	176
Fund contributions subsequent to the measurement date	41,705	-	44,268	-
	<u>\$ 69,742</u>	<u>\$ 79,050</u>	<u>\$ 44,268</u>	<u>\$ 95,047</u>

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NOTE 5 – Other Post Employment Retirement Benefits (continued):

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ (25,987)
2022	(21,590)
2023	(4,396)
2024	960
	<u>\$ (51,013)</u>

Actuarial Assumptions. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Dependent upon pension system ranging from 1.00% to 10.65%, including inflation.
Discount Rate	3.51%, Based on Bond Buyer General Obligation 20-Bond Municipal Bond Index
Healthcare cost trend rates	For medical prescription drug benefits the current amount is 6.50% and decreases to 4.5% long-term trend rate after six years. For dental benefits and Part B Premiums the trend rate is 4.00% and 4.50%, respectively.
Actuarial method	Entry Age Normal Level % of Pay

Mortality rates were based on the Headcount-weighted RP-2014 Employee table projected to 2020 with Scale MP-2016 for pre-retirement participants, Headcount-weighted RP-2014 Healthy Annuitant table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries for post-retirement participants and Headcount-weighted RP-2014 Disabled Retiree table, set forward four years for disabled participants.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2018. As a result of the 2018 actuarial experience study, the expectation of life after disability was adjusted in the January 1, 2018 actuarial valuation to more closely reflect actual experience.

Discount rate. The discount rate basis under GASB 75 is required to be consistent with a 20-Year Municipal Bond Index. The Bond Buyer General Obligation 20-Bond Municipal Bond Index is used for the determination of the discount rate.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the Retirees' Fund, as well as what the Retirees' Fund's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.51 percent) or 1-percentage-point higher (4.51 percent) than the current discount rate:

**STATE OF NEVADA
SELF INSURANCE TRUST FUND
PUBLIC EMPLOYEES' BENEFITS PROGRAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 5 – Other Post Employment Retirement Benefits (continued):

	1% Decrease in Discount Rate 2.51%	Discount Rate 3.51%	1% Increase in Discount Rate 4.51%
Total OPEB Liability	\$ 1,434,897	\$ 1,301,420	\$ 1,185,615
Plan Fiduciary Net Position	(216)	(216)	(216)
Net OPEB Liability	<u>\$ 1,434,681</u>	<u>\$ 1,301,204</u>	<u>\$ 1,185,399</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the Retirees' Fund, as well as what the Retirees' Fund liability would be if it were using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Health Care Cost	1% Increase in
Total OPEB Liability	\$ 1,207,454	\$ 1,413,042
Plan Fiduciary Net Position	(216)	(216)
Net OPEB Liability	<u>\$ 1,207,238</u>	<u>\$ 1,412,826</u>

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PEBP financial report.

NOTE 6 - Commitments:

The Self Insurance Trust Fund is committed to the following contracts or policies after June 30, 2020:

<u>Contractor</u>	<u>Contract Rate</u>	<u>Expiration Date</u>
American Health Holding, Inc.	Varies by case volume	6/30/23
Aon Hewitt	Hourly rate	6/30/22
Casey Neilon, Inc.	Hourly rate	12/31/21
Diversified Dental Services	Per participant per month	6/30/21
Express Scripts	Per participant per month admin fee, claims costs	6/30/22
Health Claim Auditors	Based on a per audit fee for each quarterly audit	9/30/22
Health Plan of Nevada (HMO)	Varies by tier	6/30/21
HealthSCOPE Benefits (FSA)	Varies by service	6/30/22
HealthSCOPE Benefits (PPO)	Varies by service	6/30/22
HealthSCOPE Benefits (TPA)	Varies by service	6/30/22
HealthSCOPE Dental	Varies by service	6/30/22
Hometown Health Providers (PPO)	Varies by tier	6/30/21
KPS3	Monthly fee	6/30/21
Morneau Shepell	Per participant per month fee for services rendered	12/31/23
The Standard Insurance	Varies	6/30/22
Towers Watson	Per HRA Account per month	6/30/25
UNUM	Varies by type of insurance selected by participant	6/30/20

The above contracts include varying termination provisions that allow termination without cause with notice required between 30 and 180 days prior to the date of termination.

STATE OF NEVADA
 SELF INSURANCE TRUST FUND
 PUBLIC EMPLOYEES' BENEFITS PROGRAM
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020 AND 2019

NOTE 7 - Risk Management:

Estimated Claims Liabilities:

The management of the Self Insurance Trust Fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported and the unused portion of the HRA liability. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Typically, after consultation with an actuary, claims liabilities are recomputed annually using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation, because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which claims are made.

Unpaid Claims Liabilities:

As discussed above, management established a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following presents changes in those aggregate liabilities for the Self Insurance Trust Fund during the past two years.

Unpaid Claims Liabilities:

	<u>2020</u>	<u>2019</u>
<u>Reserve for claims balance</u>		
Beginning balance	\$ 58,790,000	\$ 37,568,000
Claims and changes in estimates	258,939,546	274,535,662
Claims payments	<u>(266,215,546)</u>	<u>(253,313,662)</u>
Ending balance reserve for claims balance	<u>\$ 51,514,000</u>	<u>\$ 58,790,000</u>
<u>HRA Liability</u>		
Beginning balance	\$ 36,091,428	\$ 34,115,258
Incurred	44,596,089	42,537,462
Paid	<u>(42,499,204)</u>	<u>(40,561,292)</u>
Ending balance HRA liability	<u>\$ 38,188,313</u>	<u>\$ 36,091,428</u>
Ending Balance	<u>\$ 89,702,313</u>	<u>\$ 94,881,428</u>

These unpaid claims liabilities are all for the self-funded medical, dental, vision and prescription drug benefits and the CDHP and Medicare exchange HRAs.

NOTE 8 – Contingencies:

Contingent Liabilities

In accordance with NRS 353.140, the Self Insurance Trust Fund honors outstanding stale warrants presented for payment within six years from the date of origination. Management has estimated the total amount of outstanding stale warrants less than six years old to be \$1,220,373 and \$1,360,327 as of June 30, 2020 and June 30, 2019, respectively. Management has assessed that it is not probable that these warrants will be presented for payment during the statutory time frame. However these warrants will continue to be recorded as a liability as after the statutory six year period the funds will be turned over to the Nevada State Treasurer as unclaimed property.

**STATE OF NEVADA
SELF INSURANCE TRUST FUND
PUBLIC EMPLOYEES' BENEFITS PROGRAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 9 – Subsequent Events:

Management has evaluated the activities and transactions subsequent to June 30, 2020 to determine the need for any adjustments to and disclosure within the financial statements for the year ended June 30, 2020. Management has evaluated subsequent events through November 13, 2020, the date which the financial statements were available to be issued.

The Fund is responding to the recent COVID-19 outbreak with a measured, practical response. As of the date of this report, the Fund is able to perform necessary business functions however, the extent of future financial impact and duration cannot be reasonably estimated at this time.

**STATE OF NEVADA
SELF INSURANCE TRUST FUND
PUBLIC EMPLOYEES' BENEFITS FUND
REQUIRED SUPPLEMENTARY INFORMATION - PENSION
JUNE 30, 2020 AND 2019**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
(Last Ten Fiscal Years*)

	Measurement Dates					
	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.0281%	0.0260%	0.0253%	0.0270%	0.0262%	0.0254%
Proportion share of the net pension liability (asset)	\$ 3,833,649	\$ 3,547,239	\$ 3,361,917	\$ 3,633,788	\$ 3,003,622	\$ 2,681,426
Proportion share of covered-employee payroll	\$ 1,907,119	\$ 1,692,314	\$ 1,578,012	\$ 1,641,897	\$ 1,507,312	\$ 1,451,686
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	201.02%	209.61%	213.05%	221.32%	199.27%	184.71%
Plan fiduciary net position as a percentage of the total pension liability	76.46%	75.24%	74.42%	72.23%	75.13%	76.31%

*Only six years of information is available due to reporting changes related to the implementation of GASB 68 implementation effective fiscal year 2015.

**STATE OF NEVADA
 SELF INSURANCE TRUST FUND
 PUBLIC EMPLOYEES' BENEFITS FUND
 REQUIRED SUPPLEMENTARY INFORMATION - PENSION
 JUNE 30, 2020 AND 2019**

**SCHEDULE OF CONTRIBUTIONS
 (Last Ten Fiscal Years*)**

	Measurement Dates					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 267,388	\$ 270,930	\$ 241,784	\$ 220,384	\$ 228,943	\$ 281,658
Contributions in relation to those contractually required	<u>(267,388)</u>	<u>(270,930)</u>	<u>(226,892)</u>	<u>(220,384)</u>	<u>(228,943)</u>	<u>(281,658)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund's covered-employee payroll	\$ 1,532,510	\$ 1,684,981	\$ 1,509,506	\$ 1,374,657	\$ 1,333,326	\$ 1,344,932
Contributions as a percentage of covered-employee payroll	17.45%	16.08%	16.02%	16.03%	17.17%	20.94%

*Only six years of information is available due to reporting changes related to the implementation of GASB 68 implementation effective fiscal year 2015.

STATE OF NEVADA
 SELF INSURANCE TRUST FUND
 PUBLIC EMPLOYEES' BENEFITS FUND
 REQUIRED SUPPLEMENTARY INFORMATION - OPEB
 JUNE 30, 2020 AND 2019

SCHEDULE OF THE FUND'S PROPORTIONATE SHARE
 OF THE NET OPEB LIABILITY
 (Last Ten Fiscal Years*)

	Measurement Date		
	2019	2018	2017
Proportion of the Net OPEB Liability (Asset)	9.3400%	0.1070%	0.1029%
Proportionate share of the Net OPEB Liability (Asset)	\$ 1,301,204	\$ 1,417,507	\$ 1,339,747
Proportionate share of covered payroll	\$ 1,911,007	\$ 2,023,909	\$ 1,712,899
Proportionate Share of the Net OPEB Liability (Asset) as a percentage of covered payroll	68.09%	70.04%	78.22%
Plan Fiduciary Net Position as a percentage of the total Net OPEB Liability	0.02%	0.12%	0.11%

* Only three years of information is available due to reporting changes related to the implementation of GASB 75 effective fiscal year 2018.

**STATE OF NEVADA
 SELF INSURANCE TRUST FUND
 PUBLIC EMPLOYEES' BENEFITS FUND
 REQUIRED SUPPLEMENTARY INFORMATION - OPEB
 JUNE 30, 2020 AND 2019**

**SCHEDULE OF THE FUND CONTRIBUTIONS
 (Last Ten Fiscal Years*)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 41,705	\$ 44,268	\$ 39,801
Contributions	<u>41,705</u>	<u>44,268</u>	<u>39,801</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund's covered payroll	\$ 1,532,510	\$ 1,684,981	\$ 1,509,506
Contributions as a percentage of covered payroll	2.72%	2.63%	2.64%

* Only three years of information is available due to reporting changes related to the implementation of GASB 75 effective fiscal year 2018.

Casey Neilson
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of the
Public Employees' Benefits Program

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Self Insurance Trust Fund, Public Employees' Benefits Program of the State of Nevada, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which comprise the Self Insurance Trust Fund, Public Employees' Benefits Programs basic financial statements, and have issued our report thereon dated November 16, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Self Insurance Trust Fund, Public Employees' Benefits Program's internal control over financial reporting (internal control) as a basis for determining audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Self Insurance Trust Fund, Public Employees' Benefits Programs internal control. Accordingly, we do not express an opinion on the effectiveness of the Self Insurance Trust Fund, Public Employees' Benefits Program's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Self Insurance Trust Fund, Public Employees' Benefits Program's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Casey Neilson

Carson City, Nevada
November 16, 2020

Casey Neilson
Accountants and Advisors

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of the
Public Employees’ Benefits Program

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Self Insurance Trust Fund, Public Employees’ Benefits Program of the State of Nevada, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Self Insurance Trust Fund, Public Employees’ Benefits Programs basic financial statements, and have issued our report thereon dated November 1, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Self Insurance Trust Fund, Public Employees’ Benefits Program’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Self Insurance Trust Fund, Public Employees’ Benefits Programs internal control. Accordingly, we do not express an opinion on the effectiveness of the Self Insurance Trust Fund, Public Employees’ Benefits Program’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Self Insurance Trust Fund, Public Employees’ Benefits Program’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

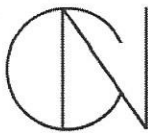
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Casey Neilon

Carson City, Nevada
November 1, 2019

b) State Retirees' Health and Welfare Benefits Fund (NRS 287.0436)

IV.2.b.



CASEY NEILON

November 16, 2020

To the Board of the Public Employees' Benefits Program

We have audited the financial statements of the State Retirees' Health and Welfare Benefits Fund of the Public Employees' Benefits Program (the "Fund") for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 28, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Fund are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Fund during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Fund's financial statements was:

The funding status of the OPEB plan and the actuarial accrued liability. It is based on an actuarial analysis of the estimated liability for post-retirement benefits other than pensions. We evaluated the key factors and assumptions used by the actuary in developing this analysis and the resulting disclosures in determining if the information is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the OPEB liability and activities in Note 2 to the financial statements because of the material changes in the estimated OPEB liability calculations made under GASB 74.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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+

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Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 16, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Fund's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Fund's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.


Other Matters

We applied certain limited procedures to the Schedule of Changes in Net OPEB Liability and Related Ratios and the Schedule of Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Public Employees' Benefits Program Board and management of the Fund and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,


Casey Neilon

**STATE OF NEVADA
STATE RETIREES' HEALTH & WELFARE
BENEFITS FUND
PUBLIC EMPLOYEES' BENEFITS PROGRAM**

JUNE 30, 2020 AND 2019

**STATE OF NEVADA
STATE RETIREES' HEALTH & WELFARE
BENEFITS FUND
PUBLIC EMPLOYEES' BENEFITS PROGRAM
JUNE 30, 2020 AND 2019**

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Casey Neilon
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of the
Public Employees' Benefits Program, State of Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program of the State of Nevada, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program of the State of Nevada's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program of the State of Nevada as of June 30, 2020 and 2019, and the changes in fiduciary net position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1, the financial statements of the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program of the State of Nevada are intended to present the net position, and changes in net position of the program. They do not purport to, and do not, present fairly the financial position of the State of Nevada, as of June 30, 2020 and 2019, and the changes in its net position, for the years then ended, in conformity with

accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters – Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in Net OPEB Liability and Related Ratios and the Schedule of Contributions on pages 13 and 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020 on our consideration of the State Retirees’ Health & Welfare Benefits Fund, Public Employees’ Benefits Program of the State of Nevada’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State Retirees’ Health & Welfare Benefits Fund’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State Retirees’ Health & Welfare Benefits Fund, Public Employees’ Benefits Program of the State of Nevada’s internal control over financial reporting and compliance.

Casey Neilon

Casey Neilon, Inc.
Carson City, Nevada
November 16, 2020

**STATE OF NEVADA
STATE RETIREES' HEALTH & WELFARE BENEFITS FUND
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2020 AND 2019**

	2020	2019
ASSETS		
Cash with treasurer	\$ 2,570,445	\$ 480,301
Intergovernmental receivable	22,806	15,103
Due from other funds	130,776	167,754
Due from component unit	1,480,374	1,411,976
Investments at fair value	1,843,713	1,728,842
Total Assets	6,048,114	3,803,976
LIABILITIES		
Due to other funds	11,699,729	3,572,579
Total Liabilities	11,699,729	3,572,579
NET POSITION		
Net position restricted for other postemployment benefits	\$ (5,651,615)	\$ 231,397

See accompanying notes.

STATE OF NEVADA
STATE RETIREES' HEALTH & WELFARE BENEFITS FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
ADDITIONS		
Contributions		
Employer contributions	\$ 43,881,808	\$ 40,942,430
Investment income		
Interest and dividends	100,811	80,098
Net appreciation in fair value of investments	103,941	101,793
Investment expense	(474)	(453)
Net investment income	204,278	181,438
Total additions	44,086,086	41,123,868
DEDUCTIONS		
Benefit payments	49,969,098	42,489,798
Total deductions	49,969,098	42,489,798
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(5,883,012)	(1,365,930)
NET POSITION:		
Beginning of year	231,397	1,597,327
End of year	\$ (5,651,615)	\$ 231,397

See accompanying notes.

**STATE OF NEVADA
STATE RETIREES' HEALTH & WELFARE
BENEFITS FUND
PUBLIC EMPLOYEES' BENEFITS PROGRAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 - Summary of Significant Accounting Policies:

Reporting Entity:

The financial statements of the State Retirees' Health and Welfare Benefits Fund, Public Employees' Benefits Program ("PEBP") of the State of Nevada ("Retirees' Fund") have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the Retirees' Fund's significant accounting policies applied in the preparation of the accompanying financial statements is presented below.

Basis of Accounting:

The financial statements of the Retirees' Fund have been prepared using the accrual basis of accounting and the economic resources measurement focus. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Retirees' Fund does not receive member contributions. The Retirees' Fund is accounted for as a fiduciary fund that is administered as an irrevocable trust fund.

Method Used to Value Investments:

Investments are reported at fair value, which for the Retirees' Fund is determined by the Retirement Benefits Investment Fund.

Plan Description and Contribution Information:

The State Retirees' Health and Welfare Benefits Fund was created in 2007 by the Nevada Legislature to account for the financial assets designated to offset the portion of current and future costs of health and welfare benefits paid on behalf of state retirees. The Retirees' Fund is a multiple employer cost sharing defined postemployment benefit plan run by the PEBP Board. The Retirees' Fund provides benefits other than pensions to eligible retirees and their dependents through the payment of subsidies to PEBP which administers a group health and life insurance program.

Pursuant to NRS 287.023 and NRS 287.046, the following individuals and their dependents are eligible to receive benefits from the Retirees' Fund:

Any PEBP covered retiree with state service whose last employer was the state or a participating local government entity and who:

- Has at least five years of public service and who was initially hired by the state prior to January 1, 2010; or
- Has at least fifteen years of public service and who was initially hired by the state on or after January 1, 2010, but before January 1, 2012; or
- Has at least five years of public service, who has a disability and who was initially hired by the state on or after January 1, 2010, but before January 1, 2012; or
- Any PEBP covered retirees with state service whose last employer was not the state or a participating local government entity and who has been continuously covered under PEBP as a retiree since November 30, 2008.

STATE OF NEVADA
STATE RETIREES' HEALTH & WELFARE
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PUBLIC EMPLOYEES' BENEFITS PROGRAM
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JUNE 30, 2020 AND 2019

NOTE 1 - Summary of Significant Accounting Policies (continued):

Plan Description and Contribution Information (continued):

State service is defined as employment with any Nevada State agency, the Nevada System of Higher Education and any State Board or Commission. Participating local government entity is defined as a county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency that has an agreement in effect with PEBP to provide health coverage for its active employees.

The money in the Retirees' Fund belongs to the officers, employees and retirees of the State of Nevada in aggregate; neither the State nor the governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of the State, nor any single officer, employee or retiree of any such entity has any right to the money in the Retirees' Fund. Pursuant to NRS 287.0425, the Executive Officer reports information regarding the Retirees' Fund annually to the Governor's Finance Office and the Nevada Legislature. The Retirees' Fund is governed by NRS 287.0436 through NRS 287.04364.

Contributions to the fund are paid by the State of Nevada through an assessment of actual payroll paid by each State entity. The assessment is set by the Governor's Finance Office based on an amount provided by the Legislature each biennium in session law. The assessment was 2.34% and 2.34% of actual payroll for the years ending June 30, 2020 and 2019, respectively. Benefits are paid to the Public Employees' Benefits Program Self Insurance Trust Fund as necessary to offset retiree premiums pursuant to NRS 287.046. Funds not required to pay benefits are invested in the Retiree Benefits Investment Fund established pursuant to NRS 355.220 or are held in the State of Nevada general portfolio pursuant to NRS 226.110 as approved in the legislatively approved budget. Administrative costs of the Retirees' Fund are absorbed by the Self Insurance Trust Fund.

State active employee and retiree enrollment and inactive members consisted of the following as of the actuarial valuation date:

Active Plan Members*	13,190
Inactive Plan Members or Beneficiaries Currently Receiving Benefit**	12,551
Inactive Plan Members Entitles to but Not Yet Receiving Benefit Payments**	<u>2,272</u>
Total Plan Members	<u>28,013</u>

*Active counts reflect those hired prior to January 1, 2012

**Inactive counts include terminated vested participants and reflect State retirees only.

The Retirees' Fund is governed by the Public Employees Benefits Program Board of Trustees which consists of ten members who are appointed by the Governor of the State of Nevada. Each appointee represents a specific class of public employees and retirees including the Nevada System of Higher Education, retired public employees, state employees, and local government employees. Additionally, two members must have substantial and demonstrated experience in risk management, health care administration, or employee benefits programs. One member must be employed in a managerial capacity for the Nevada State Department of Administration. These requirements are all in accordance with NRS 287.041.

**STATE OF NEVADA
STATE RETIREES' HEALTH & WELFARE
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PUBLIC EMPLOYEES' BENEFITS PROGRAM
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NOTE 1 - Summary of Significant Accounting Policies (continued):

Recently Issued Accounting Pronouncements:

GASB Statement No. 84, *Fiduciary Activities* (GASB 84) establishes criteria for identifying fiduciary activities of all state and local governments. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. It is not clear at this point how this will impact the financial statements as of June 30, 2020.

NOTE 2 – Net OPEB Liability:

Funding Status and Funding Progress

The projections of the net OPEB liability are based on the substantive plan (the plan as understood by the employer and plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of the net OPEB liability does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial estimated liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. However, the preparation of any estimate of future post-employment costs require consideration of a broad array of complex social and economic events. Future changes in the healthcare reform, changes in reimbursement methodology, the emergence of new and expensive medical procedures and prescription drug options, changes in the investment rate of return and other matters increase the level of uncertainty of such estimates. As such, the estimate of post-employment program costs contains considerable uncertainty and variability and actual experience may vary significantly by the current estimated net OPEB liability.

Net OPEB Liability of the Retirees' Fund

The components of the net OPEB liability of the Retiree's Fund at June 30, 2020 and 2019, were as follows:

	2020	2019
	<u>(in thousands)</u>	<u>(in thousands)</u>
Total OPEB liability	\$ 1,393,813	\$ 1,325,980
Plan fiduciary net position	<u>(231)</u>	<u>(1,597)</u>
Net OPEB liability	<u>1,393,582</u>	<u>1,324,383</u>
Plan fiduciary net position as a percentage of total OPEB liability	0%	0%
OPEB expense	\$ 75,973	\$ 70,466

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STATE RETIREES' HEALTH & WELFARE
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NOTES TO FINANCIAL STATEMENTS
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NOTE 2 – Net OPEB Liability (continued):

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Dependent upon pension system ranging from 1.00% to 10.65%, including inflation.
Discount Rate	3.51%, Based on Bond Buyer General Obligation 20-Bond Municipal Bond Index
Healthcare cost trend rates	For medical prescription drug benefits the current amount is 6.50% and decreases to 4.5% long-term trend rate after six years. For dental benefits and Part B Premiums the trend rate is 4.00% and 4.50%, respectively.
Actuarial method	Entry Age Normal Level % of Pay

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table projected to 2014 with Scale AA for regular participants, set back one year for females and RP-2000 Combined Healthy Mortality Table projected to 2014 with scale AA for Fire and Police, set forward one year.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2018.

As the Retirees' Fund is funded on a pay-as-you-go basis, the discounted rate is equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index rate of 3.51%.

Discount rate

The discount rate basis under GASB 74 is required to be consistent with a 20-Year Municipal Bond Index. The Bond Buyer General Obligation 20-Bond Municipal Bond Index is used for the determination of the discount rate.

The discount rates used for fiscal years ended June 30, 2020 and 2019 are 3.51% and 3.87%, respectively.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Retirees' Fund, as well as what the Retirees' Fund's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.51 percent) or 1-percentage-point higher (4.51 percent) than the current discount rate:

	1% Decrease (2.51%) (in thousands)	Discount Rate (3.51%) (in thousands)	1% Decrease (4.51%) (in thousands)
Total OPEB Liability (Ending)	\$ 1,536,767	\$ 1,393,813	\$ 1,269,786
Plan Fiduciary Net Position (Ending)	(231)	(231)	(231)
Net OPEB Liability (Ending)	<u>\$ 1,536,536</u>	<u>\$ 1,393,582</u>	<u>\$ 1,269,555</u>

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STATE RETIREES' HEALTH & WELFARE
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NOTE 2 – Net OPEB Liability (continued):

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Retirees' Fund, as well as what the Retirees' Fund liability would be if it were using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (in thousands)	Trend Rates (in thousands)	1% Decrease (in thousands)
Total OPEB Liability (Ending)	\$ 1,293,175	\$ 1,393,813	\$ 1,513,360
Plan Fiduciary Net Position (Ending)	(231)	(231)	(231)
Net OPEB Liability (Ending)	<u>\$ 1,292,944</u>	<u>\$ 1,393,582</u>	<u>\$ 1,513,129</u>

NOTE 3 - Cash and Deposits with the State Treasurer as of June 30:

	2020	2019
Cash:		
Deposits with State Treasurer:		
State Treasurer's Investment Pool	\$ 2,541,127	\$ 479,096
GASB 31 adjustment	29,318	1,205
Total Cash and Deposits	<u>\$ 2,570,445</u>	<u>\$ 480,301</u>

The Nevada Revised Statutes direct the Office of the State Treasurer to deposit funds into any state, or national bank, credit union or savings and loan association covered by federal depository insurance. For those deposits over and above the federal depository insurance maximum balance, sufficient collateral must be held by the financial institution to protect the State of Nevada against loss. The pooled collateral for deposits program maintains a 102% pledge collateral for all public deposits.

NOTE 3 - Cash and Deposits with the State Treasurer as of June 30 (continued):

NRS 355.140 details the types of securities in which the State may invest. In general, authorized investments include: certificates of deposit, asset-backed securities, bankers' acceptances and commercial paper, collateralized mortgage obligations, corporate notes, money market funds whose policies meet the criteria set forth in the statute, United States treasury securities and specific securities implicitly guaranteed by the federal government. Additionally, the State may invest in limited types of repurchase agreements; however, statutes generally prohibit the State from entering into reverse-repurchase agreements.

A copy of the State of Nevada Comprehensive Annual Financial Report can be obtained online at <https://controller.nv.gov/FinRpts/CAFR/CAFR/>.

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NOTE 4 – Interfund Balances:

Interfund balances at June 30, 2020 and 2019 consisted of the following:

	2020	2019
Due to fiduciary fund from:		
General funds	\$ 125,626	\$ 152,832
Internal service funds	5,150	6,574
Trust funds	-	8,348
Total due to fiduciary fund from other funds	\$ 130,776	\$ 167,754
 Due to fiduciary fund from:		
All others	\$ 1,480,374	\$ 1,411,976
Total due to fiduciary fund from component units	\$ 1,480,374	\$ 1,411,976
 Due from fiduciary fund:		
Internal service funds	\$ 11,699,729	\$ 3,572,579
Total due to internal service funds from fiduciary fund	\$ 11,699,729	\$ 3,572,579

These balances resulted from the time lag between the dates that (1) interfund contributions are provided or benefit payments occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 5 - Retirement Benefits Investment Fund:

The Nevada Legislature established the Retirement Benefits Investment Fund (RBIF) with an effective date of July 1, 2007. The purpose of the Fund is to invest contributions made by participating public entities, as defined by NRS 355.220 to enable such entities to support financing of other post-employment benefits at some time in the future. Per NRS 355.220(2) monies received by the RBIF from participating entities are held for investment purposes only and not in any fiduciary capacity. Each participating entity acts as fiduciary for its particular share of the Fund. NRS 355.220(2) requires that any money in the Fund must be invested in the same manner as money in the Public Employees' Retirement System of Nevada (PERS) Investment Fund is invested. The PERS Investment Fund is governed primarily by the "prudent person" standard as set forth in NRS 286.682, which authorizes the Retirement Board to invest PERS' funds in "every kind of investment which persons of prudence, discretion and intelligence acquire or retain for their own account." PERS has established limits on the concentration of investments in any single issuer or class of issuer or managed by a single investment firm. In general, the authorized investments include: fixed income, both US comingled and non-US comingled; domestic, international and comingled equity; money market funds; and short-term investments.

RBIF is designed to value participants' shares in the Fund according to the contributions of each entity, and accordingly, earnings (including realized and unrealized gains and losses, interest, and other income) and expenses are allocated to each entity in proportion to the participant's share in the Fund. The financial statements of the RBIF were audited in accordance with auditing standards generally accepted in the United States of America and can be obtained from the Public Employees' Retirement System, 693 West Nye Lane, Carson City, Nevada 89703.

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NOTE 6 - Fair Value:

The Retirees' Fund holds investments that are measured at fair value on a recurring basis. The Retirees' Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Investments measured and reported at fair value using Level inputs are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level 1 include U.S. Treasury securities and listed equities.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-driven valuations in which all significant inputs and significant value drivers are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs or significant value drivers are unobservable.

The following table presents fair value measurements as of June 30, 2020:

	Level 1
U.S treasury securities and equities	\$ 1,843,713
Total investments	\$ 1,843,713

The following table presents fair value measurements as of June 30, 2019:

	Level 1
U.S treasury securities and equities	\$ 1,728,842
Total investments	\$ 1,728,842

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. All investments are classified in Level 1.

NOTE 7 – Subsequent Events:

Management has evaluated the activities and transactions subsequent to June 30, 2020 to determine the need for any adjustments to and disclosure within the financial statements for the year ended June 30, 2020. Management has evaluated subsequent events through November 16, 2020, the date which the financial statements were available to be issued.

The Retirees' Fund is responding to the recent COVID-19 outbreak with a measured, practical response. As of the date of this report, the Retirees' Fund is able to perform necessary business functions however, the extent of future financial impact and duration cannot be reasonably estimated at this time.

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REQUIRED SUPPLEMENTARY INFORMATION
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SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years* (Unaudited)

	Fiscal Year Ending June 30,			
	2020	2019	2018	2017
	(in thousands)			
Total OPEB Liability				
Service cost	\$ 51,349	\$ 51,882	\$ 59,309	\$ 49,794
Interest cost	52,488	47,795	39,469	45,361
Changes of benefit terms	-	-	-	-
Differences between expected and actual experiences	(31,485)	-	-	-
Changes of assumptions	37,971	(36,851)	(102,300)	123,519
Gross benefit payments	(42,490)	(39,710)	(38,069)	(35,932)
Net change in total OPEB liability	67,833	23,116	(41,591)	182,742
Total OPEB liability - beginning	1,325,980	1,302,864	1,344,455	1,161,713
Total OPEB liability - ending	<u>\$ 1,393,813</u>	<u>\$ 1,325,980</u>	<u>\$ 1,302,864</u>	<u>\$ 1,344,455</u>
Plan Fiduciary Net Position				
Contributions: Employer	\$ 40,943	\$ 39,669	\$ 38,049	\$ 32,213
Contributions: Member	-	-	-	-
Net investment income	181	162	164	55
Gross benefit payments	(42,490)	(39,710)	(38,069)	(35,932)
Administrative expenses	-	-	-	-
Other	-	-	-	-
Net change in plan fiduciary net position	(1,366)	121	144	(3,664)
Plan fiduciary net position - beginning	1,597	1,476	1,332	4,996
Plan fiduciary net position - ending	<u>\$ 231</u>	<u>\$ 1,597</u>	<u>\$ 1,476</u>	<u>\$ 1,332</u>
Net OPEB liability - ending	<u>\$ 1,393,582</u>	<u>\$ 1,324,383</u>	<u>\$ 1,301,388</u>	<u>\$ 1,343,123</u>
Net position as a percentage of OPEB liability	0%	0%	0%	0%
Covered employee payroll	\$ 1,991,456	\$ 1,890,946	\$ 1,663,856	\$ 1,627,517
Net OPEB liability as a percentage of payroll	70%	70%	78%	83%

* Only four years of information is available due to reporting changes related to the implementation of GASB 75 effective fiscal year 2018.

Notes to Schedule:

Plan Changes: None

Assumption Changes: The valuation reflects a change of assumption in that the discount rate used at June 30, 2018 was 3.87% and the discount rate used at June 30, 2019 was 3.51%.

STATE OF NEVADA
STATE RETIREES' HEALTH & WELFARE BENEFITS FUND
PUBLIC EMPLOYEES' BENEFITS FUND
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JUNE 30, 2020 AND 2019

SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years* (Unaudited)

	Fiscal Year Ending June 30,			
	2020	2019	2018	2017
	(in thousands)			
Actuarially determined contribution	N/A	N/A	N/A	N/A
Contributions made in relation to the actuarially determined contribution	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A
Covered employee payroll **	\$ 1,991,456	\$ 1,890,946	\$ 1,663,856	\$ 1,627,517
Contributions as a percentage of payroll	N/A	N/A	N/A	N/A

* Only four years of information is available due to reporting changes related to the implementation of GASB 75 effective fiscal year 2018.

** Covered payroll for all fiscal years were provided by the State.

Notes to Schedule

Valuation Date January 1, 2018

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method Entry Age Normal - Level % of Salary

Asset Valuation Method Market Value of Assets

Retirement Age*** Varies by age and service

Mortality Headcount-weighted RP-2014 table projected to 2020 with Scale MP-2016

*** Weighted average retirement age based on January 1, 2018 census data and retirement rates provided in the "Actuarial Assumptions and Methods" section of the report.

Casey Neilson
Accountants and Advisors

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of the
Public Employees' Benefits Program, State of Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program of the State of Nevada, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which comprise the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Programs basic financial statements, and have issued our report thereon dated November 16, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program's internal control over financial reporting (internal control) as a basis for determining audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Programs internal control. Accordingly, we do not express an opinion on the effectiveness of the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Casey Neilson

Carson City, Nevada
November 16, 2020

STATE OF NEVADA
STATE RETIREES' HEALTH & WELFARE BENEFITS FUND
PUBLIC EMPLOYEES' BENEFITS FUND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019 AND 2018

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years* (Unaudited)

	Fiscal Year Ending June 30,		
	2019 (in thousands)	2018 (in thousands)	2017 (in thousands)
Total OPEB Liability			
Service cost	\$ 51,882	\$ 59,309	\$ 49,794
Interest cost	47,795	39,469	45,361
Changes of benefit terms	-	-	-
Differences between expected and actual experiences	-	-	-
Changes of assumptions	(36,851)	(102,300)	123,519
Gross benefit payments	<u>(39,710)</u>	<u>(38,069)</u>	<u>(35,932)</u>
Net change in total OPEB liability	23,116	(41,591)	182,742
Total OPEB liability - beginning	<u>1,302,864</u>	<u>1,344,455</u>	<u>1,161,713</u>
Total OPEB liability - ending	<u><u>\$ 1,325,980</u></u>	<u><u>\$ 1,302,864</u></u>	<u><u>\$ 1,344,455</u></u>
Plan Fiduciary Net Position			
Contributions: Employer	\$ 39,669	\$ 38,049	\$ 32,213
Contributions: Member	-	-	-
Net investment income	162	164	55
Gross benefit payments	(39,710)	(38,069)	(35,932)
Administrative expenses	-	-	-
Other	-	-	-
Net change in plan fiduciary net position	<u>121</u>	<u>144</u>	<u>(3,664)</u>
Plan fiduciary net position - beginning	<u>1,476</u>	<u>1,332</u>	<u>4,996</u>
Plan fiduciary net position - ending	<u><u>\$ 1,597</u></u>	<u><u>\$ 1,476</u></u>	<u><u>\$ 1,332</u></u>
Net OPEB liability - ending	<u><u>\$ 1,324,383</u></u>	<u><u>\$ 1,301,388</u></u>	<u><u>\$ 1,343,123</u></u>
Net position as a percentage of OPEB liability	0%	0%	0%
Covered employee payroll	\$ 1,780,851	\$ 1,663,856	\$ 1,627,517
Net OPEB liability as a percentage of payroll	74%	78%	83%

* Only three years of information is available due to reporting changes related to the implementation of GASB 75 effective fiscal year 2018.

Notes to Schedule:

Plan Changes: None

Assumption Changes: The valuation reflects a change of assumption in that the discount rate used at June 30, 2017 was 3.58% and the discount rate used at June 30, 2018 was 3.87%.

STATE OF NEVADA
STATE RETIREES' HEALTH & WELFARE BENEFITS FUND
PUBLIC EMPLOYEES' BENEFITS FUND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019 AND 2018

SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years* (Unaudited)

	Fiscal Year Ending June 30,		
	2019 (in thousands)	2018 (in thousands)	2017 (in thousands)
Actuarially determined contribution	N/A	N/A	N/A
Contributions made in relation o the actuarially determined contribution	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A
Covered employee payroll **	\$ 1,780,851	\$ 1,663,856	\$ 1,627,517
Contributions as a percentage of payroll	N/A	N/A	N/A

* Only three years of information is available due to reporting changes related to the implementation of GASB 75 effective fiscal year 2018.

** Covered payroll for all fiscal years were provided by the State.

Notes to Schedule

Valuation Date January 1, 2018

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method Entry Age Normal - Level % of Salary

Asset Valuation Method Market Value of Assets

Retirement Age*** Varies by age and service

Mortality Regular: RP-2000 Combined Healthy Mortality projected to 2014 with Scale AA, set back one year for females

Police/Fire: RP-2000 Combined Health Mortality projected to 2014 with Scale AA, set forward one year

*** Weighted average retirement age based on January 1, 2018 census data and retirement rates provided in the "Actuarial Assumptions and Methods" section of the report.

Casey Neilon
Accountants and Advisors

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of the
Public Employees' Benefits Program, State of Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program of the State of Nevada, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Programs basic financial statements, and have issued our report thereon dated November 1, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Programs internal control. Accordingly, we do not express an opinion on the effectiveness of the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State Retirees' Health & Welfare Benefits Fund, Public Employees' Benefits Program's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Casey Neilon

Carson City, Nevada
November 1, 2019

Report on utilization of PEBP by participants for the plan year ending June 30, 2020, including an assessment of the actuarial accuracy of reserves (NRS 287.0425)

AGENDA ITEM IV.3.

Report on utilization of PEBP by participants for the plan year ending June 30, 2020, including an assessment of the actuarial accuracy of reserves (NRS 287.0425).

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ANNUAL UTILIZATION REPORT FOR THE
YEAR ENDING June 30, 2020



STEVE SISOLAK
Governor

LAURA FREED
Board Chair

STATE OF NEVADA
PUBLIC EMPLOYEES' BENEFITS PROGRAM
901 S. Stewart Street, Suite 1001 | Carson City, Nevada 89701
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ACCREDITED
CORE
Expires 04/01/2021

LAURA RICH
Executive Officer

AGENDA ITEM

Action Item

Information Only

Date: September 24, 2020

Item Number: IV.II.II

Title: Self-Funded CDHP and EPO Plan Utilization Report for the period ending June 30, 2020

This report addresses medical, dental, prescription drug and HSA/HRA utilization for the Plan Year ending June 30, 2020. Included are:

- Executive Summary – provides a utilization overview.
- HealthSCOPE CDHP Utilization Report – provides graphical supporting details for the information included in the Executive Summary.
- HealthSCOPE EPO Utilization Report – provides graphical supporting details for the information included in the Executive Summary.
- Express Scripts Utilization Report – provides details supporting the prescription drug information included in the Executive Summary.
- Health Plan of Nevada Utilization – see Appendix C for Plan Year 2020 utilization data.

Executive Summary

CONSUMER DRIVEN HEALTH PLAN (CDHP)

The Consumer Driven Health Plan (CDHP) experience for Q4 of Plan Year 2020 compared to Q4 of Plan Year 2019 is summarized below.

- Population:
 - 0.4% increase for primary participants
 - 0.2% increase for primary participants plus dependents (members)
- Medical Cost:
 - 7.4% increase for primary participants
 - 7.7% increase for primary participants plus dependents (members)
- High Cost Claims:
 - There were 206 High Cost Claimants accounting for 33.9% of the total plan paid for Q4 in Plan Year 2020
 - 4.2% increase in High Cost Claimants per 1,000 members
 - 7.9% increase in average cost of High Cost Claimant paid
- Top three highest cost clinical classifications include:
 - Neoplasms (\$9.3 million) – 19.0% of paid claims
 - Injury and Poisoning (\$8.1 million) – 16.6% of paid claims
 - Diseases of the Circulatory System (\$7.8 million) – 16.0% of paid claims
- Emergency Room:
 - ER visits per 1,000 members had no change over Plan Year 2019
 - Average paid per ER visit increased 12.2%
- Urgent Care:
 - Urgent Care visits per 1,000 members increased by 2.9%
 - Average paid per Urgent Care visit increased 15.6%
- Network Utilization:
 - 95.9% of claims are from In-Network providers
 - Q4 of Plan Year 2020 In-Network utilization increased 0.3% over PY 2019
 - Q4 of Plan Year 2020 In-Network discounts decreased 0.4% over PY 2019
- Preventive Services:
 - Overall Preventive Services Compliance Rates decreased in 7 out of 9 categories from Plan Year 2019 between 0.2% - 2.7%.
- Prescription Drug Utilization:
 - Overall:
 - Total Net Claims increased 4.2%
 - Total Gross Claims Costs increased 2.5% (\$1.2 million)
 - Average Total Cost per Claim decreased 1.6%
 - From \$95.68 to \$94.16
 - *Member:
 - Total Member Cost increased 29.4%
 - Average Participant Share per Claim increased 24.2%
 - Net Member PMPM increased 29.1%
 - From \$18.66 to \$24.10

- Plan
 - Total Plan Cost decreased 4.1%
 - Average Plan Share per Claim decreased 7.9%
 - Net Plan PMPM decreased 4.3%
 - From \$75.94 to \$72.67
 - Net Plan PMPM factoring rebates decreased 22.0%
 - From \$68.50 to \$53.40

*The primary reason for the increase in cost share has to do with the increase in Out-of-Pocket Protection dollars.

PEBP PREMIER PLAN (EPO)

The PEBP Premier Plan (EPO) experience for Q4 of Plan Year 2020 compared to the complete Plan Year 2019 is summarized below.

- Population:
 - 3.0% increase for primary participants
 - 3.3% increase for primary participants plus dependents (members)
- Medical Cost:
 - 19.9% increase for primary participants
 - 19.5% increase for primary participants plus dependents (members)
- High Cost Claims:
 - There were 51 High Cost Claimants accounting for 20.6% of the total plan paid for Q4 in Plan Year 2020
 - 26.7% increase in High Cost Claimants per 1,000 members (compared to PY19)
 - 21.7% decrease in average cost of High Cost Claimant paid
- Top three highest cost clinical classifications include:
 - Neoplasms (\$1.7 million) – 16.3% of paid claims
 - Diseases of the Musculoskeletal System (\$1.5 million) – 14.4% of paid claims
 - Diseases of the Blood (\$1.0 million) – 9.9% of paid claims
- Emergency Room:
 - ER visits per 1,000 members increased by 26.9%
 - Average paid per ER visit increased by 1.6%
- Urgent Care:
 - Urgent Care visits per 1,000 members increased by 14.5%
 - Average paid per Urgent Care visit increased 11.4%
- Network Utilization:
 - 97.4% of claims are from In-Network providers
 - In-Network utilization decreased 0.9%
 - In-Network discounts decreased 0.7%
- Preventive Services:
 - Overall Preventive Services Compliance Rates increased from Plan Year 2019 in all categories.
- Prescription Drug Utilization:
 - Overall:
 - Total Net Claims increased 5.3%

- Total Gross Claims Costs increased 19.5% (\$3.3 million)
 - Average Total Cost per Claim increased 13.5%
 - From \$102.48 to \$116.29
- Member:
 - Total Member Cost increased 8.6%
 - Average Participant Share per Claim increased 3.1%
 - Net Member PMPM increased 5.3%
 - From \$23.96 to \$25.23
- Plan
 - Total Plan Cost increased 21.4%
 - Average Plan Share per Claim increased 15.2%
 - Net Plan PMPM increased 17.7%
 - From \$141.47 to \$166.45
 - Net Plan PMPM factoring rebates decreased 22.9%
 - From \$168.36 to \$129.78

DENTAL PLAN

The Dental Plan experience for Q4 of Plan Year 2020 is summarized below.

- Dental Cost:
 - Total of \$23,061,804 paid for Dental claims
 - Preventative claims account for 42.0% (\$9.7 million)
 - Basic claims account for 29.9% (\$6.9 million)
 - Major claims account for 20.8% (\$4.8 million)
 - Periodontal claims account for 7.2% (\$1.7 million)

HEALTH REIMBURSEMENT ARRANGEMENT

The table below provides a list of CDHP HRA account balances as of June 30, 2020.

HRA Account Balances as of June 30, 2020			
\$Range	# Accounts	Total Account Balance	Average Per Account Balance
0	1,762	0	0
\$.01 - \$500.00	3,082	578,244	199
\$500.01 - \$1,000	1,522	1,075,568	709
\$1,000.01 - \$1,500	1,459	1,765,969	1,211
\$1,500.01 - \$2,000	746	1,296,768	1,735
\$2,000.01 - \$2,500	464	1,044,103	2,245
\$2,500.01 - \$3,000	266	730,290	2,742
\$3,000.01 - \$3,500	202	652,601	3,230
\$3,500.01 - \$4,000	198	740,031	3,730
\$4,000.01 - \$4,500	150	633,271	4,218
\$4,500.01 - \$5,000	110	521,550	4,727
\$5,000.01 +	856	6,651,480	223,219
Total	10,817	\$ 15,689,873.97	\$ 1,450.48

CONCLUSION

The information in this report provides plan experience for the Consumer Driven Health Plan (CDHP) and the PEBP Premier Plan (EPO) for Plan Year 2020. The CDHP total plan paid costs increased 7.9% over Plan Year 2019. The EPO total plan paid costs increased 23.4% over Plan Year 2019. For HMO utilization and cost data please see the report provided in Appendix C.

PEBP staff and its partners continue to monitor data, research options and implement measures to provide cost savings to the plan while also providing the care our participants require.

Appendix A

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HealthSCOPE – CDHP Utilization Review for PEBP
July 1, 2019 – June 30, 2020

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PRESCRIPTION DRUG COSTS

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PLAN YEAR 2020 UTILIZATION REVIEW OF
CDHP MEDICAL AND PHARMACY
BENEFITS, AND PROGRAM-WIDE DENTAL
BENEFITS

HSB DATASCOPE™

Nevada Public Employees' Benefits Program HDHP Plan

July 2019 – June 2020

Reimagine | Rediscover **Benefits**



Overview

- Total Medical Spend for PY20 was \$143,667,208 of which 73.8% was spent in the State Active population. When compared to PY19, PY20 reflected an increase of 7.9% in plan spend, with State Actives having an increase of 8.4%.
 - When compared to PY18, PY20 reflected an increase of 14.9% in plan spend, with State Actives having an increase of 15.6%.
- On a PEPY basis, PY20 reflected an increase of 7.4% when compared to PY19. The largest group, State Actives, increased 7.4%.
 - When compared to PY18, PY20 reflected a increase in PEPY of 12.4%, with State Actives increasing by 11.5%.
- 85.3% of the Average Membership had paid Medical claims less than \$2,500, with 17.7% of those having no claims paid at all during the reporting period.
- There were 206 High Cost Claimants (HCC's) over \$100K, that accounted for 33.9% of the total spend. HCC's accounted for 32.6% of total spend during PY19, with 198 members hitting the \$100K threshold. The largest claimant had a primary diagnosis in the Injury and Poisoning Grouper, with plan spend of \$4,934,099.
- IP Paid per Admit was \$20,998 which is on track with PY19 of \$21,100.
- ER Paid per Visit is \$2,273, which is an increase of 12.2% from PY19 ER Paid per Visit of \$2,025.
- 95.9% of all Medical spend dollars were to In Network providers. The average In Network discount was 65.3%, which is slightly lower than PY19 discount of 65.4%.

Paid Claims by Age Group (p. 1 of 2)

Paid Claims by Age Group								
Age Range	PY19							
	Med Net Pay	Med PMPM	Rx Net Pay	Rx PMPM	Dental Net Pay	Dental PMPM	Net Pay	PMPM
<1	\$ 6,417,025	\$ 1,620	\$ 36,332	\$ 9	\$ 5,452	\$ 2	\$ 6,458,809	\$ 1,631
1	\$ 733,373	\$ 160	\$ 50,055	\$ 11	\$ 44,746	\$ 7	\$ 828,174	\$ 178
2 - 4	\$ 1,140,806	\$ 71	\$ 79,418	\$ 5	\$ 413,256	\$ 20	\$ 1,633,480	\$ 96
5 - 9	\$ 1,641,304	\$ 53	\$ 329,398	\$ 11	\$ 1,235,087	\$ 30	\$ 3,205,789	\$ 94
10 - 14	\$ 3,730,705	\$ 110	\$ 382,089	\$ 11	\$ 1,225,296	\$ 26	\$ 5,338,091	\$ 148
15 - 19	\$ 4,689,885	\$ 129	\$ 903,369	\$ 25	\$ 1,470,160	\$ 29	\$ 7,063,413	\$ 184
20 - 24	\$ 6,492,186	\$ 158	\$ 909,269	\$ 22	\$ 975,767	\$ 18	\$ 8,377,222	\$ 199
25 - 29	\$ 4,642,212	\$ 139	\$ 904,592	\$ 27	\$ 970,627	\$ 23	\$ 6,517,431	\$ 189
30 - 34	\$ 7,033,160	\$ 199	\$ 1,443,219	\$ 41	\$ 1,139,314	\$ 25	\$ 9,615,693	\$ 266
35 - 39	\$ 6,909,105	\$ 175	\$ 1,637,414	\$ 42	\$ 1,346,222	\$ 27	\$ 9,892,742	\$ 243
40 - 44	\$ 5,992,752	\$ 168	\$ 2,622,940	\$ 74	\$ 1,358,600	\$ 29	\$ 9,974,291	\$ 270
45 - 49	\$ 11,254,994	\$ 286	\$ 3,843,721	\$ 98	\$ 1,589,129	\$ 29	\$ 16,687,844	\$ 414
50 - 54	\$ 14,218,059	\$ 349	\$ 4,186,083	\$ 103	\$ 1,798,681	\$ 32	\$ 20,202,824	\$ 484
55 - 59	\$ 16,138,605	\$ 359	\$ 7,155,733	\$ 159	\$ 2,229,569	\$ 35	\$ 25,523,908	\$ 553
60 - 64	\$ 27,430,441	\$ 535	\$ 9,341,493	\$ 182	\$ 2,739,659	\$ 37	\$ 39,511,593	\$ 754
65+	\$ 14,715,057	\$ 547	\$ 5,889,932	\$ 219	\$ 6,101,872	\$ 39	\$ 26,706,862	\$ 805
Total	\$ 133,179,670	\$ 259	\$ 39,715,058	\$ 77	\$ 24,643,438	\$ 30	\$ 197,538,166	\$ 367

Paid Claims by Age Group (p. 2 of 2)

Paid Claims by Age Group										
Age Range	PY20								% Change	
	Med Net Pay	Med PMPM	Rx Net Pay	Rx PMPM	Dental Net Pay	Dental PMPM	Net Pay	PMPM	Net Pay	PMPM
<1	\$ 6,794,610	\$ 1,627	\$ 63,607	\$ 15	\$ 12,587	\$ 2	\$ 6,870,804	\$ 1,644	6.4%	0.8%
1	\$ 841,639	\$ 180	\$ 29,308	\$ 6	\$ 43,114	\$ 6	\$ 914,061	\$ 193	10.4%	8.2%
2 - 4	\$ 1,280,257	\$ 80	\$ 569,167	\$ 36	\$ 368,411	\$ 17	\$ 2,217,834	\$ 132	35.8%	38.0%
5 - 9	\$ 1,504,049	\$ 49	\$ 147,265	\$ 5	\$ 1,172,971	\$ 28	\$ 2,824,285	\$ 82	-11.9%	-12.3%
10 - 14	\$ 3,568,831	\$ 104	\$ 523,976	\$ 15	\$ 1,150,189	\$ 24	\$ 5,242,995	\$ 144	-1.8%	-2.6%
15 - 19	\$ 5,395,888	\$ 149	\$ 905,365	\$ 25	\$ 1,396,753	\$ 28	\$ 7,698,006	\$ 202	9.0%	10.0%
20 - 24	\$ 5,813,187	\$ 142	\$ 1,028,701	\$ 25	\$ 945,369	\$ 17	\$ 7,787,257	\$ 184	-7.0%	-7.3%
25 - 29	\$ 5,710,701	\$ 171	\$ 1,201,788	\$ 36	\$ 921,117	\$ 22	\$ 7,833,606	\$ 230	20.2%	21.3%
30 - 34	\$ 7,718,900	\$ 214	\$ 1,693,247	\$ 47	\$ 1,072,181	\$ 23	\$ 10,484,328	\$ 283	9.0%	6.7%
35 - 39	\$ 6,714,047	\$ 168	\$ 3,530,405	\$ 88	\$ 1,243,787	\$ 24	\$ 11,488,239	\$ 280	16.1%	15.0%
40 - 44	\$ 7,995,208	\$ 219	\$ 2,334,383	\$ 64	\$ 1,292,574	\$ 26	\$ 11,622,166	\$ 309	16.5%	14.4%
45 - 49	\$ 10,751,419	\$ 277	\$ 3,460,559	\$ 89	\$ 1,478,697	\$ 27	\$ 15,690,675	\$ 393	-6.0%	-5.0%
50 - 54	\$ 12,184,580	\$ 300	\$ 4,605,442	\$ 113	\$ 1,652,154	\$ 29	\$ 18,442,177	\$ 442	-8.7%	-8.6%
55 - 59	\$ 17,462,073	\$ 392	\$ 6,399,544	\$ 144	\$ 1,991,457	\$ 32	\$ 25,853,074	\$ 568	1.3%	2.7%
60 - 64	\$ 33,725,255	\$ 675	\$ 7,928,803	\$ 159	\$ 2,450,819	\$ 35	\$ 44,104,877	\$ 868	11.6%	15.1%
65+	\$ 16,206,562	\$ 582	\$ 5,055,571	\$ 182	\$ 5,869,624	\$ 37	\$ 27,131,757	\$ 801	1.6%	-0.5%
Total	\$ 143,667,208	\$ 279	\$ 39,477,131	\$ 77	\$ 23,061,804	\$ 28	\$ 206,206,141	\$ 384	4.4%	4.6%

Financial Summary - Prior Year comparison (p. 1 of 2)

Summary	Total				State Active				Non-State Active			
	PY18	PY19	PY20	Variance to Prior Year	PY18	PY19	PY20	Variance to Prior Year	PY18	PY19	PY20	Variance to Prior Year
Enrollment												
Avg # Employees	23,155	23,569	23,673	0.4%	19,100	19,612	19,809	1.0%	4	4	4	-4.3%
Avg # Members	42,071	42,776	42,865	0.2%	36,389	37,138	37,291	0.4%	7	7	7	-2.4%
Ratio	1.8	1.8	1.8	0.0%	1.9	1.9	1.9	-0.5%	1.7	1.8	1.8	1.7%
Financial Summary												
Gross Cost	\$164,211,622	\$172,993,213	\$185,251,114	7.1%	\$123,145,285	\$129,947,874	\$139,774,757	7.6%	\$42,221	\$105,325	\$46,064	-56.3%
Client Paid	\$125,066,281	\$133,179,670	\$143,667,208	7.9%	\$91,783,613	\$97,851,639	\$106,095,205	8.4%	\$32,607	\$96,469	\$35,053	-63.7%
Employee Paid	\$39,145,341	\$39,813,543	\$41,583,906	4.4%	\$31,361,671	\$32,096,235	\$33,679,553	4.9%	\$9,615	\$8,857	\$11,011	24.3%
Client Paid-PEPY	\$5,401	\$5,651	\$6,069	7.4%	\$4,805	\$4,989	\$5,356	7.4%	\$7,985	\$24,117	\$9,144	-62.1%
Client Paid-PMPY	\$2,973	\$3,113	\$3,352	7.7%	\$2,522	\$2,635	\$2,845	8.0%	\$4,603	\$13,781	\$5,130	-62.8%
Client Paid-PEPM	\$450	\$471	\$506	7.4%	\$400	\$416	\$446	7.2%	\$665	\$2,010	\$762	-62.1%
Client Paid-PMPM	\$248	\$259	\$279	7.7%	\$210	\$220	\$237	7.7%	\$384	\$1,148	\$427	-62.8%
High Cost Claimants (HCC's) > \$100k												
# of HCC's	164	198	206		108	124	151		0	0	0	
HCC's / 1,000	3.9	4.6	4.8		3.0	3.3	4.1		0.0	0.0	0.0	
Avg HCC Paid	\$211,524	\$219,374	\$236,642	7.9%	\$212,840	\$218,720	\$206,591	-5.5%	\$0	\$0	\$0	0.0%
HCC's % of Plan Paid	27.7%	32.6%	33.9%	4.0%	25.0%	27.7%	29.4%	6.1%	0.0%	0.0%	0.0%	0.0%
Cost Distribution by Claim Type (PMPY)												
Facility Inpatient	\$900	\$1,071	\$1,139	6.3%	\$719	\$847	\$883	4.3%	\$0	\$3,087	\$0	0.0%
Facility Outpatient	\$974	\$925	\$1,040	12.4%	\$814	\$782	\$880	12.5%	\$1,064	\$6,561	\$2,087	-68.2%
Physician	\$1,016	\$1,045	\$1,093	4.6%	\$924	\$948	\$1,014	7.0%	\$3,394	\$4,006	\$2,777	-30.7%
Other	\$82	\$72	\$80	11.1%	\$64	\$58	\$68	17.2%	\$146	\$129	\$266	0.0%
Total	\$2,973	\$3,113	\$3,352	7.7%	\$2,522	\$2,635	\$2,845	8.0%	\$4,603	\$13,781	\$5,130	-62.8%

Financial Summary - Prior Year comparison (p. 2 of 2)

Summary	State Retirees				Non-State Retirees				HSB Peer Index
	PY18	PY19	PY20	Variance to Prior Year	PY18	PY19	PY20	Variance to Prior Year	
Enrollment									
Avg # Employees	3,165	3,224	3,246	0.7%	868	729	615	-15.7%	
Avg # Members	4,681	4,799	4,858	1.2%	958	832	710	-14.6%	
Ratio	1.5	1.5	1.5	0.7%	1.1	1.1	1.2	1.8%	1.8
Financial Summary									
Gross Cost	\$31,539,962	\$34,175,219	\$39,350,569	15.1%	\$9,484,154	\$8,764,794	\$6,079,723	-30.6%	
Client Paid	\$25,259,022	\$27,761,940	\$32,691,908	17.8%	\$7,991,039	\$7,469,622	\$4,845,042	-35.1%	
Employee Paid	\$6,280,940	\$6,413,280	\$6,658,661	3.8%	\$1,493,115	\$1,295,172	\$1,234,681	-4.7%	
Client Paid-PEPY	\$7,981	\$8,612	\$10,070	16.9%	\$9,204	\$10,246	\$7,882	-23.1%	\$6,209
Client Paid-PMPY	\$5,397	\$5,785	\$6,730	16.3%	\$8,338	\$8,983	\$6,821	-24.1%	\$3,437
Client Paid-PEPM	\$665	\$718	\$839	16.9%	\$767	\$854	\$657	-23.1%	\$517
Client Paid-PMPM	\$450	\$482	\$561	16.4%	\$695	\$749	\$568	-24.2%	\$286
High Cost Claimants (HCC's) > \$100k									
# of HCC's	50	58	60		18	16	8		
HCC's / 1,000	10.7	12.1	12.4		18.8	19.2	11.3		
Avg HCC Paid	\$169,470	\$220,380	\$271,721	23.3%	\$179,428	\$220,793	\$156,233	-29.2%	
HCC's % of Plan Paid	33.5%	46.0%	49.9%	8.5%	40.4%	47.3%	25.8%	-45.5%	
Cost Distribution by Claim Type (PMPY)									
Facility Inpatient	\$1,822	\$2,155	\$2,853	32.4%	\$3,299	\$4,794	\$2,835	-40.9%	\$1,057
Facility Outpatient	\$1,842	\$1,787	\$2,107	17.9%	\$2,839	\$2,295	\$2,143	-6.6%	\$1,145
Physician	\$1,521	\$1,677	\$1,600	-4.6%	\$2,073	\$1,732	\$1,745	0.8%	\$1,122
Other	\$212	\$166	\$170	2.4%	\$127	\$163	\$98	-39.9%	\$113
Total	\$5,397	\$5,785	\$6,730	16.3%	\$8,338	\$8,983	\$6,821	-24.1%	\$3,437

Paid Claims by Claim Type – State Participants

Net Paid Claims - Total									
State Participants									
	PY19				PY20				% Change
	Actives	Pre-Medicare Retirees	Medicare Retirees	Total	Actives	Pre-Medicare Retirees	Medicare Retirees	Total	Total
Medical									
Inpatient	\$ 36,705,959	\$ 8,736,011	\$ 2,660,713	\$ 48,102,683	\$ 38,557,944	\$ 12,386,833	\$ 2,629,640	\$ 53,574,416	11.4%
Outpatient	\$ 61,145,680	\$ 14,375,822	\$ 1,989,394	\$ 77,510,895	\$ 67,537,260	\$ 15,689,986	\$ 1,985,449	\$ 85,212,696	9.9%
Total - Medical	\$ 97,851,639	\$ 23,111,833	\$ 4,650,107	\$ 125,613,579	\$ 106,095,205	\$ 28,076,819	\$ 4,615,089	\$ 138,787,113	10.5%
Dental	\$ 16,845,534	\$ 1,978,238	\$ 510,673	\$ 19,334,445	\$ 15,744,257	\$ 1,851,687	\$ 494,735	\$ 18,090,679	-6.4%
Dental Exchange	\$ -	\$ -	\$ 2,870,635	\$ 2,870,635	\$ -	\$ -	\$ 2,797,694	\$ 2,797,694	-2.5%
Total	\$ 114,697,173	\$ 25,090,071	\$ 8,031,415	\$ 147,818,659	\$ 121,839,461	\$ 29,928,507	\$ 7,907,519	\$ 159,675,486	8.0%

Net Paid Claims - Per Participant per Month									
	PY19				PY20				% Change
	Actives	Pre-Medicare Retirees	Medicare Retirees	Total	Actives	Pre-Medicare Retirees	Medicare Retirees	Total	Total
Medical	\$ 416	\$ 736	\$ 637	\$ 458	\$ 446	\$ 888	\$ 630	\$ 502	9.5%
Dental	\$ 52	\$ 49	\$ 56	\$ 52	\$ 48	\$ 46	\$ 54	\$ 48	-7.7%
Dental Exchange	\$ -	\$ -	\$ 48	\$ 48	\$ -	\$ -	\$ 44	\$ 44	-8.7%

Paid Claims by Claim Type – Non-State Participants

Net Paid Claims - Total										
Non-State Participants										
	PY19				PY20				% Change	
	Actives	Pre-Medicare Retirees	Medicare Retirees	Total	Actives	Pre-Medicare Retirees	Medicare Retirees	Total	Total	
Medical										
Inpatient	\$ 25,103	\$ 2,545,010	\$ 1,671,607	\$ 4,241,720	\$ 204	\$ 702,380	\$ 1,444,526	\$ 2,147,110	-49.4%	
Outpatient	\$ 71,365	\$ 2,739,008	\$ 513,998	\$ 3,324,371	\$ 34,849	\$ 2,057,080	\$ 641,056	\$ 2,732,985	-17.8%	
Total - Medical	\$ 96,469	\$ 5,284,018	\$ 2,185,605	\$ 7,566,091	\$ 35,053	\$ 2,759,461	\$ 2,085,582	\$ 4,880,095	-35.5%	
Dental	\$ 2,943	\$ 382,945	\$ 203,655	\$ 589,543	\$ 2,486	\$ 266,841	\$ 203,135	\$ 472,462	-19.9%	
Dental Exchange	\$ -	\$ -	\$ 1,848,816	\$ 1,848,816	\$ -	\$ -	\$ 1,700,969	\$ 1,700,969	-8.0%	
Total	\$ 99,412	\$ 5,666,963	\$ 4,238,075	\$ 10,004,450	\$ 37,539	\$ 3,026,301	\$ 3,989,685	\$ 7,053,525	-29.5%	

Net Paid Claims - Per Participant per Month										
	PY19				PY20				% Change	
	Actives	Pre-Medicare Retirees	Medicare Retirees	Total	Actives	Pre-Medicare Retirees	Medicare Retirees	Total	Total	
Medical	\$ 2,010	\$ 933	\$ 709	\$ 860	\$ 762	\$ 649	\$ 667	\$ 658	-23.5%	
Dental	\$ 31	\$ 40	\$ 40	\$ 40	\$ 26	\$ 38	\$ 40	\$ 39	-2.9%	
Dental Exchange	\$ -	\$ -	\$ 43	\$ 43	\$ -	\$ -	\$ 40	\$ 40	-8.0%	

Paid Claims by Claim Type – Total

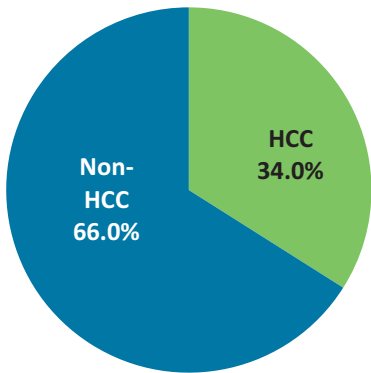
Net Paid Claims - Total										
Total Participants										
	PY19				PY20				% Change	
	Actives	Pre-Medicare Retirees	Medicare Retirees	Total	Actives	Pre-Medicare Retirees	Medicare Retirees	Total		Total
Medical										
Inpatient	\$ 36,731,063	\$ 11,281,021	\$ 4,332,319	\$ 52,344,403	\$ 38,558,148	\$ 13,089,213	\$ 4,074,165	\$ 55,721,526		6.5%
Outpatient	\$ 61,217,045	\$ 17,114,830	\$ 2,503,392	\$ 80,835,267	\$ 67,572,109	\$ 17,747,067	\$ 2,626,505	\$ 87,945,681		8.8%
Total - Medical	\$ 97,948,107	\$ 28,395,851	\$ 6,835,711	\$ 133,179,670	\$ 106,130,257	\$ 30,836,280	\$ 6,700,671	\$ 143,667,208		7.9%
Dental	\$ 16,848,477	\$ 2,361,183	\$ 714,328	\$ 19,923,988	\$ 15,746,743	\$ 2,118,528	\$ 697,870	\$ 18,563,141		-6.8%
Dental Exchange	\$ -	\$ -	\$ 4,719,450	\$ 4,719,450	\$ -	\$ -	\$ 4,498,663	\$ 4,498,663		-4.7%
Total	\$ 114,796,585	\$ 30,757,034	\$ 12,269,490	\$ 157,823,108	\$ 121,877,000	\$ 32,954,808	\$ 11,897,203	\$ 166,729,012		5.6%

Net Paid Claims - Per Participant per Month										
	PY19				PY20				% Change	
	Actives	Pre-Medicare Retirees	Medicare Retirees	Total	Actives	Pre-Medicare Retirees	Medicare Retirees	Total		Total
Medical	\$416	\$766	\$659	\$471	\$ 446	\$ 859	\$ 641	\$ 506		7.4%
Dental	\$52	\$47	\$51	\$52	\$ 48	\$ 44	\$ 49	\$ 48		-8.3%
Dental Exchange	\$ -	\$ -	\$46	\$46	\$ -	\$ -	\$ 42	\$ 42		-8.5%

Cost Distribution – Medical Claims

PY19						PY20						
Avg # of Members	% of Members	Total Paid	% of Paid	EE Paid	% EE Paid	Paid Claims Category	Avg # of Members	% of Members	Total Paid	% of Paid	EE Paid	% EE Paid
126	0.3%	\$29,879,772	31.5%	\$930,047	3.0%	\$100,000.01 Plus	178	0.4%	\$48,745,433	33.9%	\$1,293,423	3.1%
155	0.4%	\$12,088,256	12.7%	\$937,359	3.0%	\$50,000.01-\$100,000.00	245	0.6%	\$18,722,982	13.0%	\$1,451,386	3.5%
278	0.6%	\$10,600,684	11.2%	\$1,499,833	4.8%	\$25,000.01-\$50,000.00	489	1.1%	\$18,430,502	12.8%	\$2,576,800	6.2%
925	2.2%	\$15,297,595	16.1%	\$4,264,775	13.6%	\$10,000.01-\$25,000.00	1,345	3.1%	\$22,375,812	15.6%	\$6,136,143	14.8%
1,268	3.0%	\$9,481,845	10.0%	\$4,091,426	13.0%	\$5,000.01-\$10,000.00	1,773	4.1%	\$13,273,550	9.2%	\$5,814,853	14.0%
1,600	3.7%	\$6,115,622	6.4%	\$3,673,869	11.7%	\$2,500.01-\$5,000.00	2,258	5.3%	\$8,604,868	6.0%	\$5,148,488	12.4%
22,307	52.2%	\$11,366,963	12.0%	\$13,326,359	42.5%	\$0.01-\$2,500.00	23,252	54.2%	\$13,514,062	9.4%	\$16,399,035	39.5%
6,455	15.1%	\$0	0.0%	\$2,632,908	8.4%	\$0.00	5,748	13.4%	\$0	0.0%	\$2,763,779	6.6%
9,635	22.5%	\$0	0.0%	\$0	0.0%	No Claims	7,578	17.7%	\$0	0.0%	\$0	0.0%
42,747	100.0%	\$94,830,736	100.0%	\$31,356,576	100.0%		42,865	100.0%	\$143,667,208	100.0%	\$41,583,906	100.0%

Distribution of HCC Medical Claims Paid



HCC – High Cost Claimant over \$100K

HCC's by AHRQ Clinical Classifications Chapter			
AHRQ Chapter	Patients	Total Paid	% Paid
(CCS NEO) Neoplasms	106	\$9,271,619	19.0%
(CCS INJ) Injury, Poisoning and Certain Other Consequences of External Causes	106	\$8,070,933	16.5%
(CCS CIR) Diseases of the Circulatory System	143	\$7,798,145	16.0%
(CCS FAC) Factors Influencing Health Status and Contact with Health Services	193	\$5,913,031	12.1%
(CCS PNL) Certain Conditions Originating in the Perinatal Period	17	\$3,352,917	6.9%
(CCS MUS) Diseases of the Musculoskeletal System and Connective Tissue	122	\$2,145,683	4.4%
(CCS INF) Certain Infectious and Parasitic Diseases	56	\$1,841,910	3.8%
(CCS DIG) Diseases of the Digestive System	86	\$1,753,568	3.6%
(CCS MBD) Mental, Behavioral and Neurodevelopmental Disorders	62	\$1,727,992	3.5%
(CCS NVS) Diseases of the Nervous System	115	\$1,465,646	3.0%
(CCS SYM) Symptoms, Signs and Abnormal Clinical and Laboratory Findings, Not Elsewhere	197	\$1,300,367	2.7%
(CCS GEN) Diseases of the Genitourinary System	99	\$1,190,993	2.4%
(CCS END) Endocrine, Nutritional and Metabolic Diseases	107	\$946,417	1.9%
(CCS RSP) Diseases of the Respiratory System	115	\$945,391	1.9%
(CCS MAL) Congenital Malformations, Deformations and Chromosomal Abnormalities	18	\$507,819	1.0%
(CCS SKN) Diseases of the Skin and Subcutaneous Tissue	73	\$257,447	0.5%
(CCS BLD) Diseases of the Blood and Blood Forming Organs and Certain Disorders Involving	64	\$85,226	0.2%
(CCS PRG) Pregnancy, Childbirth and the Puerperium	1	\$80,962	0.2%
All Others	121	\$161,975	0.3%
Overall	----	\$48,818,044	100.0%

Utilization Summary (p. 1 of 2)

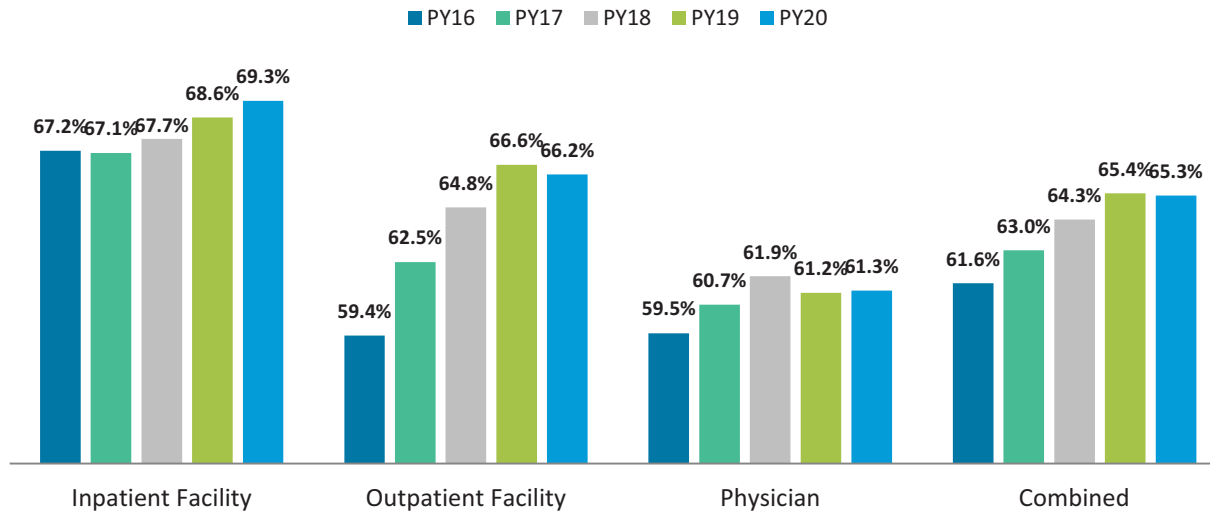
Summary	Total				State Active				Non-State Active			
	PY18	PY19	PY20	Variance to Prior Year	PY18	PY19	PY20	Variance to Prior Year	PY18	PY19	PY20	Variance to Prior Year
Inpatient Facility												
# of Admits	2,255	2,270	2,334		1,693	1,753	1,852		0	2	0	
# of Bed Days	10,294	14,341	12,517		7,217	8,989	9,285		0	8	0	
Paid Per Admit	\$17,550	\$21,100	\$20,998	-0.5%	\$16,350	\$19,040	\$18,016	-5.4%	\$0	\$10,803	\$0	0.0%
Paid Per Day	\$3,845	\$3,340	\$3,915	17.2%	\$3,835	\$3,713	\$3,593	-3.2%	\$0	\$2,701	\$0	0.0%
Admits Per 1,000	54	53	54	1.9%	47	47	50	6.4%	0	286	0	0.0%
Days Per 1,000	245	335	292	-12.8%	198	242	249	2.9%	0	1143	0	0.0%
Avg LOS	4.6	6.3	5.4	-14.3%	4.3	5.1	5.0	-2.0%	0	4	0	0.0%
Physician Office												
OV Utilization per Member	3.6	3.5	3.6	2.9%	3.3	3.3	3.4	3.0%	9	7.3	6.0	-17.8%
Avg Paid per OV	\$48	\$47	\$47	0.0%	\$47	\$46	\$47	2.2%	\$84	\$89	\$74	-16.9%
Avg OV Paid per Member	\$171	\$167	\$170	1.8%	\$158	\$154	\$159	3.2%	\$755	\$652	\$441	-32.4%
DX&L Utilization per Member	7.7	7.7	7.9	2.6%	7	7.1	7.3	2.8%	8.6	10.1	0	0.0%
Avg Paid per DX&L	\$60	\$64	\$63	-1.6%	\$57	\$59	\$59	0.0%	\$48	\$320	\$0	0.0%
Avg DX&L Paid per Member	\$461	\$489	\$492	0.6%	\$400	\$418	\$436	4.3%	\$412	\$3,250	\$0	0.0%
Emergency Room												
# of Visits	7,106	6,931	6,939		5,870	5,653	5,691		3	3	2	
# of Admits	1046	1096	1,033		745	796	750		0	1	0	
Visits Per Member	0.17	0.16	0.16	0.0%	0.16	0.15	0.15	0.0%	0.42	0.43	0.29	0.0%
Visits Per 1,000	169	162	162	0.0%	161	152	153	0.7%	424	429	293	0.0%
Avg Paid per Visit	\$1,919	\$2,025	\$2,273	12.2%	\$1,893	\$1,992	\$2,286	14.8%	\$1,027	\$1,280	\$1,803	0.0%
Admits Per Visit	0.15	0.16	0.15	-6.3%	0.13	0.14	0.13	-7.1%	0.00	0.33	0.00	0.0%
Urgent Care												
# of Visits	9,817	10,472	10,800		8,774	9,389	9,767		2	6	2	
Visits Per Member	0.23	0.24	0.25	5.0%	0.24	0.25	0.26	4.8%	0.28	0.86	0.29	0.0%
Visits Per 1,000	233	245	252	2.9%	241	253	262	3.6%	282	857	286	0.0%
Avg Paid per Visit	\$44	\$45	\$52	15.6%	\$42	\$43	\$51	18.6%	\$140	\$114	\$183	0.0%

Utilization Summary (p. 2 of 2)

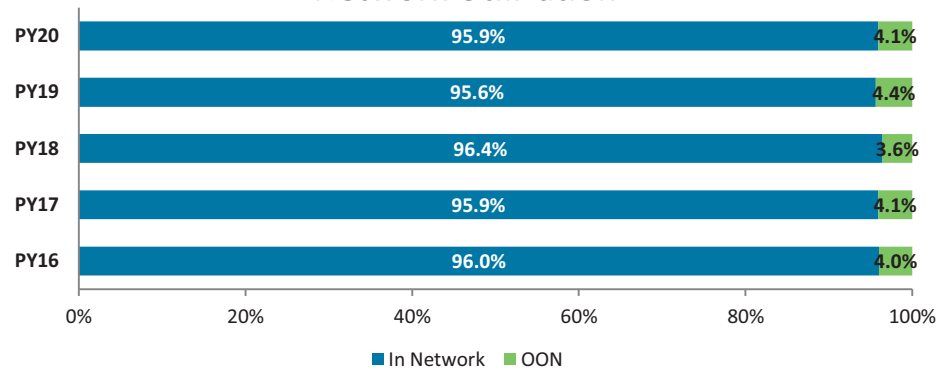
Summary	State Retirees				Non-State Retirees				HSB Peer Index
	PY18	PY19	PY20	Variance to Prior Year	PY18	PY19	PY20	Variance to Prior Year	
Inpatient Facility									
# of Admits	422	402	372		140	113	110		
# of Bed Days	2,374	2,457	2,646		703	2,887	586		
Paid Per Admit	\$20,299	\$26,215	\$36,220	38.2%	\$23,788	\$35,038	\$19,737	-43.7%	\$16,173
Paid Per Day	\$3,608	\$4,289	\$5,092	18.7%	\$4,737	\$1,371	\$3,705	170.2%	\$3,708
Admits Per 1,000	90	84	77	-8.3%	146	136	155	14.0%	61
Days Per 1,000	507	512	545	6.4%	734	3,472	825	-76.2%	264
Avg LOS	5.6	6.1	7.1	16.4%	5	25.5	5.3	-79.2%	4.3
Physician Office									
OV Utilization per Member	5.0	4.9	4.9	0.0%	6.4	6.4	6.9	7.8%	3.3
Avg Paid per OV	\$52	\$52	\$50	-3.8%	\$41	\$40	\$36	-10.0%	\$50
Avg OV Paid per Member	\$258	\$254	\$245	-3.5%	\$265	\$256	\$250	-2.3%	\$167
DX&L Utilization per Member	11.1	11	11	0.0%	14.5	13.6	13.3	-2.2%	8.3
Avg Paid per DX&L	\$75	\$85	\$80	-5.9%	\$64	\$78	\$58	-25.6%	\$67
Avg DX&L Paid per Member	\$838	\$932	\$882	-5.4%	\$930	\$1,067	\$767	-28.1%	\$554
Emergency Room									
# of Visits	960	996	993		469	279	253		
# of Admits	229	227	214		72	72	69		
Visits Per Member	0.21	0.21	0.20	-4.8%	0.49	0.34	0.36	5.9%	0.17
Visits Per 1,000	205	208	204	-1.9%	489	336	356	6.0%	174
Avg Paid per Visit	\$2,097	\$2,244	\$2,419	7.8%	\$1,113	\$1,905	\$1,459	-23.4%	\$1,684
Admits Per Visit	0.24	0.23	0.22	-4.3%	0.15	0.26	0.27	3.8%	0.14
Urgent Care									
# of Visits	845	908	880		196	169	151		
Visits Per Member	0.18	0.19	0.18	-4.6%	0.20	0.20	0.21	4.1%	0.24
Visits Per 1,000	181	189	181	-4.1%	205	203	208	2.6%	242
Avg Paid per Visit	\$63	\$69	\$70	1.4%	\$58	\$55	\$40	-27.3%	\$74

Provider Network Summary

In Network Discounts



Network Utilization



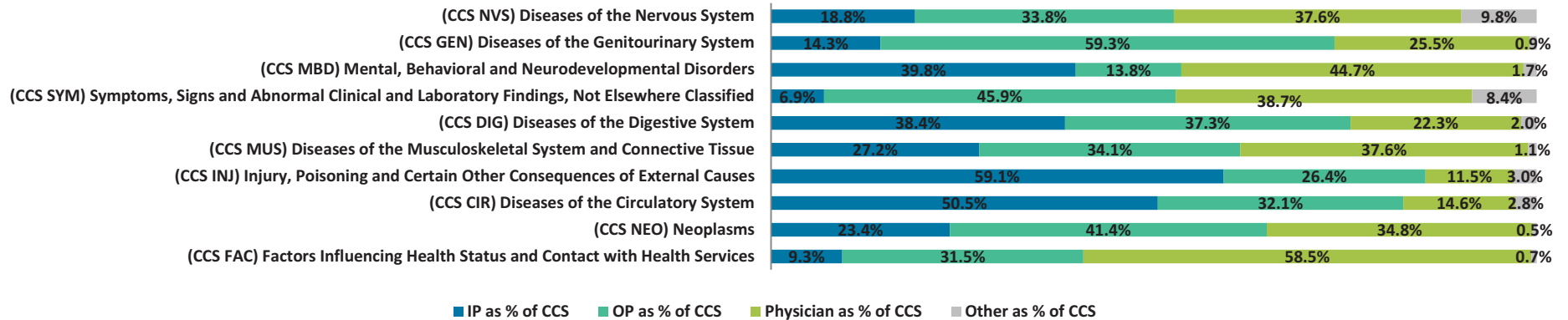
AHRQ* Clinical Classifications Summary



*Developed at the Agency for Healthcare Research and Quality (AHRQ), the Clinical Classifications Software (CCS) is a tool for clustering patient diagnoses and procedures into a manageable number of clinically meaningful categories.

AHRQ Clinical Classifications Chapter	Total Paid	% Paid	Insured	Spouse	Child	Male	Female
(CCS FAC) Factors Influencing Health Status and Contact with Health Services	\$17,695,136	12.3%	\$11,086,099	\$2,791,492	\$3,817,546	\$6,622,000	\$11,073,137
(CCS NEO) Neoplasms	\$16,574,671	11.5%	\$12,673,525	\$3,552,601	\$348,546	\$7,096,058	\$9,478,613
(CCS CIR) Diseases of the Circulatory System	\$16,159,271	11.2%	\$13,376,210	\$2,463,912	\$319,149	\$8,181,210	\$7,978,061
(CCS INJ) Injury, Poisoning and Certain Other Consequences of External Causes	\$15,860,400	11.0%	\$10,890,074	\$1,937,992	\$3,032,334	\$5,685,023	\$10,175,376
(CCS MUS) Diseases of the Musculoskeletal System and Connective Tissue	\$14,204,121	9.9%	\$9,041,905	\$3,728,434	\$1,433,782	\$5,878,277	\$8,325,844
(CCS DIG) Diseases of the Digestive System	\$8,194,658	5.7%	\$5,997,408	\$1,244,041	\$953,209	\$4,087,044	\$4,107,615
(CCS SYM) Symptoms, Signs and Abnormal Clinical and Laboratory Findings, Not Els	\$7,408,676	5.2%	\$4,735,502	\$1,513,769	\$1,159,406	\$2,894,926	\$4,513,750
(CCS MBD) Mental, Behavioral and Neurodevelopmental Disorders	\$6,503,991	4.5%	\$2,844,538	\$684,825	\$2,974,627	\$3,267,881	\$3,236,110
(CCS GEN) Diseases of the Genitourinary System	\$6,243,889	4.3%	\$4,536,744	\$1,187,984	\$519,161	\$2,366,948	\$3,876,941
(CCS NVS) Diseases of the Nervous System	\$6,165,721	4.3%	\$3,893,970	\$1,188,871	\$1,082,880	\$2,552,986	\$3,612,734
(CCS PNL) Certain Conditions Originating in the Perinatal Period	\$4,967,103	3.5%	\$8,032	\$33,607	\$4,925,464	\$2,325,601	\$2,641,502
(CCS RSP) Diseases of the Respiratory System	\$4,731,690	3.3%	\$2,652,377	\$808,108	\$1,271,204	\$2,244,152	\$2,487,538
(CCS PRG) Pregnancy, Childbirth and the Puerperium	\$4,580,300	3.2%	\$3,182,687	\$1,281,260	\$116,353	\$1,430	\$4,578,870
(CCS END) Endocrine, Nutritional and Metabolic Diseases	\$4,237,589	2.9%	\$2,991,858	\$776,501	\$469,230	\$1,810,576	\$2,427,013
(CCS INF) Certain Infectious and Parasitic Diseases	\$3,723,422	2.6%	\$2,587,244	\$887,008	\$249,171	\$1,924,057	\$1,799,365
(CCS EYE) Diseases of the Eye and Adnexa	\$2,160,444	1.5%	\$1,412,549	\$490,074	\$257,821	\$884,298	\$1,276,146
(CCS SKN) Diseases of the Skin and Subcutaneous Tissue	\$1,371,173	1.0%	\$895,575	\$314,031	\$161,568	\$718,055	\$653,118
(CCS MAL) Congenital Malformations, Deformations and Chromosomal Abnormaliti	\$1,325,534	0.9%	\$283,752	\$42,546	\$999,236	\$677,188	\$648,347
(CCS BLD) Diseases of the Blood and Blood Forming Organs and Certain Disorders I	\$794,857	0.6%	\$491,596	\$186,939	\$116,323	\$328,344	\$466,513
(CCS EAR) Diseases of the Ear and Mastoid Process	\$722,705	0.5%	\$433,624	\$70,378	\$218,703	\$349,407	\$373,298
(CCS 18) Residual Codes; Unclassified; All E Codes [259. And 260.]	\$37,093	0.0%	\$22,150	\$7,418	\$7,525	\$18,245	\$18,848
(CCS EXT) External Causes of Morbidity	\$4,762	0.0%	\$1,499	\$284	\$2,979	\$145	\$4,618
Total	\$143,667,208	100.0%	\$94,038,916	\$25,192,076	\$24,436,216	\$59,913,851	\$83,753,356

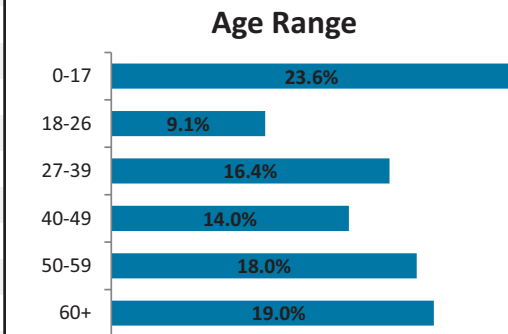
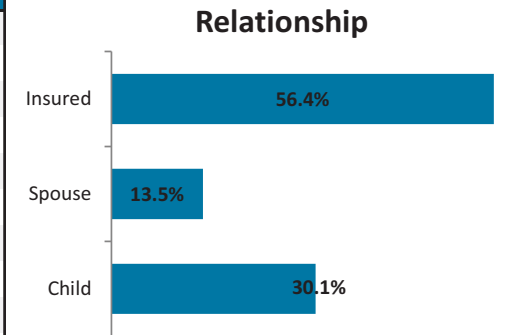
Top 10 Categories by Claim Type



AHRQ Category – Factors Influencing Health Status and Contact with Health Services

Diagnosis Category	Patients	Claims	Total Paid	% Paid
Encounter For Antineoplastic Therapies	140	1,250	\$5,243,543	29.6%
Medical Examination/Evaluation	18,450	37,093	\$3,715,519	21.0%
Neoplasm-Related Encounters	7,156	14,706	\$2,986,945	16.9%
Exposure, Encounters, Screening Or Contact With Infectious Disease	10,669	17,203	\$2,037,857	11.5%
Other Aftercare Encounter	815	2,343	\$942,961	5.3%
Contraceptive And Procreative Management	1,520	2,977	\$695,213	3.9%
Other Specified Status	2,211	6,006	\$508,216	2.9%
Personal/Family History Of Disease	1,252	2,206	\$432,977	2.4%
Implant, Device Or Graft Related Encounter	839	2,645	\$397,354	2.2%
Encounter For Prophylactic Or Other Procedures	188	264	\$312,791	1.8%
Encounter For Observation And Examination For Conditions Ruled Out (2,884	4,195	\$139,345	0.8%
Organ Transplant Status	49	498	\$101,480	0.6%
Other Specified Encounters And Counseling	530	1,137	\$72,532	0.4%
Acquired Absence Of Limb Or Organ	64	134	\$69,090	0.4%
Encounter For Prophylactic Measures (Excludes Immunization)	33	45	\$14,110	0.1%
Socioeconomic/Psychosocial Factors	40	136	\$7,810	0.0%
Encounter For Administrative Purposes	191	252	\$7,809	0.0%
Lifestyle/Life Management Factors	110	181	\$4,279	0.0%
Encounter For Mental Health Conditions	278	316	\$1,940	0.0%
Screening For Neurocognitive Or Neurodevelopmental Condition	48	71	\$1,531	0.0%
Carrier Status	17	32	\$1,021	0.0%
No Immunization Or Underimmunization	18	31	\$500	0.0%
Counseling Related To Sexual Behavior Or Orientation	6	9	\$265	0.0%
Resistance To Antimicrobial Drugs	1	2	\$49	0.0%
Overall	----	----	\$17,695,136	100.0%

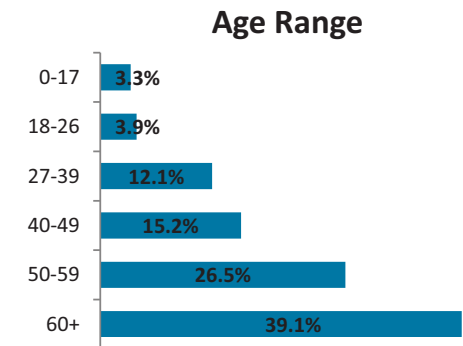
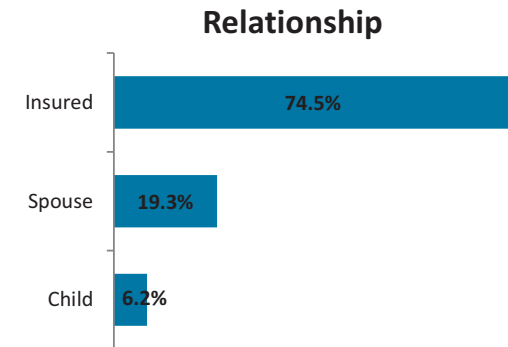
*Patient and claim counts are unique only within the category



AHRQ Category – Neoplasms

Diagnosis Category	Patients	Claims	Total Paid	% Paid
Breast Cancer - All Other Types	306	3,603	\$2,340,418	14.1%
Benign Neoplasms	2761	5,626	\$1,938,043	11.7%
Male Reproductive System Cancers - Prostate	152	1,662	\$1,266,445	7.6%
Nervous System Cancers - Brain	24	475	\$1,115,466	6.7%
Secondary Malignancies	109	601	\$1,102,019	6.6%
Multiple Myeloma	19	741	\$942,102	5.7%
Skin Cancers - Melanoma	76	456	\$899,750	5.4%
Gastrointestinal Cancers - Colorectal	67	986	\$656,918	4.0%
Non-Hodgkin Lymphoma	51	638	\$656,235	4.0%
Respiratory Cancers	35	662	\$535,261	3.2%
Head And Neck Cancers - Lip And Oral Cavity	25	285	\$419,225	2.5%
Neoplasms Of Unspecified Nature Or Uncertain Behavior	2,155	3,898	\$384,222	2.3%
Urinary System Cancers - Bladder	37	448	\$373,537	2.3%
Leukemia - Acute Myeloid Leukemia (Aml)	4	153	\$364,096	2.2%
Malignant Neuroendocrine Tumors	15	205	\$349,509	2.1%
Gastrointestinal Cancers - All Other Types	5	114	\$329,013	2.0%
Female Reproductive System Cancers - Uterus	10	134	\$284,072	1.7%
Breast Cancer - Ductal Carcinoma In Situ (Dcis)	46	324	\$281,301	1.7%
Endocrine System Cancers - Pancreas	13	288	\$220,416	1.3%
Endocrine System Cancers - Thyroid	106	569	\$194,686	1.2%
Conditions Due To Neoplasm Or The Treatment Of Neoplasm	41	153	\$182,823	1.1%
Female Reproductive System Cancers - Cervix	25	145	\$173,158	1.0%
Female Reproductive System Cancers - Ovary	32	290	\$164,528	1.0%
Urinary System Cancers - Kidney	26	124	\$143,608	0.9%
Skin Cancers - Basal Cell Carcinoma	320	754	\$139,239	0.8%
Gastrointestinal Cancers - Stomach	8	33	\$127,160	0.8%
Female Reproductive System Cancers - Endometrium	39	246	\$122,781	0.7%
Hodgkin Lymphoma	10	99	\$94,115	0.6%
Head And Neck Cancers - All Other Types	12	72	\$93,716	0.6%
Gastrointestinal Cancers - Liver	10	157	\$92,194	0.6%
All Others	421	1,920	\$588,614	3.6%
Overall	----	----	\$16,574,671	100.0%

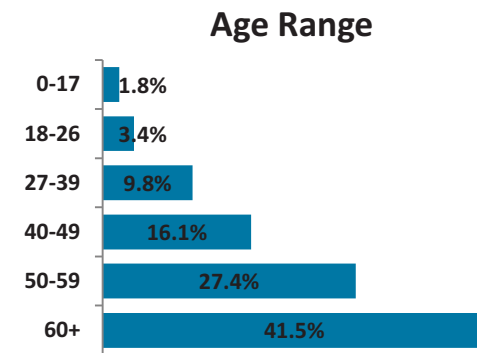
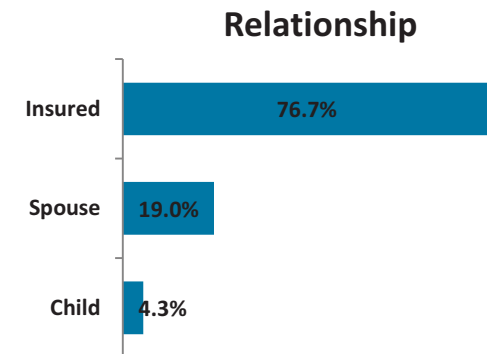
*Patient and claim counts are unique only within the category



AHRQ Category – Diseases of the Circulatory System

Diagnosis Category	Patients	Claims	Total Paid	% Paid
Cardiac Dysrhythmias	686	2,682	\$3,110,614	19.2%
Nonspecific Chest Pain	1,897	4,922	\$1,777,493	11.0%
Coronary Atherosclerosis And Other Heart Disease	651	2,287	\$1,764,110	10.9%
Heart Failure	199	1,226	\$1,604,248	9.9%
Nonrheumatic And Unspecified Valve Disorders	350	856	\$1,353,462	8.4%
Acute Myocardial Infarction	103	531	\$1,249,272	7.7%
Acute Hemorrhagic Cerebrovascular Disease	38	428	\$818,865	5.1%
Cerebral Infarction	131	678	\$533,332	3.3%
Acute Phlebitis; Thrombophlebitis And Thromboembolism	173	595	\$509,558	3.2%
Essential Hypertension	3,852	8,769	\$429,572	2.7%
Aortic; Peripheral; And Visceral Artery Aneurysms	70	212	\$333,957	2.1%
Acute Pulmonary Embolism	80	352	\$331,791	2.1%
Sequela Of Cerebral Infarction And Other Cerebrovascular Disease	43	294	\$243,942	1.5%
Varicose Veins Of Lower Extremity	178	592	\$232,567	1.4%
Conduction Disorders	196	505	\$185,316	1.1%
Other And Ill-Defined Cerebrovascular Disease	103	231	\$180,937	1.1%
Sequela Of Hemorrhagic Cerebrovascular Disease	6	16	\$179,391	1.1%
Myocarditis And Cardiomyopathy	92	326	\$146,710	0.9%
Cardiac Arrest And Ventricular Fibrillation	30	77	\$141,207	0.9%
Peripheral And Visceral Vascular Disease	219	495	\$124,929	0.8%
Pericarditis And Pericardial Disease	31	106	\$116,220	0.7%
Hypertension With Complications And Secondary Hypertension	143	262	\$99,631	0.6%
Chronic Rheumatic Heart Disease	234	293	\$99,608	0.6%
Postthrombotic Syndrome And Venous Insufficiency/Hypertension	109	304	\$74,818	0.5%
Endocarditis And Endocardial Disease	13	158	\$72,162	0.4%
Occlusion Or Stenosis Of Precerebral Or Cerebral Arteries Without Infarction	180	304	\$66,537	0.4%
Pulmonary Heart Disease	52	230	\$66,302	0.4%
Other Specified Diseases Of Veins And Lymphatics	115	360	\$60,389	0.4%
Chronic Phlebitis; Thrombophlebitis And Thromboembolism	23	49	\$58,437	0.4%
Other Specified And Unspecified Circulatory Disease	106	173	\$46,699	0.3%
Gangrene	9	26	\$34,458	0.2%
Other And Ill-Defined Heart Disease	167	240	\$31,416	0.2%
Postprocedural Or Postoperative Circulatory System Complication	20	70	\$29,213	0.2%
Hypotension	79	147	\$24,908	0.2%
Aortic And Peripheral Arterial Embolism Or Thrombosis	33	62	\$11,579	0.1%
Acute Rheumatic Heart Disease	4	12	\$10,598	0.1%
Arterial Dissections	12	25	\$4,986	0.0%
Complications Of Acute Myocardial Infarction	2	2	\$38	0.0%
Diseases Of The Heart	3	6	\$0	0.0%
Hypertension	3	4	\$0	0.0%
Overall	----	----	\$16,159,271	100.0%

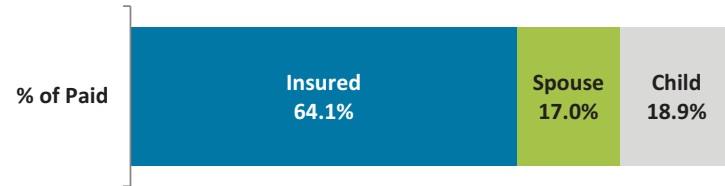
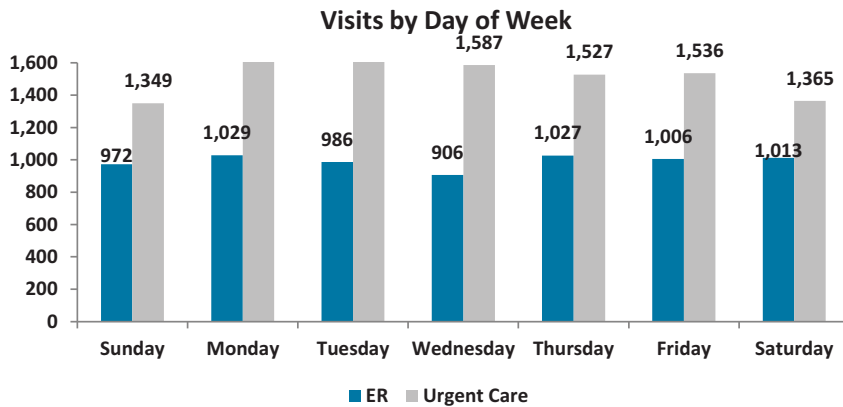
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Emergency Room / Urgent Care Summary

ER/Urgent Care	PY19		PY20		HSB Peer Index	
	ER	Urgent Care	ER	Urgent Care	ER	Urgent Care
Number of Visits	6,931	10,471	6,939	10,800		
Number of Admits	1,096	----	1,033	----		
Visits Per Member	0.16	0.24	0.16	0.25	0.17	0.24
Visits/1000 Members	162	245	162	252	174	242
Avg Paid Per Visit	\$2,025	\$45	\$2,273	\$52	\$1,684	\$74
Admits per Visit	0.16	----	0.15	----	0.14	
% of Visits with HSB ER Dx	76.9%	----	77.7%	----		
% of Visits with a Physician OV*	77.0%	72.6%	77.0%	72.6%		
Total Plan Paid	\$14,021,480	\$473,014	\$15,775,565	\$564,993		

*looks back 12 months from ER visit

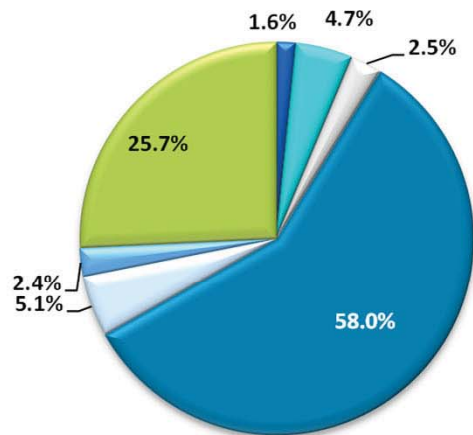


ER / UC Visits by Relationship						
Relationship	ER	Per 1,000	Urgent Care	Per 1,000	Total	Per 1,000
Insured	4,047	171	6,472	273	10,519	444
Spouse	1,100	199	1,212	219	2,312	418
Child	1,792	131	3,116	228	4,908	359
Total	6,939	162	10,800	252	17,739	414

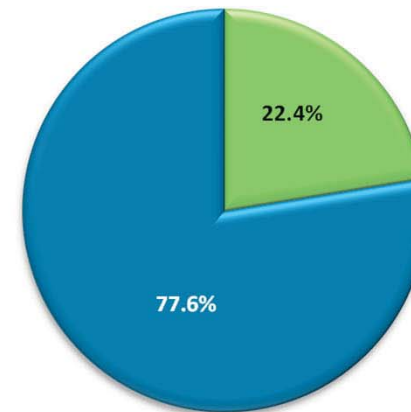
Savings Summary – Medical Claims

Description	Dollars	PPPM	% of Eligible
Eligible Charges	\$558,209,333	\$1,965	100.0%
COB	\$8,999,752	\$32	1.6%
Medicare	\$26,173,982	\$92	4.7%
Excess/Maximums	\$14,045,333	\$49	2.5%
PPO Discount	\$323,739,152	\$1,140	58.0%
Deductible	\$28,371,961	\$100	5.1%
Coinsurance	\$13,211,946	\$47	2.4%
Total Participant Paid	\$41,583,907	\$146	7.4%
Total Plan Paid	\$143,667,208	\$506	25.7%

Total Participant Paid - PY19	\$141
Total Plan Paid - PY19	\$471



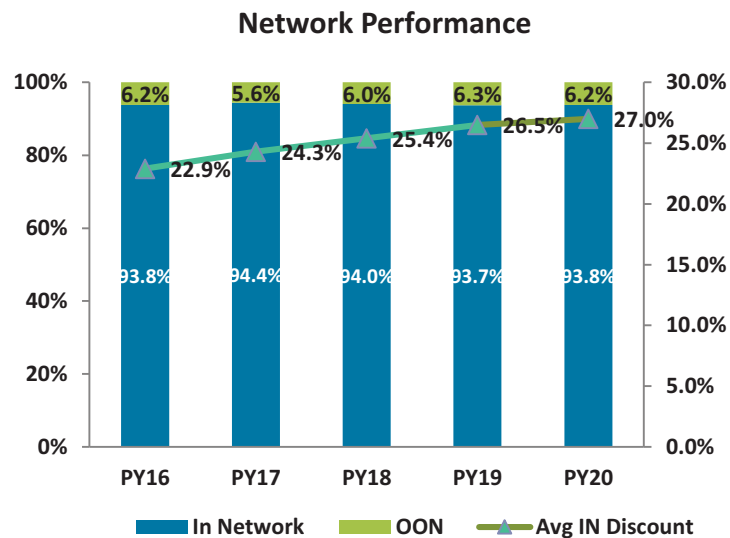
- COB
- Excess/Maximums
- Deductible
- Medicare
- PPO Discount
- Coinsurance



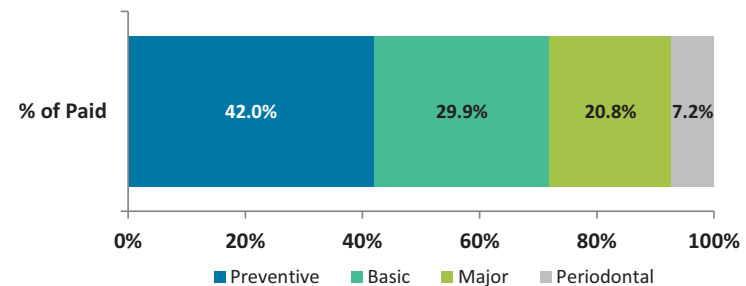
- Total Participant Paid
- Total Plan Paid

Dental Claims Analysis

Cost Distribution								
Paid Claims Category	Avg # of Members	% of Members	# Claims	% of Claims	Total Paid	% of Paid	Total EE Paid	% of EE Paid
\$1,000.01 Plus	6,501	9.5%	31,324	24.8%	\$9,961,699	43.2%	\$6,211,288	57.3%
\$750.01-\$1,000.00	2,703	3.9%	10,638	8.4%	\$2,412,326	10.5%	\$1,263,367	11.7%
\$500.01-\$750.00	4,640	6.8%	16,312	12.9%	\$2,922,745	12.7%	\$1,301,385	12.0%
\$250.01-\$500.00	14,323	20.9%	39,785	31.5%	\$5,066,792	22.0%	\$1,213,807	11.2%
\$0.01-\$250.00	17,069	24.9%	27,560	21.8%	\$2,698,243	11.8%	\$821,591	7.6%
\$0.00	545	0.8%	661	0.5%	\$0	0.0%	\$24,579	0.2%
No Claims	22,897	33.3%	0	0.0%	\$0	0.0%	\$0	0.0%
Total	68,678	100.0%	126,280	100.0%	\$23,061,804	100.0%	\$10,836,018	100.0%



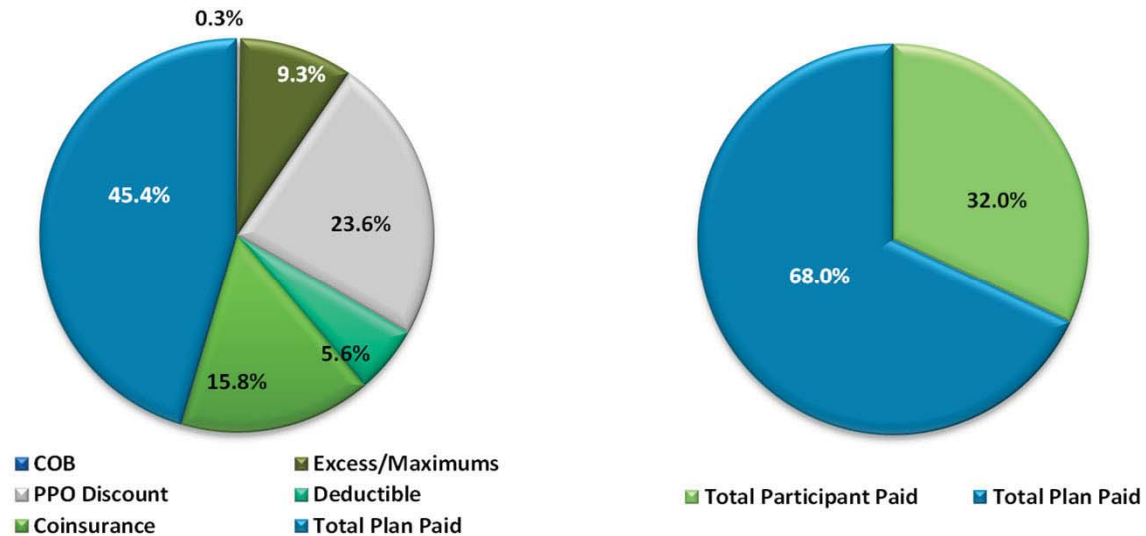
Claim Category	Total Paid	% of Paid
Preventive	\$9,694,451	42.0%
Basic	\$6,898,776	29.9%
Major	\$4,800,105	20.8%
Periodontal	\$1,668,472	7.2%
Total	\$23,061,804	100.0%



Savings Summary – Dental Claims

Description	Dollars	PPPM	% of Eligible
Eligible Charges	\$50,776,544	\$102	100.0%
COB	\$132,712	\$0	0.3%
Excess/Maximums	\$4,739,547	\$10	9.3%
PPO Discount	\$12,006,462	\$24	23.6%
Deductible	\$2,827,661	\$6	5.6%
Coinsurance	\$8,008,357	\$16	15.8%
Total Participant Paid	\$10,836,018	\$22	21.3%
Total Plan Paid	\$23,061,804	\$46	45.4%

Total Participant Paid - PY19	\$14
Total Plan Paid - PY19	\$30

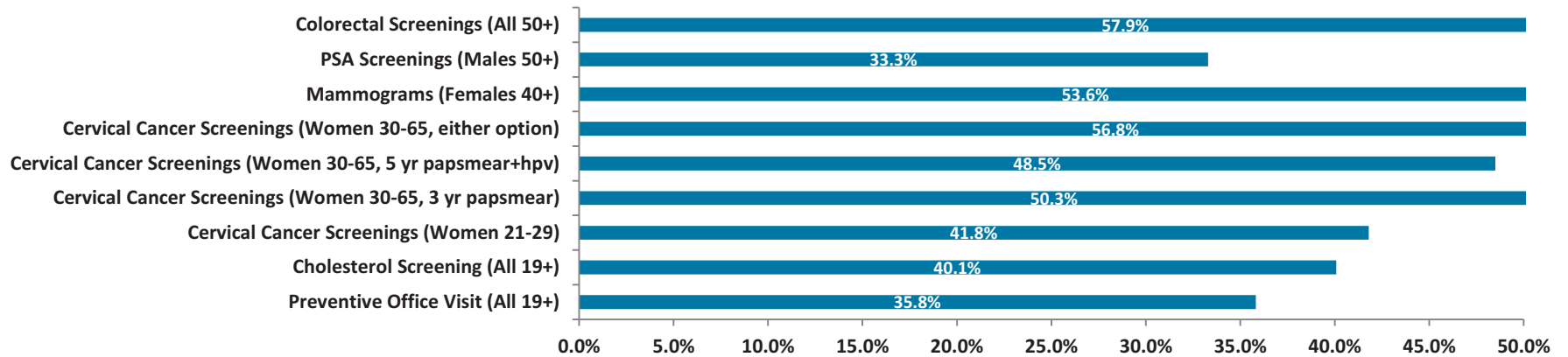


Preventive Services Compliance

*Based on 15 mo. of utilization/12 mo. paid data on members with 9 mo. of service or greater;
Colorectal screenings look back to July 2011.

Service	Female			Male			Total		
	Eligible	Compliant	% Compliant	Eligible	Compliant	% Compliant	Eligible	Compliant	% Compliant
Preventive Office Visit (All 19+)	17,321	8,124	46.9%	15,205	3,528	23.2%	32,526	11,651	35.8%
Cholesterol Screening (All 19+)	17,321	7,483	43.2%	15,205	5,550	36.5%	32,526	13,032	40.1%
Cervical Cancer Screenings (Women 21-29)	2,766	1,156	41.8%	----	----	----	2,766	1,156	41.8%
Cervical Cancer Screenings (Women 30-65, 3 yr papsmear)	13,039	6,559	50.3%	----	----	----	13,039	6,559	50.3%
Cervical Cancer Screenings (Women 30-65, 5 yr papsmear+hpv)	13,039	6,324	48.5%	----	----	----	13,039	6,324	48.5%
Cervical Cancer Screenings (Women 30-65, either option)	13,039	7,406	56.8%	----	----	----	13,039	7,406	56.8%
Mammograms (Females 40+)	10,667	5,718	53.6%	----	----	----	10,667	5,718	53.6%
PSA Screenings (Males 50+)	----	----	----	6,401	2,132	33.3%	6,401	2,132	33.3%
Colorectal Screenings (All 50+)	7,353	4,404	59.9%	6,401	3,553	55.5%	13,754	7,957	57.9%

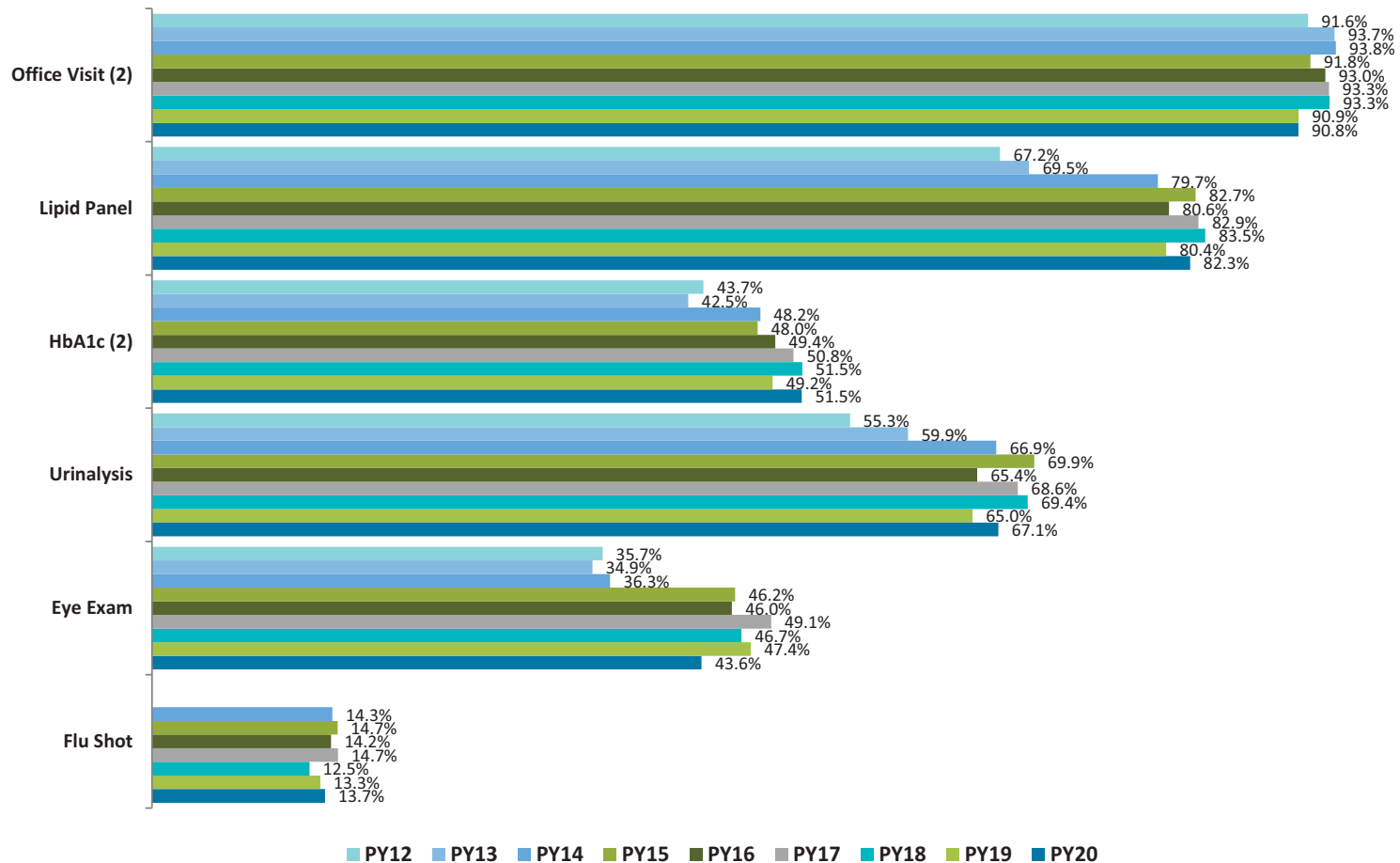
Overall Preventive Services Compliance Rates



Diabetic Disease Compliance

*Based on 15 mo. of utilization/12 mo. paid data on members with 9 mo. of service or greater;

Diabetic Population									
Year	PY12	PY13	PY14	PY15	PY16	PY17	PY18	PY19	PY20
Members	1,651	1,643	1,555	1,676	1,693	1,704	1,747	1,838	1,876



■ PY12 ■ PY13 ■ PY14 ■ PY15 ■ PY16 ■ PY17 ■ PY18 ■ PY19 ■ PY20

Total Health Management

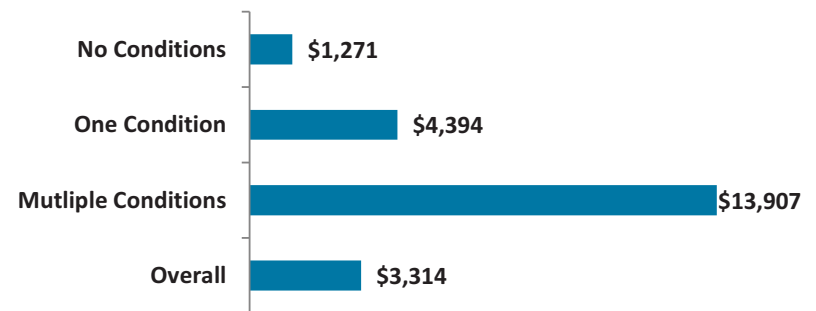
Chronic Conditions Summary

*Based on 15 mo. of utilization/12 mo. paid data on members with 9 mo. of service or greater;

Condition	Total Members	Avg Members	Per 1,000	Avg Age	Total Cost	Average Cost	Compliance Rate	Compliance Measure
Asthma	1,237	1,170	29	38	\$6,999,235	\$5,658	99.3%	1 Office Visit
Cancer	1,356	1,285	32	59	\$31,494,154	\$23,226	----	----
Chronic Kidney Disease	332	309	8	60	\$7,057,790	\$21,258	----	----
Chronic Obstructive Pulmonary Disease (COPD)	262	245	6	59	\$5,801,582	\$22,143	98.9%	1 Office Visit
Congestive Heart Failure (CHF)	164	147	4	62	\$14,684,237	\$89,538	15.2%	1 Office Visit, 1 Lipid Profile, 1 Wellness Visit
Coronary Artery Disease (CAD)	635	599	15	62	\$11,358,137	\$17,887	22.0%	1 Office Visit, 1 Lipid Profile, 1 Wellness Visit
Depression	1,547	1,448	36	40	\$17,432,117	\$11,268	95.3%	1 Office Visit
Diabetes	1,876	1,763	44	56	\$15,926,494	\$8,490	20.1%	2 Office Visits, 1 Lipid Profile, 2 HbA1c's, 1 Urinalysis, 1 Eye Exam, 1 Flu Shot
Hyperlipidemia	3,222	3,104	75	54	\$21,496,183	\$6,672	39.4%	1 Office Visit, 1 Lipid Profile, 1 Wellness Visit
Hypertension	3,747	3,554	87	57	\$38,458,575	\$10,264	27.4%	1 Office Visit, 1 Lipid Profile, 1 Wellness Visit
Obesity	881	832	21	44	\$5,881,677	\$6,676	----	----

# of Conditions	Avg Members	Average Age	Relationship		
			Insured	Spouse	Child
No Conditions	29,274	31	47.3%	11.8%	40.9%
One Condition	8,820	46	70.4%	16.2%	13.4%
Multiple Conditions	4,748	56	78.2%	19.1%	2.7%
Overall	42,842	36	54.7%	13.4%	32.0%

Cost per Member Type



**Public Employees' Benefits Program - RX Costs
PY 2020 - Quarter Ending June 30, 2020**

Express Scripts

4Q FY2020		4Q FY2019	Difference	% Change
Membership Summary				
Member Count (Membership)	42,860	42,767	93	0.2%
Utilizing Member Count (Patients)	30,898	30,892	6	0.0%
Percent Utilizing (Utilization)	72.1%	72.2%	(0.00)	-0.2%
Claim Summary				
Net Claims (Total Rx's)	528,538	507,442	21,096	4.2%
Claims per Elig Member per Month (Claims PMPM)	1.03	0.99	0.04	4.0%
Total Claims for Generic (Generic Rx)	460,353	439,537	20,816.00	4.7%
Total Claims for Brand (Brand Rx)	68,185	67,905	280.00	0.4%
Total Claims for Brand w/Gen Equiv (Multisource Brand Claims)	8,527	8,120	407.00	5.0%
Total Non-Specialty Claims	522,302	501,486	20,816.00	4.2%
Total Specialty Claims	6,236	5,956	280.00	4.7%
Generic % of Total Claims (GFR)	87.1%	86.6%	0.00	0.6%
Generic Effective Rate (GCR)	98.2%	98.2%	(0.00)	0.0%
Mail Order Claims	98,209	66,787	31,422.00	47.0%
Mail Penetration Rate*	20.2%	14.8%	0.05	5.4%
Claims Cost Summary				
Total Prescription Cost (Total Gross Cost)	\$49,767,182.00	\$48,551,146.00	\$1,216,036.00	2.5%
Total Generic Gross Cost	\$8,025,545.00	\$9,949,865.00	(\$1,924,320.00)	-19.3%
Total Brand Gross Cost	\$41,741,637.00	\$38,601,281.00	\$3,140,356.00	8.1%
Total MSB Gross Cost	\$1,668,251.00	\$1,333,062.00	\$335,189.00	25.1%
Total Ingredient Cost	\$49,438,797.00	\$48,183,051.00	\$1,255,746.00	2.6%
Total Dispensing Fee	\$308,172.00	\$350,687.00	(\$42,515.00)	-12.1%
Total Other (e.g. tax)	\$20,213.00	\$17,408.00	\$2,805.00	16.1%
Avg Total Cost per Claim (Gross Cost/Rx)	\$94.16	\$95.68	(\$1.52)	-1.6%
Avg Total Cost for Generic (Gross Cost/Generic Rx)	\$17.43	\$22.64	(\$5.21)	-23.0%
Avg Total Cost for Brand (Gross Cost/Brand Rx)	\$612.18	\$568.46	\$43.72	7.7%
Avg Total Cost for MSB (MSB Gross Cost/MSB ARx)	\$195.64	\$164.17	\$31.47	19.2%
Member Cost Summary				
Total Member Cost	\$12,392,589.00	\$9,576,190.00	\$2,816,399.00	29.4%
Total Copay	\$6,737,994.00	\$4,533,965.00	\$2,204,029.00	48.6%
Total Deductible	\$5,654,595.00	\$5,042,225.00	\$612,370.00	12.1%
Avg Copay per Claim (Copay/Rx)	\$12.75	\$8.93	\$3.81	42.7%
Avg Participant Share per Claim (Copay+Deductible/RX)	\$23.45	\$18.87	\$4.58	24.2%
Avg Copay for Generic (Copay/Generic Rx)	\$8.10	\$9.02	(\$0.92)	-10.2%
Avg Copay for Brand (Copay/Brand Rx)	\$127.04	\$82.63	\$44.41	53.7%
Avg Copay for Brand w/ Generic Equiv (Copay/Multisource Rx)	\$63.73	\$64.55	(\$0.82)	-1.3%
Net PMPM (Participant Cost PMPM)	\$24.10	\$18.66	\$5.44	29.1%
Copay % of Total Prescription Cost (Member Cost Share %)	24.9%	19.7%	5.2%	26.2%
Plan Cost Summary				
Total Plan Cost (Plan Cost)	\$37,374,593.00	\$38,974,956.00	(\$1,600,363.00)	-4.1%
Total Non-Specialty Cost (Non-Specialty Plan Cost)	\$13,586,360.00	\$16,333,510.00	(\$2,747,150.00)	-16.8%
Total Specialty Drug Cost (Specialty Plan Cost)	\$23,788,233.00	\$22,641,446.00	\$1,146,787.00	5.1%
Avg Plan Cost per Claim (Plan Cost/Rx)	\$70.71	\$76.81	(\$6.09)	-7.9%
Avg Plan Cost for Generic (Plan Cost/Generic Rx)	\$9.33	\$13.62	(\$4.29)	-31.5%
Avg Plan Cost for Brand (Plan Cost/Brand Rx)	\$485.14	\$485.83	(\$0.69)	-0.1%
Avg Plan Cost for MSB (MSB Plan Cost/MSB ARx)	\$131.91	\$99.62	\$32.29	32.4%
Net PMPM (Plan Cost PMPM)	\$72.67	\$75.94	(\$3.28)	-4.3%
PMPM for Specialty Only (Specialty PMPM)	\$46.25	\$44.12	\$2.13	4.8%
PMPM without Specialty (Non-Specialty PMPM)	\$26.42	\$31.83	(\$5.41)	-17.0%
Rebates (Q1-Q4 FY2020 actual)	\$9,876,814.94	\$3,827,465.06	\$6,049,349.88	158.1%
Net PMPM (Plan Cost PMPM factoring Rebates)	\$53.40	\$68.50	(\$15.09)	-22.0%
PMPM for Specialty Only (Specialty PMPM)	\$40.11	\$39.12	\$0.99	2.5%
PMPM without Specialty (Non-Specialty PMPM)	\$14.12	\$20.02	(\$5.90)	-29.5%

C-3

PLAN YEAR 2020 UTILIZATION REVIEW OF
PEBP PREMIER PLAN (EPO) MEDICAL AND
PHARMACY BENEFITS

HSB DATASCOPE™

Nevada Public Employees' Benefits Program EPO Plan

July 2019 – June 2020

Reimagine | Rediscover **Benefits**



Overview

- Total Medical Spend for PY20 was \$50,293,887 with a plan cost per employee per year of \$10,492. This is an increase of 20.0% when compared to PY19.
 - IP Cost per Admit is \$14,091 which is 30.9% lower than PY19.
 - ER Cost per Visit is \$2,649 which is on track with PY19.
- Employees shared in 9.4% of the medical cost.
- Inpatient facility costs were 20.4% of the plan spend.
- 67.1% of the Average Membership had paid Medical claims less than \$2,500, with 8.9% of those having no claims paid at all during the reporting period.
- 51 members exceeded the \$100k high cost threshold during the reporting period, which accounted for 20.6% of the plan spend. The highest diagnosis category was Neoplasms, accounting for 16.3% of the high cost claimant dollars.
- Total spending with in-network providers was 97.4%. The overall in-network discount was 57.3%.

Paid Claims by Age Group

Paid Claims by Age Group														
Age Range	PY19						PY20						% Change	
	Med Net Pay	Med PMPM	Rx Net Pay	Rx PMPM	Net Pay	PMPM	Med Net Pay	Med PMPM	Rx Net Pay	Rx PMPM	Net Pay	PMPM	Net Pay	PMPM
<1	\$ 1,874,215	\$ 1,698	\$ 9,149	\$ 8	\$ 1,883,364	\$ 1,706	\$ 2,065,664	\$ 1,523	\$ 43,610	\$ 32	\$ 2,109,274	\$ 1,556	12.0%	-8.8%
1	\$ 264,791	\$ 245	\$ 14,535	\$ 13	\$ 279,326	\$ 259	\$ 322,038	\$ 280	\$ 10,151	\$ 9	\$ 332,189	\$ 288	18.9%	11.5%
2 - 4	\$ 372,210	\$ 117	\$ 14,845	\$ 5	\$ 387,055	\$ 122	\$ 499,290	\$ 143	\$ 21,093	\$ 6	\$ 520,383	\$ 150	34.4%	22.9%
5 - 9	\$ 502,906	\$ 81	\$ 95,811	\$ 16	\$ 598,717	\$ 97	\$ 671,109	\$ 108	\$ 118,472	\$ 19	\$ 789,581	\$ 128	31.9%	31.6%
10 - 14	\$ 1,277,258	\$ 167	\$ 244,065	\$ 32	\$ 1,521,323	\$ 198	\$ 1,496,169	\$ 195	\$ 261,037	\$ 34	\$ 1,757,206	\$ 228	15.5%	15.1%
15 - 19	\$ 1,537,283	\$ 186	\$ 292,943	\$ 35	\$ 1,830,226	\$ 222	\$ 2,508,550	\$ 293	\$ 365,029	\$ 43	\$ 2,873,579	\$ 336	57.0%	51.5%
20 - 24	\$ 1,082,265	\$ 156	\$ 409,392	\$ 59	\$ 1,491,657	\$ 215	\$ 1,896,090	\$ 253	\$ 649,773	\$ 87	\$ 2,545,863	\$ 340	70.7%	57.8%
25 - 29	\$ 1,215,987	\$ 295	\$ 301,168	\$ 73	\$ 1,517,155	\$ 369	\$ 1,399,255	\$ 312	\$ 448,440	\$ 100	\$ 1,847,695	\$ 412	21.8%	11.7%
30 - 34	\$ 2,784,920	\$ 515	\$ 341,212	\$ 63	\$ 3,126,132	\$ 578	\$ 2,810,656	\$ 487	\$ 384,069	\$ 67	\$ 3,194,725	\$ 553	2.2%	-4.2%
35 - 39	\$ 2,361,827	\$ 366	\$ 734,028	\$ 114	\$ 3,095,855	\$ 480	\$ 3,816,160	\$ 559	\$ 872,086	\$ 128	\$ 4,688,246	\$ 687	51.4%	43.2%
40 - 44	\$ 2,437,647	\$ 381	\$ 784,468	\$ 123	\$ 3,222,115	\$ 504	\$ 3,025,413	\$ 449	\$ 1,471,349	\$ 218	\$ 4,496,762	\$ 667	39.6%	32.4%
45 - 49	\$ 2,770,287	\$ 331	\$ 1,525,758	\$ 182	\$ 4,296,045	\$ 513	\$ 4,355,742	\$ 514	\$ 1,557,551	\$ 184	\$ 5,913,293	\$ 698	37.6%	36.1%
50 - 54	\$ 5,152,391	\$ 559	\$ 2,107,261	\$ 229	\$ 7,259,652	\$ 788	\$ 5,252,965	\$ 547	\$ 2,521,204	\$ 263	\$ 7,774,169	\$ 810	7.1%	2.8%
55 - 59	\$ 5,436,354	\$ 503	\$ 2,751,284	\$ 254	\$ 8,187,638	\$ 757	\$ 7,388,691	\$ 691	\$ 3,451,241	\$ 323	\$ 10,839,932	\$ 1,014	32.4%	33.9%
60 - 64	\$ 9,774,054	\$ 815	\$ 3,034,480	\$ 253	\$ 12,808,534	\$ 1,067	\$ 9,642,859	\$ 815	\$ 4,337,100	\$ 367	\$ 13,979,959	\$ 1,182	9.1%	10.7%
65+	\$ 1,920,336	\$ 395	\$ 1,343,189	\$ 276	\$ 3,263,525	\$ 672	\$ 3,143,235	\$ 644	\$ 1,712,534	\$ 351	\$ 4,855,769	\$ 994	48.8%	48.1%
Total	\$ 40,764,731	\$ 400	\$ 14,003,588	\$ 137	\$54,768,319	\$ 537	\$ 50,293,887	\$ 478	\$ 18,224,739	\$ 173	\$ 68,518,625	\$ 651	25.1%	21.3%

Financial Summary (p. 1 of 2)

Summary	Total			State Active			Non-State Active		
	PY19	PY20	Variance to Prior Year	PY19	PY20	Variance to Prior Year	PY19	PY20	Variance to Prior Year
Enrollment									
Avg # Employees	4,653	4,794	3.0%	3,878	4,054	4.5%	4	4	0.0%
Avg # Members	8,488	8,768	3.3%	7,445	7,768	4.3%	5	5	0.0%
Ratio	1.8	1.8	0.5%	1.9	1.9	0.0%	1.3	1.3	0.0%
Financial Summary									
Gross Cost	\$45,094,672	\$55,523,229	23.1%	\$35,711,039	\$45,961,999	28.7%	\$45,961	\$70,916	54.3%
Client Paid	\$40,764,731	\$50,293,887	23.4%	\$32,097,283	\$41,579,805	29.5%	\$40,931	\$65,329	59.6%
Employee Paid	\$4,329,941	\$5,229,342	20.8%	\$3,613,757	\$4,382,194	21.3%	\$5,030	\$5,587	11.1%
Client Paid-PEPY	\$8,745	\$10,492	20.0%	\$8,277	\$10,256	23.9%	\$10,233	\$16,332	59.6%
Client Paid-PMPY	\$4,794	\$5,736	19.6%	\$4,311	\$5,352	24.1%	\$8,186	\$13,066	59.6%
Client Paid-PEPM	\$729	\$874	19.9%	\$690	\$855	23.9%	\$853	\$1,361	59.6%
Client Paid-PMPM	\$400	\$478	19.5%	\$359	\$446	24.2%	\$682	\$1,089	59.7%
High Cost Claimants (HCC's) > \$100k									
# of HCC's	39	51	30.8%	27	40	48.1%	0	0	0.0%
HCC's / 1,000	4.6	5.8	26.7%	3.6	5.2	42.0%	0.0	0.0	0.0%
Avg HCC Paid	\$274,612	\$202,775	-26.2%	\$246,453	\$179,535	-27.2%	\$0	\$0	0.0%
HCC's % of Plan Paid	26.3%	20.6%	-21.7%	20.7%	17.3%	-16.4%	0.0%	0.0%	0.0%
Cost Distribution by Claim Type (PMPY)									
Facility Inpatient	\$1,218	\$1,169	-4.0%	\$944	\$1,036	9.7%	\$3,360	\$2,928	-12.9%
Facility Outpatient	\$1,506	\$1,832	21.6%	\$1,395	\$1,693	21.4%	\$1,369	\$4,817	251.9%
Physician	\$1,923	\$2,541	32.1%	\$1,844	\$2,461	33.5%	\$3,030	\$5,153	70.1%
Other	\$148	\$194	31.1%	\$127	\$163	28.3%	\$427	\$168	-60.7%
Total	\$4,794	\$5,736	19.6%	\$4,311	\$5,352	24.1%	\$8,186	\$13,066	59.6%

Financial Summary (p. 2 of 2)

Summary	State Retirees			Non-State Retirees			HSB Peer Index
	PY19	PY20	Variance to Prior Year	PY19	PY20	Variance to Prior Year	
Enrollment							
Avg # Employees	599	588	-1.8%	181	148	-18.2%	
Avg # Members	826	807	-2.3%	227	188	-17.3%	
Ratio	1.4	1.4	-0.7%	1.3	1.3	0.8%	1.8
Financial Summary							
Gross Cost	\$7,418,807	\$8,514,643	14.8%	\$1,918,864	\$975,672	-49.2%	
Client Paid	\$6,863,148	\$7,803,114	13.7%	\$1,763,370	\$845,639	-52.0%	
Employee Paid	\$555,659	\$711,529	28.1%	\$155,495	\$130,033	-16.4%	
Client Paid-PEPY	\$11,461	\$13,272	15.8%	\$9,769	\$5,730	-41.3%	\$6,209
Client Paid-PMPY	\$8,313	\$9,674	16.4%	\$7,777	\$4,508	-42.0%	\$3,437
Client Paid-PEPM	\$955	\$1,106	15.8%	\$814	\$477	-41.4%	\$517
Client Paid-PMPM	\$693	\$806	16.3%	\$648	\$376	-42.0%	\$286
High Cost Claimants (HCC's) > \$100k							
# of HCC's	9	18	100.0%	3	0	0.0%	
HCC's / 1,000	10.9	22.3	104.7%	13.2	0.0	0.0%	
Avg HCC Paid	\$339,256	\$175,561	-48.3%	\$334,114	\$0	0.0%	
HCC's % of Plan Paid	44.5%	40.5%	-9.0%	56.8%	0.0%	0.0%	
Cost Distribution by Claim Type (PMPY)							
Facility Inpatient	\$3,028	\$2,529	-16.5%	\$3,554	\$787	-77.9%	\$1,057
Facility Outpatient	\$2,243	\$3,276	46.1%	\$2,477	\$1,314	-47.0%	\$1,145
Physician	\$2,713	\$3,385	24.8%	\$1,587	\$2,165	36.4%	\$1,122
Other	\$328	\$484	47.6%	\$158	\$242	53.2%	\$113
Total	\$8,313	\$9,674	16.4%	\$7,777	\$4,508	-42.0%	\$3,437

Paid Claims by Claim Type – State Participants

Net Paid Claims - Total										
State Participants										
	PY19				PY20				%	
	Actives	Pre-Medicare Retirees	Medicare Retirees	Total	Actives	Pre-Medicare Retirees	Medicare Retirees	Total	Change	
Medical										
Inpatient	\$ 8,762,274	\$ 2,599,386	\$ 160,727	\$ 11,522,387	\$ 10,464,957	\$ 2,021,740	\$ 396,512	\$ 12,883,209	11.8%	
Outpatient	\$ 23,335,008	\$ 3,620,613	\$ 482,422	\$ 27,438,043	\$ 31,114,848	\$ 4,575,830	\$ 809,032	\$ 36,499,709	33.0%	
Total - Medical	\$ 32,097,283	\$ 6,219,999	\$ 643,149	\$ 38,960,431	\$ 41,579,805	\$ 6,597,569	\$ 1,205,544	\$ 49,382,919	26.8%	

Net Paid Claims - Per Participant per Month										
	PY19				PY20				%	
	Actives	Pre-Medicare Retirees	Medicare Retirees	Total	Actives	Pre-Medicare Retirees	Medicare Retirees	Total	Change	
Medical	\$ 690	\$ 1,018	\$ 596	\$ 725	\$ 855	\$ 1,092	\$ 1,190	\$ 887	22.3%	

Paid Claims by Claim Type – Non-State Participants

Net Paid Claims - Total										
Non-State Participants										
	PY19				PY20				%	
	Actives	Pre-Medicare Retirees	Medicare Retirees	Total	Actives	Pre-Medicare Retirees	Medicare Retirees	Total	Total	
Medical										
Inpatient	\$ 23,542	\$ 854,839	\$ 10,077	\$ 888,459	\$ 22,498	\$ 49,975	\$ 123,810	\$ 196,283	-77.9%	
Outpatient	\$ 17,389	\$ 754,444	\$ 144,009	\$ 915,842	\$ 42,831	\$ 562,214	\$ 109,640	\$ 714,685	-22.0%	
Total - Medical	\$ 40,931	\$ 1,609,283	\$ 154,087	\$ 1,804,301	\$ 65,329	\$ 612,189	\$ 233,450	\$ 910,968	-49.5%	

Net Paid Claims - Per Participant per Month										
	PY19				PY20				%	
	Actives	Pre-Medicare Retirees	Medicare Retirees	Total	Actives	Pre-Medicare Retirees	Medicare Retirees	Total	Total	
Medical	\$ 853	\$ 1,048	\$ 242	\$ 813	\$ 1,361	\$ 544	\$ 362	\$ 501	-38.4%	

Paid Claims by Claim Type – Total

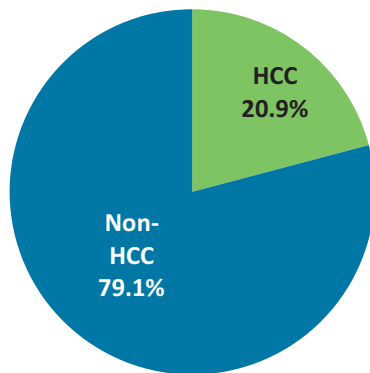
Net Paid Claims - Total										
Total Participants										
	PY19				PY20				% Change	
	Actives	Pre-Medicare Retirees	Medicare Retirees	Total	Actives	Pre-Medicare Retirees	Medicare Retirees	Total		Total
Medical										
Inpatient	\$ 8,785,816	\$ 3,454,225	\$ 170,805	\$ 12,410,846	\$ 10,487,455	\$ 2,071,715	\$ 520,322	\$ 13,079,492		5.4%
Outpatient	\$ 23,352,397	\$ 4,375,057	\$ 626,431	\$ 28,353,885	\$ 31,157,679	\$ 5,138,044	\$ 918,672	\$ 37,214,394		31.2%
Total - Medical	\$ 32,138,214	\$ 7,829,282	\$ 797,236	\$ 40,764,731	\$ 41,645,134	\$ 7,209,759	\$ 1,438,994	\$ 50,293,887		23.4%

Net Paid Claims - Per Participant per Month										
	PY19				PY20				% Change	
	Actives	Pre-Medicare Retirees	Medicare Retirees	Total	Actives	Pre-Medicare Retirees	Medicare Retirees	Total		Total
Medical	\$ 690	\$ 1,024	\$ 465	\$ 729	\$ 855	\$ 1,006	\$ 868	\$ 874		20.0%

Cost Distribution – Medical Claims

PY19						PY20						
Avg # of Members	% of Members	Total Paid	% of Paid	EE Paid	% EE Paid	Paid Claims Category	Avg # of Members	% of Members	Total Paid	% of Paid	EE Paid	% EE Paid
32	0.4%	\$10,660,448	26.2%	\$223,955	5.2%	\$100,000.01 Plus	44	0.5%	\$10,340,819	20.6%	\$390,985	7.5%
63	0.7%	\$4,489,989	11.0%	\$285,075	6.6%	\$50,000.01-\$100,000.00	88	1.0%	\$6,373,247	12.7%	\$358,697	6.9%
148	1.7%	\$5,378,700	13.2%	\$370,909	8.6%	\$25,000.01-\$50,000.00	225	2.6%	\$8,154,879	16.2%	\$555,463	10.6%
489	5.7%	\$7,901,863	19.4%	\$770,638	17.8%	\$10,000.01-\$25,000.00	677	7.7%	\$11,069,243	22.0%	\$1,103,842	21.1%
592	7.0%	\$4,367,753	10.7%	\$713,266	16.5%	\$5,000.01-\$10,000.00	709	8.1%	\$5,306,235	10.6%	\$742,035	14.2%
935	11.0%	\$3,470,368	8.5%	\$766,356	17.7%	\$2,500.01-\$5,000.00	1,148	13.1%	\$4,313,452	8.6%	\$963,451	18.4%
5,310	62.5%	\$4,495,610	11.0%	\$1,195,579	27.6%	\$0.01-\$2,500.00	5,073	57.9%	\$4,736,011	9.4%	\$1,110,286	21.3%
16	0.2%	\$0	0.0%	\$4,162	0.1%	\$0.00	23	0.3%	\$0	0.0%	\$4,582	0.1%
918	10.8%	\$0	0.0%	\$0	0.0%	No Claims	780	8.9%	\$0	0.0%	\$0	0.0%
8,503	100.0%	\$40,764,731	100.0%	\$4,329,941	100.0%		8,768	100.0%	\$50,293,887	100.0%	\$5,229,342	100.0%

Distribution of HCC Medical Claims Paid



HCC – High Cost Claimant over \$100K

HCC's by AHRQ Clinical Classifications Chapter			
AHRQ Chapter	Patients	Total Paid	% Paid
(CCS NEO) Neoplasms	22	\$1,712,149	16.3%
(CCS MUS) Diseases of the Musculoskeletal System and Connective Tissue	34	\$1,513,584	14.4%
(CCS BLD) Diseases of the Blood and Blood Forming Organs and Certain Disorders Involving	20	\$1,039,769	9.9%
(CCS END) Endocrine, Nutritional and Metabolic Diseases	30	\$909,798	8.7%
(CCS PNL) Certain Conditions Originating in the Perinatal Period	4	\$873,604	8.3%
(CCS INJ) Injury, Poisoning and Certain Other Consequences of External Causes	25	\$591,383	5.6%
(CCS NVS) Diseases of the Nervous System	27	\$567,721	5.4%
(CCS RSP) Diseases of the Respiratory System	33	\$531,746	5.1%
(CCS INF) Certain Infectious and Parasitic Diseases	11	\$526,511	5.0%
(CCS GEN) Diseases of the Genitourinary System	26	\$432,586	4.1%
(CCS CIR) Diseases of the Circulatory System	33	\$428,660	4.1%
(CCS MBD) Mental, Behavioral and Neurodevelopmental Disorders	23	\$393,320	3.7%
(CCS DIG) Diseases of the Digestive System	25	\$393,229	3.7%
(CCS FAC) Factors Influencing Health Status and Contact with Health Services	47	\$206,240	2.0%
(CCS SYM) Symptoms, Signs and Abnormal Clinical and Laboratory Findings, Not Elsewhere	46	\$163,487	1.6%
(CCS MAL) Congenital Malformations, Deformations and Chromosomal Abnormalities	7	\$24,986	0.2%
(CCS EYE) Diseases of the Eye and Adnexa	23	\$16,615	0.2%
(CCS SKN) Diseases of the Skin and Subcutaneous Tissue	21	\$15,744	0.1%
All Others	121	\$161,975	1.5%
Overall	---	\$10,503,107	100.0%

Utilization Summary (p. 1 of 2)

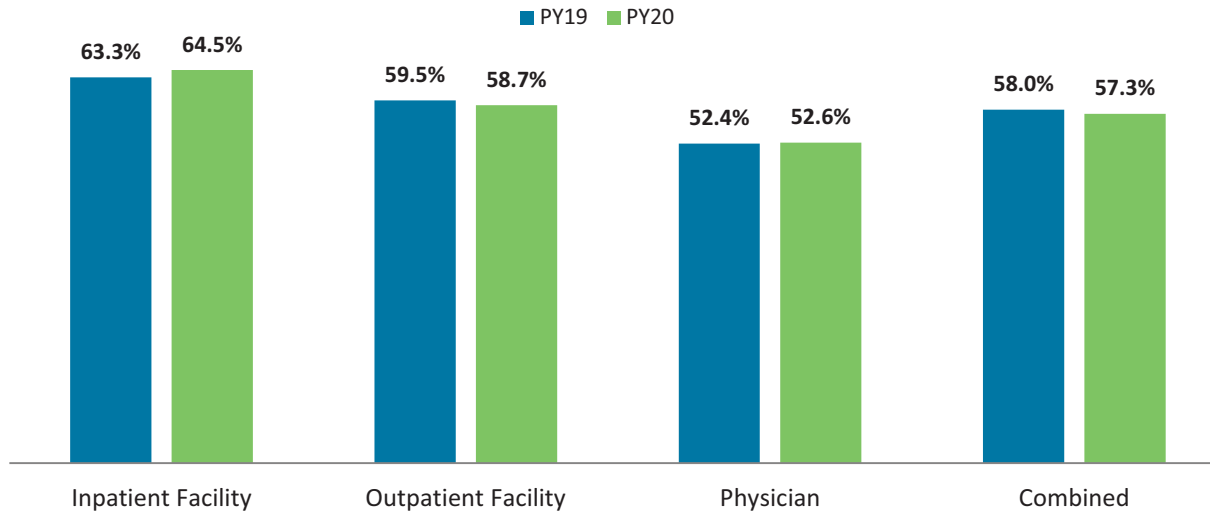
Summary	Total			State Active			Non-State Active		
	PY19	PY20	Variance to Prior Year	PY19	PY20	Variance to Prior Year	PY19	PY20	Variance to Prior Year
Inpatient Facility									
# of Admits	507	725	43.0%	441	616	39.7%	1	1	0.0%
# of Bed Days	2,491	3,388	36.0%	2,026	2,777	37.1%	2	2	0.0%
Paid Per Admit	\$20,394	\$14,091	-30.9%	\$15,930	\$13,098	-17.8%	\$16,801	\$14,640	-12.9%
Paid Per Day	\$4,151	\$3,015	-27.4%	\$3,468	\$2,905	-16.2%	\$8,401	\$7,320	-12.9%
Admits Per 1,000	60	83	38.3%	59	79	33.9%	200	200	0.0%
Days Per 1,000	293	386	31.7%	272	357	31.3%	400	400	0.0%
Avg LOS	4.9	4.7	-4.1%	4.6	4.5	-2.2%	2.0	2.0	0.0%
Physician Office									
OV Utilization per Member	4.4	5.1	15.9%	4.2	4.9	16.7%	5.6	8.6	53.6%
Avg Paid per OV	\$94	\$100	6.4%	\$95	\$102	7.4%	\$105	\$90	-14.3%
Avg OV Paid per Member	\$410	\$514	25.4%	\$402	\$503	25.1%	\$587	\$776	32.2%
DX&L Utilization per Member	8.9	10.4	16.9%	8.4	9.8	16.7%	14	17.6	25.7%
Avg Paid per DX&L	\$78	\$76	-2.6%	\$75	\$77	2.7%	\$106	\$90	-15.1%
Avg DX&L Paid per Member	\$690	\$791	14.6%	\$629	\$756	20.2%	\$1,491	\$1,582	6.1%
Emergency Room									
# of Visits	1,453	1,903	31.0%	1,261	1,618	28.3%	0	2	0.0%
# of Admits	192	309	60.9%	154	234	51.9%	0	0	0.0%
Visits Per Member	0.17	0.22	27.7%	0.17	0.21	22.5%	0	0.40	0.0%
Visits Per 1,000	171	217	26.9%	169	208	23.2%	0	400	0.0%
Avg Paid per Visit	\$2,608	\$2,649	1.6%	\$2,546	\$2,734	7.4%	\$0	\$2,405	0.0%
Admits Per Visit	0.13	0.16	24.9%	0.12	0.14	20.5%	0.00	0.00	0.0%
Urgent Care									
# of Visits	2,450	2,892	18.0%	2,232	2,644	18.5%	0	0	0.0%
Visits Per Member	0.29	0.33	13.7%	0.30	0.34	13.5%	0.00	0.00	0.0%
Visits Per 1,000	288	330	14.5%	300	340	13.5%	0	0	0.0%
Avg Paid per Visit	\$140	\$156	11.4%	\$140	\$158	12.9%	\$0	\$0	0.0%

Utilization Summary (p. 2 of 2)

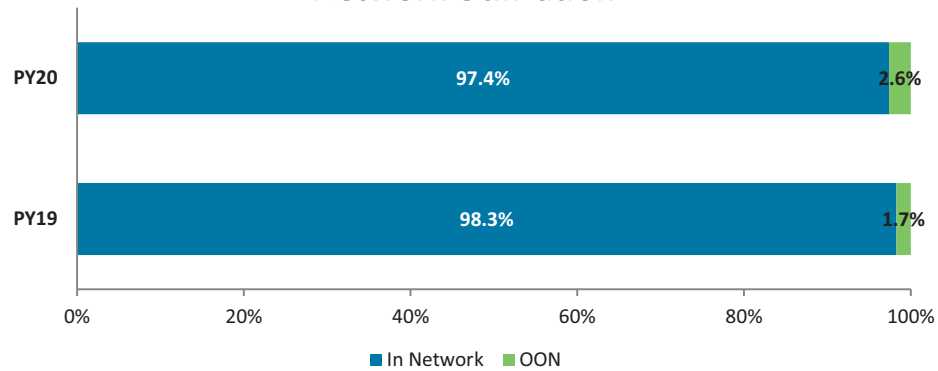
Summary	State Retirees			Non-State Retirees			HSB Peer Index
	PY19	PY20	Variance to Prior Year	PY19	PY20	Variance to Prior Year	
Inpatient Facility							
# of Admits	52	95	82.7%	13	13	0.0%	
# of Bed Days	361	453	25.5%	102	156	52.9%	
Paid Per Admit	\$47,923	\$20,902	-56.4%	\$61,977	\$11,362	-81.7%	\$16,173
Paid Per Day	\$6,903	\$4,383	-36.5%	\$7,899	\$947	-88.0%	\$3,708
Admits Per 1,000	63	118	87.3%	57	69	21.1%	61
Days Per 1,000	437	562	28.6%	450	832	84.9%	264
Avg LOS	6.9	4.8	-30.4%	7.8	12.0	53.8%	4.3
Physician Office							
OV Utilization per Member	5.6	7.0	25.0%	5.0	6.1	22.0%	3.3
Avg Paid per OV	\$85	\$89	4.7%	\$86	\$79	-8.1%	\$50
Avg OV Paid per Member	\$473	\$622	31.5%	\$431	\$477	10.7%	\$167
DX&L Utilization per Member	12.1	15	24.0%	12.2	13.9	13.9%	8.3
Avg Paid per DX&L	\$88	\$71	-19.3%	\$104	\$75	-27.9%	\$67
Avg DX&L Paid per Member	\$1,069	\$1,065	-0.4%	\$1,274	\$1,047	-17.8%	\$554
Emergency Room							
# of Visits	158	249	57.6%	94	34	-63.8%	
# of Admits	30	68	126.7%	8	7	-12.5%	
Visits Per Member	0.19	0.31	62.5%	0.41	0.18	-55.8%	0.17
Visits Per 1,000	191	309	61.6%	415	181	-56.3%	174
Avg Paid per Visit	\$2,991	\$2,281	-23.7%	\$1,195	\$1,300	8.8%	\$1,684
Admits Per Visit	0.19	0.27	43.7%	0.09	0.21	128.8%	0.14
Urgent Care							
# of Visits	158	189	19.6%	60	59	-1.7%	
Visits Per Member	0.19	0.23	23.3%	0.26	0.31	21.0%	0.24
Visits Per 1,000	191	234	22.7%	265	315	18.7%	242
Avg Paid per Visit	\$154	\$153	-0.6%	\$96	\$97	1.0%	\$74

Provider Network Summary

In Network Discounts



Network Utilization



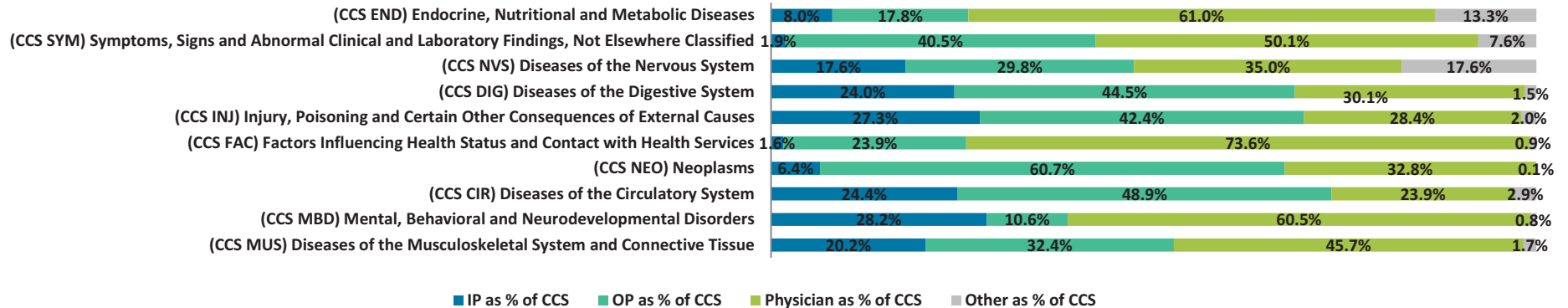
AHRQ* Clinical Classifications Summary



*Developed at the Agency for Healthcare Research and Quality (AHRQ), the Clinical Classifications Software (CCS) is a tool for clustering patient diagnoses and procedures into a manageable number of clinically meaningful categories.

AHRQ Clinical Classifications Chapter	Total Paid	% Paid	Insured	Spouse	Child	Male	Female
(CCS MUS) Diseases of the Musculoskeletal System and Connective Tissue	\$7,537,314	15.0%	\$4,596,657	\$2,196,439	\$744,217	\$3,723,514	\$3,813,799
(CCS MBD) Mental, Behavioral and Neurodevelopmental Disorders	\$3,666,794	7.3%	\$1,930,564	\$341,449	\$1,394,781	\$1,163,738	\$2,503,056
(CCS CIR) Diseases of the Circulatory System	\$3,649,144	7.3%	\$2,770,280	\$686,128	\$192,736	\$1,893,625	\$1,755,519
(CCS NEO) Neoplasms	\$3,633,436	7.2%	\$3,007,104	\$565,876	\$60,456	\$827,182	\$2,806,254
(CCS FAC) Factors Influencing Health Status and Contact with Health Services	\$3,503,371	7.0%	\$1,989,071	\$418,317	\$1,095,983	\$1,154,236	\$2,349,135
(CCS INJ) Injury, Poisoning and Certain Other Consequences of External Causes	\$3,452,461	6.9%	\$1,953,469	\$567,705	\$931,287	\$1,848,393	\$1,604,068
(CCS DIG) Diseases of the Digestive System	\$3,249,784	6.5%	\$2,308,725	\$524,525	\$416,534	\$1,425,956	\$1,823,828
(CCS NVS) Diseases of the Nervous System	\$2,923,621	5.8%	\$1,854,354	\$708,606	\$360,660	\$1,323,043	\$1,600,578
(CCS SYM) Symptoms, Signs and Abnormal Clinical and Laboratory Findings, Not Elsewhere Classified	\$2,884,829	5.7%	\$1,897,131	\$391,735	\$595,964	\$1,100,225	\$1,784,604
(CCS END) Endocrine, Nutritional and Metabolic Diseases	\$2,721,088	5.4%	\$2,141,105	\$382,825	\$197,158	\$961,902	\$1,759,186
(CCS RSP) Diseases of the Respiratory System	\$2,467,306	4.9%	\$1,557,728	\$233,126	\$676,452	\$1,117,156	\$1,350,150
(CCS GEN) Diseases of the Genitourinary System	\$2,286,018	4.5%	\$1,745,642	\$332,052	\$208,324	\$816,521	\$1,469,497
(CCS PRG) Pregnancy, Childbirth and the Puerperium	\$1,952,793	3.9%	\$1,587,278	\$257,988	\$107,527	\$0	\$1,952,793
(CCS PNL) Certain Conditions Originating in the Perinatal Period	\$1,458,620	2.9%	\$12,789	\$225	\$1,445,606	\$316,856	\$1,141,764
(CCS BLD) Diseases of the Blood and Blood Forming Organs and Certain Disorders	\$1,227,353	2.4%	\$391,362	\$817,301	\$18,691	\$262,356	\$964,997
(CCS EYE) Diseases of the Eye and Adnexa	\$1,107,868	2.2%	\$810,482	\$114,212	\$183,174	\$438,084	\$669,784
(CCS INF) Certain Infectious and Parasitic Diseases	\$1,076,215	2.1%	\$794,435	\$114,405	\$167,374	\$649,770	\$426,444
(CCS SKN) Diseases of the Skin and Subcutaneous Tissue	\$776,632	1.5%	\$464,671	\$171,260	\$140,701	\$320,134	\$456,498
(CCS MAL) Congenital Malformations, Deformations and Chromosomal Abnormalities	\$347,101	0.7%	\$22,610	\$17,351	\$307,140	\$214,709	\$132,392
(CCS EAR) Diseases of the Ear and Mastoid Process	\$340,964	0.7%	\$135,588	\$37,850	\$167,526	\$158,238	\$182,726
(CCS 18) Residual Codes; Unclassified; All E Codes [259. And 260.]	\$30,645	0.1%	\$7,581	\$11,557	\$11,507	\$8,606	\$22,039
(CCS EXT) External Causes of Morbidity	\$531	0.0%	\$145	\$0	\$386	\$0	\$531
Total	\$50,293,887	100.0%	\$31,812,846	\$8,824,174	\$8,937,625	\$19,342,691	\$30,231,954

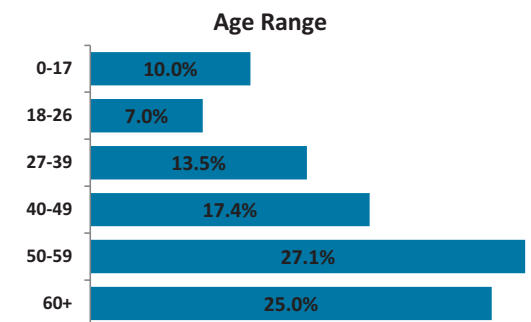
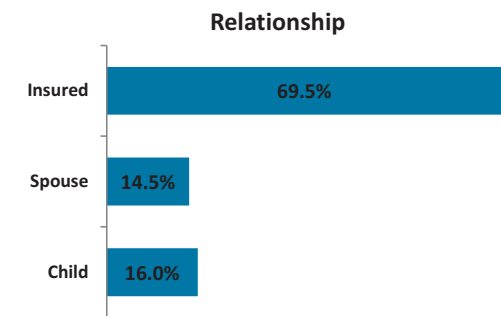
Top 10 Categories by Claim Type



AHRQ Category – Diseases of the Musculoskeletal System & Connective Tissue

Diagnosis Category	Patients	Claims	Total Paid	% Paid
Spondylopathies/Spondyloarthropathy (Including Infective)	1,048	7,423	\$2,699,026	35.8%
Osteoarthritis	482	1,729	\$1,138,065	15.1%
Musculoskeletal Pain, Not Low Back Pain	1,855	8,805	\$911,730	12.1%
Tendon And Synovial Disorders	331	1,445	\$498,488	6.6%
Scoliosis And Other Postural Dorsopathic Deformities	50	186	\$364,020	4.8%
Other Specified Joint Disorders	225	807	\$286,736	3.8%
Other Specified Connective Tissue Disease	548	1,492	\$277,629	3.7%
Low Back Pain	549	2,510	\$227,671	3.0%
Rheumatoid Arthritis And Related Disease	81	349	\$162,828	2.2%
Systemic Lupus Erythematosus And Connective Tissue Disorders	58	267	\$157,455	2.1%
Acquired Foot Deformities	112	290	\$153,667	2.0%
Disorders Of Jaw	27	173	\$150,406	2.0%
Postprocedural Or Postoperative Musculoskeletal System Complication	49	434	\$138,609	1.8%
Osteoporosis	67	154	\$123,477	1.6%
Muscle Disorders	56	197	\$54,500	0.7%
Biomechanical Lesions	409	2,215	\$53,845	0.7%
Osteomyelitis	11	78	\$34,455	0.5%
Other Specified Bone Disease And Musculoskeletal Deformities	118	216	\$32,726	0.4%
Infective Arthritis	4	46	\$20,238	0.3%
Acquired Deformities (Excluding Foot)	29	75	\$19,464	0.3%
Stress Fracture, Initial Encounter	15	27	\$16,956	0.2%
Gout	55	101	\$8,681	0.1%
Neurogenic/Neuropathic Arthropathy	3	22	\$2,834	0.0%
Pathological Fracture, Subsequent Encounter	4	5	\$2,340	0.0%
Traumatic Arthropathy	3	6	\$629	0.0%
Juvenile Arthritis	1	3	\$317	0.0%
Pathological, Stress And Atypical Fractures, Sequela	1	1	\$166	0.0%
Crystal Arthropathies (Excluding Gout)	1	2	\$107	0.0%
Stress Fracture, Subsequent Encounter	1	1	\$80	0.0%
Musculoskeletal Abscess	1	1	\$71	0.0%
Immune-Mediated/Reactive Arthropathies	1	4	\$59	0.0%
Aseptic Necrosis And Osteonecrosis	1	1	\$37	0.0%
Other Bone Disease And Musculoskeletal Deformities [212.]	3	4	\$0	0.0%
	----	----	\$7,537,314	100.0%

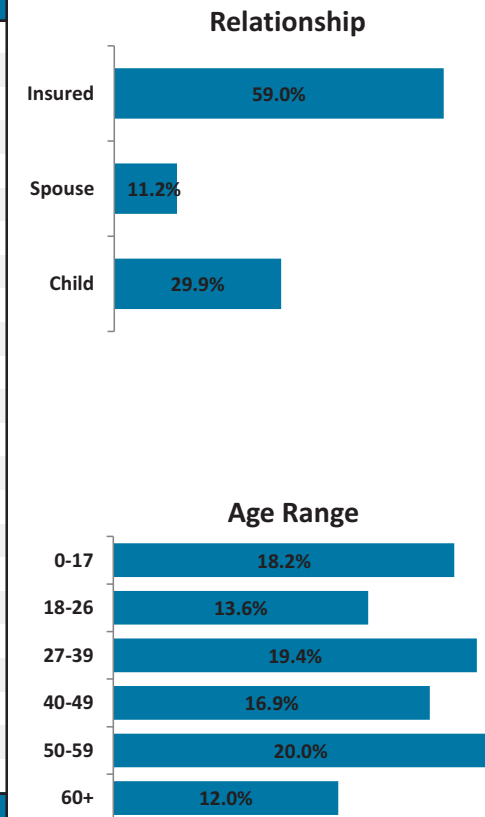
*Patient and claim counts are unique only within the category



AHRQ Category – Mental, Behavioral, and Neurodevelopment Disorders

Diagnosis Category	Patients	Claims	Total Paid	% Paid
Depressive Disorders	630	4,819	\$1,025,617	28.0%
Trauma- And Stressor-Related Disorders	537	4,107	\$574,777	15.7%
Alcohol-Related Disorders	54	349	\$469,602	12.8%
Anxiety And Fear-Related Disorders	686	3,189	\$467,377	12.7%
Neurodevelopmental Disorders	265	1,966	\$250,330	6.8%
Bipolar And Related Disorders	114	943	\$174,732	4.8%
Miscellaneous Mental And Behavioral Disorders/Conditions	35	125	\$169,316	4.6%
Feeding And Eating Disorders	16	211	\$111,225	3.0%
Other Specified And Unspecified Mood Disorders	36	172	\$102,544	2.8%
Opioid-Related Disorders	23	229	\$93,424	2.5%
Suicidal Ideation/Attempt/Intentional Self-Harm	31	84	\$65,719	1.8%
Schizophrenia Spectrum And Other Psychotic Disorders	24	188	\$40,789	1.1%
Obsessive-Compulsive And Related Disorders	22	258	\$34,766	0.9%
Mental And Substance Use Disorders In Remission	77	238	\$31,975	0.9%
Other Specified Substance-Related Disorders	24	73	\$14,105	0.4%
Disruptive, Impulse-Control And Conduct Disorders	15	51	\$11,581	0.3%
Cannabis-Related Disorders	9	18	\$8,666	0.2%
Somatic Disorders	34	59	\$7,969	0.2%
Stimulant-Related Disorders	6	29	\$6,579	0.2%
Tobacco-Related Disorders	46	74	\$4,296	0.1%
Personality Disorders	8	22	\$1,259	0.0%
Suicide Attempt/Intentional Self-Harm; Subsequent Encounter	1	1	\$146	0.0%
Hallucinogen-Related Disorders	1	1	\$0	0.0%
	----	----	\$3,666,794	100.0%

*Patient and claim counts are unique only within the category

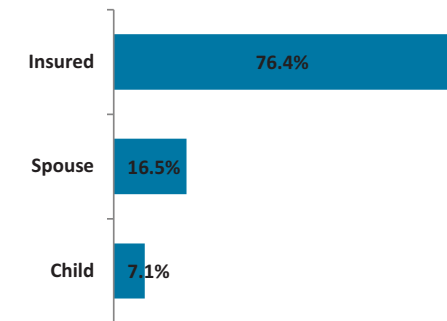


AHRQ Category – Diseases of the Circulatory System

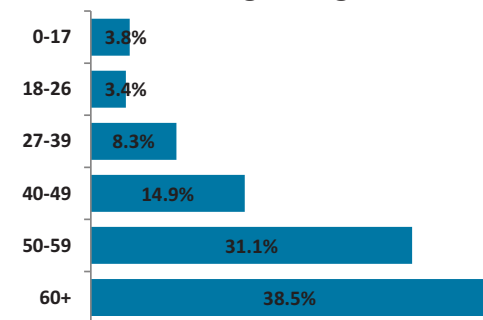
Diagnosis Category	Patients	Claims	Total Paid	% Paid
Cardiac Dysrhythmias	186	872	\$1,014,880	27.8%
Nonspecific Chest Pain	412	1,161	\$724,886	19.9%
Coronary Atherosclerosis And Other Heart Disease	139	353	\$214,860	5.9%
Essential Hypertension	853	1,744	\$211,406	5.8%
Nonrheumatic And Unspecified Valve Disorders	78	181	\$209,277	5.7%
Acute Myocardial Infarction	23	103	\$196,541	5.4%
Heart Failure	42	213	\$132,385	3.6%
Peripheral And Visceral Vascular Disease	54	111	\$111,729	3.1%
Varicose Veins Of Lower Extremity	47	161	\$106,057	2.9%
Acute Phlebitis; Thrombophlebitis And Thromboembolism	41	154	\$102,310	2.8%
Cerebral Infarction	35	128	\$69,310	1.9%
Aortic; Peripheral; And Visceral Artery Aneurysms	19	56	\$59,701	1.6%
Other Specified Diseases Of Veins And Lymphatics	26	84	\$57,733	1.6%
Chronic Phlebitis; Thrombophlebitis And Thromboembolism	8	26	\$48,431	1.3%
Hypertension With Complications And Secondary Hypertension	30	59	\$39,833	1.1%
Postthrombotic Syndrome And Venous Insufficiency/Hypertension	25	50	\$34,715	1.0%
Acute Pulmonary Embolism	20	66	\$34,555	0.9%
Sequela Of Cerebral Infarction And Other Cerebrovascular Disease	6	23	\$32,509	0.9%
Chronic Rheumatic Heart Disease	17	23	\$31,235	0.9%
Acute Hemorrhagic Cerebrovascular Disease	5	13	\$30,519	0.8%
Occlusion Or Stenosis Of Precerebral Or Cerebral Arteries Without Infarction	47	93	\$23,207	0.6%
Myocarditis And Cardiomyopathy	26	83	\$21,005	0.6%
Other And III-Defined Cerebrovascular Disease	27	51	\$19,016	0.5%
Other And III-Defined Heart Disease	41	61	\$18,028	0.5%
Cardiac Arrest And Ventricular Fibrillation	5	41	\$16,927	0.5%
Other Specified And Unspecified Circulatory Disease	29	53	\$15,563	0.4%
Hypotension	14	40	\$14,623	0.4%
Conduction Disorders	53	105	\$14,233	0.4%
Pericarditis And Pericardial Disease	9	22	\$13,190	0.4%
Aortic And Peripheral Arterial Embolism Or Thrombosis	17	22	\$12,822	0.4%
Pulmonary Heart Disease	11	22	\$12,755	0.3%
Sequela Of Hemorrhagic Cerebrovascular Disease	1	3	\$4,569	0.1%
Postprocedural Or Postoperative Circulatory System Complication	1	1	\$217	0.0%
Endocarditis And Endocardial Disease	1	1	\$90	0.0%
Gangrene	2	3	\$30	0.0%
Complications Of Acute Myocardial Infarction	1	1	\$0	0.0%
Overall	----	----	\$3,649,144	100.0%

*Patient and claim counts are unique only within the category

Relationship



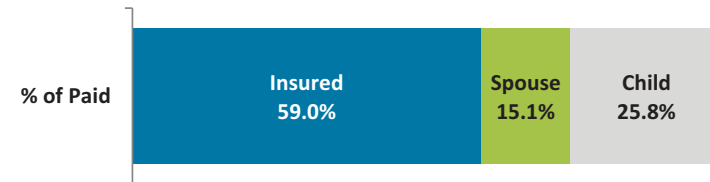
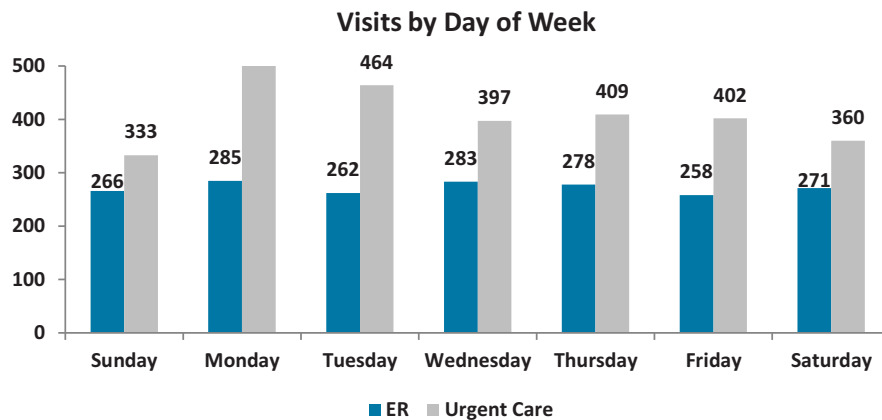
Age Range



Emergency Room / Urgent Care Summary

ER/Urgent Care	PY19		PY20		HSB Peer Index	
	ER	Urgent Care	ER	Urgent Care	ER	Urgent Care
Number of Visits	1,454	2,449	1,903	2,892		
Number of Admits	192	---	309	---		
Visits Per Member	0.17	0.29	0.22	0.33	0.17	0.24
Visits/1000 Members	171	288	217	330	174	242
Avg Paid Per Visit	\$2,606	\$139	\$2,649	\$156	\$1,684	\$74
Admits per Visit	0.13	---	0.16	---	0.14	
% of Visits with HSB ER Dx	79.4%	---	80.1%	---		
% of Visits with a Physician OV*	67.9%	67.3%	85.5%	81.9%		
Total Plan Paid	\$3,788,451	\$341,606	\$5,040,452	\$452,314		

*looks back 12 months from ER visit

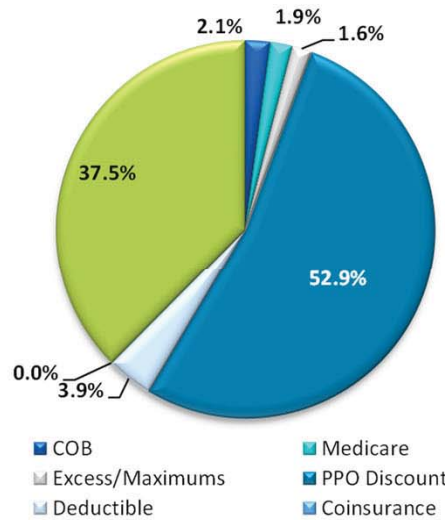


ER / UC Visits by Relationship						
Relationship	ER	Per 1,000	Urgent Care	Per 1,000	Total	Per 1,000
Insured	1,100	229	1,673	349	2,773	578
Spouse	242	253	282	294	524	547
Child	561	186	937	311	1,498	497
Total	1,903	217	2,892	330	4,795	547

Savings Summary – Medical Claims

Description	Dollars	PPPM	% of Eligible
Eligible Charges	\$133,987,638	\$2,329	100.0%
COB	\$2,847,312	\$49	2.1%
Medicare	\$2,531,843	\$44	1.9%
Excess/Maximums	\$2,208,251	\$38	1.6%
PPO Discount	\$70,877,003	\$1,232	52.9%
Deductible	\$5,229,202	\$91	3.9%
Coinsurance	\$140	\$0	0.0%
Total Participant Paid	\$5,229,342	\$91	3.9%
Total Plan Paid	\$50,293,887	\$874	37.5%

Total Participant Paid - PY19	\$77
Total Plan Paid - PY19	\$729

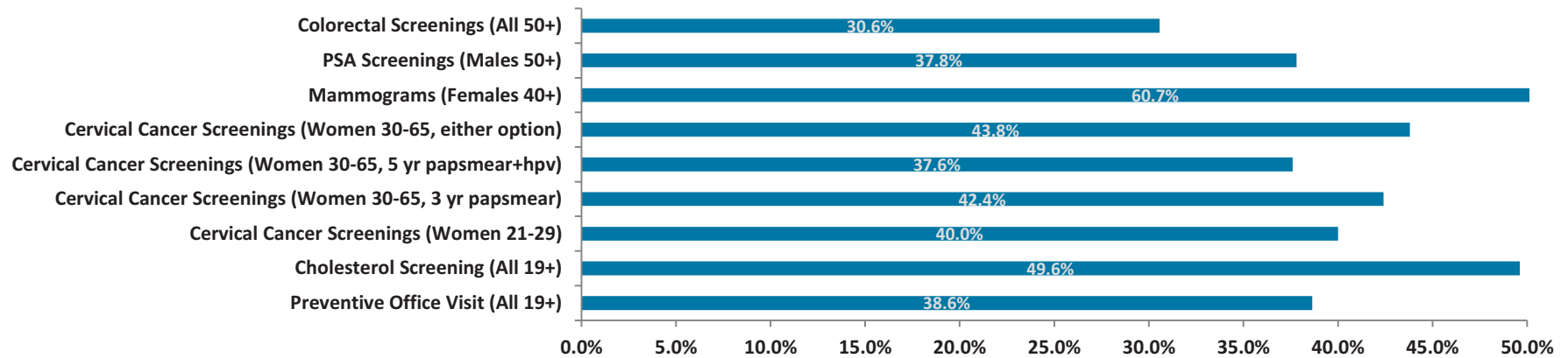


Preventive Services Compliance

*Based on 15 mo. of utilization/12 mo. paid data on members with 9 mo. of service or greater;
Colorectal screenings look back to July 2011.

Service	Female			Male			Total		
	Eligible	Compliant	% Compliant	Eligible	Compliant	% Compliant	Eligible	Compliant	% Compliant
Preventive Office Visit (All 19+)	3,723	1,780	47.8%	2,763	727	26.3%	6,486	2,506	38.6%
Cholesterol Screening (All 19+)	3,723	1,902	51.1%	2,763	1,315	47.6%	6,486	3,218	49.6%
Cervical Cancer Screenings (Women 21-29)	462	185	40.0%	----	----	----	462	185	40.0%
Cervical Cancer Screenings (Women 30-65, 3 yr papsmear)	2,941	1,247	42.4%	----	----	----	2,941	1,247	42.4%
Cervical Cancer Screenings (Women 30-65, 5 yr papsmear+hpv)	2,941	1,106	37.6%	----	----	----	2,941	1,106	37.6%
Cervical Cancer Screenings (Women 30-65, either option)	2,941	1,288	43.8%	----	----	----	2,941	1,288	43.8%
Mammograms (Females 40+)	2,476	1,503	60.7%	----	----	----	2,476	1,503	60.7%
PSA Screenings (Males 50+)	----	----	----	1,361	514	37.8%	1,361	514	37.8%
Colorectal Screenings (All 50+)	1,764	584	33.1%	1,361	372	27.3%	3,125	955	30.6%

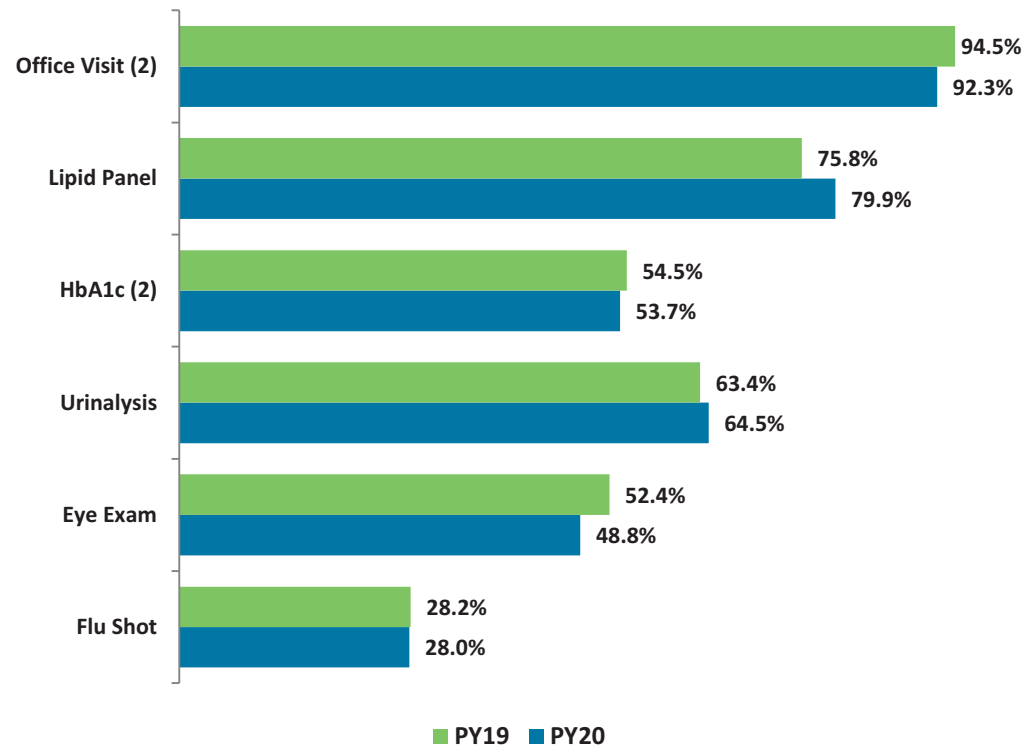
Overall Preventive Services Compliance Rates



Diabetic Disease Compliance

*Based on 15 mo. of utilization/12 mo. paid data on members with 9 mo. of service or greater;

Diabetic Population		
Year	PY19	PY20
Members	525	569



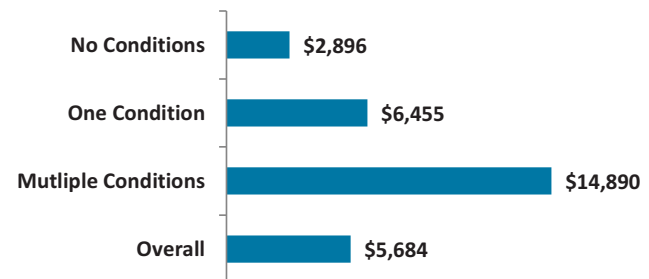
Chronic Conditions Summary

*Based on 15 mo. of utilization/12 mo. paid data on members with 9 mo. of service or greater;

Condition	Total Members	Avg Members	Per 1,000	Avg Age	Total Cost	Average Cost	Compliance Rate	Compliance Measure
Asthma	405	386	46	38	\$4,532,856	\$11,192	99.8%	1 Office Visit
Cancer	303	285	35	58	\$6,133,224	\$20,242	----	----
Chronic Kidney Disease	72	67	8	57	\$1,695,299	\$23,546	----	----
Chronic Obstructive Pulmonary Disease (COPD)	88	84	10	60	\$2,000,433	\$22,732	98.9%	1 Office Visit
Congestive Heart Failure (CHF)	38	36	4	62	\$1,606,586	\$42,279	13.2%	1 Office Visit, 1 Lipid Profile, 1 Wellness Visit
Coronary Artery Disease (CAD)	134	126	15	61	\$2,566,873	\$19,156	17.9%	1 Office Visit, 1 Lipid Profile, 1 Wellness Visit
Depression	624	587	71	40	\$6,539,935	\$10,481	97.8%	1 Office Visit
Diabetes	557	518	64	55	\$5,842,181	\$10,489	21.9%	2 Office Visits, 1 Lipid Profile, 2 HbA1c's, 1 Urinalysis, 1 Eye Exam, 1 Flu Shot
Hyperlipidemia	703	668	80	55	\$5,790,892	\$8,237	33.1%	1 Office Visit, 1 Lipid Profile, 1 Wellness Visit
Hypertension	842	803	96	57	\$9,814,868	\$11,657	24.6%	1 Office Visit, 1 Lipid Profile, 1 Wellness Visit
Obesity	268	257	31	46	\$2,364,221	\$8,822	0.0%	----

# of Conditions	Avg Members	Average Age	Relationship		
			Insured	Spouse	Child
No Conditions	5,145	29	41.4%	9.5%	49.1%
One Condition	2,228	46	70.0%	14.0%	16.0%
Multiple Conditions	1,372	54	79.5%	16.5%	4.1%
Overall	8,746	37	53.7%	11.6%	34.7%

Cost per Member Type



**Public Employees' Benefits Program - RX Costs
PY 2020 - Quarter Ending June 30, 2020**

Express Scripts

4Q FY2020 EPO		4Q FY2019 EPO	Difference	% Change
Membership Summary				
Member Count (Membership)	8,770	8,502	268	3.2%
Utilizing Member Count (Patients)	7,335	7,125	210	2.9%
Percent Utilizing (Utilization)	83.6%	83.8%	(0)	-0.2%
Claim Summary				
Net Claims (Total Rx's)	173,467	164,703	8,764	5.3%
Claims per Elig Member per Month (Claims PMPM)	1.65	1.61	0.04	2.5%
Total Claims for Generic (Generic Rx)	149,919	142,994	6,925.00	4.8%
Total Claims for Brand (Brand Rx)	23,548	21,709	1,839.00	8.5%
Total Claims for Brand w/Gen Equiv (Multisource Brand Claims)	3,052	2,581	471.00	18.2%
Total Non-Specialty Claims	171,180	162,648	8,532.00	5.2%
Total Specialty Claims	2,287	2,055	232.00	11.3%
Generic % of Total Claims (GFR)	86.4%	86.8%	(0.00)	-0.5%
Generic Effective Rate (GCR)	98.0%	98.2%	(0.00)	-0.2%
Mail Order Claims	17,727	13,898	3,829.00	27.6%
Mail Penetration Rate*	11.3%	9.3%	0.02	2.0%
Claims Cost Summary				
Total Prescription Cost (Total Gross Cost)	\$20,172,183.00	\$16,878,075.00	\$3,294,108.00	19.5%
Total Generic Gross Cost	\$3,357,224.00	\$3,937,390.00	(\$580,166.00)	-14.7%
Total Brand Gross Cost	\$16,814,959.00	\$12,940,685.00	\$3,874,274.00	29.9%
Total MSB Gross Cost	\$676,195.00	\$428,203.00	\$247,992.00	57.9%
Total Ingredient Cost	\$20,093,269.00	\$16,800,876.00	\$3,292,393.00	19.6%
Total Dispensing Fee	\$74,299.00	\$74,791.00	(\$492.00)	-0.7%
Total Other (e.g. tax)	\$4,616.00	\$2,409.00	\$2,207.00	91.6%
Avg Total Cost per Claim (Gross Cost/Rx)	\$116.29	\$102.48	\$13.81	13.5%
Avg Total Cost for Generic (Gross Cost/Generic Rx)	\$22.39	\$27.54	(\$5.15)	-18.7%
Avg Total Cost for Brand (Gross Cost/Brand Rx)	\$714.07	\$596.10	\$117.97	19.8%
Avg Total Cost for MSB (MSB Gross Cost/MSB ARx)	\$221.56	\$165.91	\$55.65	33.5%
Member Cost Summary				
Total Member Cost	\$2,655,465.00	\$2,444,825.00	\$210,640.00	8.6%
Total Copay	\$2,655,465.00	\$2,444,825.00	\$210,640.00	8.6%
Total Deductible	\$0.00	\$0.00	\$0.00	0.0%
Avg Copay per Claim (Copay/Rx)	\$15.31	\$14.84	\$0.46	3.1%
Avg Participant Share per Claim (Copay+Deductible/RX)	\$15.31	\$14.84	\$0.46	3.1%
Avg Copay for Generic (Copay/Generic Rx)	\$7.07	\$6.27	\$0.80	12.8%
Avg Copay for Brand (Copay/Brand Rx)	\$67.75	\$71.31	(\$3.56)	-5.0%
Avg Copay for Brand w/ Generic Equiv (Copay/Multisource Rx)	\$27.49	\$25.99	\$1.50	5.8%
Net PMPM (Participant Cost PMPM)	\$25.23	\$23.96	\$1.27	5.3%
Copay % of Total Prescription Cost (Member Cost Share %)	13.2%	14.5%	-1.3%	-9.1%
Plan Cost Summary				
Total Plan Cost (Plan Cost)	\$17,516,718.00	\$14,433,250.00	\$3,083,468.00	21.4%
Total Non-Specialty Cost (Non-Specialty Plan Cost)	\$8,049,281.00	\$7,920,839.00	\$128,442.00	1.6%
Total Specialty Drug Cost (Specialty Plan Cost)	\$9,467,437.00	\$6,512,411.00	\$2,955,026.00	45.4%
Avg Plan Cost per Claim (Plan Cost/Rx)	\$100.98	\$87.63	\$13.35	15.2%
Avg Plan Cost for Generic (Plan Cost/Generic Rx)	\$15.32	\$21.26	(\$5.94)	-27.9%
Avg Plan Cost for Brand (Plan Cost/Brand Rx)	\$646.33	\$524.79	\$121.54	23.2%
Avg Plan Cost for MSB (MSB Plan Cost/MSB ARx)	\$194.07	\$139.91	\$54.16	38.7%
Net PMPM (Plan Cost PMPM)	\$166.45	\$141.47	\$24.98	17.7%
PMPM for Specialty Only (Specialty PMPM)	\$89.96	\$63.83	\$26.13	40.9%
PMPM without Specialty (Non-Specialty PMPM)	\$76.48	\$77.64	(\$1.16)	-1.5%
Rebates (Q1-Q4 FY2020 actual)	\$3,858,361.77	\$1,508,587.15	\$2,349,774.62	155.8%
Net PMPM (Plan Cost PMPM factoring Rebates)	\$129.78	\$168.36	(\$38.58)	-22.9%
PMPM for Specialty Only (Specialty PMPM)	\$77.77	\$54.70	\$23.07	42.2%
PMPM without Specialty (Non-Specialty PMPM)	\$50.28	\$54.33	(\$4.05)	-7.5%

C-4

PLAN YEAR 2020 HEALTH PLAN OF
NEVADA UTILIZATION REVIEW OF MEDICAL
AND PHARMACY BENEFITS

Power Of Partnership.



Quarterly Health Plan Performance Review Prepared for PEBP

Claims Data: July 1, 2019 – June 3, 2020
Paid through July 31, 2020

**30 day claims run out*

State of
Nevada

37 years experience caring for Nevadans and their families



**Member Centered
Solutions**



**Access to
Southwest
Medical/OptumCare**



**Cost Structure
& Network
Strength**



**Local Service
& Wellness
Resources**



**On-Site Hospital
Case Managers**

Our Care Delivery Assets in Nevada

- ✓ 45 OptumCare locations and expanding
- ✓ Over 450 providers practicing evidence-based medicine
- ✓ 6 high acuity urgent cares with home waiting room option
- ✓ Patient portal with e-visit capabilities
- ✓ Robust integrated EMR
- ✓ Access to schedule, renew script and view test results
- ✓ 7 convenient care walk-in locations
- ✓ 2 ambulatory surgery centers
- ✓ Brand new 55,000 sq ft state-of-the-art cancer center
- ✓ Saturday appointments with primary care

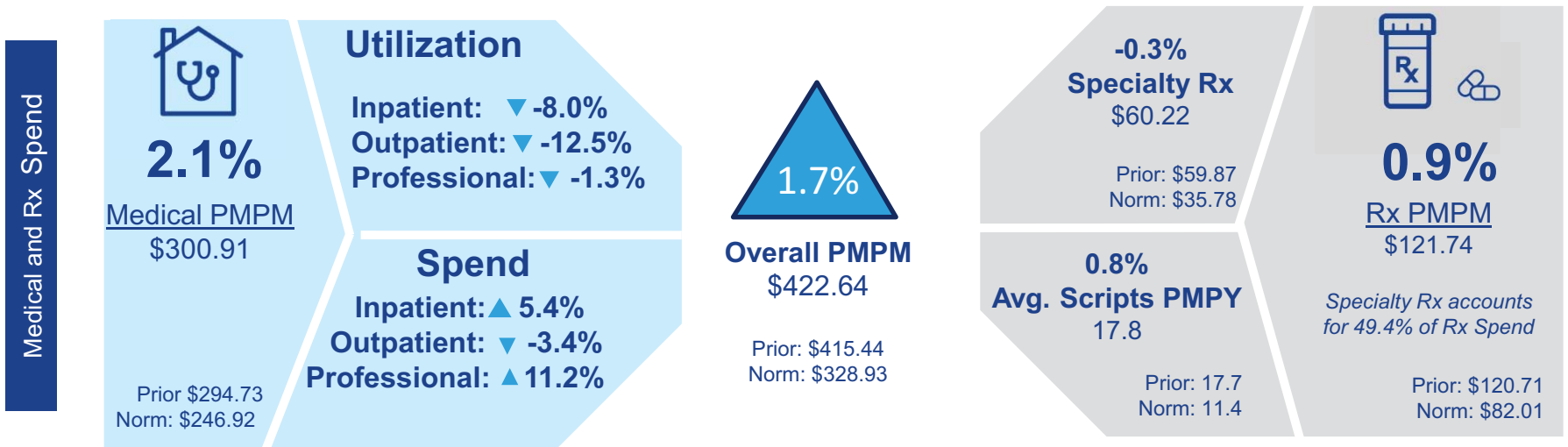
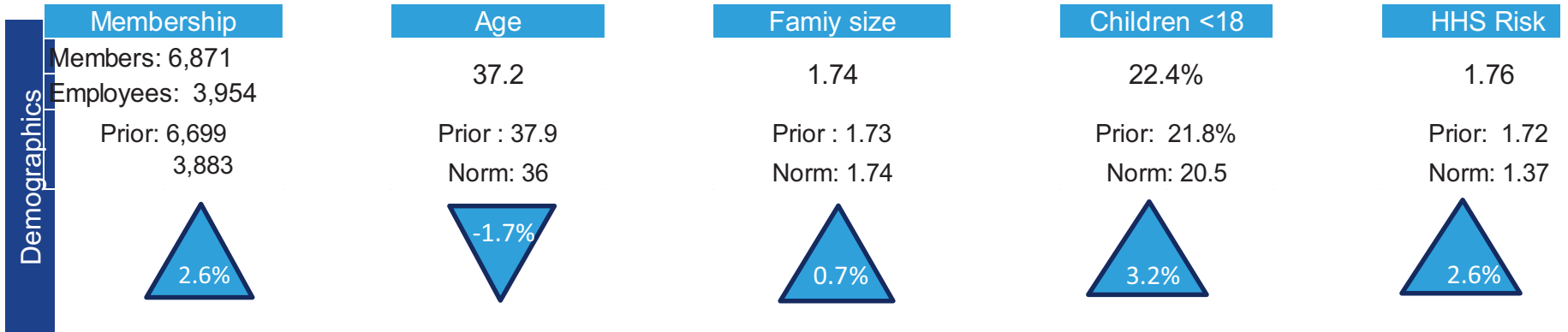
Enhancements Made for Your Members

- ✓ NowClinic and Walgreens now offering same-day medication delivery
- ✓ Added HCA hospitals and 17 Care Now Urgent Cares to the network
- ✓ Launched new HPN App
- ✓ Continued expansion of specialty network
- ✓ Real Appeal weight loss program
- ✓ Dispatch Health to provide at home urgent visits
- ✓ Pilot on continuous glucose monitoring for diabetics to improve outcomes and management of medication



Key Performance Indicators
Includes Demographics And
Financials

Demographic and Financial Overview





Medical and Rx Plan Experience
What Happened

Highlights of Utilization



Utilization Metric	Prior	Current	Δ
Physician Office Visits			
Per Member Per Year	2.0	2.0	-0.5%
Specialist Office Visits			
Per Member Per Year	4.9	4.9	-0.6%
Emergency Room			
ER Visits	742	732	-1.3%
ER Visits per K	110.8	106.6	-3.8%
Urgent Care			
UC Visits	4,258	3,801	-10.7%
UC Visits per K	635.6	553.2	-13.0%
OutPatient Surgery			
Facility	37.9	35.8	-5.6%
ASC	140.9	110.6	-21.5%
Inpatient Utilization			
Admissions Per K	65.8	60.5	-8.0%
Bed Days Per K	272.3	267.2	-1.9%
Average Length of Stay	4.1	4.4	6.7%
On Demand			
Now Clinic Visits	534	651	21.9%
TAN Calls	494	460	-6.9%

*Not representative of all Utilization

Highlights
<ul style="list-style-type: none"> PCP and Specialist visits stayed flat on a PMPY basis year over year ER utilization decreased -3.8%, <ul style="list-style-type: none"> Average Net Paid / Visit saw a slight increased 0.3% Urgent Care Utilization decreased - 13.0% Outpatient surgeries decreased at both facility and ASC settings Admits Per K decreased -8.0% from prior period, but ALOS increased 6.7% due to more complex stays Increased Telehealth utilization <ul style="list-style-type: none"> We will continue to see increases in these services as a result of COVID-19 <i>On Demand utilization is understated due to claims lag</i>

Pharmacy Data

	Prior	Current	Δ	Peer	Δ
Enrolled Members	6,699	6,871	2.6%		
Average Prescriptions PMPY	17.7	17.8	0.8%	11.4	56.3%
Formulary Rate	93.4%	93.6%	0.1%	92.4%	1.3%
Generic Use Rate	87.4%	87.2%	-0.2%	87.2%	0.0%
Generic Substitution Rate	97.3%	97.1%	-0.2%	96.5%	0.6%
Employee Cost Share PMPM	\$20.08	\$19.62	-2.3%	\$13.17	49.0%
Avg Net Paid per Prescription	\$81.95	\$82.02	0.1%	\$86.35	-5.0%
Net Paid PMPM	\$120.71	\$121.74	0.9%	\$82.01	48.5%

Paid by Benefit and Type

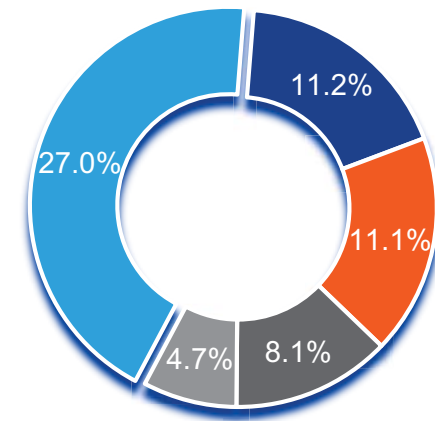


Pharmacy PMPM trend is 0.9%

- Average net paid per script increased **0.1%**
- **82.6%** of prescriptions were in Tier 1 and drove only **11.0%** of spend
- Tier 2 utilization increased **14.5%** and spend increased **27.8%**
- Humira continues to increase in spend and utilization

Top 5 Therapeutic Classes by Spend

- ANTIDIABETICS
- ANALGESICS
- ANTINEOPLASTICS
- ANTIVIRALS
- DERMATOLOGICALS



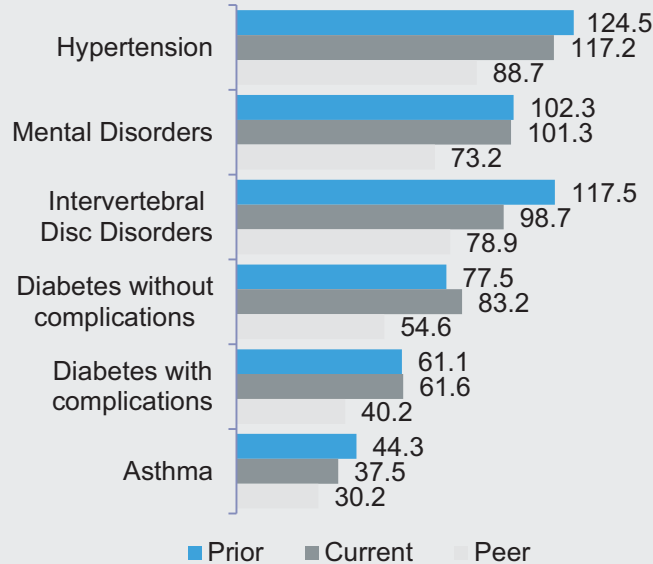


Condition Prevalence
Clinical Drivers

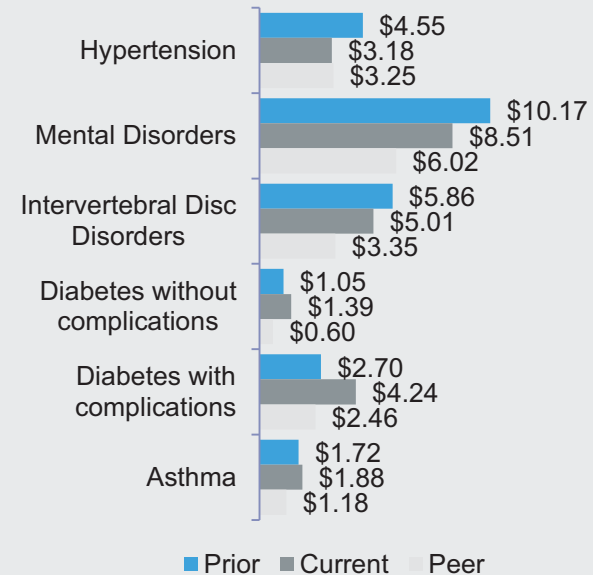
Clinical Conditions and Diagnosis



Top Common Conditions by Prevalence



Top Conditions by PMPM

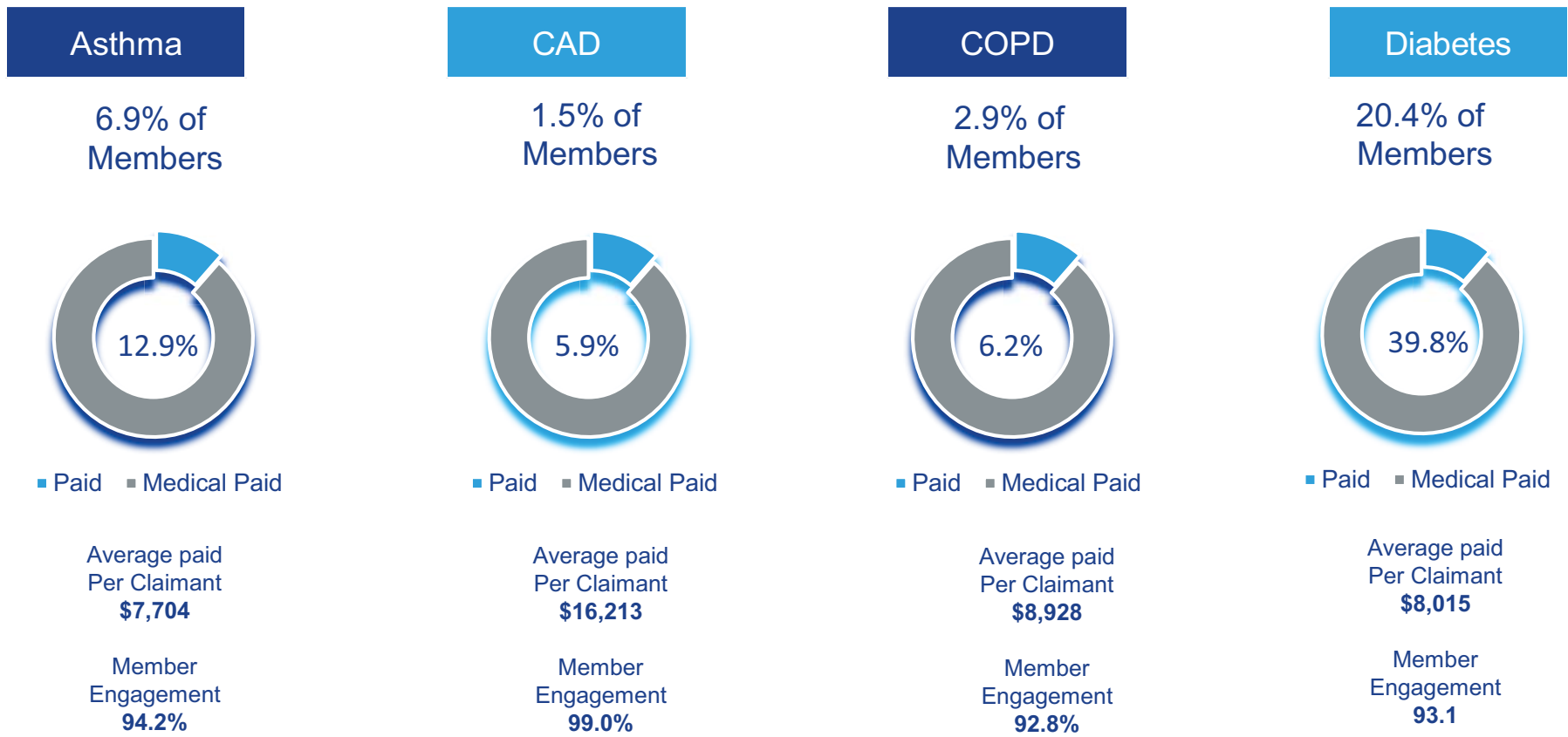


- Chronic illnesses are driving the top common conditions
- Hypertension, Mental Disorders, Intervertebral Disc Disorders and are the most prevalent clinical conditions within this population
- Prevalence of Diabetes both with and w/out complications increased YOY
- Mental Disorders remained relatively flat year over year, but spend decreased **-16.4%** from prior period

Chronic Condition Cost Drivers



65% Of Medical spend driven by members with these 4 Chronic Conditions

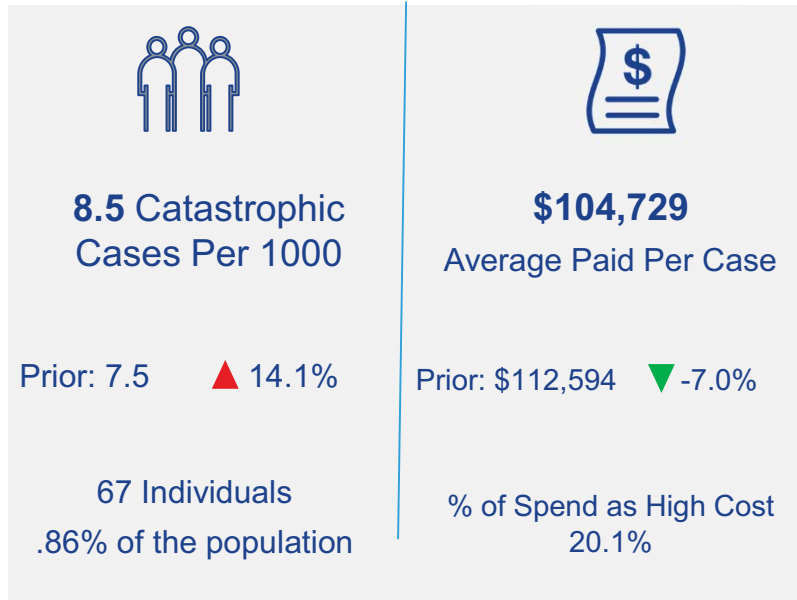


**Data obtained for this slide is for Eval period Aug-2019 thru Jul-2020*

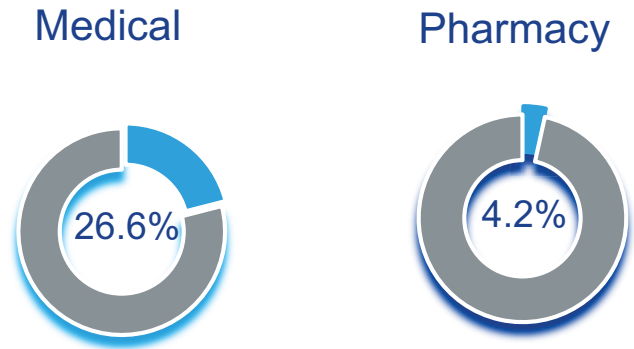


Catastrophic Cases
High Cost Claimants

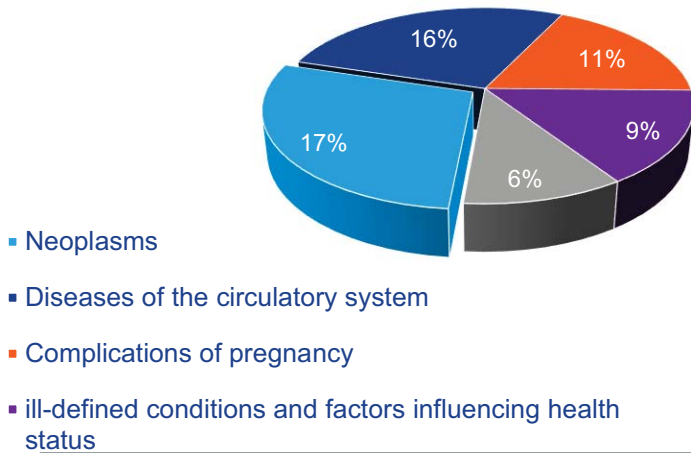
Catastrophic Cases Summary (>\$50k)



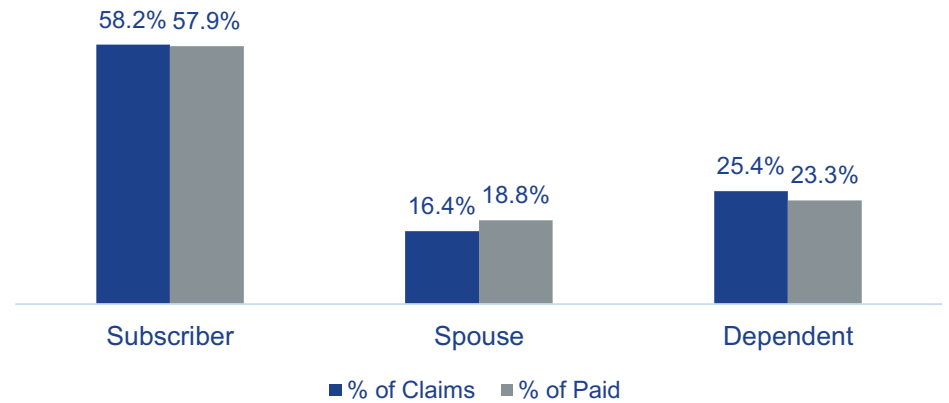
% Paid Attributed to Catastrophic Cases



Top 5 AHRQ Chapter Description by Paid



Claims and Spend by Relationship



C-5

PLAN YEAR 2020 IBNR AND
CATASTROPHIC RESERVE ACTUARIAL
LETTER PRESENTED TO THE BOARD AT
ITS SEPTEMBER 24, 2020 MEETING



August 5, 2020

Ms. Cari Eaton
 Chief Financial Officer
 State of Nevada Public Employees' Benefits Program (PEBP)
 901 S. Stewart Street, Suite 1001
 Carson City, NV 89701

Subject: Incurred But Not Paid (IBNP) Liability and Catastrophic Reserve as of June 30, 2020 for PEBP's Self-Insured Health and Welfare Plans

Dear Cari:

Aon has estimated the Incurred But Not Paid (IBNP) liability for the State of Nevada Public Employees' Benefits Program (PEBP) self-insured active & retiree medical, prescription drug, and dental plans to be **\$51,514,000** as of June 30, 2020. This is a decrease of \$7,276,000, or -12.4%, from the prior reserve estimate as of June 30, 2019, mainly driven by the PEBP Board's decision at the April 9th, 2020 board meeting to decrease the IBNP margin at a 95% confidence interval (a 25% load on the Medical and Dental plans) to a more standard margin of 10% and significant utilization suppressions from the stay-at-home order issued in April. The change in medical and dental liabilities from the previous reserve estimate is attributable to the following:

- Decrease in IBNP margin from 25% to 10% (approximately -\$6,331,000)
- The removal of expense margins for CDHP, Premier and Dental plans to match contract terms (approximately -\$1,122,000)
- An overall increase in CDHP membership of around 0.4% (approximately \$180,000) and in Premier membership of around 2.8% (approximately \$411,000)
- An overall increase in CDHP claims per person for Medical/Rx of around 5.1% (approximately \$2,241,000)
- An overall increase in Premier claims per person for Medical/Rx of around 19.9% (approximately \$2,925,000)
- Estimated temporary claims suppression due to COVID-19 (approximately -\$5,580,000)

The components of the reserve are shown below:

Benefit Plan	FY2019		FY2020	
	CDHP	EPO	CDHP	EPO
Medical	\$39,937,000	\$13,594,000	\$39,003,000	\$9,122,000
Prescription Drugs	<u>\$1,979,000</u>	<u>\$771,000</u>	<u>\$1,596,000</u>	<u>\$784,000</u>
<i>Total Medical IBNR</i>	\$41,916,000	\$14,365,000	\$40,599,000	\$9,906,000
Medical Expense Margin	\$767,000	\$326,000	\$0	\$0
Dental	\$1,389,000		\$1,009,000	
Dental Expense Margin	\$27,000		\$0	
<i>Total IBNR</i>	\$57,670,000		\$51,514,000	
<i>Total Expense Margin</i>	\$1,120,000		\$0	
Total All Reserves	\$58,790,000		\$51,514,000	

As requested, the preliminary IBNP estimates for FY21 and FY22 are shown below:

IBNP (Millions)	6/30/2021		6/30/2022	
	CDHP	Premier	CDHP	Premier
Medical	\$40,953,000	\$9,578,000	\$43,410,000	\$10,153,000
Prescription Drugs	\$1,692,000	\$831,000	\$1,810,000	\$889,000
Dental		\$1,039,000		\$1,070,000
Administrative Expenses	\$0	\$0	\$0	\$0
Total	\$43,684,000	\$10,409,000	\$46,290,000	\$11,042,000

Note the FY21 and FY22 IBNP estimates are trended from FY20 based on the following trends:

Annual Trend	FY21	Annual Trend	FY22
Medical trend	5%	Medical trend	6%
Rx trend	6%	Rx trend	7%
Dental trend	3%	Dental trend	3%

These estimates do not factor in prospective plan designs, TPA, or network changes. Currently, PEBP is marketing TPA and medical/dental networks, it is unforeseeable which vendor will be selected for FY21 and FY22 services. Due to timing of the IBNP letter, Aon assumed that PEBP would retain the incumbent TPA and network. In addition, the COVID-19 impact on FY21 and FY22 claims utilizations are unknown as well. While that hope is that a vaccine will be developed early 2021, it is uncertain if that will come to fruition and the cost of the vaccines cannot be estimated as well. Furthermore, uncertainty also exists as to how long the economic recovery will take post COVID-19. These factors all have significant impacts on claims costs, utilizations, and claims processing speed. Due to timing of the IBNP letter and the lack of information and data, Aon's estimates did not reflect potential impacts from these factors.

In the past, PEBP has elected to include an additional margin to increase the certainty at IBNP reserves are sufficient to meet all claim run-out liabilities at a 95% confidence level. As of April 9th 2020, PEBP's board decided to move a 10% load on the CDHP and Premier plan IBNP reserves for Medical and Dental claims. Due to the speed at which Pharmacy is paid by PEBP, it has historically been excluded from a margin load, and we maintained that practice going forward.

This IBNP estimate does not reflect any of the following items that may have been incurred but not yet received: prescription drug rebates and Retiree Drug Subsidy reimbursements. IBNP is also commonly referred to as IBNR. Although used synonymously, IBNR is technically a subset of IBNP which also includes claims reported but not processed and processed but not paid. The IBNP amount above includes all liability components incurred but not yet paid. The COVID-19 adjustments for 2020 incurred claims estimates are discussed in the actuarial method and assumptions section.

In addition to the IBNP liability, a non-actuarial liability which can exist is a "float" liability, which is based on the difference between the checks issued and the checks cleared. This liability can typically be



assessed with 100% accuracy a day or two after the close of the period. It is an appropriate GAAP liability, but a non-actuarial liability, and as such is not addressed by this actuarial opinion.

The estimated number of months of claims covered by the IBNP reserve determined as of June 30, 2019 and 2020 by benefit plan is illustrated in the following table:

Estimated No. of Months Covered (prior to margin load)				
Benefit Plan	FY2019		FY2020	
	CDHP	EPO	CDHP	EPO
Medical	2.9	3.2	2.9	2.0
Prescription Drugs	0.6	0.7	0.5	0.5
Dental		<u>0.5</u>		<u>0.5</u>
Total IBNR	2.7	3.1	2.8	1.9

Shown below is a comparison of historical IBNP estimates. Please note this illustration excludes the expense and catastrophic reserve margins, and represents medical, dental, and prescription drugs claims IBNP only.

Medical and Dental Claims Only IBNP								
Group	FY2019		FY2020		\$ Change		% Change	
	CDHP	EPO	CDHP	EPO	CDHP	EPO	CDHP	EPO
Medical State								
Active	\$22,888,000	\$8,521,000	\$26,660,000	\$6,874,000	\$3,772,000	(\$1,647,000)	16.5%	-19.3%
Retiree	<u>\$6,350,000</u>	<u>\$1,822,000</u>	<u>\$7,762,000</u>	<u>\$1,290,000</u>	<u>\$1,412,000</u>	<u>(\$532,000)</u>	<u>22.2%</u>	<u>-29.2%</u>
Total	\$29,238,000	\$10,343,000	\$34,422,000	\$8,164,000	\$5,184,000	(\$2,179,000)	17.7%	-21.1%
Medical Non-State								
Active	\$24,000	\$12,000	\$14,000	\$9,000	-\$10,000	-\$3,000	-41.7%	-25.0%
Retiree	<u>\$2,688,000</u>	<u>\$521,000</u>	<u>\$1,021,000</u>	<u>\$121,000</u>	<u>-\$1,667,000</u>	<u>-\$400,000</u>	<u>-62.0%</u>	<u>-76.8%</u>
Total	\$2,712,000	\$533,000	\$1,035,000	\$130,000	(\$1,677,000)	(\$403,000)	-61.8%	-75.6%
Prescription Drugs	\$1,979,000	\$771,000	\$1,596,000	\$784,000	(\$383,000)	\$13,000	-19.4%	1.7%
Subtotal	\$33,929,000	\$11,647,000	\$37,053,000	\$9,078,000	\$3,124,000	(\$2,569,000)	9.2%	-22.1%
Dental State								
Active	\$764,000		\$626,000		(\$138,000)		-18.1%	
Retiree	<u>\$234,000</u>		<u>\$202,000</u>		<u>(\$32,000)</u>		<u>-13.7%</u>	
Total	\$998,000		\$828,000		(\$170,000)		-17.0%	
Dental Non-State								
Active	\$100		\$100		\$0		0.0%	
Retiree	<u>\$113,000</u>		<u>\$88,600</u>		<u>-\$24,400</u>		<u>-21.6%</u>	
Total	\$113,100		\$88,700		-\$24,400		-21.6%	
Grand Total	\$46,687,100		\$47,047,700		\$360,600		0.8%	

Employee Count as of June 2020			
Group	Medical		Dental
	CDHP	EPO	
State			
Active	19,676	3,993	27,092
Retiree	<u>3,214</u>	<u>569</u>	<u>9,485</u>
Total	22,890	4,562	36,577
Non-State			
Active	3	4	7
Retiree	<u>565</u>	<u>136</u>	<u>4,466</u>
Total	568	140	4,473
Total	23,458	4,702	41,050

Actuarial Methods and Assumptions

Liabilities for medical, dental and prescription drug benefits were estimated based on the Developmental Method. The underlying principle of the Developmental Method is that the progression of claims payment follows runoff patterns that are assumed to remain stable over time. HealthSCOPE Benefits, Inc. and Express Scripts provided historical medical, dental, and prescription drug claim data summarized by incurred and paid period from July 1, 2016 through June 30, 2020, with emphasis on the last twenty-four months. Claims were adjusted as necessary for historical plan design changes. The results, produced by applying the Developmental Method to this data, were then adjusted for months where data was deemed non-credible. These adjustments were made using the Projection Method, which is based on the change in costs per exposure unit over time. The IBNP was determined using a June 30, 2020 measurement date.

The IBNP liability was further adjusted to reflect actuarial assumptions related to a number of factors/contingencies which could impact reserve adequacy. Such factors/contingencies include: changes in claim payment cycles, plan design, insurance carriers, large dollar shock claims, emerging claim trends, enrollment shifts, differences in the number of days in the projection period versus the baseline period, and other factors.

COVID-19 in 2020:

The COVID-19 pandemic has greatly impacted the United States health care landscape over the last few months. The number of COVID-19 cases in the U. S. has increased rapidly and it is unclear when the rate of infection will diminish. There are many uncertainties associated with the impact of COVID-19 on employer health care claims costs and as a result our IBNP estimate may exhibit more volatility than in a typical year. In addition to direct COVID-19 expenditures due to testing and treatment of members with COVID-19, elective procedures and nonemergency visits are being deferred, resulting in significant changes to the types and frequency of claims incurred by members of employer-sponsored plans. At this point in time there is no consistent emerging data across carriers of a change in payment speed, but there is clear evidence of a change in the types and level of claims incurred during the COVID-19 pandemic. Payment speed pattern changes may also emerge as more data becomes available.

Aon has developed a model to estimate COVID-19 claims impacts which incorporates two offsetting cost factors – direct COVID-19 claims costs and cost reductions due to deferral of unnecessary services. In the immediate term, the savings due to the deferral of services has generally exceeded the additional direct claims costs due to COVID-19 for most employers. This may result in a temporary reduction in IBNP reserves required, though the impact to a particular employer can vary based on related industry, geography, and demographic considerations. While COVID-19 impacts may result in a reduction to the IBNP in the short term, it is very likely that many deferred services will return later in the year. As a result, many employers may experience greater increases in their IBNP later in the year than typical amounts due only to seasonality. Note Aon’s COVID-19 model only projected COVID-19 impacts through December 2020. Preliminary FY2021 and FY2022 IBNP estimates did not reflect potential COVID-19 impacts in 2021 or 2022, as the valuation dates are too far ahead, it is extremely difficult to predict COVID-19 impacts.

Volatility

There can be significant volatility in IBNP estimates depending upon the measurement period. As the medical, dental, and prescription drug carriers / PBMs have significantly increased their claim processing speeds over the last several years; the outstanding IBNP amount at any point in time has become a much smaller amount in relation to annual paid claims under the plan. Smaller amounts tend to have greater volatility (on a percentage basis).

Source of Information

In performing our estimate of IBNP liability, we relied on medical/dental claims data provided to us by HealthSCOPE Benefits, Inc and Rx claims data provided to us by Express Scripts. Enrollment data was provided to Aon by PEBP. We reviewed the data for reasonableness but have not audited it; as such, we are not certifying herein as to its accuracy.

Catastrophic Reserve

At the April 9th, 2020 Board Meeting, PEBP’s Board elected to move from the 95% confidence interval on their Catastrophic Reserve (which amounted to approximately 62 days of claims payments on hand) to a 60 days of claims payments on hand methodology. Later, at the April 29th, 2020 Board Meeting, this was moved to 50 days. We have estimated the catastrophic reserve to be \$34.8 million as of June 30, 2020, \$36.6 million as of June 30, 2021, and \$38.8 as of June 30, 2022. This catastrophic reserve includes PEBP’s CDHP and Premier plans.

Catastrophic Reserve (Millions)	6/30/2020	6/30/2021	6/30/2022
CDHP	\$25,630,000	\$26,912,000	\$28,527,000
Premier	\$9,205,000	\$9,665,000	\$10,245,000
Total	\$34,835,000	\$36,577,000	\$38,772,000

Actuarial Certification

We certify that to the best of our knowledge, the methods and assumptions used to develop the estimated IBNP liability are reasonable and are calculated in accordance with generally accepted actuarial principles as promulgated by Actuarial Standards of Practice Number 5 (pertaining to estimating incurred health claim liabilities) and Number 23 (pertaining to data quality). It should be noted that Aon's conclusions are based on certain assumptions that appear reasonable at the time of reserve development. Actual experience can vary from projected experience, and this difference may be material.

This report is intended for the sole use of PEBP. Aon acknowledges the IBNP liability may be used by PEBP's auditors in collaboration with PEBP financial statements. Reliance on information contained within this report by anyone for other than the intended purposes puts the relying entity at risk of being misled because of confusion or failure to understand applicable assumptions, methodologies, or limitations of the report's conclusions.

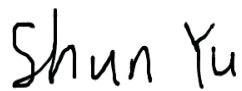
The actuary whose signature appears below is a Member of the American Academy of Actuaries and meets the qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Aon's relationship with the Plan and the Plan Sponsor is strictly professional. There are no aspects of the relationship that may impair the objectivity of Aon's work.

If you have any questions or need additional information, please call me at 202-674-7692 or email me at shun.yu@aon.com.

Sincerely,

Shun Yu, FSA, MAAA
Aon



cc: Laura Rich, CEO, Public Employees' Benefits Program
Shun Yu, Aon
Stephanie Messier, Aon
Jeff Attl, Aon
Karen Young, Aon

Report on material provided generally to participants or prospective participants in connection with enrollment in PEBP for the plan year beginning July 1, 2019 (PY 2020) (NRS 287.0425).

AGENDA ITEM IV.4.

Report on material provided generally to participants or prospective participants in connection with enrollment in PEBP for the plan year beginning July 1, 2019 (PY 2020) (NRS 287.0425).

Public Employees' Benefits Program Communications Plan

PY 2020 July 2019 – June 2020

The Public Employees' Benefits Program (PEBP) has made communications a strategic priority since 2004, with the commitment to inform, educate and engage PEBP members. This communications plan is developed on behalf of the PEBP Board and staff to set out the objectives, messages, and strategies that will be used to communicate PEBP's programs and policies to various audiences.

It describes PEBP's approach and objectives for communications, strategic messages, tools and tactics, the implementation plan, and our measures for assessing outcomes. PEBP encourages participants to stay informed of the most up to date information regarding their health care benefits, which includes reading and understanding PEBP communications. It is their right and responsibility to know and follow the requirements as described in PEBP's Master Plan Documents, Guides, Forms, and on the Website.

PEBP Guides, Forms, and Website are for informational purposes only. Any discrepancies between the information contained in the Guides, Forms, and on the Website and all Plan Year 2018 Master Plan Documents, HMO Evidence of Coverage Certificates, or the 2018 Medicare & You handbook shall be superseded by the plans' official documents.

PEBP's Mission

Provide employees, retirees, and their families with access to high quality benefits at affordable prices.

Vision

PEBP will be a member focused, nationally recognized, affordable program of employer sponsored benefits serving employees, retirees, their families, and the Nevada taxpayer.

Values Statements

- Service
- Innovation
- Accountability
- Transparency
- Fairness
- Integrity
- Compassion
- Sustainability
- Collaboration

The objectives of the plan are to:

1. Reinforce credibility by providing accurate, responsive, and relevant communications.
2. Provide educational opportunities that will assist participants in better understanding and maximizing their benefits.
3. Increase program awareness and engagement by encouraging participants to attend Board meetings and events such as open enrollment meetings, flu shot clinics, retiree meetings, benefit fairs, etc.
4. Expand outreach efforts and informational access to reduce barriers in order to reach the broadest audience. These barriers include access to media, audience demographics, cultural differences, and physical disabilities.

5. Nevada Open Meeting Laws – We will make sure that all our communication efforts uphold both the letter and spirit of NRS 241.010 in providing the public with information about PEBP business. The Legislature states in NRS 241.010, “In enacting this chapter, the legislature finds and declares that all public bodies exist to aid in the conduct of the people’s business. It is the intent of the law that their actions be taken openly and that their deliberations be conducted openly.”
6. Make every reasonable effort to ensure that the information about PEBP programs and policies is available to all our audiences, despite any barriers to communication. One of the challenges of communicating emerging issues is in providing complete and unbiased information. We aim to provide the reasoning behind the policy decisions so members can understand how those decisions were made.

Alignment & Integration

The customer service, issue management, and communications messaging framework will articulate the link between the strategic messages of PEBP’s mission, vision, and values statements. What this means in practice is that the communications staff will ensure that all activities are developed and executed within PEBP’s over-arching strategy.

We are also developing a process for integrating messages across various media such as Twitter, Facebook, LinkedIn, email blasts, etc. that will allow us to react quickly and better leverage communication assets.

Situational Analysis

It is important to understand the context within which this plan was developed to align PEBP’s limited resources with the strategies that will prove to be most useful in achieving our objectives.

This section looks at the audiences we serve, an analysis of the stakeholder needs and wants, an overview of PEBP’s communications assets, resources, and a list of communication opportunities that we will be reviewing over the next 12 to 24 months.

Audience Identification

In the broadest sense, our communications audience is participants and their dependents enrolled in a PEBP-sponsored plan. This definition can be expanded to include PEBP vendors, elected officials, media, and interest groups.

This represents a broad and diverse group of people with different needs and interests, so it is useful to consider several subcategories or niche audiences that identify groups with similar characteristics or communications needs.

We also need to be aware that there are different levels of interest on the part of our audiences in receiving communications. One of our challenges is to provide opportunities for our audiences to increase their level of engagement, eliminate barriers to participation, and increase the value of their relationship with PEBP. To do that, we will first have to demonstrate the value of participation to our audience. For example, the value of attending a board meeting to witness first-hand the interactions between board members and how each member represents a particular category of participants.

Audiences also have different informational needs, depending on their relationship to PEBP, i.e., active employee, retiree, vendor, etc. These different relationships may need varying types of information on processes, policy decisions, enrollment and/or benefits, etc.

Primary Audiences

The largest audiences we want to reach are PEBP participants and their covered dependents totaling more than 68,000 lives.

There are several defining characteristics in our audiences with specific needs, such as:

- State retiree without Medicare
- Non-state retiree without Medicare
- State retiree with Medicare
- Non-state retiree with Medicare
- State active employee
- Non-state active employee
- Dependents of PEBP participants
- Elected officials (Governor, Legislators, etc.)
- Retired Public Employees' of Nevada (RPEN)
- State Employee Benefits Advisory Committee (SEBAC)
- Agency representatives
- News media

PEBP audiences are divided based on the level of engagement. We recognize four distinct levels:

- Engaged
- Interested (aware or impacted)
- Passive
- Disinterested

The most engaged audiences are those who have a particular interest in the Program. This group has the highest interest in receiving communications from PEBP. However, it is also possible for the disinterested or passive audience members to shift suddenly to interested or engaged when PEBP programs and policies affect them directly.

Agency representatives are another key audience, as active employees see them as experts and expect them to be educated and knowledgeable about PEBP's programs and policies. By educating agency representatives about issues, benefit design changes and policies, we further enhance our communications.

Secondary Audiences

Other audiences that we have a need to communicate with from time to time include various stakeholder groups such as Retired Public Employees of Nevada (RPEN), State Employee Benefits Advisory Committee (SEBAC), appointed officials such as the Governor, State Legislators etc., agency directors/administrators working for state agencies, participating local governments and the Nevada System of Higher Education (NSHE).

Member Satisfaction Surveys

Over the next 12 months, our intent is to offer a communications assessment survey to our various audiences to determine their satisfaction with the program as well as their preferred media for receiving communications. This will help us in planning our communication efforts, particularly as it relates to the various audiences and their preferences for receiving communications via website, social media, printed material, or face-to-face meetings. We will send a new member satisfaction survey each November to track our progress.

Strengths, Weaknesses, Opportunities and Threats (Challenges)

This communications plan enables PEBP to identify both internal and external influences. Using the SWOT analysis as a dashboard, we can navigate and implement a sound strategy for communications. It assists with the communications plan by identifying roadblocks and emphasizing opportunities. The SWOT analysis is subject to change on a continuous basis. Strengths and Weaknesses indicate available resources, while Opportunities and Threats are typically things PEBP cannot control.

<p>Strengths</p> <ul style="list-style-type: none"> • Staff knowledge and expertise • Continuous participant interaction • On-going and continuous communication among state agencies and retiree groups • SEBAC (State Employee Benefits Advisory Committee) • RPEN (Retired Public Employees of Nevada) • Agency Representatives • Informational guides, website, newsletter, etc. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Participant demographics • Lack of participant responsibility to engage, increase knowledge and understanding about their benefits • Budgetary restrictions (financial resources to rent venues for events) • Staff resources
<p>Opportunities</p> <ul style="list-style-type: none"> • Enhance the website • Use Social Media to communicate on the fly • Face-to-face training, webinars, videoconference 	<p>Threats (challenges)</p> <ul style="list-style-type: none"> • Legislative action • Audience attitudes

Guiding Principles

The Board is seeking strategic, holistic approaches to communications that emphasize identifying emerging issues, improving long-range strategies, and communicating effectively the identified key issues, policy decisions and actions taken by the Board and/or Legislature.

This plan is built on the foundation of four concepts that guide in the development of communications vehicles and strategies.

1. Plain Language – We strive to always use the most direct and straightforward language to communicate PEBP’s benefits and policies while using grammatically correct language that includes complete sentence structure and accurate word usage. We will explain technical terms, deliberately avoid using jargon, and provide background information to ensure that all our communications are understandable and accessible to the widest possible audience.
2. Proactive – Whenever possible, we will provide information on issues as they come to light, to ensure the most accurate and complete information is available to PEBP members as soon as practicable.
3. Health Literacy and Transparency– PEBP will be open in communicating information about the health and life benefits and policies to all members. All individuals will have the capacity to obtain, process, and understand basic health information and services needed to make appropriate health decisions.

4. Listening & Learning – We recognize that communication is two-way, both providing information and receiving feedback. When PEBP listens to its stakeholders, it gains by building trust and credibility, but also in that, the voice of the stakeholders is reflected in the policies and programs that are created by the Program.

Stakeholder Needs Analysis

Our intent is to identify and define audience-specific communications characteristics using but not limited to the following:

- Stakeholder involvement (surveys)
- Identify communication opportunities/gaps by analyzing member calls, questions, and complaints.
- Program and/or policy changes
- Outreach efforts directed toward disengaged stakeholders

Website

PEBP launched a newly designed website in the early part of the second quarter in 2016 after obtaining feedback from focus groups with several members of the Retired Public Employees of Nevada (RPEN) and State Employee Advisory Group (SEBAC). The website was promoted and went live prior to the Open Enrollment period in May 2016. We recognize that due to the fluid nature of technologies, an excellent website is an ever-evolving process rather than an end-result. To improve accessibility to information, PEBP analyzes the traffic on the website to determine what information participants are accessing and where best to place new information.

Social Media

PEBP's communication tools and techniques over the past several years have served the agency well. Other opportunities may exist to enhance communications with social media tools (Facebook and Twitter). Before we begin to use these tools, staff will conduct research to determine the value of each media type and if it is worth the investment of staff resources. However, we see social media as an opportunity that will allow staff to create and publish content and to react quickly and better leverage communication assets.

Every PEBP social media page must contain a disclaimer that addresses issues related to conduct, inappropriate content, and its removal. PEBP reserves the right to remove, delete, or block comments. Prohibited content that will be removed/deleted/blocked includes, but is not limited to:

- Content that is considered "indecent."
- Comments not topically related to the particular post being commented upon.
- Comments that support or oppose political campaigns, ballot measures, particular services, products, or political organizations.
- Solicitations of commerce.
- Conduct or encouragement of illegal activity.
- Information that may tend to compromise the safety or security of PEBP employees or systems, and public or public systems.
- Personal attacks of any kind.
- Information, speculations, or rumors known to be false about PEBP, the State, fellow associates, members, customers, vendors, and people working on behalf of PEBP, the State, or competitors.
- Use for commercial advertising or selling/auctioning of any materials from which the PEBP employee receives any form of remuneration.

- Content that promotes, fosters, or perpetuates discrimination based on race, creed, color, age, religion, gender, marital status, status with regard to public assistance, national origin, physical or mental disability or sexual orientation
- Comments not topically related to the particular post.
- Comments that support or oppose political campaigns, ballot measures, particular services, products, or political organizations.
- Profane language or content, sexual content or links to sexual content, spam, or links to other sites.
- Solicitations of commerce.
- Conduct or encouragement of illegal activity.
- Information that may tend to compromise the safety or security of the public or public systems.
- Personal attacks of any kind.
- Prohibition on the sharing of or response to protected, personally identifying information.
 - Comments by social media users that reveal personally identifying medical information about other individuals will be removed.
 - Individual users may self-identify regarding their own otherwise confidential health information, though PEBP disavows all responsibility in the case of self-identification.
 - Individual users may identify or tag other users to engage in dialog about general issues, as long as tagging others does not compromise personally identifying medical information.
- Each program administrator reserves the right to remove questionable content according to best practices and this page's policy.
 - This includes information that could pose a risk to the mental or physical well-being of other users (e.g., comments that could be perceived as threats or that could be harmful to the mindset of another individual user).
- Pages will be monitored during regular business hours, and in accordance with state holidays. This should be posted as a disclaimer on the social media page (e.g. "We recognize social media is a 24/7 entity, and your comments are welcome at any time. However, given the need to manage our staff resources, we only monitor comments and postings during regular business hours.")
- Any comment removed for violating the PEBP commenting policy must be recorded and archived prior to deleting.
- Comments expressed on any social media site do not reflect the opinions and position of Public Employees' Benefits Program or any other Nevada state agency or government officer or employee.
- Notify users that comments posted on the page, or messages received through it, may be retained, and archived.

Social Media Disclaimer

Welcome to the State of Nevada Public Employees' Benefits Program (PEBP) Facebook/Twitter page, where you will find recent news, tips, photos and more. If you are looking for the official source of information about PEBP, please visit our website at pebp.state.nv.us.

Our Facebook/Twitter page is considered a community and part of being a community means users are expected to be respectful community members. We welcome questions, comments, stories, and photos. However, users that post a comment on our page will take personal responsibility for their comment, use of username and any information provided.

Users are encouraged to share their thoughts as they relate to the topics started by PEBP. We reserve the right — but assume no obligation — to block, remove or delete comments, and report or block offenders as we deem appropriate.

Facebook/Twitter Comment Guidelines

PEBP reserves the right to remove, delete or block comments that:

- Contain lewd, offensive, libelous, demeaning, hurtful, hateful, obscene, indecent, or profane language;
- Contain threats (even theoretical or defamatory statements);
- Contain personal attacks or insulting statements directed toward an individual or group;
- Contain hate speech directed at race, color, sex, sexual orientation, national origin, ethnicity, age, religion, or disability;
- Promote, endorse, or sell services or products;
- Are unrelated to the topic being discussed; or
- Are of a repetitive or “spamming” nature (the same comment posted multiple times).

Comments are also subject to Facebook’s/Twitter’s Terms of Use and Code of Conduct.

Upon request of individuals named in comments, some comments may also be removed.

Comments submitted on our Facebook/Twitter page do not constitute public testimony or public record. To be considered public record, all public testimony regarding PEBP policies, documents and/or actions must be pertinent to an agenda item of a publicly held meeting and must be submitted via the appropriate forum. Information on PEBP public meetings can be found on our website at pebp.state.nv.us.

PEBP does not have the staff resources to respond to every individual post. For more information please visit our website at pebp.state.nv.us. If users have additional questions, they may contact staff members by e-mail or phone, using the contact information at pebp.state.nv.us/contact-us/.

Print & Electronic Document Review

All documents that will be provided to entities outside of PEBP, including any marketing materials, will utilize a minimum of a three-part review. The Officer generating the document(s) will ensure that a minimum of two additional Officers have signed off as a reviewer and will provide the Executive Officer a minimum of three business days for final review.

Print & Electronic Publication

PEBP creates several publications such as newsletters, enrollment and eligibility guides, open enrollment material, and plan documents. Due to budgetary constraints over the past several years, PEBP has limited the number and types of publications mailed to members. We distribute most materials via the website or email. Hard copy mailings primarily consist of the new hire, retiree guides, benefit verification and change of status letters and other informational letters. Any document not mailed to participants is also available in printed format by request.

All documents and publications will be reviewed on an annual basis. Website content and links are updated and maintained monthly. If any detected problems such as broken or improper links or inaccuracy in materials are noticed, they are immediately responded to and corrected appropriately.

Issue Identification

PEBP has several ways of identifying emerging issues. The key mechanisms are:

- Policy review
- Board meetings

- Governor's Office
- Governor's Office for Consumer Health Assistance
- Media
- Member interaction (call center, face-to-face meetings, etc.)
- Member complaints/appeals
- Agency representatives
- Retired Public Employees' of Nevada (RPEN)
- State Employee Benefits Advisory Committee (SEBAC)
- Weekly executive staff meetings
- Vendor interaction
- Legislators

Media Relations

Another element of our communication efforts is response to media inquiries. Reporters periodically contact PEBP for information on their assignments. PEBP makes a point of resolving all such requests as quickly as possible. PEBP's executive officer or his or her designee typically handles all media requests.

Opportunities

Over the duration of this plan we will continue to explore a number of communication and outreach opportunities that may be implemented either on an ad hoc basis on issues that are of particular interest and must be communicated to stakeholders or as part of the next year's Strategic Communications Plan.

Media and Vehicles for Communication

Sample listing:

- Newsletters/guides
- Flyers
- Intranet (internal communications)
- Web site; other web-based media (webinars).
- Electronic newsletters
- Videoconference
- Face-to-face small meetings
- Onsite events, speeches, training
- Press releases

COMMUNICATION SCHEDULE

Date	Type	Key Message	Medium	Audience
July 18, 2019	<i>Mailing</i> – Voluntary Life Spouse Information	Members need to supply spouse or DP’s information for policy to continue	USPS mailing	138 members
July 19, 2019	<i>Mailing</i> – Creditable Coverage Letters	Medicare Part D Prescription Drug Coverage	USPS Also emailed to ARs EMAIL NEXT YEAR	EPO – 4,798 HPN – 3,916 CDHP – 23,280
August 5, 2019	<i>Mailing</i> - HSA Elections	To inform members that their HSA elections may not be correct and how to change them	USPS mailing	2,086 members who were affected
August 2019	<i>Email</i> - August Newsletter	PY2020 welcome, KFF Report, Flu Shot Clinics, New UCM, HRA Appointments, Q & As	Sent to all email addresses on file and ARs	All active employees and retirees – 33,476
August 21, 2019	Annual Employee Benefit and Wellness Fair at Western Nevada College	Plan Design, Rates, Voluntary Products	Face-to-face	Employees of WNC – 33
August 28, 2019	<i>Mailing</i> – HRA 2 nd Q Onsite Assistance	HRA Onsite Assistance dates for Reno and Las Vegas for October, November, and December 2019	USPS mailing	12,495 members at Via Benefits
August 28, 2019	Division of Forestry	Answered employee questions	Face-to-face and videoconference	25 employees
August 29, 2019	<i>Training</i> - DMV New Hire	Plan overview for DMV Academy participants	Face-to-face and videoconference	9 students – Las Vegas 4 students – Carson City
September 2019	<i>Mailing</i> - Via Benefits Fall Meetings	HRA claims/reimbursement process and aging into Medicare/One-on-One HRA	USPS mailing	Medicare exchange retirees and Pre-Medicare retirees turning 65 by October 1, 2019 – 13,045
September 3, 2019	<i>Email</i> - Flu shot clinic flyer	Dates, times, and location of Carson City flu shot clinics	Email using EITS	Active employees and retirees enrolled in the CDHP and EPO plans

COMMUNICATION SCHEDULE

Date	Type	Key Message	Medium	Audience
September 3, 2019	<i>Email</i> - Flu shot clinic flyer	Dates, times, and location of Las Vegas flu shot clinics	Email using EITS	Active employees and retirees enrolled in the CDHP and HMO plans
September 24, 2019	Mailing – Voluntary Life Insurance	Back payments are due for spouse voluntary life insurance	USPS mailing	57 affected members
October 1, 2019	<i>Email</i> - October Newsletter	State of PEBP, Flu Shot Clinics, Medicare OE	Email using EITS Emailed to ARs	All state employees with email on file
October 7, 2019	Flu Shot Clinic Carson City	Immunizations	Face-to-face	350 flu shots Active employees and retirees enrolled in the CDHP and EPO plans
October 8, 2019	Flu Shot Clinic Las Vegas	Immunizations	Face-to-face	93 flu shots/5 high dose Active employees and retirees enrolled in the CDHP and HMO plans
October 9, 2019	<i>Meeting</i> – Via Benefits meeting Pre-Medicare & Medicare retirees in Las Vegas	Overview of HRA claim/reimbursement process/aging into Medicare/plan options/enrollment	Face-to-face	Pre-Medicare - 106 Medicare - 34
October 10, 2019	<i>Meeting</i> – Via Benefits meeting Pre-Medicare & Medicare retirees in Carson City	Overview of HRA claim/reimbursement process/aging into Medicare/plan options/enrollment	Face-to-face	Pre-Medicare - 105 Medicare - 50
October 11, 2019	<i>Meeting</i> – Via Benefits meeting Pre-Medicare & Medicare retirees in Reno	Overview of HRA claim/reimbursement process/aging into Medicare/plan options/enrollment	Face-to-face	Pre-Medicare - 93 Medicare - 23
October 14, 2019	<i>Meeting</i> – <i>Deferred Comp Retirees</i>	Guest of Def Comp Retirees	Face-to-face	Las Vegas - 45
October 16, 2019	<i>Meeting</i> – <i>Deferred Comp Retirees</i>	Guest of Def Comp Retirees	Face-to-face	Carson City - 71
October 17, 2019	<i>Training</i> - DMV New Hire	Plan overview for DMV Academy participants	Face-to-face and videoconference	11 students – Las Vegas 0 students – Carson City

COMMUNICATION SCHEDULE

Date	Type	Key Message	Medium	Audience
October 31, 2019	<i>Survey</i>	Annual AR Satisfaction Survey	Email	125 ARs
November 1, 2019	<i>Survey</i>	Annual Member Satisfaction Survey	Email using EITS	All state employees with email on file
November 4, 2019	<i>Flu Shot Clinic – Carson City</i>	Immunizations	Face-to-face	400+ flu shots Active employees and retirees enrolled in the CDHP and EPO plans
November 7, 2019	<i>Training - DMV New Hire</i>	Plan overview for DMV Academy participants	Face-to-face and videoconference	6 students – Las Vegas 0 students – Carson City
November 27, 2019	<i>Survey Reminder</i>	Annual Member Satisfaction Survey Reminder	Email and EITS Email	All state employees with email on file
December 12, 2019	<i>Mailing – HRA 3rd Q Onsite Assistance</i>	HRA Onsite Assistance dates for Reno and Las Vegas for January, February, and March 2019	USPS Mail	12,447 members at Via Benefits
January 6, 2020	<i>Email- January Newsletter</i>	New leadership, Tax Forms, HRA Meetings	Email using EITS Emailed using ListServ	All state employees with email on file
January 9, 2020	<i>Survey</i>	Member Interest Survey	Emailed using ListServ	All state employees with email on file
January 23, 2020	<i>Training - DMV New Hire</i>	Plan overview for DMV Academy participants	Face-to-face and videoconference	12 students – Las Vegas 9 students – Carson City
January 27, 2020	<i>Mailing</i>	HRA claims/reimbursement process and aging into Medicare/One-on-One HRA	USPS Mail	Medicare exchange retirees and Pre-Medicare retirees turning 65 in 2020 12,704 recipients
April 5, 2020	<i>Mailing - Open Enrollment</i>	Open Enrollment Information for Active and Pre-Medicare retirees	USPS	34,277 members
April 5, 2020	<i>Mailing - Open Enrollment</i>	Open Enrollment Information for Via Benefits and dental	USPS	12,495 members

COMMUNICATION SCHEDULE

Date	Type	Key Message	Medium	Audience
March 3, 2020	<i>Mailing</i>	HRA claims/reimbursement process and aging into Medicare/One-on-One HRA	USPS Mail	Medicare exchange retirees and Pre-Medicare retirees turning 65 in 2020 12,276 recipients
March 4, 2020	<i>Training - DMV New Hire</i>	Plan overview for DMV Academy participants	Face-to-face and videoconference	6 students – Las Vegas
March 11, 2020	<i>Meeting – Via Benefits meeting Pre-Medicare & Medicare retirees in Las Vegas</i>	Overview of HRA claim/reimbursement process/aging into Medicare/plan options/enrollment	Face-to-face	Pre-Medicare- 56 Medicare- 34
March 12, 2020	<i>Meeting – Via Benefits meeting Pre-Medicare & Medicare retirees in Carson</i>	Overview of HRA claim/reimbursement process/aging into Medicare/plan options/enrollment	Face-to-face	Pre-Medicare- 66 Medicare- 19
March 13, 2020	<i>Meeting – Via Benefits meeting Pre-Medicare & Medicare retirees in Reno</i>	Overview of HRA claim/reimbursement process/aging into Medicare/plan options/enrollment	Face-to-face	Pre-Medicare- 48 Medicare- 10
May 6, 2020	<i>Email - April Newsletter</i>	Open Enrollment	Emailed using ListServ	All state employees with email on file
May 7, 2020	<i>Email – Import. Info.</i>	COVID-19	Emailed using ListServ Emailed using EITS	All state employees with email on file
May 4, 2020	<i>Meeting – Open Enrollment</i>	Plan Design, Rates, Voluntary Products	Webinar	ARs - 60
May 5, 2020	<i>Meeting – Open Enrollment North</i>	Plan Design, Rates, Voluntary Products	Webinar	AM – 52 PM - 40
May 6, 2020	<i>Meeting – Open Enrollment South</i>	Plan Design, Rates, Voluntary Products	Webinar	AM – 35 PM - 20
May 7, 2020	<i>Meeting – Open Enrollment Medicare</i>	Plan Design, Rates, Voluntary Products	Webinar	Medicare Exchange Retirees - 10

COMMUNICATION SCHEDULE

Date	Type	Key Message	Medium	Audience
June 12, 2020	<i>Email – ACA notices</i>	Ineligible/Eligible Notification Docs	Emailed Using AR email	All ARs
July 1, 2020	<i>Email - July Newsletter</i>	Welcome to a New Plan Year	Emailed using ListServ and EITS	All state employees with email on file
July 10, 2020	<i>Mailing and Email- HRA Cap Notification</i>	Plan Design Change HRA Cap	USPS ListServ	All Via Benefit Members ListSrev-23,487 Mailed – 12,124

Report on the July 1, 2019, independent actuarial valuation of post-employment
Health and welfare benefits for current and future state retirees provided by
the State of Nevada, pursuant to Statement Number 75
of the Governmental Accounting Standards Board
(GASB) for Fiscal Year 2020 (NRS 287.0425).

IV.5



Actuarial Report

State of Nevada Postretirement Health and Life Insurance Plan

GASB 75 Accounting Valuation for the Fiscal Year Ending
June 30, 2020

Based on a June 30, 2019 Measurement Date

Contents

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Introduction

This report documents the results of the actuarial valuation for the fiscal year ending June 30, 2020 of the Postretirement Health and Life Insurance Plan for the State of Nevada (the "State"). These results are based on a measurement date of June 30, 2019. The information provided in this report is intended strictly for documenting financial accounting disclosure and reporting requirements.

Determinations for purposes other than financial accounting disclosure and reporting requirements may be significantly different from the results in this report. Thus, the use of this report for purposes other than those expressed here may not be appropriate.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board. In addition, the valuation results are based on our understanding of the financial accounting and reporting requirements under U.S. Generally Accepted Accounting Principles as set forth in Governmental Accounting Standards Board Statement 75 (GASB 75) including any guidance or interpretations provided by the State and/or its audit partners prior to the issuance of this report. The information in this report is not intended to supersede or supplant the advice and interpretations of the State's auditors. Additional disclosures may be required under GASB 74.

Future actuarial measurements may differ significantly from the current measurements presented in this report due (but not limited to) to such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions;
- Changes in actuarial methods or in economic or demographic assumptions;
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- Changes in plan provisions or applicable law.

Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

Funded status measurements shown in this report are determined based on various measures of plan assets and liabilities. For financial accounting disclosure and reporting purposes, funded status is determined using plan assets measured at market value. Plan liabilities are measured based on the interest rates and other assumptions summarized in the Actuarial Assumptions and Methods section of this report. These funded status measurements may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations, and funded status measurements for financial accounting disclosure and reporting purposes may not be appropriate for assessing the need for or the amount of future contributions.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the State. While we cannot verify the accuracy of all the information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy or completeness of the information and believe that it has produced appropriate results.

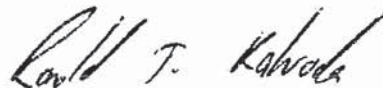
The actuarial assumptions and methods used in this valuation are described in the Actuarial Assumptions and Methods section of this report. The State selected the economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB 75. In general, demographic assumptions are based on the June 30, 2016 actuarial experience study for the Public Employees' Retirement System for the State of Nevada and have not been assessed for reasonability since this would require significant additional work outside the scope of the valuation. With respect to the economic assumptions, it is our belief that the assumptions represent reasonable expectations of anticipated plan experience.

The undersigned are familiar with the near-term and long-term aspects of postemployment benefits and collectively meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. The information provided in this report is dependent upon various factors as documented throughout this report, which may be subject to change. Each section of this report is considered to be an integral part of the actuarial opinions.

To our knowledge, no colleague of Aon providing services to the State has any material direct or indirect financial interest in the State. Thus, we believe there is no relationship existing that might affect our capacity to prepare and certify this actuarial report for the State.



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August 2020

Summary

This report documents the results of the actuarial valuation for the State of Nevada Postretirement Health and Life Insurance Plan for the fiscal year ending June 30, 2020. The valuation results are based on the financial accounting and reporting requirements under GASB 75 and a June 30, 2019 measurement date.

This valuation includes retiree medical, prescription drug, dental and life insurance benefits. The valuation results reflect the plan provisions in effect as of January 1, 2018. It's our understanding there have been no significant plan changes between January 1, 2018 and the June 30, 2019 measurement date. In addition, the valuation is based census data provided by the State as of January 1, 2018. Active employees hired after December 31, 2011 are not eligible for benefits and have been excluded from the valuation.

A nominal amount of assets, associated with the HRA benefit, have been accumulated in a trust by the State for purposes of paying future benefits. The amount of assets in the trust are less than the expected benefit payments in the first year. In addition, it is our understanding that the State intends to fund future benefits on a pay-as-you-go basis. Therefore, the discount rate used in the valuation is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index for all years, consistent with the requirements of GASB 75.

Plan Changes

There have been no plan changes since the prior valuation.

Assumption Changes

The valuation reflects the following assumption changes from the June 30, 2018 measurement date to the June 30, 2019 measurement date:

- Discount rate changed from 3.87% to 3.51%
- The following assumptions were updated based on the June 30, 2016 actuarial experience study for Nevada PERS:
 - Retirement rates
 - Withdrawal rates
 - Disability rates
 - Mortality rates

Method Changes

There have been no method changes since the prior valuation.

Valuing Postretirement Medical Benefits

In reviewing these valuation results, it should be noted that determining the value of future health care benefits is especially difficult because assumptions must be made about future events that are difficult to predict. Future increases in health care costs are affected by many factors, including:

- Health care inflation
- Changes in utilization patterns
- Technological advances
- Cost shifting (i.e., increase in private plans' costs in non-managed programs due to uninsured claims, changes in the Medicare payment structure, and increased emphasis on managed care programs)
- Cost leveraging (i.e., erosion of fixed deductibles and out of pocket maximums)
- Changes to government medical programs, such as Medicare

Changes, even small changes, in assumptions or actual experience can lead to significant changes in results. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

Estimating Current Health Care Costs

In addition to estimating future increases in health care claims costs, it is necessary to develop a starting claims cost on a per covered individual basis. For a discussion of the process used to develop claims and details on the health care trend and other assumptions used in this valuation, see the Health Care Claims Development and Actuarial Assumptions and Method sections of this report.

Accounting Requirements

Net OPEB Liability

The following table illustrates the Net OPEB Liability under GASB 75.

	Fiscal Year Ending 6/30/2019	Fiscal Year Ending 6/30/2020
▪ Total OPEB Liability		
– Retired Participants and Beneficiaries Receiving Payment	\$ 712,368,500	\$ 703,651,800
– Active Participants	<u>613,611,300</u>	<u>690,161,500</u>
– Total	\$ 1,325,979,800	\$ 1,393,813,300
▪ Plan Fiduciary Net Position	\$ 1,597,300	\$ 231,400
▪ Net OPEB Liability	\$ 1,324,382,500	\$ 1,393,581,900
▪ Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0%	0%
▪ Deferred Outflow of Resources for Contributions Made After Measurement Date	\$ 40,942,400	\$ TBD

OPEB Expense

The following table illustrates the OPEB expense under GASB 75.

	Fiscal Year Ending 6/30/2020
▪ Service Cost	\$ 51,348,800
▪ Interest Cost	52,488,200
▪ Expected Investment Return	(32,200)
▪ Contributions from Non-Employer Contributing Entities	0
▪ Administrative Expense	0
▪ Plan Changes	0
▪ Amortization of Unrecognized	
– Liability (Gain)/Loss	(6,586,900)
– Assumption Changes	(21,167,300)
– Asset (Gain)/Loss	<u>(77,400)</u>
▪ Total Expense	\$ 75,973,200

Development of OPEB Expense

Shown below are details regarding the calculation of Service Cost, Interest Cost, and Expected Investment Return components of the OPEB Expense.

	Fiscal Year Ending 6/30/2020
Development of Service Cost:	
▪ Normal Cost at Measurement Date	\$ 51,348,800
Development of Interest Cost:	
▪ Total OPEB Liability at Measurement Date	\$ 1,325,979,800
▪ Normal Cost at Measurement Date	51,348,800
▪ Benefit Payments, net of Employee Contributions	(42,489,800)
▪ Discount Rate	<u>3.87%</u>
▪ Interest Cost	\$ 52,488,200
Development of Expected Investment Return:	
▪ Plan Fiduciary Net Position at Measurement Date	\$ 1,597,300
▪ Employer Contributions	40,942,400
▪ Benefit Payments, net of Employee Contributions	(42,489,800)
▪ Administrative Expenses	0
▪ Expected Return on Assets	<u>3.87%</u>
▪ Expected Investment Return	\$ 32,200

Reconciliation of Net OPEB Liability

Shown below are details regarding the Total OPEB Liability, Plan Fiduciary Net Position, and Net OPEB Liability for the period from June 30, 2019 to June 30, 2020.

	Fiscal Year Ending 6/30/2020		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance Recognized at 6/30/2019 (Based on 6/30/2018 Measurement Date)	\$ 1,325,979,800	\$ 1,597,300	\$ 1,324,382,500
Changes Recognized for the Fiscal Year:			
▪ Service Cost	51,348,800	N/A	51,348,800
▪ Interest on Total OPEB Liability	52,488,200	N/A	52,488,200
▪ Changes of Benefit Terms	0	N/A	0
▪ Differences Between Expected and Actual Experience	(31,485,200)	N/A	(31,485,200)
▪ Assumption Changes	37,971,500	N/A	37,971,500
▪ Benefit Payments, net of Employee Contributions	(42,489,800)	(42,489,800)	0
▪ Employer Contributions	N/A	40,942,400	(40,942,400)
▪ Net Investment Income	N/A	181,500	(181,500)
▪ Administrative Expense	N/A	0	0
Net Changes	<u>67,833,500</u>	<u>(1,365,900)</u>	<u>69,199,400</u>
Balance Recognized at 6/30/2020 (Based on 6/30/2019 Measurement Date)	\$ 1,393,813,300	\$ 231,400	\$ 1,393,581,900

Sensitivity

The following table illustrates the impact of discount rate sensitivity on the Net OPEB Liability for the fiscal year ending June 30, 2020:

	1% Decrease (2.51%)	Discount Rate (3.51%)	1% Increase (4.51%)
Total OPEB Liability	\$ 1,536,766,900	\$ 1,393,813,300	\$ 1,269,785,600
Plan Fiduciary Net Position	<u>231,400</u>	<u>231,400</u>	<u>231,400</u>
Net OPEB Liability	\$ 1,536,535,500	\$ 1,393,581,900	\$ 1,269,544,200

The following table illustrates the impact of health care trend rate sensitivity on the Net OPEB Liability for the fiscal year ending June 30, 2020:

	1% Decrease	Trend Rates	1% Increase
Total OPEB Liability	\$ 1,293,175,000	\$ 1,393,813,300	\$ 1,513,360,000
Plan Fiduciary Net Position	<u>231,400</u>	<u>231,400</u>	<u>231,400</u>
Net OPEB Liability	\$ 1,292,943,600	\$ 1,393,851,900	\$ 1,513,128,600

Liability (Gain)/Loss

The following table illustrates the liability gain/loss under GASB 75.

	Fiscal Year Ending 6/30/2020
▪ OPEB Liability at Beginning of Measurement Period	\$ 1,325,979,800
▪ Service Cost	51,348,800
▪ Interest on the Total OPEB Liability	52,488,200
▪ Changes of Benefit Terms	0
▪ Assumption Changes	37,971,500
▪ Benefit Payments, net of Employee Contributions	<u>(42,489,800)</u>
▪ Expected OPEB Liability at End of Measurement Period	\$ 1,425,298,500
▪ Actual OPEB Liability at End of Measurement Period	<u>1,393,813,300</u>
▪ OPEB Liability (Gain)/Loss	\$ (31,485,200)
▪ Average Future Working Life Expectancy	<u>4.78</u>
▪ OPEB Liability (Gain)/Loss Amortization	\$ (6,586,900)
▪ Assumption Changes	\$ 37,971,500
▪ Average Future Working Life Expectancy	<u>4.78</u>
▪ Assumption Changes Amortization	\$ 7,943,800

Asset (Gain)/Loss

The following table illustrates the asset gain loss under GASB 75.

	Fiscal Year Ending 6/30/2020
▪ OPEB Asset at Beginning of Measurement Period	\$ 1,597,300
▪ Employer Contributions	40,942,400
▪ Expected Investment Income	32,200
▪ Benefit Payments, net of Employee Contributions	(42,489,800)
▪ Administrative Expense	<u>0</u>
▪ Expected OPEB Asset at End of Measurement Period	\$ 82,100
▪ Actual OPEB Asset at End of Measurement Period	<u>231,400</u>
▪ OPEB Asset (Gain)/Loss	\$ (149,300)
▪ Amortization Factor	<u>5.00</u>
▪ OPEB Asset (Gain)/Loss Amortization	\$ (29,900)

Deferred Outflows/Inflows

The following table illustrates the Deferred Inflows and Outflows at the end of the fiscal year under GASB 75.

	Deferred Outflows	Deferred Inflows
Difference Between Actual and Expected Experience		
▪ Measurement Date June 30, 2017	\$ 0	\$ 0
▪ Measurement Date June 30, 2018	\$ 0	\$ 0
▪ Measurement Date June 30, 2019	\$ 0	\$ 24,898,300
Assumption Changes		
▪ Measurement Date June 30, 2017	\$ 0	\$ 38,094,700
▪ Measurement Date June 30, 2018	\$ 0	\$ 21,432,300
▪ Measurement Date June 30, 2019	\$ 30,027,700	\$ 0
Net Difference Between Expected and Actual Earnings on OPEB Plan Investments		
▪ Measurement Date June 30, 2017	\$ 0	\$ 51,000
▪ Measurement Date June 30, 2018	\$ 0	\$ 66,100
▪ Measurement Date June 30, 2019	\$ 0	\$ 119,400
Contribution Made in Fiscal Year Ending June 30, 2020	<u>TBD</u>	<u>N/A</u>
Total	\$ 30,027,700	\$ 84,661,800

Amortization of Deferred Inflows/Outflows

The table below lists the amortization bases included in the deferred inflows/outflows as of June 30, 2020.

Date Established	Type of Base	Period		Balance		Annual Payment
		Original	Remaining	Original	Remaining	
July 1, 2017	Liability (Gain)/Loss	4.78	1.78	\$ 0	\$ 0	\$ 0
July 1, 2017	Assumption Changes	4.78	1.78	\$ (102,299,500)	\$ (38,094,700)	\$ (21,401,600)
July 1, 2017	Asset (Gain)/Loss	5.00	2.00	\$ (127,200)	\$ (51,000)	\$ (25,400)
July 1, 2018	Liability (Gain)/Loss	4.78	2.78	\$ 0	\$ 0	\$ 0
July 1, 2018	Assumption Changes	4.78	2.78	\$ (36,851,300)	\$ (21,432,300)	\$ (7,709,500)
July 1, 2018	Asset (Gain)/Loss	5.00	3.00	\$ (110,300)	\$ (66,100)	\$ (22,100)
July 1, 2019	Liability (Gain)/Loss	4.78	3.78	\$ (31,485,200)	\$ (24,898,300)	\$ (6,586,900)
July 1, 2019	Assumption Changes	4.78	3.78	\$ 37,971,500	\$ 30,027,700	\$ 7,943,800
July 1, 2019	Asset (Gain)/Loss	5.00	4.00	\$ (149,300)	\$ (119,400)	\$ (29,900)
	Total Charges				\$ (54,634,100)	\$ (27,831,600)

Amounts Recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Year-End 6/30	
2021	\$ (27,831,600)
2022	\$ (23,132,100)
2023	\$ (4,708,400)
2024	\$ 1,029,000
2025	\$ 0

Supplemental Information

Changes in the Net OPEB Liability and Related Ratios

The follow exhibit is a 3-year history of change in Net OPEB Liability.

	Fiscal Year Ending June 30		
	2018	2019	2020
Total OPEB Liability			
▪ Service Cost	\$ 59,309,600	\$ 51,881,500	\$ 51,348,800
▪ Interest Cost	39,468,600	47,795,300	52,488,200
▪ Changes of Benefit Terms	0	0	0
▪ Differences Between Expected and Actual Experiences	0	0	(31,485,200)
▪ Changes of Assumptions	(102,299,500)	(36,851,300)	37,971,500
▪ Benefit Payments, net of Employee Contributions	<u>(38,069,200)</u>	<u>(39,710,200)</u>	<u>(42,489,800)</u>
▪ Net Change in Total OPEB Liability	\$ (41,590,500)	\$ 23,115,300	\$ 67,833,500
▪ Total OPEB Liability (Beginning)	\$ 1,344,455,000	\$ 1,302,864,500	\$ 1,325,979,800
▪ Total OPEB Liability (Ending)	\$ 1,302,864,500	\$ 1,325,979,800	\$ 1,393,813,300
Plan Fiduciary Net Position			
▪ Employer Contributions	\$ 38,048,600	\$ 39,668,900	\$ 40,942,400
▪ Net Investment Income	164,800	162,400	181,500
▪ Benefit Payments, net of Employee Contributions	(38,069,200)	(39,710,200)	(42,489,800)
▪ Administrative Expense	<u>0</u>	<u>0</u>	<u>0</u>
▪ Net Change in Plan Fiduciary Net Position	\$ 144,300	\$ 121,100	\$ (1,365,900)
▪ Plan Fiduciary Net Position (Beginning)	\$ 1,331,900	\$ 1,476,200	\$ 1,597,300
▪ Plan Fiduciary Net Position (Ending)	\$ 1,476,200	\$ 1,597,300	\$ 231,400
▪ Net OPEB Liability (Ending)	\$ 1,301,388,300	\$ 1,324,382,500	\$ 1,393,581,900
▪ Net Position as a % of OPEB Liability	0%	0%	0%
▪ Covered Payroll	\$ 1,663,856,400	\$ 1,890,946,300	\$ 1,991,456,200
▪ Net OPEB Liability as a % of Payroll ¹	78%	70%	70%

¹ Covered Payroll provided by Nevada Public Employees' Benefits Program

Contribution Schedule

The follow exhibit is a 3-year history of Contributions.

	Fiscal Year Ending June 30		
	2018	2019	2020
Actuarially Determined Contribution	N/A	N/A	N/A
Contributions Made in Relation to the Actuarially Determined Contribution	N/A	N/A	N/A
Contribution Deficiency (Excess)	N/A	N/A	N/A
Covered Payroll ¹	\$ 1,663,856,400	\$ 1,890,946,300	\$ 1,991,456,200
Contributions as a % of Payroll	N/A	N/A	N/A

Notes to Schedule

Valuation Date January 1, 2018

Methods and Assumptions used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal Level % of Salary
Asset Valuation Method	Market Value of Assets
Retirement Rates	Varies by age and service
Mortality Rates	Headcount-weighted RP-2014 table projected to 2020 with Scale MP-2016 (See Actuarial Assumptions and Methods section for additional details)

¹ Covered Payroll provided by Nevada Public Employees' Benefits Program

Personnel Information

This actuarial valuation was based on personnel data supplied by the State as of January 1, 2018.

	January 1, 2018
Health Care Participants	
Active Participants ¹	
Number	13,190
Average Age	51.51
Average Service	14.41
Inactive Participants ²	
State Retirees and Surviving Spouses Under Age 65	3,355
Average Age	59.36
State Retirees and Surviving Spouses Age 65 and Older	7,129
Average Age	73.69
Terminated Vested	2,272
Average Age	53.38
State Covered Spouses	2,067
Average Age	63.57
Total Participants	
Number	28,013
Life Insurance Participants	
Active Participants ¹	
Number	13,190
Average Age	51.51
Average Service	14.41
State Inactive Participants	
Number	12,375
Average Age	62.67
Non-State Inactive Participants	
Number	7,354
Average Age	68.15

¹ Active counts reflect those hired prior to January 1, 2012.

² Inactive counts include terminated vested participants.

Active Participants By Age and Service

The following table summarizes the distribution of the future retiree population by age and service as of January 1, 2018:

HTH ACTIVES
(AS OF JANUARY 1, 2018)

Age	COMPLETED YEARS OF SERVICE										Total	
	Under 1	1 to 4	5-10	10-14	15-19	20-24	25-29	30-34	35-39	40+		
Under 25	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	8	2	0	0	0	0	0	0	0	10
30-34	0	0	53	27	2	0	0	0	0	0	0	82
35-39	0	0	63	80	14	2	0	0	0	0	0	159
40-44	0	0	68	88	64	12	0	0	0	0	0	232
45-49	0	0	74	140	93	58	14	0	0	0	0	379
50-54	0	0	111	107	82	72	22	5	0	0	0	399
55-59	0	0	82	137	91	59	32	0	1	0	0	402
60-64	0	0	72	103	65	34	15	6	2	0	0	297
65-69	0	0	27	28	20	14	12	2	1	0	0	104
70+	0	0	3	12	12	5	4	1	0	0	0	37
Total	0	0	561	724	443	256	99	14	4	0	0	2,101

HPN ACTIVES
(AS OF JANUARY 1, 2018)

Age	COMPLETED YEARS OF SERVICE										Total	
	Under 1	1 to 4	5-10	10-14	15-19	20-24	25-29	30-34	35-39	40+		
Under 25	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	12	1	0	0	0	0	0	0	0	13
30-34	0	0	56	28	1	0	0	0	0	0	0	85
35-39	0	0	63	75	15	0	0	0	0	0	0	153
40-44	0	0	67	108	43	18	1	0	0	0	0	237
45-49	0	0	86	118	80	39	6	0	0	0	0	329
50-54	0	0	64	120	78	42	25	1	0	0	0	330
55-59	0	0	52	100	70	47	22	3	0	0	0	294
60-64	0	0	45	83	59	36	19	1	0	0	0	243
65-69	0	0	21	32	26	7	12	2	2	0	0	102
70+	0	0	7	9	9	10	6	2	2	1	0	46
Total	0	0	473	674	381	199	91	9	4	1	0	1,832

CDHP ACTIVES
(AS OF JANUARY 1, 2018)

Age	COMPLETED YEARS OF SERVICE										Total	
	Under 1	1 to 4	5-10	10-14	15-19	20-24	25-29	30-34	35-39	40+		
Under 25	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	83	4	0	0	0	0	0	0	0	87
30-34	0	0	299	161	4	0	0	0	0	0	0	464
35-39	0	0	375	437	65	2	0	0	0	0	0	879
40-44	0	0	371	510	257	57	2	0	0	0	0	1,197
45-49	0	0	368	512	371	198	35	3	0	0	0	1,487
50-54	0	0	382	522	374	209	98	19	0	0	0	1,604
55-59	0	0	309	498	314	227	109	41	3	0	0	1,501
60-64	0	0	200	365	266	165	98	49	6	1	0	1,150
65-69	0	0	110	176	106	82	76	38	18	6	0	612
70+	0	0	26	68	58	37	29	23	16	19	0	276
Total	0	0	2,523	3,253	1,815	977	447	173	43	26	0	9,257

Plan Provisions

Eligibility

For a retiree to participate in the PEBP program, the participant must be receiving a PERS, LRS, JRS, or RPA benefit. PERS eligibility requirements vary by employee group and benefit type. Actives hired after December 31, 2011 are not eligible for any subsidy from PEBP. In addition, actives hired after December 31, 2009 and who retire with less than 15 years of continuous service (except a disability retirement) are not eligible for a subsidy from PEBP.

Normal Retirement—Regular Employees

- Minimum age of 65 with 5+ years of service
- Minimum age of 60 with 10+ years of service
- Minimum 30 years of service, regardless of age

Normal Retirement—Police & Fire Employees

- Minimum age of 65 with 5+ years of service
- Minimum age of 55 with 10+ years of service
- Minimum age of 50 and 20+ years of service
- Minimum 25 years of service, regardless of age

Disability Benefit

- Minimum 5 years of service, regardless of age

Reduced Benefit

- Minimum 5 years of service, regardless of age

For this valuation, Regular Employees were considered eligible for retirement at a minimum age of 50 with 5 years of service and Police & Fire Employees were considered eligible for retirement at a minimum age of 45 with 5 years of service.

Surviving spouses are not eligible to receive post-Medicare benefits.

Medical and Rx Benefits

▪ Pre-Medicare Retirees

For retirees with younger spouses, retirees and spouses will move to the Exchange once the spouse becomes Medicare eligible (age 65). For retirees with older spouse, retirees and spouses will both move to the Exchange when the retiree becomes Medicare eligible.

▪ Medicare Retirees

Certain retirees over age 65 are not eligible for Medicare Part A as indicated on the data. For these participants, we have assumed they will not become eligible for Medicare Part A at any time in the future. Current active employees are assumed to be eligible for Medicare Part A. Medicare eligible retirees will go to the Exchange.

Medical and Rx Benefits

- Terminated Vesteds

If service is less than 10 years, Terminated Vested (TVs) participants are assumed to retire at age 65 and go directly to the Exchange. If service is ten years or more, TVs are assumed to retire at age 60 and move to the Exchange in the same manner as actives outlines above.

- Current Actives

Actives enrolled in the CDHP are assumed to participate in this plan upon retirement. It is assumed 5% of pre-Medicare actives enrolled in the HPN Plan will participate in the CDHP upon retirement. Likewise, it is assumed 20% of pre-Medicare actives enrolled in the HTH Plan will participate in the CDHP upon retirement. The balance of the HMO populations will remain in the HMO plan as early retirees. These assumptions were based upon actual PEBP census. For all plans, when actives retire and then reach age 65, it is assumed they become Medicare eligible. Once both the participant and spouse become Medicare eligible, it is assumed they will both participate in the Exchange.

Dental Benefits

Pre-Medicare retirees will participate in PEBP's Dental Plan. Those enrolled in the EHPD plan will assume to enroll in PEBP's dental plan. For those future Exchange retirees, we assume 55% will participate in PEBP's Dental program.

Life Insurance Benefits

If you participate in a PEBP medical plan, your benefits include \$12,500 life insurance. Zero retiree contributions have been assumed for the life insurance. The life insurance retiree contribution for non-Medicare retirees is included in the medical premium. For Medicare retirees, the premium is paid by PEBP.

HRA Benefit

The following monthly amount will be credited on behalf of Medicare Eligible Retirees, effective July 1, 2016:

- For those who retired prior to January 1, 1994, the dollar amount is equal to \$180 (previously was \$165).
- For those who retired on or after January 1, 1994, the dollar amount is equal to the base amount (\$12) multiplied by the years of service credit up to a maximum of 20 years of service. Prior to this plan year, the base amount was \$11.
- A one-time contribution \$2 per year of service per month for plan year 2016 and 2017.

Retiree Medical Contributions (Effective 7/1/2017-6/30/2018)

▪ State Non-Medicare Retirees and Survivors		CDHP	HMO
	Retiree	\$ 209.08	\$ 397.99
	Retiree + Spouse	\$ 477.86	\$ 942.40
	Surviving Spouse	\$ 581.78	\$ 802.75
▪ Non-State Non-Medicare Retirees and Survivors		CDHP	HMO
	Retiree	\$ 391.67	\$ 439.31
	Retiree + Spouse	\$ 953.23	\$ 1,038.00
	Surviving Spouse	\$ 1,100.86	\$ 868.57
▪ Voluntary Dental Rates for Medicare Exchange Retirees		State	Non-State
	Retiree	\$ 38.89	\$ 38.21
	Retiree + Spouse	\$ 77.78	\$ 76.42
	Surviving Spouse	\$ 38.89	\$ 38.21
Subsidy for Retirees Enrolled in CDHP or HMO Plans	Years of Service	7/1/2016	7/1/2017
	5	\$ 322.72	\$ 333.77
	6	\$ 290.45	\$ 300.39
	7	\$ 258.18	\$ 267.02
	8	\$ 225.91	\$ 233.64
	9	\$ 193.63	\$ 200.26
	10	\$ 161.36	\$ 166.89
	11	\$ 129.09	\$ 133.51
	12	\$ 96.82	\$ 100.13
	13	\$ 64.54	\$ 66.75
	14	\$ 32.27	\$ 33.38
	15	\$ 0.00	\$ 0.00
	16	\$ (32.27)	\$ (33.38)
	17	\$ (64.54)	\$ (66.75)
	18	\$ (96.82)	\$ (100.13)
	19	\$ (129.09)	\$ (133.51)
20	\$ (161.36)	\$ (166.89)	

Part B Premium	The State of Nevada pays the Part B premium for eligible participants in the CDHP and HMO Plans. If not specifically indicated on the data, it is assumed any retiree over age 65 and participating in these plans will receive the Part B premium and the State pays the premium. For retirees indicated on the data file as eligible for Part B, it is assumed they will receive the Part B premium subsidy. The Part B premium subsidy in effect for 2018 calendar year is \$134 per month.
Administrative Fees (Per Employee Basis)	Effective as of January 1, 2018 <ul style="list-style-type: none">▪ CDHP: \$610.92▪ HMO: \$269.04
HRA Account Reversions	<ul style="list-style-type: none">▪ Pre-65 CDHP: 5.0%▪ Medicare HRA: 0.5%

Health Care Claims Development

On March 23, 2010, the "Patient Protection and Affordable Care Act" was signed into law, followed by the passage of the "Health Care and Education Affordability Reconciliation Act of 2010" on March 30, 2010 ("Acts"). The health care reforms contained in these Acts have wide-spread impact on health care programs, including those covering retirees. This valuation reflects Aon's interpretation of the Acts based on information currently available. Future regulations on each aspect of the Acts may be different than Aon's initial interpretations.

Key issues in Health Care Reform that have an effect on the valuation include:

- Excise tax on high-cost health plans
- Group market reforms
- Early Retiree Reimbursement Program
- Taxation of Retiree Drug Subsidy for post-65 coverage

The valuation issues related to each of these topics are discussed below.

Excise Tax on High-Cost Health Plans

The excise tax on high cost plans becomes effective in 2022. However, the expected additional cost needs to be reflected in current valuations. Key features of the law include:

- Imposes a non-deductible excise tax of 40% on plans with an aggregate value of health insurance coverage exceeding specified dollar thresholds beginning in 2022
 - Aggregate value includes medical, pharmacy, and employer HSA/HRA contributions (excludes standalone dental and vision plans)
- 2018 thresholds for high-risk professions are:
 - \$11,850 for single coverage and \$30,950 for family coverage for age 55 to 64 retirees
 - \$10,200 for single coverage and \$27,500 for family coverage for Medicare retirees
- Thresholds will be increased if the increase in the cost of the Federal Employees Health Benefit Plan (FEHBP) increases by more than 55% from 2010 to 2018
 - Thresholds indexed at general inflation (CPI-U) plus 1 % from 2018 to 2019, and to CPI-U only thereafter
- Excise tax applies only to portion of cost that exceeds threshold amount
- The law provides for blending of pre-65 and post-65 retirees

The pre-65 and the post-65 retirees were blended together to determine the overall value of the benefit relative to the excise tax threshold. The values of the benefits were assumed to increase with the valuation trend and the excise tax thresholds were assumed to increase by 2.5% per year.

For purposes of determining the impact of excise tax on the State's Plan, the impact associated with the Medicare Exchange was determined separately from all other plans at the request of the State. As a result, the excise tax has no impact on the Medicare Exchange. The excise tax is anticipated to impact the non-Medicare Exchange plans in 2022. The estimated impact of the excise tax on the Total OPEB Liability is an increase of approximately 3.8%.

Health Care Claims Development

Group Market Reforms

- Requirement to Cover Children to Age 26
 - The Acts requires that a group health plan that provides dependent coverage of children shall continue to make such coverage available for an adult child until the child turns 26 years of age. Current and future dependent children are valued implicitly in the valuation. Per capita claims costs were developed using claims information for all covered lives and adult headcounts. As such, the impact of child coverage is built into the per capita claims for retirees and spouses.
- Elimination of Benefit Limitations
 - The Acts include a number of other provisions that may increase the cost of retiree health care including the elimination of lifetime maximum benefits and “restrictive” annual benefit limitations. We have made no adjustment for these additional benefits because there are no material limits in the plans.

Medicare Part D reimbursements and the Early Retiree Reinsurance program do not fall under GASB 75.

Claims Cost Development

The first step in determining the liabilities under a postretirement welfare plan is to calculate the expected average claims cost per participant in the coming year. The preliminary per capita costs were developed as follows:

- For the CDHP plan, the per capita costs were based on the claims and enrollment for the time period January 1, 2015 – December 31, 2017, separately for state versus non-state. The experience was adjusted for demographics, historical plan design changes, rebates, and trended to the valuation period.
- For the HMO plans, the per capita rates were based on the July 2017 – June 2018 retiree premium rates provided for state versus non-state and adjusted for trend and demographics.
- For the dental plan, the per capita costs were based on the claims and enrollment for the time period January 1, 2015 – December 31, 2017. The experience was trended to the valuation period. No aging was assumed.
- The final per capita costs for all the plans were based on a blend of the preliminary claim costs and the prior valuation’s claim costs trended forward to the valuation period.

A sample of the resulting age related annual claims rates, including administrative expenses are shown below:

Health Care Claims Development

Health Care Claims as of January 1, 2018—CDHP Medical

Age	CDHP Medical			
	State		Non-State	
	Non-Medicare	Medicare	Non-Medicare	Medicare
30	\$3,016	\$3,016	\$3,479	\$3,479
31	\$3,106	\$3,106	\$3,583	\$3,583
32	\$3,199	\$3,199	\$3,691	\$3,691
33	\$3,295	\$3,295	\$3,802	\$3,802
34	\$3,394	\$3,394	\$3,916	\$3,916
35	\$3,496	\$3,496	\$4,033	\$4,033
36	\$3,601	\$3,601	\$4,154	\$4,154
37	\$3,709	\$3,709	\$4,279	\$4,279
38	\$3,820	\$3,820	\$4,407	\$4,407
39	\$3,935	\$3,935	\$4,539	\$4,539
40	\$4,053	\$4,053	\$4,675	\$4,675
41	\$4,175	\$4,175	\$4,815	\$4,815
42	\$4,300	\$4,300	\$4,959	\$4,959
43	\$4,429	\$4,429	\$5,108	\$5,108
44	\$4,562	\$4,562	\$5,261	\$5,261
45	\$4,699	\$4,699	\$5,419	\$5,419
46	\$4,873	\$4,873	\$5,619	\$5,619
47	\$5,053	\$5,053	\$5,827	\$5,827
48	\$5,240	\$5,240	\$6,043	\$6,043
49	\$5,434	\$5,434	\$6,267	\$6,267
50	\$5,635	\$5,635	\$6,499	\$6,499
51	\$5,872	\$5,872	\$6,772	\$6,772
52	\$6,119	\$6,119	\$7,056	\$7,056
53	\$6,376	\$6,376	\$7,352	\$7,352
54	\$6,644	\$6,644	\$7,661	\$7,661
55	\$6,923	\$6,923	\$7,983	\$7,983
56	\$7,228	\$7,228	\$8,334	\$8,334
57	\$7,546	\$7,546	\$8,701	\$8,701
58	\$7,878	\$7,878	\$9,084	\$9,084
59	\$8,225	\$8,225	\$9,484	\$9,484
60	\$8,587	\$8,587	\$9,901	\$9,901
61	\$8,905	\$8,905	\$10,267	\$10,267
62	\$9,234	\$9,234	\$10,647	\$10,647
63	\$9,576	\$9,576	\$11,041	\$11,041
64	\$9,930	\$9,930	\$11,450	\$11,450
65	\$10,297	\$3,604	\$11,874	\$4,156
66	\$10,575	\$3,701	\$12,195	\$4,268
67	\$10,861	\$3,801	\$12,524	\$4,383
68	\$11,154	\$3,904	\$12,862	\$4,502
69	\$11,455	\$4,009	\$13,209	\$4,623
70	\$11,764	\$4,117	\$13,566	\$4,748
71	\$11,976	\$4,192	\$13,810	\$4,834
72	\$12,192	\$4,267	\$14,059	\$4,921
73	\$12,411	\$4,344	\$14,312	\$5,009
74	\$12,634	\$4,422	\$14,570	\$5,100
75	\$12,861	\$4,501	\$14,832	\$5,191

Health Care Claims Development

Health Care Claims as of January 1, 2018—CDHP Rx

Age	CDHP Rx			
	State		Non-State	
	Non-Medicare	Medicare	Non-Medicare	Medicare
30	\$652	\$652	\$599	\$599
31	\$683	\$683	\$628	\$628
32	\$716	\$716	\$658	\$658
33	\$750	\$750	\$690	\$690
34	\$786	\$786	\$723	\$723
35	\$824	\$824	\$758	\$758
36	\$864	\$864	\$794	\$794
37	\$905	\$905	\$832	\$832
38	\$948	\$948	\$872	\$872
39	\$993	\$993	\$914	\$914
40	\$1,041	\$1,041	\$958	\$958
41	\$1,091	\$1,091	\$1,004	\$1,004
42	\$1,143	\$1,143	\$1,052	\$1,052
43	\$1,198	\$1,198	\$1,103	\$1,103
44	\$1,255	\$1,255	\$1,156	\$1,156
45	\$1,315	\$1,315	\$1,211	\$1,211
46	\$1,377	\$1,377	\$1,268	\$1,268
47	\$1,442	\$1,442	\$1,328	\$1,328
48	\$1,510	\$1,510	\$1,390	\$1,390
49	\$1,581	\$1,581	\$1,455	\$1,455
50	\$1,655	\$1,655	\$1,523	\$1,523
51	\$1,733	\$1,733	\$1,595	\$1,595
52	\$1,814	\$1,814	\$1,670	\$1,670
53	\$1,899	\$1,899	\$1,748	\$1,748
54	\$1,988	\$1,988	\$1,830	\$1,830
55	\$2,081	\$2,081	\$1,916	\$1,916
56	\$2,177	\$2,177	\$2,004	\$2,004
57	\$2,277	\$2,277	\$2,096	\$2,096
58	\$2,382	\$2,382	\$2,192	\$2,192
59	\$2,492	\$2,492	\$2,293	\$2,293
60	\$2,607	\$2,607	\$2,399	\$2,399
61	\$2,727	\$2,727	\$2,509	\$2,509
62	\$2,853	\$2,853	\$2,624	\$2,624
63	\$2,984	\$2,984	\$2,745	\$2,745
64	\$3,121	\$3,121	\$2,871	\$2,871
65	\$3,265	\$3,265	\$3,003	\$3,003
66	\$3,389	\$3,389	\$3,117	\$3,117
67	\$3,518	\$3,518	\$3,235	\$3,235
68	\$3,652	\$3,652	\$3,358	\$3,358
69	\$3,791	\$3,791	\$3,486	\$3,486
70	\$3,935	\$3,935	\$3,618	\$3,618
71	\$4,033	\$4,033	\$3,708	\$3,708
72	\$4,134	\$4,134	\$3,801	\$3,801
73	\$4,237	\$4,237	\$3,896	\$3,896
74	\$4,343	\$4,343	\$3,993	\$3,993
75	\$4,452	\$4,452	\$4,093	\$4,093

Health Care Claims Development

Health Care Claims as of January 1, 2018—HMO

Age	HMO			
	State		Non-State	
	Non-Medicare	Medicare	Non-Medicare	Medicare
30	\$3,723	\$3,723	\$3,727	\$3,727
31	\$3,835	\$3,835	\$3,839	\$3,839
32	\$3,950	\$3,950	\$3,954	\$3,954
33	\$4,069	\$4,069	\$4,073	\$4,073
34	\$4,191	\$4,191	\$4,195	\$4,195
35	\$4,317	\$4,317	\$4,321	\$4,321
36	\$4,446	\$4,446	\$4,451	\$4,451
37	\$4,579	\$4,579	\$4,585	\$4,585
38	\$4,716	\$4,716	\$4,723	\$4,723
39	\$4,857	\$4,857	\$4,865	\$4,865
40	\$5,003	\$5,003	\$5,011	\$5,011
41	\$5,153	\$5,153	\$5,161	\$5,161
42	\$5,308	\$5,308	\$5,316	\$5,316
43	\$5,467	\$5,467	\$5,475	\$5,475
44	\$5,631	\$5,631	\$5,639	\$5,639
45	\$5,800	\$5,800	\$5,808	\$5,808
46	\$6,015	\$6,015	\$6,023	\$6,023
47	\$6,238	\$6,238	\$6,246	\$6,246
48	\$6,469	\$6,469	\$6,477	\$6,477
49	\$6,708	\$6,708	\$6,717	\$6,717
50	\$6,956	\$6,956	\$6,966	\$6,966
51	\$7,248	\$7,248	\$7,259	\$7,259
52	\$7,552	\$7,552	\$7,564	\$7,564
53	\$7,869	\$7,869	\$7,882	\$7,882
54	\$8,200	\$8,200	\$8,213	\$8,213
55	\$8,544	\$8,544	\$8,558	\$8,558
56	\$8,920	\$8,920	\$8,935	\$8,935
57	\$9,313	\$9,313	\$9,328	\$9,328
58	\$9,723	\$9,723	\$9,738	\$9,738
59	\$10,151	\$10,151	\$10,166	\$10,166
60	\$10,598	\$10,598	\$10,613	\$10,613
61	\$10,990	\$10,990	\$11,006	\$11,006
62	\$11,397	\$11,397	\$11,413	\$11,413
63	\$11,819	\$11,819	\$11,835	\$11,835
64	\$12,256	\$12,256	\$12,273	\$12,273
65	\$12,709	\$4,448	\$12,727	\$4,454
66	\$13,052	\$4,568	\$13,071	\$4,575
67	\$13,404	\$4,691	\$13,424	\$4,698
68	\$13,766	\$4,818	\$13,786	\$4,825
69	\$14,138	\$4,948	\$14,158	\$4,955
70	\$14,520	\$5,082	\$14,540	\$5,089
71	\$14,781	\$5,173	\$14,802	\$5,181
72	\$15,047	\$5,266	\$15,068	\$5,274
73	\$15,318	\$5,361	\$15,339	\$5,369
74	\$15,594	\$5,458	\$15,615	\$5,465
75	\$15,875	\$5,556	\$15,896	\$5,564

Health Care Claims Development

Dental Claims as of January 1, 2018

	Gross Claims	
Pre-65	\$	533
Post-65	\$	533

Age Grading Factors

Age	Medical	Rx
Under 44	3.0%	4.8%
45-49	3.7%	4.7%
50-54	4.2%	4.7%
55-59	4.4%	4.6%
60-64	3.7%	4.6%
65-69	2.7%	3.8%
70-74	1.8%	2.5%
75-79	2.2%	0.8%
80-84	2.8%	0.2%
85-89	1.4%	0.1%
90 and Over	0.0%	0.0%

Actuarial Assumptions and Methods

The actuarial assumptions and methods used in the June 30, 2020 valuation are stated below.

Valuation Date	January 1, 2018
Census Date	January 1, 2018
Measurement Date	June 30, 2019
Actuarial Method	Entry Age Normal Level % of Pay
Inflation (CPI)	2.50%
Discount Rate	Based on Bond Buyer General Obligation 20-Bond Municipal Bond Index: <ul style="list-style-type: none"> ▪ Measurement Date June 30, 2018: 3.87% ▪ Measurement Date June 30, 2019: 3.51%

Health Care Trend Rates

<ul style="list-style-type: none"> ▪ Medical, Rx and Administrative Fees 	<table> <thead> <tr> <th style="border-bottom: 1px solid black;">Year</th> <th style="border-bottom: 1px solid black;">Trend</th> </tr> </thead> <tbody> <tr><td>2018</td><td>7.50%</td></tr> <tr><td>2019</td><td>7.00%</td></tr> <tr><td>2020</td><td>6.50%</td></tr> <tr><td>2021</td><td>6.00%</td></tr> <tr><td>2022</td><td>5.50%</td></tr> <tr><td>2023</td><td>5.25%</td></tr> <tr><td>2024</td><td>5.00%</td></tr> <tr><td>2025</td><td>4.75%</td></tr> <tr><td>2026+</td><td>4.50%</td></tr> </tbody> </table>	Year	Trend	2018	7.50%	2019	7.00%	2020	6.50%	2021	6.00%	2022	5.50%	2023	5.25%	2024	5.00%	2025	4.75%	2026+	4.50%
Year	Trend																				
2018	7.50%																				
2019	7.00%																				
2020	6.50%																				
2021	6.00%																				
2022	5.50%																				
2023	5.25%																				
2024	5.00%																				
2025	4.75%																				
2026+	4.50%																				
<ul style="list-style-type: none"> ▪ Dental 	4.00%																				
<ul style="list-style-type: none"> ▪ HRA Accounts 	0.00%																				
<ul style="list-style-type: none"> ▪ Part B Premiums 	4.50%																				
Life Insurance Administrative Load	10.00%																				

Actuarial Assumptions and Methods

Health Benefits Participation	<p>90% of current eligible actives and 60% of current terminated vested employees will elect retiree plan coverage. Additionally, 60% of future retirees who have declined coverage are assumed to elect to participate in the plan upon retirement. 60% of actives decremented to withdrawal from the plan with at least five years of service will elect retiree medical and dental coverage.</p>
Life Insurance Participation	<p>All active employees and current retirees that elected healthcare coverage. Reinstated retirees and survivors are not eligible to receive the life insurance benefit.</p>
Plan Election Percentage	<p>Future retiree election percentage is based on the current retiree plan enrollment distribution.</p>
Demographic Assumptions	<p>Census data was provided by the State and adjustments were made for missing data, which have an insignificant effect on the liability.</p> <p>The census provided did not include gender for every terminated vested participant, so it was assumed that the percentage of males among the terminated vested population is consistent with the percentage of males among the retiree population.</p> <p>All actives are assumed to accumulate State service only. A factor has been applied to total service for State and Non-State retirees which represents the percentage of a retiree's total service that is attributable to service with the State:</p> <ul style="list-style-type: none"> ▪ State: 94% ▪ Non-State Retiree: 13%
Spouse Age Difference & Marriage Percentage	<p>Male participants are assumed to be four years older than spouses; female participants are assumed to be two years younger than spouses.</p> <p>30% of active males and 15% of active females will elect retiree spouse coverage.</p>

Actuarial Assumptions and Methods

- Healthy Mortality
- Pre-Retirement: Headcount-weighted RP-2014 Employee table projected to 2020 with Scale MP-2016.
 - Post-Retirement: Headcount-weighted RP-2014 Healthy Annuitant table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries.

Disabled Mortality Headcount-weighted RP-2014 Disabled Retiree table, set forward four years.

Retirement Rates See Table A.

Withdrawal Rates See Table B.

Disability Rates See Table C.

Salary Scale

- Inflation 2.75%
- Productivity Pay Increases 0.50%

- Promotional and Merit Salary Increase

Years of Service	Regular	Police & Fire
Under 1	5.90%	10.65%
1	4.80%	7.15%
2	4.00%	5.20%
3	3.60%	4.60%
4	3.30%	4.30%
5	3.00%	4.15%
6	2.80%	3.90%
7	2.70%	3.50%
8	2.50%	3.15%
9	2.35%	2.90%
10	2.15%	2.50%
11	1.75%	1.90%
12	1.50%	1.50%
13	1.25%	1.30%
14	1.10%	1.30%
15+	1.00%	1.30%

Actuarial Assumptions and Methods

Table A—Retirement Rates

Age	Regular Years of Service (%)				
	5-9	10-19	20-24	25-29	30+
45-49	0.00	0.00	0.75	6.50	16.00
50-54	0.50	1.50	1.50	8.50	18.00
55-59	1.50	3.50	5.00	12.00	20.00
60-61	6.50	11.00	17.00	22.00	22.00
62-64	9.00	13.00	17.00	22.00	22.00
65-69	20.00	20.00	22.00	25.00	25.00
70-74	30.00	30.00	40.00	40.00	40.00
75+	100.00	100.00	100.00	100.00	100.00

Age	Police/Fire Years of Service (%)				
	5-9	10-19	20-24	25-29	30+
Under 40	0.00	0.00	0.00	0.00	0.00
40-44	0.00	0.50	3.50	0.00	0.00
45-49	0.00	1.00	6.50	18.00	18.00
50-54	1.50	4.50	13.00	20.00	24.00
55-59	3.50	10.00	20.00	25.00	28.00
60-64	9.00	18.00	25.00	35.00	35.00
65-69	50.00	50.00	60.00	60.00	60.00
70+	100.00	100.00	100.00	100.00	100.00

Actuarial Assumptions and Methods

Table B—Withdrawal Rates

Years of Service	% Regular	% Police/Fire
0-1	16.00	15.00
1-2	12.50	8.00
2-3	10.25	7.50
3-4	8.00	6.00
4-5	7.50	5.00
5-6	6.00	3.75
6-7	5.25	3.50
7-8	4.25	2.50
8-9	4.00	2.25
9-10	3.75	1.90
10-11	3.25	1.50
11-12	3.00	1.30
12-13	2.75	1.00
13-14	2.50	0.90
14-15	2.25	0.80
15-16	2.00	0.70
16-17	2.00	0.60
17-18	1.75	0.50
18-19	1.75	0.50
19-20	1.75	0.50
20+	1.75	0.45

Actuarial Assumptions and Methods

Table C—Disability Rates

Age	%	%
	Regular	Police/Fire
20-24	0.01	0.00
25-29	0.03	0.06
30-34	0.06	0.12
35-39	0.10	0.30
40-44	0.21	0.45
45-49	0.35	0.65
50-54	0.60	0.80
55-59	0.75	0.65
60-64	0.40	0.50
65+	0.00	0.00



June 30, 2020

Ms. Cari Eaton
Chief Financial Officer
State of Nevada
Public Employees' Benefits Program
901 S. Stewart Street, Suite 1001
Carson City, NV 89701

Re: GAS 75 Employer Allocations for Fiscal Year Ending June 30, 2020

Dear Ms. Eaton,

Attached are the fiscal 2020 GAS 75 employer allocations for the State of Nevada Postretirement Health and Life Insurance Plan. The employer allocations are based on the results of the fiscal 2020 GAS 75 valuation provided on June 15, 2020, and the fiscal 2019 employer contributions provided by the State. Fiscal 2019 employer contributions are used for allocation purposes as this is the "measurement period" for the fiscal 2020 GAS 75 valuation.

Please see the fiscal 2020 GAS 75 actuarial valuation report for a summary of the census data, plan provisions and actuarial assumptions used in our calculations.

Please let us know if you have any questions or need further assistance.

Sincerely,

Scott E. Syverson, EA, MAAA
Aon

A handwritten signature in black ink, appearing to read "Scott E. Syverson", with a long horizontal flourish extending to the right.

SES:dln
Enclosures

cc: Mr. Neal A. Holthus, Aon
Mr. Ronald J. Kalvoda, Aon

State of Nevada
 Schedule of Employer Allocations
 For the Fiscal Year Ending June 30, 2020

Employer I.D.	Employer	Contribution Amount	Allocation Percentage
101	Board of Medical Examiners	\$ 57,914	0.1415%
102	Nevada State Board of Nursing	42,302	0.1033%
103	Board of Pharmacy	39,504	0.0965%
104	Board of Chiropractors	2,629	0.0064%
105	Board of Dental Examiners	9,949	0.0243%
106	Legislative Counsel Bureau	499,632	1.2203%
108	Board of Osteopathic Medicine	4,999	0.0122%
109	Board of Massage Therapist	8,730	0.0213%
111	Funeral and Cemetery Board	3,746	0.0091%
113	Public Employee Retirement System	107,891	0.2635%
116	Central Payroll	21,130,765	51.6109%
118	NDOT	2,241,883	5.4757%
128	Board of Accountancy	5,212	0.0127%
129	Board of Cosmetology	26,155	0.0639%
134	Board of Professional Engineers	9,110	0.0223%
139/140	UNLV/UNR	16,724,699	40.8493%
141	Board of Architecture	6,605	0.0161%
146	Board of Examiners for Social Workers	5,079	0.0124%
147	Liquified Petroleum Gas Board	3,790	0.0093%
148	Board of Optometry	2,920	0.0071%
149	Board of Veterinary Examiners	6,516	0.0159%
150	Board of Examiners - Alcohol, Drugs & Gambling	2,401	0.0059%
Total		\$ 40,942,430	100.0000%

Numbers may not add due to rounding.

State of Nevada
Schedule of Deferred Inflows / Outflows by Employer
For the Fiscal Year Ending June 30, 2020

Employer I.D.	Net OPEB Liability	Deferred Outflow of Resources				Deferred Inflow of Resources			
		Liability Experience	Assumption Changes	Asset Experience	Total	Liability Experience	Assumption Changes	Asset Experience	Total
101	\$ 1,971,236	\$ -	\$ 42,474	\$ -	\$ 42,474	\$ 35,219	\$ 84,202	\$ 335	\$ 119,755
102	1,439,874	-	31,025	-	31,025	25,725	61,504	244	87,474
103	1,344,606	-	28,972	-	28,972	24,023	57,435	228	81,686
104	89,490	-	1,928	-	1,928	1,599	3,823	15	5,437
105	338,628	-	7,296	-	7,296	6,050	14,465	57	20,572
106	17,006,258	-	366,436	-	366,436	303,841	726,424	2,886	1,033,151
108	170,154	-	3,666	-	3,666	3,040	7,268	29	10,337
109	297,145	-	6,403	-	6,403	5,309	12,693	50	18,052
111	127,511	-	2,747	-	2,747	2,278	5,447	22	7,746
113	3,672,356	-	79,129	-	79,129	65,612	156,865	623	223,100
116	719,240,441	-	15,497,572	-	15,497,572	12,850,242	30,722,432	122,060	43,694,734
118	76,308,308	-	1,644,226	-	1,644,226	1,363,355	3,259,518	12,950	4,635,823
128	177,416	-	3,823	-	3,823	3,170	7,578	30	10,778
129	890,260	-	19,183	-	19,183	15,906	38,028	151	54,084
134	310,073	-	6,681	-	6,681	5,540	13,245	53	18,837
139/140	569,268,536	-	12,266,107	-	12,266,107	10,170,783	24,316,366	96,609	34,583,758
141	224,801	-	4,844	-	4,844	4,016	9,602	38	13,657
146	172,871	-	3,725	-	3,725	3,089	7,384	29	10,502
147	129,002	-	2,780	-	2,780	2,305	5,510	22	7,837
148	99,406	-	2,142	-	2,142	1,776	4,246	17	6,039
149	221,804	-	4,779	-	4,779	3,963	9,474	38	13,475
150	81,724	-	1,761	-	1,761	1,460	3,491	14	4,965
Total	\$ 1,393,581,900	\$ -	\$ 30,027,700	\$ -	\$ 30,027,700	\$ 24,898,300	\$ 59,527,000	\$ 236,500	\$ 84,661,800

Numbers may not add due to rounding.

State of Nevada
Schedule of GASB 75 Expense by Employer
For the Fiscal Year Ending June 30, 2020

Employer I.D.	GASB 75 Expense										Total
	Service Cost	Interest Cost	Expected Inv. Return	Contributions from NECE	Administrative Expenses	Plan Changes	Amortization of Unrecognized (Gain)/Loss			Asset Experience	
							Liability Experience	Assumption Changes			
101	\$ 72,633	\$ 74,245	\$ (46)	\$ -	\$ -	\$ -	\$ (9,317)	\$ (29,941)	\$ (109)	\$	107,465
102	53,055	54,232	(33)	-	-	-	(6,806)	(21,870)	(80)		78,497
103	49,544	50,644	(31)	-	-	-	(6,355)	(20,423)	(75)		73,303
104	3,297	3,371	(2)	-	-	-	(423)	(1,359)	(5)		4,879
105	12,477	12,754	(8)	-	-	-	(1,601)	(5,143)	(19)		18,461
106	626,623	640,528	(393)	-	-	-	(80,382)	(258,310)	(945)		927,122
108	6,270	6,409	(4)	-	-	-	(804)	(2,584)	(9)		9,276
109	10,949	11,192	(7)	-	-	-	(1,404)	(4,513)	(17)		16,199
111	4,698	4,803	(3)	-	-	-	(603)	(1,937)	(7)		6,951
113	135,314	138,316	(85)	-	-	-	(17,358)	(55,780)	(204)		200,204
116	26,501,588	27,089,643	(16,619)	-	-	-	(3,399,560)	(10,924,638)	(39,947)		39,210,468
118	2,811,704	2,874,094	(1,763)	-	-	-	(360,679)	(1,159,057)	(4,238)		4,160,061
128	6,537	6,682	(4)	-	-	-	(839)	(2,695)	(10)		9,672
129	32,803	33,531	(21)	-	-	-	(4,208)	(13,522)	(49)		48,534
134	11,425	11,679	(7)	-	-	-	(1,466)	(4,710)	(17)		16,904
139/140	20,975,628	21,441,065	(13,153)	-	-	-	(2,690,703)	(8,646,695)	(31,617)		31,034,525
141	8,283	8,467	(5)	-	-	-	(1,063)	(3,415)	(12)		12,255
146	6,370	6,511	(4)	-	-	-	(817)	(2,626)	(10)		9,424
147	4,753	4,859	(3)	-	-	-	(610)	(1,959)	(7)		7,033
148	3,663	3,744	(2)	-	-	-	(470)	(1,510)	(6)		5,419
149	8,173	8,354	(5)	-	-	-	(1,048)	(3,369)	(12)		12,092
150	3,011	3,078	(2)	-	-	-	(386)	(1,241)	(5)		4,455
Total	\$ 51,348,800	\$ 52,488,200	\$ (32,200)	\$ -	\$ -	\$ -	\$ (6,586,900)	\$ (21,167,300)	\$ (77,400)	\$	75,973,200

Numbers may not add due to rounding.

State of Nevada
 Schedule of Total OPEB Liability by Employer
 For the Fiscal Year Ending June 30, 2020

Employer I.D.	Total OPEB Liability (TOL)									
	Service Cost	Interest Cost	Benefit Changes	Liability Experience	Assumption Changes	Benefit Payments	Changes in Proportion	Net Changes	TOL (Beginning)	TOL (Ending)
101	\$ 72,633	\$ 74,245	\$ -	\$ (44,536)	\$ 53,711	\$ (60,102)	\$ (2,269)	\$ 93,682	\$ 1,877,881	\$ 1,971,564
102	53,055	54,232	-	(32,531)	39,233	(43,901)	115,098	185,185	1,254,928	1,440,113
103	49,544	50,644	-	(30,379)	36,637	(40,997)	(46,049)	19,400	1,325,429	1,344,829
104	3,297	3,371	-	(2,022)	2,438	(2,729)	(1,276)	3,080	86,425	89,505
105	12,477	12,754	-	(7,651)	9,227	(10,325)	(18,524)	(2,041)	340,726	338,685
106	626,623	640,528	-	(384,222)	463,377	(518,515)	(150,922)	676,869	16,332,213	17,009,082
108	6,270	6,409	-	(3,844)	4,636	(5,188)	(33,217)	(24,935)	195,116	170,182
109	10,949	11,192	-	(6,713)	8,096	(9,060)	9,332	23,796	273,399	297,195
111	4,698	4,803	-	(2,881)	3,474	(3,888)	100,688	106,894	20,638	127,532
113	135,314	138,316	-	(82,970)	100,062	(111,969)	310,912	489,667	3,183,299	3,672,966
116	26,501,588	27,089,643	-	(16,249,801)	19,597,441	(21,929,377)	(20,300,514)	14,708,980	704,650,889	719,359,868
118	2,811,704	2,874,094	-	(1,724,034)	2,079,204	(2,326,612)	(2,676,884)	1,037,472	75,283,506	76,320,978
128	6,537	6,682	-	(4,008)	4,834	(5,409)	(3,776)	4,860	172,586	177,445
129	32,803	33,531	-	(20,114)	24,257	(27,144)	(20,593)	22,741	867,667	890,408
134	11,425	11,679	-	(7,005)	8,449	(9,454)	43,222	58,315	251,809	310,124
139/140	20,975,628	21,441,065	-	(12,861,486)	15,511,094	(17,356,788)	22,774,797	50,484,311	518,878,750	569,363,061
141	8,283	8,467	-	(5,079)	6,125	(6,854)	(62,082)	(51,139)	275,978	224,839
146	6,370	6,511	-	(3,906)	4,710	(5,271)	(3,378)	5,036	167,864	172,900
147	4,753	4,859	-	(2,915)	3,515	(3,933)	(48,502)	(42,223)	171,247	129,024
148	3,663	3,744	-	(2,246)	2,709	(3,031)	(54,973)	(50,135)	149,558	99,423
149	8,173	8,354	-	(5,011)	6,044	(6,763)	76,985	87,782	134,059	221,840
150	3,011	3,078	-	(1,846)	2,227	(2,492)	(8,076)	(4,098)	85,836	81,738
Total	\$ 51,348,800	\$ 52,488,200	\$ -	\$ (31,485,200)	\$ 37,971,500	\$ (42,489,800)	\$ -	\$ 67,833,500	\$ 1,325,979,800	\$ 1,393,813,300

Numbers may not add due to rounding.

State of Nevada
 Schedule of Plan Fiduciary Net Position by Employer
 For the Fiscal Year Ending June 30, 2020

Plan Fiduciary Net Position (PFNP)								
Employer I.D.	Employer Contributions	Investment Experience	Benefit Payments	Administrative Expenses	Changes in Proportion	Net Changes	PFNP (Beginning)	PFNP (Ending)
101	\$ 57,913	\$ 257	\$ (60,102)	\$ -	\$ (3)	\$ (1,935)	\$ 2,262	\$ 327
102	42,302	188	(43,901)	-	139	(1,273)	1,512	239
103	39,504	175	(40,997)	-	(55)	(1,373)	1,597	223
104	2,629	12	(2,729)	-	(2)	(89)	104	15
105	9,949	44	(10,325)	-	(22)	(354)	410	56
106	499,631	2,215	(518,515)	-	(182)	(16,850)	19,674	2,824
108	4,999	22	(5,188)	-	(40)	(207)	235	28
109	8,730	39	(9,060)	-	11	(280)	329	49
111	3,746	17	(3,888)	-	121	(4)	25	21
113	107,891	478	(111,969)	-	375	(3,225)	3,835	610
116	21,130,749	93,674	(21,929,377)	-	(24,454)	(729,408)	848,836	119,428
118	2,241,881	9,938	(2,326,612)	-	(3,225)	(78,017)	90,688	12,671
128	5,212	23	(5,409)	-	(5)	(178)	208	29
129	26,155	116	(27,144)	-	(25)	(897)	1,045	148
134	9,110	40	(9,454)	-	52	(252)	303	51
139/140	16,724,686	74,141	(17,356,788)	-	27,435	(530,526)	625,051	94,525
141	6,604	29	(6,854)	-	(75)	(295)	332	37
146	5,079	23	(5,271)	-	(4)	(174)	202	29
147	3,790	17	(3,933)	-	(58)	(185)	206	21
148	2,920	13	(3,031)	-	(66)	(164)	180	17
149	6,516	29	(6,763)	-	93	(125)	161	37
150	2,401	11	(2,492)	-	(10)	(90)	103	14
Total	\$ 40,942,400	\$ 181,500	\$ (42,489,800)	\$ -	\$ -	\$ (1,365,900)	\$ 1,597,300	\$ 231,400

Numbers may not add due to rounding.

State of Nevada
 Schedule of Discount Rate Sensitivity by Employer
 For the Fiscal Year Ending June 30, 2020

Employer I.D.	1% Decrease (2.51%)			Current Discount Rate (3.51%)			1% Increase (4.51%)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
101	\$ 2,173,773	\$ 327	\$ 2,173,446	\$ 1,971,564	\$ 327	\$ 1,971,236	\$ 1,796,125	\$ 327	\$ 1,795,798
102	1,587,816	239	1,587,577	1,440,113	239	1,439,874	1,311,966	239	1,311,727
103	1,482,759	223	1,482,536	1,344,829	223	1,344,606	1,225,161	223	1,224,937
104	98,685	15	98,670	89,505	15	89,490	81,540	15	81,525
105	373,421	56	373,365	338,685	56	338,628	308,547	56	308,491
106	18,753,583	2,824	18,750,759	17,009,082	2,824	17,006,258	15,495,538	2,824	15,492,714
108	187,636	28	187,608	170,182	28	170,154	155,038	28	155,010
109	327,676	49	327,627	297,195	49	297,145	270,749	49	270,700
111	140,612	21	140,591	127,532	21	127,511	116,183	21	116,162
113	4,049,676	610	4,049,066	3,672,966	610	3,672,356	3,346,129	610	3,345,519
116	793,139,537	119,428	793,020,109	719,359,868	119,428	719,240,441	655,348,031	119,428	655,228,604
118	84,148,683	12,671	84,136,012	76,320,978	12,671	76,308,308	69,529,599	12,671	69,516,928
128	195,645	29	195,615	177,445	29	177,416	161,655	29	161,626
129	981,730	148	981,583	890,408	148	890,260	811,175	148	811,027
134	341,931	51	341,880	310,124	51	310,073	282,528	51	282,476
139/140	627,758,615	94,525	627,664,089	569,363,061	94,525	569,268,536	518,698,606	94,525	518,604,081
141	247,899	37	247,861	224,839	37	224,801	204,831	37	204,794
146	190,633	29	190,604	172,900	29	172,871	157,514	29	157,486
147	142,257	21	142,235	129,024	21	129,002	117,542	21	117,521
148	109,620	17	109,604	99,423	17	99,406	90,576	17	90,559
149	244,593	37	244,556	221,840	37	221,804	202,100	37	202,063
150	90,121	14	90,108	81,738	14	81,724	74,464	14	74,451
Total	\$ 1,536,766,900	\$ 231,400	\$ 1,536,535,500	\$ 1,393,813,300	\$ 231,400	\$ 1,393,581,900	\$ 1,269,785,600	\$ 231,400	\$ 1,269,554,200

Numbers may not add due to rounding.

State of Nevada
 Schedule of Trend Rate Sensitivity by Employer
 For the Fiscal Year Ending June 30, 2020

Employer I.D.	1% Decrease			Current Trend Rates			1% Increase		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
101	\$ 1,829,210	\$ 327	\$ 1,828,882	\$ 1,971,564	\$ 327	\$ 1,971,236	\$ 2,140,664	\$ 327	\$ 2,140,336
102	1,336,132	239	1,335,893	1,440,113	239	1,439,874	1,563,631	239	1,563,392
103	1,247,728	223	1,247,505	1,344,829	223	1,344,606	1,460,175	223	1,459,952
104	83,042	15	83,027	89,505	15	89,490	97,182	15	97,167
105	314,230	56	314,174	338,685	56	338,628	367,734	56	367,677
106	15,780,965	2,824	15,778,141	17,009,082	2,824	17,006,258	18,467,943	2,824	18,465,119
108	157,894	28	157,866	170,182	28	170,154	184,778	28	184,750
109	275,736	49	275,687	297,195	49	297,145	322,685	49	322,636
111	118,324	21	118,302	127,532	21	127,511	138,470	21	138,449
113	3,407,764	610	3,407,154	3,672,966	610	3,672,356	3,987,994	610	3,987,384
116	667,419,516	119,428	667,300,088	719,359,868	119,428	719,240,441	781,059,020	119,428	780,939,593
118	70,810,331	12,671	70,797,660	76,320,978	12,671	76,308,308	82,866,992	12,671	82,854,321
128	164,633	29	164,604	177,445	29	177,416	192,665	29	192,635
129	826,117	148	825,969	890,408	148	890,260	966,777	148	966,630
134	287,732	51	287,681	310,124	51	310,073	336,723	51	336,672
139/140	528,253,014	94,525	528,158,489	569,363,061	94,525	569,268,536	618,197,058	94,525	618,102,533
141	208,604	37	208,567	224,839	37	224,801	244,123	37	244,086
146	160,416	29	160,387	172,900	29	172,871	187,729	29	187,701
147	119,708	21	119,686	129,024	21	129,002	140,090	21	140,068
148	92,244	17	92,228	99,423	17	99,406	107,950	17	107,934
149	205,823	37	205,786	221,840	37	221,804	240,868	37	240,831
150	75,836	14	75,823	81,738	14	81,724	88,748	14	88,735
Total	\$ 1,293,175,000	\$ 231,400	\$ 1,292,943,600	\$ 1,393,813,300	\$ 231,400	\$ 1,393,581,900	\$ 1,513,360,000	\$ 231,400	\$ 1,513,128,600

Numbers may not add due to rounding.

State of Nevada
Schedule of Deferred Inflows / Outflows Recognition by Employer
For the Fiscal Year Ending June 30, 2020

Amounts to be Recognized in Deferred Inflows/Outflows					
Employer I.D.	Year-End 6/30/2021	Year-End 6/30/2022	Year-End 6/30/2023	Year-End 6/30/2024	Year-End 6/30/2025
101	\$ (39,368)	\$ (32,708)	\$ (6,660)	\$ 1,456	-
102	(28,756)	(23,891)	(4,865)	1,063	-
103	(26,853)	(22,310)	(4,543)	993	-
104	(1,787)	(1,485)	(302)	66	-
105	(6,763)	(5,619)	(1,144)	250	-
106	(339,637)	(282,177)	(57,458)	12,557	-
108	(3,398)	(2,823)	(575)	126	-
109	(5,934)	(4,930)	(1,004)	219	-
111	(2,547)	(2,116)	(431)	94	-
113	(73,342)	(60,934)	(12,408)	2,712	-
116	(14,364,145)	(11,934,045)	(2,430,049)	531,076	-
118	(1,523,974)	(1,266,151)	(257,818)	56,345	-
128	(3,543)	(2,944)	(599)	131	-
129	(17,780)	(14,772)	(3,008)	657	-
134	(6,193)	(5,145)	(1,048)	229	-
139/140	(11,369,015)	(9,445,626)	(1,923,349)	420,339	-
141	(4,490)	(3,730)	(760)	166	-
146	(3,452)	(2,868)	(584)	128	-
147	(2,576)	(2,140)	(436)	95	-
148	(1,985)	(1,649)	(336)	73	-
149	(4,430)	(3,680)	(749)	164	-
150	(1,632)	(1,356)	(276)	60	-
Total	\$ (27,831,600)	\$ (23,123,100)	\$ (4,708,400)	\$ 1,029,000	-

Numbers may not add due to rounding.

Report on the biennial review of PEBP's compliance with federal and state laws relating to taxes and employee benefits dated October 28, 2020 (NRS 287.0425)



October 28, 2020

Ms. Laura Rich
Executive Director
State of Nevada
Public Employees' Benefits Program
901 S. Stewart Street, Suite 1001
Carson City, NV 89701

Subject: Final Compliance Review Report for PEBP Plan Year 2020

Dear Laura,

Enclosed please find our final compliance review report for PEBP Plan Year 2020. Please do not hesitate to contact me if you would like to discuss any aspect of the report.

Sincerely,

Aon Consulting, Inc.

A handwritten signature in black ink, appearing to read "Rachel Arnedt". The signature is fluid and cursive.

Rachel Arnedt

Enclosure
By UPS
cc: Ms. Stephanie Messier, Aon

PREPARED FOR AND AT THE REQUEST OF PUBLIC EMPLOYEES' BENEFITS PROGRAM

Public Employees' Benefits Program

Biennial Compliance Review

Review Period July 2019-June 2020 ("PY 2020")

FINAL REPORT

November 2, 2020

Report Contents

<u>SECTION A</u>	Introduction
<u>SECTION B</u>	Executive Summary
<u>SECTION C</u>	Facts and Assumptions
<u>SECTION D</u>	Documents Reviewed
<u>SECTION E</u>	Summary of Findings—Federal Law Requirements
<u>SECTION F</u>	Summary of Findings—State Law Requirements

SECTION A: INTRODUCTION

This compliance review is being undertaken pursuant to Nevada Revised Statute (“NRS”) 287.025(2)(b), which requires a biennial review of the Public Employees' Benefits Program (“PEBP”) to determine whether the PEBP complies with federal and state laws relating to taxes and employee benefits. Accordingly, Aon performed a review of certain plan documents and administration processes provided by PEBP to verify that procedures have been implemented to enable PEBP to comply with applicable federal and state laws.

Our compliance review is based on documents received, statutes, and regulations as existing and in effect for PEBP's July 1, 2019—June 30, 2020 plan year (“PY 2020”), unless otherwise noted (“Review Period”). We requested from PEBP staff members certain documents and answers to specific questions relevant to PEBP during the Review Period. As noted in the Work Order Request (“Work Order”), our transactional review was specifically limited to targeted questions on administration of changes in status, special enrollment periods, and issuance of applicable COBRA notices. We did not attempt to verify actual administration of PEBP through sampling techniques, discussions with third party vendors/administrators, or otherwise. In addition, we did not perform any claim audits related to PEBP, or consider issues related to payroll practices, workers' compensation, unemployment compensation, classification of employees, or other non-benefits-related aspects of any federal or state law.

This Report outlines the results of Aon's review and summarizes our findings and recommendations to address certain document compliance issues that we have identified as a result of our compliance review. Any consulting advice we provide is intended to assist PEBP in determining how best to comply with applicable requirements relating to PEBP's compliance with federal and state laws. Nevertheless, Aon does not engage in the practice of law, and the consulting advice we provide is not, and is not intended to be, legal advice. Accordingly, this Report should be reviewed with PEBP's legal counsel.

Although we identified certain compliance issues relating to PEBP, our Report should not be relied upon to identify all possible weaknesses in internal controls, errors, irregularities, or illegal acts, or to identify all possible violations of the NRS, Nevada Administrative Code (“NAC”), the Internal Revenue Code (the “Code”), Public Health Service Act (“PHSA”), the Employee Retirement Income Security Act of 1974 as amended (“ERISA”) (in relevant part as made applicable through the PHSA), Internal Revenue Service (“IRS”), regulations, or other technical pronouncements as we did not perform a transactional operational compliance review of PEBP. We interpreted compliance requirements in a manner we believe to be reasonable. However, we cannot guarantee that government agencies, courts, or participants will agree with our interpretation, or that PEBP would be in compliance with all applicable laws, regulations, rules, or other governmental pronouncements if PEBP implemented all of our recommendations.

We would be pleased to discuss this Report and our recommendations with you in further detail. If you have any questions, please contact Rachel Arnedt at 203.584.2913.

SECTION B: EXECUTIVE SUMMARY

Overall, PEBP has done an excellent job in ensuring that its documents and procedures comply with applicable federal and state laws.

However, as is typical with reviews of this magnitude, we did note a few areas that could be enhanced to better meet federal and/or state law requirements. The following summarizes our significant findings. Please refer to Sections E and F for a detailed description of the findings and required courses of action.

Federal Law Issues—Current

Medicare Secondary Payer

- PEBP terminates retiree eligibility for its active plans when retirees reach Medicare eligible age and requires Medicare eligible retirees to enroll in the Medicare HRA plan. Medicare Secondary Payer rules prohibit *active* plans from basing plan eligibility on Medicare eligibility. PEBP will remedy this by creating a mirror plan and documentation for early retirees only.

Required Notices in General

- PEBP has switched to the PY 2020 Benefit Guide and that Guide doesn't have as many notices in it as were available in prior years. PEBP mails the Benefit Guide to new hires and retirees at initial enrollment. It is unclear how widely its notices are being distributed compared to prior years.

Electronic Disclosure of Important Notices to Spouses, Other Beneficiaries, and Employees without Routine Computer Access at Work

- PEBP should continue to work toward a system change that will allow it to get written consent to receive electronic notices from retirees and others without work access, as well as keep multiple addresses on file (e.g., COBRA, where spouse has different address from employee) to send separate notices to them when needed.

Federal Law—Future Considerations

Patient Protection and Affordable Care Act of 2010 ("PPACA")

- PEBP should continue monitoring the status of PPACA provisions and lawsuits pertaining to PPACA to determine whether any changes (e.g., repeal or replacement provisions) become effective that would necessitate changes to PEBP's plans. In particular, PEBP should monitor the Supreme Court case (arguments for which will be held in mid-November 2020) regarding the constitutionality of the ACA.
- Employer reporting of health insurance information to government and participants on Forms 1094-C and 1095-C continues; monitor for any changes in requirements.
- PEBP should continue monitoring of changes to HHS/Health Resources and Services Administration ("HRSA") preventive task force guidelines and make respective plan changes from time to time.
- If PEBP determines it is still a covered entity under the revised definition, PEBP should continue monitoring for additional Section 1557 nondiscrimination guidance given the litigation regarding the recent final regulations and make respective plan changes from time to time.
- PEBP should develop necessary forms and procedures to comply with PPACA quality of care reports (requirement delayed).

SECTION B: EXECUTIVE SUMMARY (CONT'D)

- PEBP should monitor, perform testing, develop a strategy, and make any necessary plan design changes needed to comply with insured nondiscrimination testing (guidance still pending and not in effect).

State Law Issues

None.

SECTION C: FACTS AND ASSUMPTIONS

The following facts and assumptions were relied upon in performing our review and preparing this Report:

All documents and data received (see Section D), as well as any information conveyed to us orally, are accurate and were in effect during the Review Period.

Generally, the PEBP-sponsored health and welfare benefit plans that are subject to this review are those reflected in the Master Plan Documents and the FSA SPD:

- Self-funded PEBP Consumer Driven Health Plan
- Self-funded Prescription Drug Benefits
- Self-funded PEBP PPO Dental Plan
- Health Care Flexible Spending Account
- Dependent Care Flexible Spending Account

To the extent that the Federal and/or State of Nevada laws noted in the bullet points below are applicable, the following PEBP health and welfare benefit plans were also included:

- Life Insurance Plan
- Long-Term Disability Plan
- Voluntary elective products/benefits offered under PEBP (Flex Plan, Long-Term Care, Short-Term Disability, and Supplemental Life Insurance)

PEBP is not involved in the administration of the Employee Assistance Program (EAP); therefore, any analysis related to the EAP is outside the scope of this Report.

There were also documents that were provided during our previous review(s) that were still effective during this Review Period. To the extent that applicable statutes had not been subsequently amended, we relied on our prior findings for our current review, assuming they would be still applicable.

The PEBP health and welfare benefit plans listed above were reviewed for compliance with the following federal laws:

- Americans with Disability Act of 1990 and the Americans with Disability Act Amendments Act of 2008 (together "ADA")
- Age Discrimination in Employment Act of 1967 ("ADEA")
- Children's Health Insurance Program Reconciliation Act of 2009 ("CHIPRA")
- COBRA (as made applicable through Section 300bb of the Public Health Service Act)
- Coronavirus Aid, Relief, and Economic Security Act ("CARES Act")
- Executive Order 11246 (re: nondiscrimination on the basis of sex)
- Family and Medical Leave Act of 1993 ("FMLA")
- Families First Coronavirus Response Act ("FFCRA")
- Genetic Information Nondiscrimination Act of 2008 ("GINA")
- Gulf Opportunity Zone Act of 2005 ("GO")
- Heroes Earnings Assistance and Relief Tax Act of 2008 ("HEART")

SECTION C: FACTS AND ASSUMPTIONS (CONT'D)

- Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) benefit provisions for HIPAA privacy and data security provisions, including HITECH (note that our review did not include a review for compliance with HIPAA’s Electronic Data Interchange (“EDI”) regulations)
- Medicare Secondary Payer (“MSP”) requirements
- The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (“Medicare Part D Requirements”)
- Mental Health Parity Act (“MHPA”) and Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 (“MHPAEA”)
- Michelle’s Law of 2008
- National Defense Authorization Act of 2008 (“NDAA”)
- Newborns’ and Mothers’ Protection Act of 1996 (“NMHPA”)
- Patient Protection and Affordable Care Act of 2010 (“PPACA”)
- Pregnancy Discrimination Act (“PDA”)
- QMCSOs
- Rehabilitation Act of 1973
- Social Security Act Health Insurance (“Medicare”), including Medicare Part D
- Title VII of the Civil Rights Act of 1964
- Uniformed Services Employment and Reemployment Rights Act of 1964 (“USERRA”)
- Women’s Health & Cancer Rights Act of 1998 (“WHCRA”)
- Code Section 125 Cafeteria Plan rules

SECTION C: FACTS AND ASSUMPTIONS (CONT'D)

The PEBP health and welfare plans listed above were reviewed for document compliance with the certain Nevada state law requirements in the following areas. This listing reflects the impact of several new and revised pieces of legislation subsequent to our previous review that may have impacted PEBP benefits and administration:

- Eligibility and Participation
 - NAC 287.035, 287.085, 287.095, 287.100, 287.135, 287.150, 287.310, 287.3105, 287.311, 287.312, 287.3105, 287.3125, 287.313, 287.314, 287.317, 287.318, 287.319, 287.320, 287.355, 287.357, 287.359, 287.361, 287.363, 287.365, 287.367, 287.368, 287.369, 287.371, 287.373, 287.375, 287.376, 287.379, 287.381, 287.383, 287.385, 287.386, 287.387, 287.389, 287.400, 287.510, 287.515, 287.520, 287.530
 - NRS 287.010, 287.020, 287.021, 287.025, 287.040, 287.045, 287.0467, 287.0475, 287.0477, 287.0479, 689B.033
- Retirees
 - NAC 287.530, 287.540, 287.542, 287.544, 287.546, 287.548
 - NRS 287.0205, 287.023, 287.024, 287.0406, 287.0436, 287.043, 287.046, 287.047, 287.0475
- Benefit Coverage
 - NAC 287.100
 - NRS 287.010, 287.0205, 287.027, 287.0272, 287.0274, 287.0276, 287.0278, 287.040, 287.04062, 287.0433, 287.04335, 287.0467, 287.0485, 287.287, 689A.0447, 683A.0879, 683A.330, 689A.417, 689B.0306, 689B.0362, 689B.069, 689B.255, 689B.275, 689B.330, 689B.283, 689B.287, 689B.0362, 689B.425, 689B.500, 689B.550, 689C.159, 689C.190, 689C.193, 689C.198, 689C.220, 689C.425, 689C.17335, 695A.188, 695B.193, 695B.2505, 695B.2555, 695C.050, 695C.173, 695C.185, 695C.207, 695C.330, 695G.150, 695G.160, 695G.162, 695G.164, 695G.1645, 695G.1665, 695G.167, 695G.170-695G.172, 695G.173, 695G.177, and 695G.405
- Premium and Funding
 - NAC 287.420-287.490, 287.760-287.792
 - NRS 287.015, 287.017, 287.043, 287.0434, 287.0435, 287.0436, 287.04362, 287.04364, 287.04385, 287.0439, 287.044, 287.0445, 287.046
- Subrogation (NRS 287.0465) (as amended)
- Orientation Program (NAC 287.314 and 287.317)
- Agency Participation and Administration
 - NAC 287.310, 287.320, and 287.355-287.389
 - NRS 287.010 and 287.020
- Board Authority and Duties
 - NAC 287.170-287.196
 - NRS 287.0402, 287.04062, 287.041, 287.0415, 287.0424, 287.0426, 287.043, 287.04335, 287.0434, 287.04366, and 287.0487
- Executive Branch Reporting Requirements (NRS 287.0425)
- Claims and Appeals Procedures

PUBLIC EMPLOYEES' BENEFITS PROGRAM—BIENNIAL COMPLIANCE REVIEW—REVIEW PERIOD: JULY 2019-JUNE 2020

SECTION C: FACTS AND ASSUMPTIONS (CONT'D)

- NAC 287.610-287.695 and 287.750
- NRS 287.043, 287.04335, 689B.255, 695G.200, 695G.210, 695G.220, 695G.230, 695G.241-695G.300, and 695G.310
- Notice Requirements (NRS 695G.210 and 695G.230)
- Family and Medical Leave (NAC 284.52315, 284.5237, 284.52345, 284.581, 284.5811, and 284.5813)
- Leave of Absence for Military Duty (NAC 281.145, and 284.5875; NRS 284.359)
- Audit Requirements (NRS 287.0425 (1)(a), (b))

SECTION D: DOCUMENTS REVIEWED

In performing our review of the PEBP health and welfare plans, we reviewed the following documents during this review period:

- PEBP to Aon Work Order Request (2020)
- Plan Documents:
 - PEBP Master Plan Document (“MPD”) for Enrollment and Eligibility: Plan Year (“PY”) 2020
 - PEBP MPD for the Consumer Driven Health Plan for Medical, Vision and Prescription Drug Benefits and Summary of Benefits for Health Savings Account, Health Reimbursement Account PY 2020
 - PEBP MPD for the Self-Funded PEBP PPO Dental Plan and Summary of Benefits for Life and Long-Term Disability Insurance PY 2020
 - Qualifying Life Event Guide (April 2019)
 - PEBP Section 125 Health and Welfare Benefits Plan Document PY 2020
- Plan Summaries
 - PEBP Plan Year 2020 Benefit Guide
 - PEBP CDHP SBC (Individual) PY 2020
 - PEBP CDHP SBC (Family) PY 2020
 - PEBP CDHP Glossary of Health Coverage and Medical Terms
 - Medicare Exchange Health Reimbursement Arrangement Summary PY 2020
 - HealthSCOPE Flexible Spending Accounts (“FSA”), Health Care (Medical) FSA, Dependent Care FSA, Limited Purpose/Scope FSA Summary Plan Description and Employee Enrollment PY 2020
 - HSA/HRA Supplemental Funding FAQs PY 2020
 - PEBP Health Plan Comparison PY 2020
- PEBP Consumer Driven Health Plan Documents
- HealthSCOPE Documents:
 - Benefits Subrogation Letters

PUBLIC EMPLOYEES' BENEFITS PROGRAM—BIENNIAL COMPLIANCE REVIEW—REVIEW PERIOD: JULY 2019-JUNE 2020

SECTION D: DOCUMENTS REVIEWED (CONT'D)

- State of Nevada/PEBP Handbooks and Manuals
 - State of Nevada Employee Handbook (Revised 1/18/2018)
 - State of NV State Administrative Manual (Revised 11/2018)
- Enrollment Materials
 - Plan Year 2020 Benefit Guide
 - Plan Year 2020 Medicare Guide
 - Enrollment & Eligibility MPD PY 2020
 - Certification of Disabled Dependent Child (PY 2020)
 - Legal Guardianship Certification (8/2019)
- COBRA-Related Documents:
 - Initial COBRA Notice (Revised 8/2020)
 - COBRA Address Notification Form (Revised 10/2013)
 - Sample COBRA Election Notice (Dated 11/17/16)
 - COBRA Confirmation of Enrollment (Dated 11/18/16)
 - COBRA Premium Notice – Past Due (undated)
 - COBRA Termination Notices (Dated 10/31/16)
 - COBRA Rates PY 2020
- Other Notices:
 - Qualified Medical Child Support Order Notification
 - Notification of Retiree Turning 65
 - FMLA Notice
 - Marketplace Notice – Eligible Employees
 - Marketplace Notice – Ineligible Employees
 - PEBP CDHP Medicare Part D Notice Actives PY 2020
 - PEBP CDHP Medicare Part D Notice Retirees PY 2020
 - USERRA/Military Leave Related Notices

SECTION D: DOCUMENTS REVIEWED (CONT'D)

- Newborn and Mother's Health Protection Act Notice
- Women's Health and Cancer Rights Act
- SBC Availability Notice
- CHIP Notice
- Section 1557 Nondiscrimination Notice
- Local Government Entity Application Instructions for Coverage under Public Employees' Benefits Program (Health Insurance) (Revised 6/2016)
- PEBP Policies and Procedures
 - Accounting Unit
 - Appeals and Complaints Policies and Procedures (3/19/2018)
 - Privacy Policies and Procedures (7/1/2016)
 - Non-State Agency Application Procedures (last updated in 2001)
 - Local Government Entity Application (dated 6/2016)
- HIPAA Privacy and Security-Related Documents:
 - PEBP Master Plan Document for the HIPAA Privacy and Security Requirements for PEBP Health Benefits PY 2018
 - HIPAA Privacy Notice (Effective July 1, 2015)
 - Privacy & Security of Protected & Personal Health Information (PHI) (Originated 9/17/2003, Last Updated 7/1/2016), including Attachments A through F
 - HIPAA Privacy and Data Security Training: PEBP Board and Staff (August 2017)
 - Template Business Associate Agreement
 - Current Business Associate Agreements with:
 - Casey, Neilson and Associates LLC (Effective March 26, 2013)
 - Express Scripts, Inc. ("Upon BOE Approval")
 - Health Claim Auditors, Inc. (Effective July 1, 2016)
 - HealthSCOPE Benefits, Inc. (Effective July 1, 2016)
 - Hometown Health Providers ("Upon BOE Approval")
 - Morneau Shepell (Effective July 1, 2016)

PUBLIC EMPLOYEES' BENEFITS PROGRAM—BIENNIAL COMPLIANCE REVIEW—REVIEW PERIOD: JULY 2019-JUNE 2020

SECTION D: DOCUMENTS REVIEWED (CONT'D)

- Towers Watson / Delaware Inc. (Effective July 1, 2018)
- PY20 Rates – Effective 7/1/2019
- PEBP Board Action Minutes
 - January 24, 2019
 - March 7, 2019
 - March 28, 2019
 - April 29, 2019
 - May 23, 2019
 - July 25, 2019
 - September 26, 2019
 - November 21, 2019
 - December 20, 2019
 - January 23, 2020
 - March 3, 2020
 - March 31, 2020
 - April 9, 2020
 - April 27, 2020
 - May 28, 2020
- PEBP Board and Agency Duties, Policies and Procedures (9/2019 (draft))

SECTION E: SUMMARY OF FINDINGS—FEDERAL LAW REQUIREMENTS

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SECTION E: SUMMARY OF FINDINGS—FEDERAL LAW REQUIREMENTS (CONT'D)

FEDERAL STATUTE	DOCUMENTS REVIEWED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
Americans with Disabilities Act of 1990, as amended (“ADA”)	<ul style="list-style-type: none"> ▪ Reviewed Master Plan Documents (“MPDs”), Section 125 Health and Welfare Benefits Plan Document (“Section 125 Document”), and Flexible Spending Account Summary Plan Description (“FSA SPD”). ▪ Reviewed Employee Handbook and State Administrative Manual. 	<ul style="list-style-type: none"> ▪ EEOC regulations under the ADA and GINA, since partially vacated, would have applied to PEBP starting 7/1/2017 if PEBP had a wellness program that collected employee health information as a condition for receiving incentives. ▪ PEBP does not have a wellness program that collects employee health information, and so this new requirement does not apply to PEBP. 	<ul style="list-style-type: none"> ▪ None. 	
Age Discrimination in Employment Act of 1967	<ul style="list-style-type: none"> ▪ Reviewed MPDs, Section 125 Document, and FSA SPD. ▪ Reviewed Employee Handbook and State Administrative Manual. ▪ Reviewed Group Life Insurance Certificates. ▪ Reviewed Group Long Term Disability Insurance Certificates. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
Children’s Health Insurance Program Reconciliation Act of 2009 (“CHIPRA”)	<ul style="list-style-type: none"> ▪ Reviewed MPDs, Section 125 Document, and FSA SPD. ▪ Reviewed Employee Handbook. 	<ul style="list-style-type: none"> ▪ CHIPRA Notice is currently not being distributed by PEBP; the obligation to distribute is on the employer (i.e., Agencies). ▪ Aon sent PEBP a copy of the most recent model CHIPRA notice on December 15, 2016. ▪ As confirmed by PEBP in document request, the Agencies retained the responsibility to distribute the notice for PY 2020. PEBP will distribute the CHIPRA notice starting PY 2021 in the Benefit Guide. 	<ul style="list-style-type: none"> ▪ None. 	

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SECTION E: SUMMARY OF FINDINGS—FEDERAL LAW REQUIREMENTS (CONT’D)

FEDERAL STATUTE	DOCUMENTS REVIEWED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
<p>Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”)</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Section 125 Document. ▪ Reviewed Plan Year 2020 Benefits Guide and Plan Year 2020 Medicare Guide. ▪ Reviewed FSA SPD. ▪ Reviewed COBRA Election Notice. ▪ Reviewed COBRA Premium Notice – Past Due. ▪ Reviewed PEBP Bad Debt and Collections Procedures. 	<ul style="list-style-type: none"> ▪ COBRA General (Initial) Notice. <ul style="list-style-type: none"> ▪ PEBP updated COBRA General Notice in August 2020 to incorporate Medicare coordination language from the new model notice published by the DOL in May 2020. ▪ Plan Year 2020 Benefits Guide contains COBRA overview and a link to the General Notice. PEBP does not obtain consent from employees or spouses for electronic disclosure of important documents including COBRA notices. (PEBP intends to add capability to obtain consent electronically in future system upgrades.) ▪ Linking to the COBRA General Notice is an electronic disclosure of the General Notice to employees and spouses. PEBP may electronically disclose the General Notice to an employee without consent only if: <ul style="list-style-type: none"> • The employee has the ability to access the documents at any location where the employee is reasonably expected to perform employment duties, and • The employee’s access to the electronic system is an integral part of their employment duties. <p>To furnish the General Notice to employees without such access to the electronic system, and to all spouses of employees, PEBP must obtain the consent of the employee or spouse.</p> ▪ PEBP will incorporate the COBRA General Notice, along with other required notices, into the E&E MPD and mail the E&E MPD annually. 	<ul style="list-style-type: none"> ▪ Mail COBRA General Notice to employees and spouses who have not provided consent for electronic disclosure. ▪ If a second address is known for a spouse, mail COBRA General Notice to that second address when capable. 	<ul style="list-style-type: none"> ▪ PEBP agrees with this finding and PEBP will work with the new eligibility and enrollment system vendor for potential system changes to obtain participant consent to receive electronic notices and the ability to maintain multiple address on file for COBRA participants ▪ PEBP will also incorporate the COBRA General Notice into the E&E MPD and mail the E&E MPD annually.

SECTION E: SUMMARY OF FINDINGS—FEDERAL LAW REQUIREMENTS (CONT'D)

FEDERAL STATUTE	DOCUMENTS REVIEWED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
<p>COBRA (cont'd)</p>		<ul style="list-style-type: none"> ▪ Retirees in the Medicare Exchange HRA are not eligible for COBRA in the event of the employer's bankruptcy. Medicare Exchange Health Reimbursement Arrangement SPD does not address COBRA. ▪ The Enrollment and Eligibility MPD refers to a section called "When COBRA Continuation Coverage May Be Cut Short" for an explanation of when the plan may terminate COBRA prior to the end of the maximum period of coverage. There is no section entitled "When COBRA Continuation Coverage May Be Cut Short," and this information is not provided in this MPD. ▪ <u>Notification to PEBP of Qualifying Events.</u> <ul style="list-style-type: none"> ▪ As confirmed by PEBP, the Agencies notify PEBP regarding the terminations of employment and reductions in hours. PEBP is unable to control timing of notifications by the Agencies. Agencies are responsible for employee portion of the premium if PEBP is not notified timely. ▪ <u>Election Notice.</u> <ul style="list-style-type: none"> ▪ If the Election Notice has been unchanged, then the COBRA Election Notice contains language regarding HIPAA Creditable Coverage notices which should be removed. ▪ Distribution of Election Notice: Per confirmation by PEBP, PEBP typically sends out the COBRA Election Notice within 5 working days after receipt of notification of a qualifying event from the Agency. PEBP is unable to control any potential delay by the Agencies in notifying PEBP of the qualifying event. ▪ <u>Notice of Termination of COBRA Coverage.</u> <ul style="list-style-type: none"> ▪ No exceptions noted. ▪ <u>Notice of COBRA Premiums Short by Insignificant Amount.</u> 	<ul style="list-style-type: none"> ▪ Revise Medicare Exchange Health Reimbursement Arrangement SPD to include COBRA eligibility in the event of an employer bankruptcy. ▪ Add a section "When COBRA Continuation Coverage May Be Cut Short" to Enrollment and Eligibility MPD after "Maximum Period of COBRA Continuation Coverage." ▪ None. ▪ Remove references to HIPAA Creditable Coverage notices in the COBRA Election Notice. ▪ None. ▪ None. 	<ul style="list-style-type: none"> ▪ PEBP agrees with this finding and will add the language. ▪ PEBP agrees with this finding and will add the language. ▪ PEBP agrees with this finding and will remove the HIPAA Creditable Coverage notice language.

PUBLIC EMPLOYEES’ BENEFITS PROGRAM—BIENNIAL COMPLIANCE REVIEW—REVIEW PERIOD: JULY 2019-JUNE 2020

SECTION E: SUMMARY OF FINDINGS—FEDERAL LAW REQUIREMENTS (CONT’D)

FEDERAL STATUTE	DOCUMENTS REVIEWED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
<p>COBRA (cont’d)</p>		<ul style="list-style-type: none"> ▪ The 2014 report suggested adding COBRA shortfall language to the standard Collections notice issued by PEBP Accounting Unit. ▪ Aon provided sample language on December 15, 2016. ▪ Per discussion with PEBP on January 20, 2017, PEBP believes that the collections process and existing language in Collections notice is sufficient and that explicit COBRA shortfall language is unnecessary in the standard Collections notice issued by the PEBP Accounting Unit. ▪ PEBP stated in its response to summary questions dated October 7, 2020 that PEBP will add shortfall language to COBRA Premium Notice – Past Due notice. The proposed shortfall language is not appropriate for qualified beneficiary communications. <p>Aon instead recommends including the following phrase: “If your payment is not significantly short of the due amount, PEBP will contact you to allow you to complete the payment.”</p>	<ul style="list-style-type: none"> ▪ Revise COBRA Premium Notice – Past Due with the shorter shortfall statement. 	<ul style="list-style-type: none"> ▪ PEBP agrees with this and will modify the COBRA Premium Notice – Past Due accordingly.
<p>Executive Order 11246</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs, Section 125 Document, and FSA SPD. ▪ Reviewed Group Life Insurance Certificates. ▪ Reviewed Group Long Term Disability Insurance Certificates. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
<p>Family and Medical Leave Act of 1993 (“FMLA”)</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs, Section 125 Document, and FSA SPD. ▪ Reviewed Employee Handbook. ▪ FMLA Notice. 	<ul style="list-style-type: none"> ▪ No exception noted. 	<ul style="list-style-type: none"> ▪ None. 	

SECTION E: SUMMARY OF FINDINGS—FEDERAL LAW REQUIREMENTS (CONT'D)

FEDERAL STATUTE	DOCUMENTS REVIEWED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
Families First Coronavirus Response Act (“FFCRA”), as amended by the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) and IRS Notices 2020-29 & 2020-30	<ul style="list-style-type: none"> ▪ Reviewed MPDs, Section 125 Document, and FSA SPD. 	<ul style="list-style-type: none"> ▪ FFCRA requires group health plans to cover USPSTF recommended items, including a COVID-19 vaccine, within 15 business days of adoption by the USPSTF. CDHP MPD and Premium Plan MPD should make such preventive service coverage explicit. ▪ FSA SPD will need to be updated for \$550 carryover. ▪ OTC medicines need to be updated. 	<ul style="list-style-type: none"> ▪ Amend CDHP MPD and Premier EPO Plan MPD to explicitly cover USPSTF-recommended COVID services, including a vaccine, within 15 business days of adoption of recommendation by USPSTF. ▪ Update FSA SPD accordingly. 	<ul style="list-style-type: none"> ▪ PEBP agrees with this finding and will make the required amendments to the CDHP MPD and Premier EPO Plan MPD. ▪ PEBP agrees with this finding and will make the required amendments to the FSA SPD.
Genetic Information Nondiscrimination Act of 2008 (“GINA”)	<ul style="list-style-type: none"> ▪ Reviewed MPDs. 	<ul style="list-style-type: none"> ▪ No exception noted. 	<ul style="list-style-type: none"> ▪ None. 	
Gulf Opportunity Zone Act of 2005 (“GO Act”)	<ul style="list-style-type: none"> ▪ Reviewed MPDs. 	<ul style="list-style-type: none"> ▪ No exception noted. 	<ul style="list-style-type: none"> ▪ None. 	
Heroes Earnings Assistance and Relief Tax Act of 2008 (“HEART”)	<ul style="list-style-type: none"> ▪ Reviewed FSA SPD. ▪ Reviewed FSA Enrollment Form. ▪ Reviewed Employee Handbook. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	

PUBLIC EMPLOYEES' BENEFITS PROGRAM—BIENNIAL COMPLIANCE REVIEW—REVIEW PERIOD: JULY 2019-JUNE 2020

SECTION E: SUMMARY OF FINDINGS—FEDERAL LAW REQUIREMENTS (CONT'D)

FEDERAL STATUTE	DOCUMENTS REVIEWED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
HIPAA Benefit Provisions	<ul style="list-style-type: none"> ▪ Reviewed Plan Year 2020 Benefit Guide and Plan Year 2020 Medicare Guide. ▪ Reviewed MPDs, Section 125 Document, and FSA SPD. ▪ Reviewed Qualifying Life Status Event document. 	<ul style="list-style-type: none"> ▪ The Enrollment and Eligibility MPD and Qualifying Life Status Event documents describe the HIPAA Special Enrollment rights for those who lose CHIPRA coverage or for those who lose Medicaid coverage. ▪ The Enrollment and Eligibility MPD and Qualifying Life Status Event document do not permit a special enrollment for those that lose eligibility for individual coverage in the public Exchange. However, in practice, PEBP allows individuals to enroll in PEBP coverage if they lose individual coverage. ▪ The following documents have a HIPAA Special Enrollment Rights notice: Enrollment and Eligibility MPD. The Section 125 Document has a section regarding "Special Enrollment" with the language of a HIPAA Special Enrollment Rights notice, but the term "HIPAA Special Enrollment" is not used. PEBP will begin to mail E&E MPD annually to ensure provision of required notices, including notice of Special Enrollment rights. ▪ Qualifying Life Status Event document states that participants need to provide PEBP with a Creditable Coverage Certificate when trying to enroll during Dependent Loses Coverage and Loss of Coverage for Dependent Children under Medicaid or Nevada Check Up. 	<ul style="list-style-type: none"> ▪ None. ▪ None. ▪ None. ▪ Remove references to "Creditable Coverage Certificates." 	<ul style="list-style-type: none"> ▪ PEBP agrees with this finding and will remove references to Creditable Coverage Certificates.
HIPAA Privacy and Data Security Provisions	<ul style="list-style-type: none"> ▪ Reviewed HIPAA Privacy Notice. ▪ Reviewed MPD, HIPAA Privacy and Security Policies and Procedures, and July 2019 training materials as provided by Aon to PEBP. ▪ Reviewed HIPAA Training Log. 	<ul style="list-style-type: none"> ▪ <u>Training.</u> ▪ PEBP staff receives annual training and has a good understanding of the HIPAA rules and regulations and are very sensitive to the privacy and security of PEBP health information. ▪ Training Log ("Board and Staff HIPAA Attestation") indicates training was received September and October of 2019 and between February and October 2020. 	<ul style="list-style-type: none"> ▪ None. 	

SECTION E: SUMMARY OF FINDINGS—FEDERAL LAW REQUIREMENTS (CONT'D)

FEDERAL STATUTE	DOCUMENTS REVIEWED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
<p>HIPAA Privacy and Data Security Provisions (cont'd)</p>	<ul style="list-style-type: none"> ▪ Reviewed HIPAA Privacy Notice. ▪ Reviewed MPDs, Section 125 Document, and FSA SPD. ▪ Reviewed Plan Year 2020 Benefit Guide and Plan Year 2020 Medicare Guide. ▪ Reviewed MPDs, Section 125 Document, and FSA SPD. 	<ul style="list-style-type: none"> ▪ <u>HIPAA Privacy Officer.</u> <ul style="list-style-type: none"> ▪ Identified in the HIPAA Privacy and Security Policies and Procedures as Quality Control Officer. ▪ Identified in the HIPAA Privacy Notice (also identified as contact person). ▪ Identified in the July 2019 HIPAA Privacy and Data Security Training as Quality Control Officer. ▪ <u>HIPAA Privacy Notice.</u> <ul style="list-style-type: none"> ▪ Notice was updated in 2016. ▪ HIPAA Notice of Privacy Practices is not provided in any MPDs, but the FSA SPD has a large portion of the Notice under General Notices. ▪ Plan Year 2020 Benefit Guide and Plan Year 2020 Medicare Guide contain paragraph on HIPAA Privacy Practices with a description of how to obtain a copy of the notice. ▪ Notice of Privacy Practices under Mandatory Notices section of website links to same Notice of Privacy Practices as other plan documents. ▪ <u>Protected Information Access Levels.</u> ▪ The PEBP Protected Information Access Levels per position chart, which lists the access levels for employees who are authorized to view PHI/PII, is found in: <ul style="list-style-type: none"> • The 2019 HIPAA Privacy and Data Security Training materials; and • The HIPAA Privacy and Security Policies and Procedures (1/23/2019). 	<ul style="list-style-type: none"> ▪ None. ▪ None. ▪ Delete the remaining portion of the Notice of Privacy Practices in the FSA SPD. ▪ None. ▪ None. ▪ Reconcile the titles and levels of access between the training the Policies and Procedures (likely updating the training). 	<ul style="list-style-type: none"> ▪ PEBP agrees with this finding and will amend the FSA SPD accordingly. ▪ PEBP agrees with this finding and will review the titles and update the appropriate documents to match.

PUBLIC EMPLOYEES’ BENEFITS PROGRAM—BIENNIAL COMPLIANCE REVIEW—REVIEW PERIOD: JULY 2019-JUNE 2020

SECTION E: SUMMARY OF FINDINGS—FEDERAL LAW REQUIREMENTS (CONT’D)

FEDERAL STATUTE	DOCUMENTS REVIEWED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
<p>HIPAA Privacy and Data Security Provisions (cont’d)</p>	<ul style="list-style-type: none"> ▪ Reviewed HIPAA Privacy and Security Policies and Procedures. 	<ul style="list-style-type: none"> ▪ There are discrepancies between the training materials and the Policies and Procedures: <ul style="list-style-type: none"> • Chief Financial Officer’s level • Title: Chief Information Officer or Information Technology Officer • Management Analyst II’s level • Program Officer III’s level • Titles and levels of Member Services Administrative Assistant, Eligibility Administrative Assistant ▪ <u>HIPAA Data Security Compliance.</u> ▪ PEBP’s Health Plan Auditor had completed a security review in 2010, 2014, and 2016 (per August 2016 report submitted by Health Claim Auditors, Inc. (“HCA”). Per HCA August 2016 report, HCA’s audit observed PEBP internal policies and procedures under HIPAA; the review included some areas (administrative, physical, and technical safeguards) required by the HIPAA data security regulations. ▪ Per the PY 2016 report, PEBP believes they are in compliance for HIPAA. ▪ At the time of the last review, PEBP indicated that HCA was scheduled to conduct another audit. Although that audit is outside the scope of this review timeframe, PEBP should review the results of the HCA audit and take action as needed. Per conference call on September 15, 2020, PEBP confirmed that the scheduled audit did not occur. Per PEBP response to further summary questions, PEBP will conduct a HIPAA audit in the fall of 2021. ▪ HIPAA Security Officer is identified in the HIPAA Privacy and Security Policies and Procedures as Information Technology Officer and in the July 2019 HIPAA Training as the Chief Information Officer. 	<ul style="list-style-type: none"> ▪ Update training to reconcile HIPAA Security Officer title. 	<ul style="list-style-type: none"> ▪ PEBP agrees with this finding and will update the training.

SECTION E: SUMMARY OF FINDINGS—FEDERAL LAW REQUIREMENTS (CONT'D)

FEDERAL STATUTE	DOCUMENTS REVIEWED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
<p>HIPAA Privacy and Data Security Provisions (cont'd)</p>	<ul style="list-style-type: none"> ▪ Reviewed HIPAA Privacy and Security Policies and Procedures. ▪ Reviewed Release of Information Authorization Form. 	<ul style="list-style-type: none"> ▪ <u>HIPAA Privacy and Security Policies and Procedures:</u> ▪ Following 2014 report, PEBP created MPD for HIPAA Privacy and Security Requirements which describes how PHI may be accessed, used or disclosed by the PEBP Workforce, and updated HIPAA Privacy and Security of Protected Health Information (PHI) policies and procedures document as of 7/1/2017, which describe HIPAA requirements at a high level. ▪ Per 2014 report, the HIPAA Privacy and Security of Protected Health Information (PHI) policies and procedures were substantially updated in 2013. <ul style="list-style-type: none"> • Incorporate a summary of HITECH changes to HIPAA rules and refer to the HITECH revisions published in January 2013. • Describe the HIPAA Data Security standards and specifications at a high level. ▪ 2019 HIPAA Privacy and Security Policies and Procedures incorporate detailed procedures for determining breaches and notification of breaches. ▪ On January 27, 2017, Aon provided the following to PEBP: (1) updated signature language for Attachment B "Release of Information Authorization Form" to address personal representative of individual; and (2) sample Table of Contents for HIPAA Privacy and Security of Protected Health Information (PHI) policies and procedures. PEBP added this language in April 2019. ▪ If PEPB uses the Release of Information Authorization Form to request an individual to authorize release, the Form must also include language informing the individual that PEBP may not condition treatment, payment, enrollment, or eligibility for benefits in the PEBP health plan upon the individual signing the authorization form. 	<ul style="list-style-type: none"> ▪ Proofread the document, which appears to have misplaced headers and some redundant sections. ▪ If PEBP requests authorization, add statement that PEBP does not condition treatment, payment, enrollment, or eligibility for benefits upon individual signing authorization. 	<ul style="list-style-type: none"> ▪ PEBP agrees with this finding and will revise the document. ▪ PEBP agrees with this finding and will revise the Release of Information Authorization Form accordingly.

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SECTION E: SUMMARY OF FINDINGS—FEDERAL LAW REQUIREMENTS (CONT’D)

FEDERAL STATUTE	DOCUMENTS REVIEWED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
<p>HIPAA Privacy and Data Security Provisions (cont’d)</p>	<ul style="list-style-type: none"> ▪ Reviewed Business Associate Agreements. ▪ Reviewed Template Business Associate Agreement. 	<ul style="list-style-type: none"> ▪ <u>Business Associate Agreements (“BAA”).</u> ▪ The BAA with Express Scripts, Inc., signed by both parties in 2018, is effective “upon BOE approval.” In 2018 PEBP confirmed that its BAA with ESI is effective July 12, 2018. ▪ The BAA with Hometown Health Providers, signed by both parties in 2018, is effective “upon BOE approval.” BOE approved Amendment #3 to contract 3100/15510 which incorporates the BAA as Attachment DD. ▪ We are unable to independently confirm that every business associate of PEBP has been identified. ▪ PEBP confirmed that they have HIPAA BAAs with appropriate PEBP vendors. PEBP provided that other vendors or entities that could be potential business associates (such as photocopier providers, on-site contractors, facsimile machine providers, document storage and disposal (paper or electronic)) would be handled as part of an overall state-wide contract. ▪ Template BAA has all necessary provisions. ▪ <u>General Observations.</u> ▪ PEBP states that an independent audit occurs that involves IT. PEBP confirmed in a conference call on September 15, 2020 that the IT Security Audit was completed on February 18, 2020. 	<ul style="list-style-type: none"> ▪ None. ▪ None. 	<ul style="list-style-type: none"> ▪ PEBP agrees with this finding and has confirmed that the BAA has been executed.
<p>Code Section 125—Pre-Tax and Election Changes</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs, Section 125 Health and Welfare Benefits Plan Document, and FSA SPD. 	<ul style="list-style-type: none"> ▪ Article 6.1 of the Section 125 Health and Welfare Benefits Plan Document includes the Medicare Exchange benefit which is not offered through the cafeteria plan. The Medicare Exchange benefit is an HRA funded solely by the former employer. ▪ PEBP confirmed that a change in elections is allowed only when eligibility for coverage is affected, and that the change is due to and consistent with the change in status. 	<ul style="list-style-type: none"> ▪ Remove Medicare Exchange benefit from Article 6 of the Section 125 Health and Welfare Benefits Plan Document. ▪ None. 	<ul style="list-style-type: none"> ▪ PEBP agrees with this finding and will remove Article 6 from the Section 125 Health and Welfare Benefits Plan Document.

SECTION E: SUMMARY OF FINDINGS—FEDERAL LAW REQUIREMENTS (CONT'D)

FEDERAL STATUTE	DOCUMENTS REVIEWED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
Code Section 125—Pre-Tax and Election Changes (cont'd)	<ul style="list-style-type: none"> Reviewed Qualifying Life Status Events document. 	<ul style="list-style-type: none"> Qualifying Life Status Events document states that, in the event of a marriage, coverage for newly-added spouse begins first day of the month concurrent with or following marriage. This can result in retroactive election changes if the employee notifies PEBP of the marriage within 60 days but after the first of the month concurrent with or following the date of marriage. Retroactive election changes are only allowed for birth, adoption, or placement for adoption events. All other events must have prospective election changes from the date of the event or the date of notification to the plan, whichever is later. 	<ul style="list-style-type: none"> Begin coverage on the first of the month concurrent with or following the date of marriage or the date the employee notifies the plan of the marriage, whichever is later. 	<ul style="list-style-type: none"> PEBP agrees with this finding and will take the recommended action.
Medicare Secondary Payer Requirements	<ul style="list-style-type: none"> Reviewed MPDs. 	<ul style="list-style-type: none"> The active plan requires retirees and retiree dependents to be covered under the Medicare HRA when Medicare-eligible. 	<ul style="list-style-type: none"> Create a second plan for retirees that mirrors the active plan and has its own, separate plan documentation. 	<ul style="list-style-type: none"> PEBP agrees with this finding and will take the recommended action.
Medicare Part D Requirements	<ul style="list-style-type: none"> Reviewed Medicare Part D Notices. 	<ul style="list-style-type: none"> Medicare Part D Notices are posted on PEBP's website (dated July 1, 2019) under "Mandatory Notices." Per PEBP response to summary questions dated October 7, 2020, notices are distributed to all participants annually in July. Per PEBP response to summary questions dated October 7, 2020, PEBP confirmed that it performs Medicare Part D reporting to CMS within 60 days following the beginning of each plan year. 	<ul style="list-style-type: none"> None. None. 	
Mental Health Parity and Addiction Equity Act ("MHPAEA")	<ul style="list-style-type: none"> Reviewed MPDs and Section 125 Document. 	<ul style="list-style-type: none"> No exceptions noted. 	<ul style="list-style-type: none"> None. 	
Michelle's Law	<ul style="list-style-type: none"> Reviewed MPDs and Section 125 Document. Reviewed Plan Year 2020 Benefit Guide and Plan Year 2020 Medicare Guide. 	<ul style="list-style-type: none"> No exceptions noted. 	<ul style="list-style-type: none"> None. 	
National Defense Authorization Act of 2008 ("NDAA")	<ul style="list-style-type: none"> Reviewed MPDs and Section 125 Document. Reviewed Employee Handbook. 	<ul style="list-style-type: none"> No exceptions noted. 	<ul style="list-style-type: none"> None. 	

PUBLIC EMPLOYEES’ BENEFITS PROGRAM—BIENNIAL COMPLIANCE REVIEW—REVIEW PERIOD: JULY 2019-JUNE 2020

SECTION E: SUMMARY OF FINDINGS—FEDERAL LAW REQUIREMENTS (CONT’D)

FEDERAL STATUTE	DOCUMENTS REVIEWED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
Newborns’ and Mothers’ Health Protection Act of 1996 (“NMHPA”)	<ul style="list-style-type: none"> Reviewed MPDs, Section 125 Document, and FSA SPD. Reviewed Plan Year 2020 Benefit Guide and Plan Year 2020 Medicare Guide. 	<ul style="list-style-type: none"> No exceptions noted. 	<ul style="list-style-type: none"> None. 	
Patient Protection and Affordable Care Act of 2010 (“PPACA”)	<ul style="list-style-type: none"> Reviewed MPDs, Section 125 Document, and FSA SPD. Reviewed Plan Year 2020 Benefit Guide and Plan Year 2020 Medicare Guide. Reviewed PEBP Appeals and Complaints Policies and Procedures. Reviewed Employee Handbook. 	<ul style="list-style-type: none"> <u>PPACA Reporting.</u> <ul style="list-style-type: none"> PEBP performs PPACA reporting in-house after Morneau Shepell collects the necessary data, as confirmed by PEBP in response to summary questions dated October 7, 2020. <u>Claims and Appeals.</u> <ul style="list-style-type: none"> Enrollment and Eligibility MPD. <ul style="list-style-type: none"> MPD still excludes eligibility appeals but Appeals and Complaints Policies and Procedures includes eligibility appeals. Notice of Adverse Benefit Determinations. <ul style="list-style-type: none"> Aon did not receive nor review adverse benefit determination notices sent by PEBP or TPA. Aon confirmed with HSB in email dated 8/13/2018 that the adverse benefit determination notices are sent in a culturally and linguistically appropriate manner. 	<ul style="list-style-type: none"> None—continue existing process. None. Revise Enrollment and Eligibility MPD to explicitly state eligibility decisions are subject to appeals. None. None. 	<ul style="list-style-type: none"> PEBP agrees with this action and will make the appropriate revision to the Eligibility & Enrollment MPD.

SECTION E: SUMMARY OF FINDINGS—FEDERAL LAW REQUIREMENTS (CONT'D)

FEDERAL STATUTE	DOCUMENTS REVIEWED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
PPACA (cont'd)		<ul style="list-style-type: none"> • Aon confirmed with HSB in email dated 8/13/2018 that the notices sent by PEBP or TPA comply the content requirement include information sufficient to identify the claim involved, the reason(s) for the adverse benefit determination as well as a description of the plan's or issuer's standard, if any, that was used in denying the claim, provide a description of available internal appeals and external review processes, including information regarding how to initiate an appeal, and disclose the availability of, and contact information for, any applicable office of health insurance consumer assistance or ombudsman. ▪ <u>Employer Mandate.</u> <ul style="list-style-type: none"> ▪ Agencies are responsible for counting hours and determining who is a full-time employee eligible for coverage. Agencies then feed that information to PEBP. ▪ Medical coverage offered meets the minimum value standard and is affordable (monthly contribution amount for employee-only coverage in the lowest cost plan is below Federal Poverty Line), as set forth in the Marketplace Notice – Eligible Employees. ▪ <u>Fees.</u> <ul style="list-style-type: none"> ▪ PCORI fee for the self-insured health plan(s) was paid in July 2019 and July 2020, as confirmed on the conference call of September 15, 2020. ▪ <u>Marketplace Notices.</u> <ul style="list-style-type: none"> ▪ Eligible and ineligible for health coverage notices are being provided annually to all payroll centers at the various agencies. The Agency should provide the applicable notice within 7 days of hire date. ▪ <u>Preventive Care.</u> <ul style="list-style-type: none"> ▪ CDHP MPD and Wellness Guide incorporate latest guidance regarding preventive services without cost-sharing. 	<ul style="list-style-type: none"> ▪ None. ▪ None—continue the existing course of action. ▪ None. ▪ None. ▪ None. ▪ None. ▪ None. ▪ None. 	

PUBLIC EMPLOYEES' BENEFITS PROGRAM—BIENNIAL COMPLIANCE REVIEW—REVIEW PERIOD: JULY 2019-JUNE 2020

SECTION E: SUMMARY OF FINDINGS—FEDERAL LAW REQUIREMENTS (CONT'D)

FEDERAL STATUTE	DOCUMENTS REVIEWED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
PPACA (cont'd)		<ul style="list-style-type: none"> ▪ <u>Out-of-Pocket Maximums.</u> <ul style="list-style-type: none"> ▪ CDHP complies with PPACA and IRS limits for maximum out-of-pocket limits. ▪ <u>Section 1557 Nondiscrimination.</u> <ul style="list-style-type: none"> ▪ The Section 1557 notice requirement has been revoked in new final rule published by HHS. There is ongoing litigation over the final rule, but the repealed notice requirement is not affected by the litigation. ▪ The Section 1557 notice is included in the following documents: Enrollment and Eligibility MPD; 2020 Plan Year Benefit Guide, 2020 Plan Year Medicare Guide. ▪ PEBP medical plans cover gender dysphoria. ▪ <u>Summaries of Benefit and Coverage (SBCs).</u> <ul style="list-style-type: none"> ▪ SBCs are posted on the PEBP website. ▪ Per email dated December 19, 2016, and conference call of 8/3/2018, PEBP does not provide hard copies of the SBC to new hires or special enrollees. SBC is referenced in the 2020 Plan Year Benefit Guide but is not included. ▪ Per email dated December 19, 2016, PEBP provides SBC within 7 business days upon request. ▪ SBC notice of availability is not in the 2020 Plan Year Benefit Guide but there is language directing participants to the PEBP website. ▪ SBCs use current (updated) SBC template. ▪ Dental. <ul style="list-style-type: none"> ▪ Based on documentation reviewed, self-insured dental coverage does not appear to be an excepted benefit as it is: (1) bundled with medical coverage for active employees; and (2) the claims administrator for both dental and medical coverage is HealthSCOPE. PEBP discussed with legal counsel and determined that the dental plan is an excepted benefit. 	<ul style="list-style-type: none"> ▪ None. ▪ None. ▪ None. ▪ None. ▪ None. ▪ None. 	
Pregnancy Discrimination Act ("PDA")	<ul style="list-style-type: none"> ▪ Reviewed MPDs and Section 125 Document. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	

SECTION E: SUMMARY OF FINDINGS—FEDERAL LAW REQUIREMENTS (CONT'D)

FEDERAL STATUTE	DOCUMENTS REVIEWED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
QMCSOs	<ul style="list-style-type: none"> Reviewed MPDs Section 125 Document, and FSA SPD. 	<ul style="list-style-type: none"> No exceptions noted. 	<ul style="list-style-type: none"> None. 	
Rehabilitation Act of 1973	<ul style="list-style-type: none"> Reviewed MPDs Section 125 Document, and FSA SPD. Reviewed Employee Handbook. 	<ul style="list-style-type: none"> No exceptions noted. 	<ul style="list-style-type: none"> None. 	
Social Security Act Health Insurance ("Medicare")	<ul style="list-style-type: none"> Reviewed Medicare Part D Notice. 	<ul style="list-style-type: none"> No exceptions noted. 	<ul style="list-style-type: none"> None. 	
Title VII of the Civil Rights Act of 1964	<ul style="list-style-type: none"> Reviewed MPDs Section 125 Document, and FSA SPD. Reviewed Employee Handbook. 	<ul style="list-style-type: none"> No exceptions noted. 	<ul style="list-style-type: none"> None. 	
Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA")	<ul style="list-style-type: none"> Reviewed MPDs, Section 125 Document, and FSA SPD. Reviewed Employee Handbook. Reviewed Military Leave Notice. 	<ul style="list-style-type: none"> No exceptions noted. 	<ul style="list-style-type: none"> None. 	
Women's Health and Cancer Rights Act of 1998 ("WHCRA")	<ul style="list-style-type: none"> Reviewed MPDs, Section 125 Document, and FSA SPD. Review 2020 Plan Year Benefit Guide and 2020 Plan Year Medicare Guide. 	<ul style="list-style-type: none"> No exceptions noted. PEBP will incorporate WHCRA notice in E&E MPD and mail the E&E MPD annually. 	<ul style="list-style-type: none"> None. 	

SECTION F: SUMMARY OF FINDINGS—STATE LAW REQUIREMENTS

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STATE STATUTE	PROCEDURES PERFORMED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
<p>Eligibility and Participation: Definition of “Dependent” NAC 287.035 NAC 287.311 NAC 287.312 NAC 287.3125 NAC 287.313 NRS 689B.035</p>	<ul style="list-style-type: none"> ▪ Reviewed Master Plan Documents (“MPD”). ▪ Reviewed Open Enrollment Guide. ▪ Reviewed Section 125 Document. ▪ Reviewed PEBP Health & Welfare Wrap Plan. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
<p>Eligibility and Participation: Definition of “Domestic Partner” NAC 287.035</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Section 125 Document. ▪ Reviewed Open Enrollment Guide. ▪ Reviewed PEBP Health & Welfare Wrap Plan. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
<p>Eligibility and Participation: Definition of “Participant” NAC 287.095 NAC 287.135 NAC 287.150 NAC 287.313</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Open Enrollment Guide. ▪ Reviewed Section 125 Document. ▪ Reviewed Employee Handbook. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
<p>Eligibility and Participation: Definition of “Full-Time Employment” and Eligibility Waiting Periods NRS 287.045 NAC 287.150 NAC 287.313</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Open Enrollment Guide. ▪ Reviewed Employee Handbook. ▪ Reviewed Section 125 Document. ▪ Reviewed PEBP Health & Welfare Wrap Plan. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	

PUBLIC EMPLOYEES' BENEFITS PROGRAM—BIENNIAL COMPLIANCE REVIEW—REVIEW PERIOD: JULY 2019-JUNE 2020

SECTION F: SUMMARY OF FINDINGS—STATE LAW REQUIREMENTS (CONT'D)

STATE STATUTE	PROCEDURES PERFORMED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
Eligibility and Participation: Retirees NAC 287.135 NAC 287.440 NAC 287.530 NAC 287.540 NAC 287.542 NAC 287.544 NAC 287.546 NAC 287.548 NRS 287.0406 NRS 287.0436 NRS 287.046 NRS 287.023 NRS 287.047 NRS 287.043	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed PEBP Board and Agency Duties, Policies and Procedures ("Board Procedures"). ▪ Reviewed Open Enrollment Guide. ▪ Reviewed Employee Handbook. ▪ Reviewed PEBP Health & Welfare Wrap Plan. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
Eligibility and Participation: Seasonal Employees and Employees on a Biennial Plan NAC 287.095 NAC 287.150 NRS 287.0467	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Open Enrollment Guide. ▪ Reviewed Employee Handbook. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
Eligibility and Participation: Rehired Employees NAC 287.510 NAC 287.515 NRS 287.043	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Open Enrollment Guide. ▪ Reviewed Employee Handbook. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
Eligibility and Participation: Individual as Both Employee and Dependent NAC 287.520 NRS 287.043	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Open Enrollment Guide. ▪ Reviewed Employee Handbook. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None 	

SECTION F: SUMMARY OF FINDINGS—STATE LAW REQUIREMENTS (CONT'D)

STATE STATUTE	PROCEDURES PERFORMED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
<p>Eligibility and Participation: Surviving Spouse/ Dependents NAC 287.530 NRS 287.021 NRS 287.0475 NRS 287.0477</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Open Enrollment Guide. ▪ Reviewed Employee Handbook. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
<p>Eligibility and Participation: Surviving Spouse/Child of a Police Officer, Firemen or Volunteer Firemen Killed in the Line of Duty NRS 287.0477 NRS 287.021</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Open Enrollment Guide. ▪ Reviewed Employee Handbook. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
<p>Eligibility and Participation: Coverage of Newly Born and Adopted Children NRS 689B.033 NRS 287.04335</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Open Enrollment Guide. ▪ Reviewed Employee Handbook. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	

PUBLIC EMPLOYEES' BENEFITS PROGRAM—BIENNIAL COMPLIANCE REVIEW—REVIEW PERIOD: JULY 2019-JUNE 2020

SECTION F: SUMMARY OF FINDINGS—STATE LAW REQUIREMENTS (CONT'D)

STATE STATUTE	PROCEDURES PERFORMED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
<p>Eligibility and Participation: Applications for Participation in PEBP by Local Government Agencies NAC 287.310 NRS 287.010 NRS 287.017 NRS 287.025.1(a) NRS 287.040</p>	<ul style="list-style-type: none"> ▪ Reviewed Local Government Entity Application Instructions. ▪ Reviewed MPDs. 	<ul style="list-style-type: none"> ▪ In the 2014 and PY 2016 reports, Aon recommended that Quality Control procedures be developed to reflect PEBP's responsibilities regarding administration of the application process and responsibilities to the local government agencies, including the requirements of NAC 287.310(3), regarding providing a claims history report upon request and NAC 287.310(1), regarding the calculation of the nonrefundable fee to be deposited into the Fund for the PEBP. ▪ Aon again notes that the instructions are missing the provisions required by NAC 287.310 that the local governmental agency group must provide a statement that all terminal fees and costs associated with the previous health plan will be paid by that local governmental agency group. Further, the instructions state that a claims report will be provided to local agencies upon leaving the program; however, the statute states that this report should be provided at any time, within 90 days after receipt of the written request, with a charge to the agency for the cost of providing the report. Per PEBP during PY 2016 review, PEBP treats the application instructions as its procedures. Per PEBP conference call 8/3/2018 and 9/15/2020, PEBP confirmed the same process and treats the application instructions as its procedures. PEBP will update instructions if needed. 	<ul style="list-style-type: none"> ▪ None. ▪ None. 	
<p>Eligibility and Participation: Orientation Program NAC 287.314 NAC 287.317</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Open Enrollment Guide. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	

SECTION F: SUMMARY OF FINDINGS—STATE LAW REQUIREMENTS (CONT'D)

STATE STATUTE	PROCEDURES PERFORMED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
<p>Eligibility and Participation: Terminating Interlocal Contract and Withdrawing from Program NAC 287.320 NAC 287.355 NAC 287.357 NAC 287.359 NAC 287.361 NAC 287.363 NAC 287.367 NAC 287.369 NRS 287.0479</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Local Government Agency Application Instructions. 	<ul style="list-style-type: none"> ▪ Per conference call during PY 2016 review, there were then no opt-out plans maintained by local government agencies. Per conference call with PEBP on 8/3/2018 and 9/15/2020, there are still no opt-out plans. 	<ul style="list-style-type: none"> ▪ None. 	
<p>Eligibility and Participation: Opt-out Plan Administration NAC 287.371 NAC 287.373 NAC 287.375 NAC 287.379 NAC 287.381 NAC 287.383 NAC 287.385 NAC 287.387 NAC 287.389 NRS 287.010</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. 	<ul style="list-style-type: none"> ▪ Per conference call during PY 2016 review, there were then no opt-out plans maintained by local government agencies. Per conference call with PEBP on 8/3/2018 and 9/15/2020, there are still no opt-out plans. 	<ul style="list-style-type: none"> ▪ None. 	
<p>Eligibility and Participation Definition of “Open Enrollment” NAC 287.085</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Open Enrollment Guide. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
<p>Benefits Coverage: Definition of “Plan Year” NAC 287.100</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Open Enrollment Guide. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	

PUBLIC EMPLOYEES' BENEFITS PROGRAM—BIENNIAL COMPLIANCE REVIEW—REVIEW PERIOD: JULY 2019-JUNE 2020

SECTION F: SUMMARY OF FINDINGS—STATE LAW REQUIREMENTS (CONT'D)

STATE STATUTE	PROCEDURES PERFORMED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
<p>Benefits Coverage NRS 287.0433 NRS 287.04062 NRS 695G.160 NRS 287.0485</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Employee Handbook. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
<p>Benefits Coverage: Reinstatement of Coverage by Retired Public Officer, Employee or Surviving Spouse NRS 287.0205 NRS 287.0475</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. 	<ul style="list-style-type: none"> ▪ This provision relates to self-insured opt-out plans maintained by local governmental agencies. Per conference call with PEBP on 8/3/2018 and 9/15/2020, there are still no opt-out plans. 	<ul style="list-style-type: none"> ▪ None (outside scope of review). 	
<p>Benefits Coverage: Human Papillomavirus Vaccination, Screening for Colorectal Cancer, Screening for Prostate Cancer, and Screening for and Diagnosis and Treatment of Autism Spectrum Disorders NRS 287.027 NRS 287.0274 NRS 287.0276</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. 	<ul style="list-style-type: none"> ▪ Relates to self-insured opt-out plans maintained by local governmental agencies. Per conference call with PEBP on 8/3/2018 and 9/15/2020, there are still no opt-out plans. 	<ul style="list-style-type: none"> ▪ None (outside scope of review). 	

SECTION F: SUMMARY OF FINDINGS—STATE LAW REQUIREMENTS (CONT'D)

STATE STATUTE	PROCEDURES PERFORMED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
<p>Benefits Coverage: Oral Chemotherapy Parity NRS 287.0278 NRS 287.04335 NRS 695G.167</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. 	<ul style="list-style-type: none"> ▪ Under NRS 287.04335, NRS 695G.167 is made applicable to self-insured health plans. ▪ Applies to health plans providing coverage for both chemotherapy administered intravenously or by injection and orally administered chemotherapy. Monetary limits for orally administered chemotherapy must not be less favorable from other types of chemotherapy. A health plan is prohibited from meeting parity requirement by decreasing monetary limits (e.g., OOPs) for chemotherapy. A health plan that is not an HDHP is also prohibited from requiring copayment, deductible or coinsurance amount for orally administered chemotherapy in a combined amount that is more than \$100 per prescription. NRS 287.0278 and NRS 695G.167 contain similar provisions regarding coverage for chemotherapy administered orally. ▪ Both MPDs indicate that the health plans cover orally administered chemotherapy. 	<ul style="list-style-type: none"> ▪ None. 	
<p>Benefits: Coverage: Services Provided Through Telehealth NRS 695G.162 NRS 287.04335</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Open Enrollment Guide. 	<ul style="list-style-type: none"> ▪ The NRS generally requires insurance to cover telehealth services to the same extent as services provided in-person or by other means. ▪ MPDs reflect COVID-19 related telemedicine provisions. 	<ul style="list-style-type: none"> ▪ None. 	
<p>Benefits: Coverage: Continued Medical Treatment NRS 695G.164 NRS 287.04335</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	

PUBLIC EMPLOYEES' BENEFITS PROGRAM—BIENNIAL COMPLIANCE REVIEW—REVIEW PERIOD: JULY 2019-JUNE 2020

SECTION F: SUMMARY OF FINDINGS—STATE LAW REQUIREMENTS (CONT'D)

STATE STATUTE	PROCEDURES PERFORMED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
Benefits Coverage: Autism Spectrum Disorders NRS 695G.1645 NRS 287.0276 NRS 287.04335	<ul style="list-style-type: none"> ▪ Reviewed MPDs. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
Benefits Coverage: Medically Necessary Emergency Services NRS 695G.170 NRS 287.04335	<ul style="list-style-type: none"> ▪ Reviewed MPDs. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
Benefits Coverage: Required Provision Concerning Coverage for Human Papillomavirus Vaccine NRS 695G.171 NRS 287.0272 NRS 287.04335	<ul style="list-style-type: none"> ▪ Reviewed MPDs. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
Benefits Coverage: Treatment Received as Part of a Clinical Trial or Study NRS 695G.173 NRS 689B.0306 NRS 287.04335	<ul style="list-style-type: none"> ▪ Reviewed MPDs. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
Benefits Coverage: Required Provisions for Prescription Drugs Irregularly Dispensed for Synchronization of Chronic Medications NRS 695G.1665 NRS 287.04335	<ul style="list-style-type: none"> ▪ Reviewed MPDs. 	<ul style="list-style-type: none"> ▪ No exceptions noted. ▪ Aon confirmed via email from ESI on 10/13/2020 that PEBP complies with HRS 695G. 1665 and NRS 287.04335 for 2020 as in prior plan years. 	<ul style="list-style-type: none"> ▪ None. 	

SECTION F: SUMMARY OF FINDINGS—STATE LAW REQUIREMENTS (CONT'D)

STATE STATUTE	PROCEDURES PERFORMED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
Benefits Coverage: Required Provisions for Early Refills of Topical Ophthalmic Products NRS 695G.172 NRS 287.04335	<ul style="list-style-type: none"> Reviewed MPDs. 	<ul style="list-style-type: none"> No exceptions noted. Aon confirmed via email from ESI on 10/13/2020 that PEBP complies with NRS695G.172 and NRS 287.04335 for 2020 as in prior plan years. 	<ul style="list-style-type: none"> None. 	
Benefits Coverage: Required Provisions for Coverage for Prostate Cancer Screening NRS 695G.177 NRS 287.0274 NRS 287.04335	<ul style="list-style-type: none"> Reviewed MPDs. 	<ul style="list-style-type: none"> No exceptions noted. MPDs make clear that this benefit is covered as preventive care service. 	<ul style="list-style-type: none"> None. 	
Benefits Coverage: Claims Involving Intoxication NRS 689B.287 NRS 695G.405	<ul style="list-style-type: none"> Reviewed MPDs. 	<ul style="list-style-type: none"> No exceptions noted. 	<ul style="list-style-type: none"> None. 	
Benefits Coverage: Hearing Aid Coverage for Children NRS 689B.330 NRS 689B.425 NRS 695C.050 NRS 695C.330 NRS 287.010	<ul style="list-style-type: none"> Reviewed MPDs. 	<ul style="list-style-type: none"> No exceptions noted. 	<ul style="list-style-type: none"> None. 	
Benefits Coverage: Sickle Cell Anemia Treatment NRS 689A.330 NRS 689C.425 NRS 695C.050 NRS 287.010 NRS 287.04335	<ul style="list-style-type: none"> Reviewed MPDs. 	<ul style="list-style-type: none"> No exceptions noted. 	<ul style="list-style-type: none"> None. 	

PUBLIC EMPLOYEES' BENEFITS PROGRAM—BIENNIAL COMPLIANCE REVIEW—REVIEW PERIOD: JULY 2019-JUNE 2020

SECTION F: SUMMARY OF FINDINGS—STATE LAW REQUIREMENTS (CONT'D)

STATE STATUTE	PROCEDURES PERFORMED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
Benefits Coverage: Gestational Maternity Care NRS 689A.330 NRS 689C.425 NRS 695C.050 NRS 695C.330 NRS 287.04335	<ul style="list-style-type: none"> Reviewed MPDs. 	<ul style="list-style-type: none"> No exceptions noted. 	<ul style="list-style-type: none"> None. 	
Benefits Coverage: Billing for Certain Medically Necessary Emergency Services NRS 683A.0879 NRS 689B.255 NRS 695A.188 NRS 695B.2505 NRS 695C.185	<ul style="list-style-type: none"> Reviewed MPDs. 	<ul style="list-style-type: none"> No exceptions noted. 	<ul style="list-style-type: none"> None. 	
Benefits Coverage: Prescription Drug Coverage under Medicaid and CHIP NRS 287.010 NRS 287.287 NRS 287.040 NRS 287.0433 NRS 683.178	<ul style="list-style-type: none"> Reviewed MPDs. 	<ul style="list-style-type: none"> No exceptions noted. Per section 28.5, PEBP may use the list of preferred prescription drugs developed by HHS as its formulary and obtain prescription drugs through the purchasing agreements negotiated by HHS. 	<ul style="list-style-type: none"> None. 	

SECTION F: SUMMARY OF FINDINGS—STATE LAW REQUIREMENTS (CONT'D)

STATE STATUTE	PROCEDURES PERFORMED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
<p>Benefits Coverage: Coverage Regardless of Health Status</p> <p>NRS 689A.330 NRS 689A.417 NRS 689B.069 NRS 689B.275 NRS 689B.500 NRS 689B.550 NRS 689C.159 NRS 689C.190 NRS 689C.193 NRS 689C.198 NRS 689C.220 NRS 695B.193 NRS 695B.2555 NRS 695C.050 NRS 695C.173 NRS 695C.207 NRS 287.010 NRS 287.04335</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
<p>Funding Requirements: Non-retiree plans</p> <p>NRS 287.0435 NRS 287.0434 NRS 287.043 NRS 287.046</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Board Procedures. ▪ Reviewed Employee Handbook. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	

PUBLIC EMPLOYEES' BENEFITS PROGRAM—BIENNIAL COMPLIANCE REVIEW—REVIEW PERIOD: JULY 2019-JUNE 2020

SECTION F: SUMMARY OF FINDINGS—STATE LAW REQUIREMENTS (CONT'D)

STATE STATUTE	PROCEDURES PERFORMED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
Funding Requirements: Retiree Plans NAC 287.485 NAC 287.490 NRS 287.017 NRS 287.043 NRS 287.0434 NRS 287.0436 NRS 287.04362 NRS 287.04364 NRS 287.046	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Board Procedures. ▪ Reviewed Open Enrollment Guide. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
Funding Requirements: Payment of Premiums NAC 287.420 NRS 287.04385 NRS 287.043 NRS 287.044	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Board Procedures. ▪ Reviewed Local Government Agency Application Instructions. 	<ul style="list-style-type: none"> ▪ NAC 287.420 provides penalties to be assessed in the event of nonpayment by the participating public agency. ▪ In previous reviews, Aon was told that specific procedures exist regarding the billing and payment of premiums by participating employers to the PEBP. <ul style="list-style-type: none"> ▪ Accounting Unit Policies and Procedures, Collections and Bad Debt Write-Off, provides a process overview and procedures for collection of past due group accounts. ▪ Per conference call with PEBP on December 20, 2016, and again in conference call on 8/3/2018, PEBP provided that procedures: (1) exist for billing/monitoring invoicing of local government entities; and (2) identify who is responsible for payment of invoices. PEBP provided that they would send procedures to Aon, and PEBP provided local government agency application instructions. These instructions did not address the above-referenced procedures. Aon requested copy of procedures on January 13, 2017. Per conference call with PEBP on January 20, 2017, PEBP: (1) confirmed that the same procedures apply to local government entities; and (2) provided that they identify by role (other than by name) who is responsible for payment of invoices. Per conference call on September 15, 2020, PEBP confirmed no changes. 	<ul style="list-style-type: none"> ▪ None. 	

SECTION F: SUMMARY OF FINDINGS—STATE LAW REQUIREMENTS (CONT'D)

STATE STATUTE	PROCEDURES PERFORMED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
<p>Funding Requirements: Direct Payment of Premiums for Retirees, LOAs Without Pay and LOAs due to Work Injury</p> <p>NAC 287.430 NAC 287.440 NAC 287.450 NAC 287.460 NRS 287.043 NRS 287.046 NRS 287.0439 NRS 287.0445</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Section 125 Document. ▪ Reviewed Employee Handbook. ▪ Reviewed Open Enrollment Guide. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
<p>Funding Requirements: Procedures Regarding Handling Over/Underpayments of Premiums</p> <p>NAC 287.470 NRS 287.043</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Section 125 Document. ▪ Reviewed PEBP Health & Welfare Wrap Plan. 	<ul style="list-style-type: none"> ▪ Not clear from MPDs whether in the event of an underpayment of premiums, PEBP notifies the applicable entity. Per conference call with PEBP on December 20, 2016, PEBP described their collections process. In the event of an underpayment of premiums, PEBP notifies the applicable entity. In the event of an overpayment of premiums, it is a net-pay situation; the next month's premium is reduced by a certain amount. Confirmed again with PEBP in conference call of 8/3/2018. ▪ Confirmed again on conference call of September 15, 2020. 	<ul style="list-style-type: none"> ▪ None. 	
<p>Subrogation to Rights of Officer, Employee or Dependent</p> <p>NRS 287.0465</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed PEBP Health & Welfare Wrap Plan. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
<p>Claims and Appeals Procedures</p> <p>NAC 287.610 NAC 287.620 NAC 287.660 NAC 287.670 NAC 287.680 NAC 287.690 NRS 287.043 NRS 287.04335 NRS 689B.255</p>	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Section 125 Document. ▪ Reviewed PEBP appeals procedures. ▪ Reviewed PEBP Health & Welfare Wrap Plan. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	

PUBLIC EMPLOYEES' BENEFITS PROGRAM—BIENNIAL COMPLIANCE REVIEW—REVIEW PERIOD: JULY 2019-JUNE 2020

SECTION F: SUMMARY OF FINDINGS—STATE LAW REQUIREMENTS (CONT'D)

STATE STATUTE	PROCEDURES PERFORMED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
Claims and Appeals Procedures: Complaint System; Notice Requirements to Insured NAC 287.750 NRS 695G.200 NRS 695G.220 NRS 695G.230 NRS 287.04335	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed PEBP appeals procedures. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
Claims and Appeals Procedures: Notice to Insured; Expedited Review Process NRS 695G.210 NRS 695G.230 NRS 287.04335	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed PEBP appeals procedures. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
Claims and Appeals Procedures: External Review Process NRS 695G.241 NRS 695G.300 NRS 695G.310 NRS 287.04335	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed PEBP appeals procedures. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
Family Medical Leave Provisions NAC 284.52345 NAC 284.581 NAC 284.5811 NAC 284.5813 NAC 284.52315 NAC 284.5237	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed FMLA procedures. ▪ Reviewed Employee Handbook. ▪ Reviewed PEBP Health & Welfare Wrap Plan. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
Leave of Absence for Military Duty NAC 281.145 NAC 284.5875	<ul style="list-style-type: none"> ▪ Reviewed MPDs. ▪ Reviewed Employee Handbook. ▪ Reviewed PEBP Health & Welfare Wrap Plan. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	

SECTION F: SUMMARY OF FINDINGS—STATE LAW REQUIREMENTS (CONT'D)

STATE STATUTE	PROCEDURES PERFORMED	FINDINGS	COURSE OF ACTION REQUIRED	PEBP ACTION
PEBP Board Authority and Duties NRS 287.04062 NRS 287.0415 NRS 287.0424 NRS 287.0426 NRS 287.043 NRS 287.0487 NRS 287.04335 NRS 287.0402 NRS 287.041 NRS 287.0434	<ul style="list-style-type: none"> ▪ Reviewed Board Procedures. ▪ Reviewed MPDs. ▪ Reviewed PEBP Quality Control Contracts Policies and Procedures. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	
Miscellaneous NAC 287.005 NAC 287.145	<ul style="list-style-type: none"> ▪ Reviewed MPDs. 	<ul style="list-style-type: none"> ▪ No exceptions noted. 	<ul style="list-style-type: none"> ▪ None. 	



By: _____

Name: Rachel Arnedt

Title: VP, Health Solutions Legal Consulting Group

Date: 10/29/2020

Report on actuarial valuation for the Public Employees' Retirement
System as of June 30, 2020

Retirement Board

Timothy M. Ross
Chair
Yolanda T. King
Vice Chair

Dawn E. Huckaby
Todd H. Ingalsbee
Norma Santoyo
Mark Stevens
Brian A. Wallace



Executive Staff

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Kabrina Feser
Operations Officer

Steve Edmundson
Investment Officer

Memorandum

To: Interim Retirement and Benefits Committee

From: Public Employees' Retirement System

Date: December 2, 2020

Re: Fiscal Year 2020 Actuarial Valuation for the Public Employees' Retirement System

The June 30, 2020 actuarial valuation was delivered by the actuary and accepted by the Retirement Board at the November 2020 meeting. The results of the 2020 actuarial valuation determine whether any adjustments are necessary to contribution rates beginning July 1, 2021. NRS 286.410, 286.421, and 286.450 require that contribution rates be adjusted on July 1st of each odd-numbered year based on the results of the preceding year's actuarial valuation (in this case the 2020 valuation) if the actuarially determined rates meet certain thresholds above or below the current rate.

Valuation Process

By statute, the System must perform an actuarial valuation at least every other year. The Retirement Board, by policy, has determined that annual valuations are appropriate to monitor the assets and liabilities associated with the pension plan.

Actuarial valuations of the System are based upon five principal elements:

1. The current provisions of the Public Employees' Retirement Act;
2. The characteristics of active and inactive members;
3. The characteristics of members in pay status;
4. The actuarial assumptions and methods adopted by the Public Employees' Retirement Board; and
5. The actuarial value of the Retirement System's assets as of June 30, 2020.

To project the cost and liabilities of the System, assumptions are made about future events that may affect the amount and timing of benefits to be paid and the assets to be accumulated. As a part of the valuation process, actual experience is compared against projected

experience and any deviations are recognized as gains and losses in that year's experience. Each year's actual experience will impact the actuarially calculated contribution rate and ultimately may impact the statutory contribution rate as adjusted pursuant to NRS 286.410, 286.421, and 286.450.

The use of appropriate assumptions is important in maintaining adequate funding. To ensure the assumptions remain appropriate, the Retirement Board conducts an experience study, through its independent actuary, at least once every four to six years. In October 2017 the System's actuarial firm, Segal Consulting, performed an experience study in accordance with the Retirement Board's Monitoring and Reporting Policy. The next experience study is scheduled for 2021.

Highlights

Demographics

The 2020 actuarial valuation shows an increase in active members in both the Regular and Police/Fire Funds from the previous valuation for a total of 111,815. The average annual salary for the fund as a whole increased 1.5% from 2018 while the total salary increased by 3.9%.

Assets

The actuarial value of assets for the fund is \$46.2 billion. The actuarial value reflects the smoothing process where gains and losses against the investment return assumption are recognized over five years. This mechanism provides enhanced stability to contribution rates. The actuarial investment rate of return was 7.5% in this valuation due to the smoothing of previously unrecognized gains. The System currently has \$563 million in unrecognized gains as a result of the actuarial asset smoothing process. The unrecognized gains will be recognized over five years with future gains or losses against the assumption.

Overall Experience

Overall experience for the System for fiscal year 2020 was less favorable than expected, resulting in an actuarial loss. The actuarial return on assets resulted in a small gain in investment experience. The System also experienced gains in post-retirement increases, individual salary increases, and withdrawal from employment. Actuarial losses included smaller than expected payroll growth used to amortize the unfunded actuarial accrued liability.

Funded Ratio

The funded ratio of the System has been relatively stable during the volatile market cycle. The actuarial funded ratio increased from 74.9% to 75.7% for the Regular Fund and from 76.5% to 77.5% for the Police/Fire Fund resulting in a combined funded ratio of 76.1%.

The estimated period of time until both plans are fully funded once again declined as the funds continue to make progress on paying off their unfunded liabilities. Based upon the 2020 valuation, the Regular Fund will be fully funded in 16.0 years from June 30, 2020 and the Police/Fire Fund in 15.5 years from that date, if all assumptions are met and there are no changes in the benefit structure.

Contribution Rates

Pursuant to NRS 286.410, 286.421, and 286.450, the contribution rates are only subject to change once every two years based on the even-numbered year valuation. The current statutory rates were set by the actuarially determined rates in the 2018 valuation for both the Regular Fund and the Police/Fire Fund. Although the actuarially determined contribution rates for the Regular Fund in the 2020 valuation are only slightly higher than those in the 2019 valuation, a statutory contribution rate increase is mandated for the Regular Fund by the provisions of NRS 286.410, 286.421, and 286.450. The actuarially determined rates for the Police/Fire Fund in 2020 valuation also require an increase in the statutory contribution rates pursuant to the provisions of NRS 286.410, 286.421, and 286.450. The increases in the statutory contribution rates are attributable to a combination of the experience from fiscal years 2019 and 2020, with more of the increase attributable to the 2019 experience.

Employer Pay

Employer Pay is the contribution plan that is shared between the employer and employee through either salary reduction or in-lieu of pay increases. The rates below are reported on a composite basis; however, the cost is shared equally between the member and employer. For members under the employer-pay contribution plan (EPC), contribution rates are only adjusted upward if the difference between the actuarially determined contribution rate and the existing rate is greater than one-half of one percent. Rates are only adjusted downward if the actuarial rate is more than two percent lower than the existing statutory rate. In the charts below the valuation derived EPC contribution rates for 2020 are compared to existing statutory rates to determine rates effective July 1, 2021.

2020 Actuarial Valuation Results		
Employer Pay (Pre-tax plan)		
	<i>Regular Members</i>	<i>Police/Fire Members</i>
Existing Statutory Rate	29.25	42.50
2020 Actuarial Rate	29.84	43.93
Difference	0.54	1.43
Rate effective 7/1/2021	29.75*	44.00*

*Statutory rate increases and is rounded to nearest one-quarter of one percent

Employee/Employer Pay

For members under the employee/employer after-tax contribution plan, the matching employee and employer contribution rates are only adjusted upward if the difference between the actuarially determined rate and the statutory rate is greater than one-quarter of one-percent. Rates are only adjusted downward if the actuarial rate is more than one percent lower than the existing statutory rate.

In the chart below, the valuation derived employee/employer matching rates for 2020 are compared to the existing statutory rates.

2020 Actuarial Valuation Results		
Employee / Employer Pay Matching Rate (After tax plan)		
	<i>Regular Members</i>	<i>Police/Fire Members</i>
Existing Statutory Rate	15.25	22.00
2018 Actuarial Rate	15.605	22.71
Difference	0.355	0.71
Rate effective 7/1/2021	15.50*	22.75*
Total Statutory Rate (employer and employee)	31.00	45.50

* Statutory rate increases and is rounded to nearest one-quarter of one percent

2020 Actuarial Valuation Results Employer Pay*

<i>Regular Fund</i>		<i>Police/Fire Fund</i>	
Normal Cost:	15.77	Normal Cost:	25.86
Amortization Pmt:	13.92	Amortization Pmt:	17.92
Admin. Expense	<u>.15</u>	Admin. Expense:	<u>.15</u>
Total:	29.84	Total:	43.93
Current		Current	
Statutory Rate	29.25	Statutory Rate	42.50
7/1/21		7/1/21	
Statutory Rate	29.75	Statutory Rate	44.00

* Pre-tax joint contribution plan. Employees and employers share equally in the rate.

2020 Actuarial Valuation Results Employee/Employer Pay

<i>Regular Fund</i>		<i>Police/Fire Fund</i>	
Normal Cost:	17.14	Normal Cost:	27.35
Amortization Pmt:	13.92	Amortization Pmt:	17.92
Admin. Expense	<u>.15</u>	Admin. Expense:	<u>.15</u>
Total:	31.21	Total:	45.42
Current		Current	
Statutory Rate	30.50	Statutory Rate	44.00
7/1/21		7/1/21	
Statutory Rate	31.00	Statutory Rate	45.50
Employee:	15.50	Employee:	22.75
Employer:	15.50	Employer:	22.75

Change in Actuarially Determined Contribution Rates

	Regular	Estimated Annual Dollar Cost	Police/Fire	Estimated Annual Dollar Cost
Actuarially Determined Contribution Rate as of June 30, 2018¹	29.56%	\$1,605,425,668	42.69%	\$460,111,624
Effect of investment (gain)/loss	0.15%	8,695,975	0.19%	2,102,938
Effect of (gains)/losses on individual salary experience	(0.13%)	(7,763,520)	0.26%	2,895,589
Effect on existing amortization of payroll growth less than expected	0.36%	81,274,362	0.66%	24,345,442
Effect of changes in normal cost	(0.32%)	54,976,414	(0.11%)	24,581,748
Effect of contributions (more)/less than expected	0.32%	18,501,687	0.40%	4,609,975
Effect of (gain)/loss on post-retirement benefit increases	(0.57%)	(32,883,734)	(0.78%)	(9,094,964)
Effect of other (gains)/losses	<u>0.73%</u>	<u>42,491,283</u>	<u>0.76%</u>	<u>9,029,151</u>
Total change	<u>0.54%</u>	<u>\$165,292,467</u>	<u>1.38%</u>	<u>\$58,469,879</u>
Actuarially Determined Contribution Rate as of June 30, 2020¹	30.10%	\$1,770,718,135	44.07%	\$518,581,503

¹ Average rate for the Employer-Pay and Employee/Employer-Pay plans.

Active Membership – Regular

Regular Membership	June 30, 2020	June 30, 2019	Change From Prior Year
Number	98,228	96,072	2.2%
Average age	45.7	45.7	0.0
Average service	9.7	9.7	0.0
Average salary	\$53,013	\$52,007	1.9%
Total salary	\$5,207.3M	\$4,996.4M	4.2%

Active Membership – Police/Fire

Police/Fire Membership	June 30, 2020	June 30, 2019	Change From Prior Year
Number	13,587	13,095	3.8%
Average age	39.5	39.8	- 0.3
Average service	10.8	11.0	- 0.2
Average salary	\$78,712	\$79,586	- 1.1%
Total salary	\$1,069.5M	\$1,042.2M	2.6%

Retiree Membership – PERS

Regular Retirees	June 30, 2020	June 30, 2019	Change From Prior Year
Number	56,733	54,678	3.8%
Average Monthly Benefit	\$3,101	\$3,005	3.2%
Total Annual Benefit	\$2,110.8M	\$1,971.5M	7.1%

Police/Fire Retirees	June 30, 2020	June 30, 2019	Change From Prior Year
Number	8,134	7,788	4.4%
Average Monthly Benefit	\$5,735	\$5,554	3.3%
Total Annual Benefit	\$559.8M	\$519.0M	7.9%

Benefit Recipients

Regular Fund

- Service Retirees: 54,266
 - Average Age 70.4
 - Average benefit \$3,136
- Disability Retirees: 2,467
 - Average Age 60.2
 - Average benefit \$2,320
- Beneficiaries: 4,510
 - Average Age 71.9
 - Average benefit \$2,145
- Survivors: 2,133
 - Average Age 55.9
 - Average benefit \$1,505

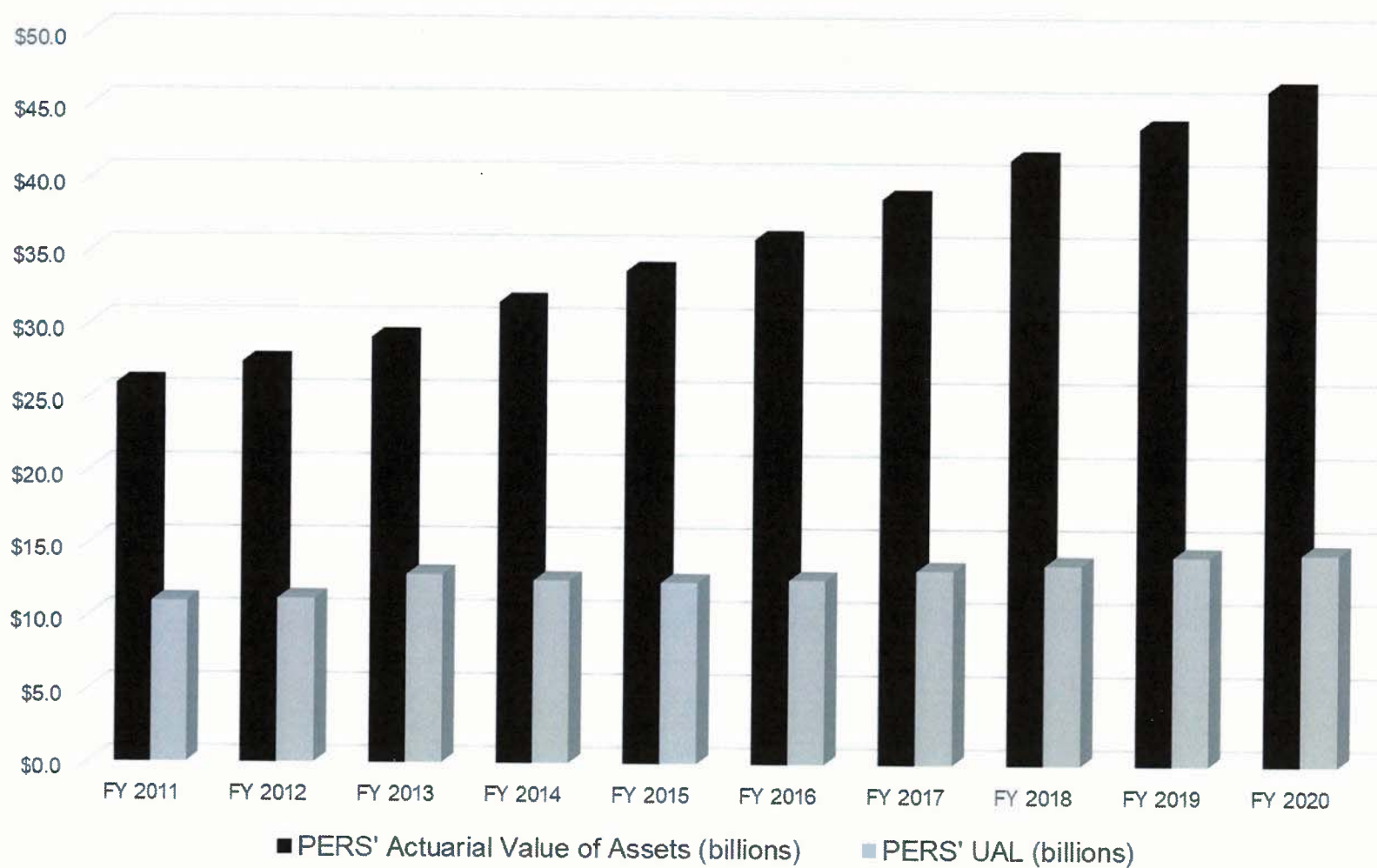
Police/Fire

- Service Retirees: 7,536
 - Average Age 64.1
 - Average benefit \$5,911
- Disability Retirees: 598
 - Average Age 54.4
 - Average benefit \$3,524
- Beneficiaries: 958
 - Average Age 71.2
 - Average benefit \$2,691
- Survivors: 273
 - Average Age 45.7
 - Average benefit \$1,978

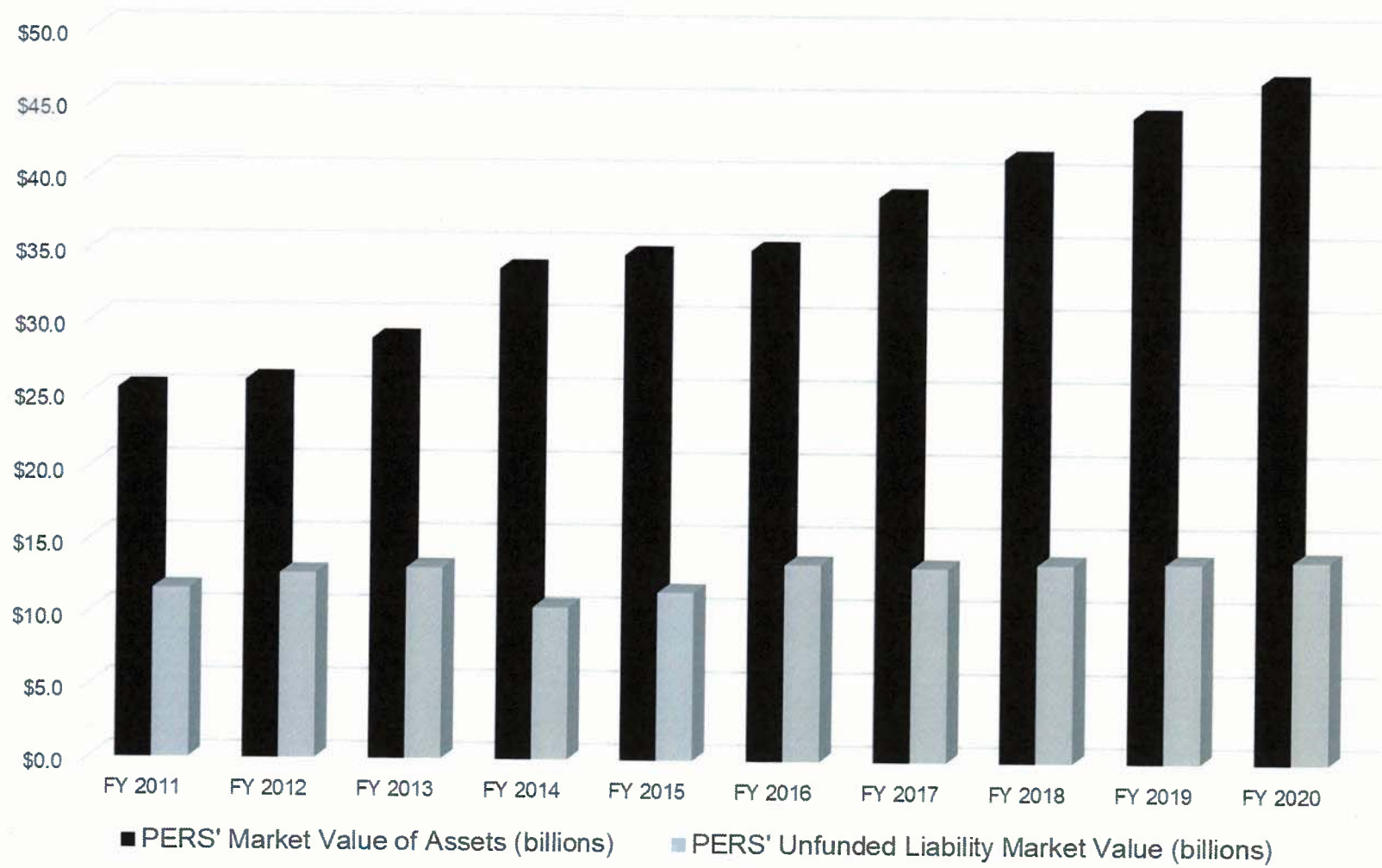
Funded Ratios (Actuarial Value of Assets)

June 30,	Regular Employees	Police/Fire Employees	Total
2011	70.6%	68.4%	70.2%
2012	71.2%	70.1%	71.0%
2013	68.9%	71.1%	69.3%
2014	70.8%	74.3%	71.5%
2015	72.4%	76.3%	73.2%
2016	73.2%	77.1%	74.1%
2017	73.9%	76.4%	74.5%
2018	74.7%	76.5%	75.1%
2019	74.9%	76.5%	75.3%
2020	75.7%	77.5%	76.1%

PERS' Actuarial Value of Assets and UAL



PERS' Assets and Unfunded Liability (Market Value)



Report on actuarial valuation for the Judicial Retirement
System as of June 30, 2020

Retirement Board

Timothy M. Ross
Chair
Yolanda T. King
Vice Chair

Dawn E. Huckaby
Todd H. Ingalsbee
Norma Santoyo
Mark Stevens
Brian A. Wallace



Executive Staff

Tina Leiss
Executive Officer

Kabrina Feser
Operations Officer

Steve Edmundson
Investment Officer

Memorandum

To: Interim Retirement and Benefits Committee
From: Public Employees' Retirement System
Date: December 2, 2020
Re: Fiscal Year 2020 Actuarial Valuation for the Judicial Retirement System

The Judicial Retirement System (JRS) was enacted in the 2001 legislative session. Previously, judicial retirement was a pay-as-you-go system requiring General Fund appropriation from each legislative session. The legislature moved to a prefunded approach and provided initial funding of \$5 million. When the System began in 2001, it absorbed the liabilities of the previous pay-as-you-go system and began making the benefit payments to all previously retired State justices and judges. Payment on the State's unfunded accrued liability of the JRS is done annually on a lump-sum basis as part of the judicial budget.

The JRS covers most District Court Judges, Court of Appeals Judges, and Supreme Court Justices (other than those who may continue coverage in PERS). By election, local governments may provide coverage in JRS to municipal court judges and justices of the peace. These local jurisdiction participants are pooled separately and valued on an individual jurisdiction basis.

NRS 1A.180(5) provides that the total contribution rate must be adjusted on the first monthly retirement reporting period commencing on or after July 1st of each odd-numbered year, based on the actuarially determined contribution rate indicated in the actuarial valuation and report for the even-numbered year. However, the contribution rate must not be adjusted if the existing rate is within one-half of one percent of the actuarially determined rate.

This valuation reflects a higher normal cost and lower amortization payment than the amount currently paid to the plan for the State judges. The actuarial contribution rate (22.41%) for the State is within one-half of one percent of the current statutory rate (22.0%) so the statutory contribution rate will not be adjusted as of July 1, 2021. The State annual amortization payment will decrease from \$1,337,285 to \$1,322,137.

The local government portion of the JRS is non-cost sharing, so each local government contribution rate reflects individual employer cost. Variations in contribution rates relate primarily to the demographics of the covered groups and whether the employer valuation contains retirees (some employers do not yet have any benefit payments). Following this memorandum is a chart showing the contribution rates as of July 1, 2021 for the local governments participating in the JRS.

The actuarial funded ratio of the JRS, in aggregate, increased from 91.8% to 94.4%. The total unfunded liability decreased from \$12.0 million to \$8.4 million. This decrease in the unfunded liability is due to a net liability gain, including gains in mortality, retirements, and salary increases, partially offset by investment losses.

Active Membership – JRS State Judges

State Judges Membership	June 30, 2020	June 30, 2019	Change From Prior Year
Number	92*	92*	0.0%
Average age	60.3	59.7	0.6
Average service	13.1	12.3	0.8
Average salary	\$190,755	\$189,281	0.8%
Total payroll	\$17.549M	\$17.414M	0.8%

* The 2020 and 2019 values include 5 Senior Judges and 6 Senior Judges, respectively, who are also included in retiree count.

Active Membership – JRS Non-State Judges

Non-State Judges Membership	June 30, 2020	June 30, 2019	Change From Prior Year
Number	20	20	0.0%
Average age	57.4	56.4	1.0
Average service	15.5	14.5	1.0
Average salary	\$150,603	\$146,974	2.5%
Total payroll	\$3,012,062	\$2,939,481	2.5%

Retiree Membership – JRS Retirees

State Judges Retirees	June 30, 2020	June 30, 2019	Change From Prior Year
Number	47	47	0.0%
Average Monthly Benefit	\$8,747	\$8,636	1.3%
Total Annual Benefit	\$4,933,551	\$4,870,857	1.3%

Non-State Judges Retirees	June 30, 2020	June 30, 2019	Change From Prior Year
Number	15	15	0.0%
Average Monthly Benefit	\$4,601	\$4,496	2.3%
Total Annual Benefit	\$828,164	\$809,325	2.3%

Contribution Requirement – JRS Non-State

	Amount	Percent of Payroll
Normal cost ¹	\$3,856,031	21.97%
Administrative expenses ¹	<u>\$76,816</u>	<u>0.44%</u>
Total employer normal cost ¹	\$3,932,847	22.41%
Statutory rate		22.00%
Contribution surplus (deficit)		(0.41)%
2020 UAAL amortization payment – payable end of year		\$1,322,137

¹ Payable middle of year

Contribution Requirement – JRS Non-State

	Total All Agencies
1. Total normal cost and expenses ¹	\$613,064
2. Actuarial accrued liability	\$24,053,101
3. Actuarial value of assets	<u>\$28,022,786</u>
4. Unfunded/(Overfunded) actuarial accrued liability: (2) - (3)	\$(3,969,685)
5. Amortization of UAAL ¹	\$10,287
6. Total calculated annual contribution: (1) + (5)	\$623,351
7. 2020 expected payroll	\$3,012,062
8. Total calculated annual contribution as a percent of payroll	20.70%

¹ Payable middle of year

Individual Actuarial Valuations for Justices of the Peace and Municipal Judges

Employer	<i>City of Reno #811</i>	<i>Carson City #812</i>	<i>City of Las Vegas #813</i>	<i>Douglas County #814</i>	<i>Eureka County #815</i>	<i>City of Sparks #816</i>	<i>Lincoln County #817</i>	<i>Lyon County #818</i>	<i>Lander County #819</i>	<i>City of Fernley #820</i>	<i>City of Henderson #821</i>
Current Rate	25.25	16.0	17.75	25.5	25.0	22.5	45.5	22.25	20.25	--	14.25
Actuarial Rate	25.24	15.96	17.26	24.19	--	22.60	46.29	20.73	27.63	--	13.85
7/1/21 Statutory Rate	25.25	16.0	17.75	24.25	--*	22.5	46.25	20.75	27.75	--*	14.25

*Lump sum unfunded payment due of \$0

Report on actuarial valuation for the Legislators' Retirement
System as of June 30, 2020

Retirement Board

Timothy M. Ross
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Memorandum

To: Interim Retirement and Benefits Committee

From: Public Employees' Retirement System

Date: December 2, 2020

Re: Fiscal Year 2020 Actuarial Valuation for the Legislators' Retirement System

An actuarial valuation of the Legislators' Retirement System (LRS) was performed as of June 30, 2020. The even-numbered year valuation is used for funding purposes. Therefore, the 2020 valuation affects the contributions made to the System by the legislature. The annual required employer contribution decreased from \$97,935 in the 2018 valuation to \$82,846 in this valuation.

The actuarial funded ratio of the System increased from 95.8% to 95.9% for this valuation. The unfunded actuarial accrued liability (UAAL) decreased from \$201,528 to \$199,433. The effective amortization period for the LRS is 3.0 years.

Membership in the LRS is optional. A legislator may initially opt not to participate in the System or may terminate membership in the System. From July 1, 2019 to June 30, 2020, active membership decreased from 35 to 32 and the number of retired members and beneficiaries increased from 72 to 73. Following this memorandum are slides showing demographic and financial information for the LRS.

Membership – Legislators

Actives	June 30, 2020	June 30, 2019	Change From Prior Year
Number	32	35	(8.6)%
Average Age	53.7	51.9	1.8
Average Service	7.2	6.2	1.0

Retirees	June 30, 2020	June 30, 2019	Change From Prior Year
Number	56	56	0.0%
Average Monthly Benefit	\$464	\$457	1.5%
Average Age	77.1	76.5	0.6

Beneficiaries	June 30, 2020	June 30, 2019	Change From Prior Year
Number	17	16	6.3%
Average Monthly Benefit	\$564	\$555	1.6%
Average Age	81.7	80.5	1.2

Contribution Requirement – LRS

	<u>Total All Agencies</u>
1. Total normal cost, net of employee contributions*	\$8,300
2. Actuarial accrued liability	\$4,860,086
3. Actuarial value of assets	\$4,660,653
4. Unfunded actuarial accrued liability: (2) - (3)	\$199,433
5. Amortization of UAAL*	\$74,546
6. Total calculated annual State contribution: (1) + (5)	\$82,846

**Payable monthly*

Update on investment earnings – PERS, Legislators' Retirement
and Judicial Retirement Funds

V.4

Retirement Board

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Memorandum

To: Interim Retirement and Benefits Committee
From: Public Employees' Retirement System
Date: December 2, 2020
Re: Investment Update on PERS, LRS, and JRS

The attached exhibits summarize the status of the PERS', Legislators', and Judicial investment portfolios.

The *Results* page addresses investment performance for each portfolio. PERS generated a 7.2% return for fiscal year 2020 and the investment portfolio ended the year with \$46.6 billion in assets. The Legislators' fund generated a return of 6.4% and ended the year with \$4.7 million in assets. The Judicial fund return for fiscal year 2020 was 6.3% with an asset value of \$141.0 million.

The plans have generated returns consistent with their market objectives and over time have proven to be competitive when compared to peer pension funds. PERS' fiscal year 2020 return was in the top 7th percentile of other large public pension funds and ranks in the top 13th percentile or better for the three, five, and ten-year periods ended June 30, 2020.

Over the last 1, 3, 5, and 10-year periods ended June 30, both the Legislators' and Judicial funds' returns rank in the top 11% or better of their public fund peers.

Over the last 36 years, PERS has generated a 9.3% average annual return. Inception to date, PERS' return ranks in the top 20% of large public pension plans and the fund's risk adjusted return ranks 1st among industry peers. The Legislators' fund has generated an 8.2% return since inception (1990) and the Judicial fund inception return is 6.9% (2001).

PERS' results can be attributed to a simpler, common sense strategy that is unique in our industry. Our patient and disciplined approach is focused on managing asset allocation, which has the largest impact on total fund risk and return. We utilize cost effective index funds for implementation in the stock and bond portfolios. The end result is a portfolio with fewer moving parts, less activity and lower expenses.

Diversification is a key risk control measure for all three plans. The portfolios are allocated to U.S. and international stocks and U.S. treasury bonds, and in the case of PERS, real estate and private equity investments. The System holds in excess of 1,600 individual securities to diversify risk. PERS deliberately avoids direct exposure to riskier strategies such as the use of leverage, high yield bonds or hedge funds.

The exhibit titled *PERS' Annual Performance* reflects PERS' (net) fiscal year-by-year results. The horizontal line in the center of the chart depicts the System's current 7.5% actuarial objective. We have included the same data for the Legislators' and Judicial portfolios. While the performance inception dates are different, the return pattern and the relationship between long term returns and the objectives are similar to PERS.

The *PERS' Investment Strategy* page details PERS' diversified investment structure. While the *Legislators' and Judicial Investment Strategy* differs from PERS due to size, the statistical risk/return profiles for all three funds are quite similar.

The attached exhibits include a variety of data regarding the investment programs, including cost information. A key competitive advantage for PERS is extremely low investment costs. PERS' investment management fees are 0.12% of assets, which is 76% below the industry average. This translates into more than \$150 million per year in savings compared to the average public pension fund.

The Legislators' and Judicial portfolios are even more competitive, with costs 97% lower than comparable funds. This is due to the fact we are able to capitalize on the larger PERS relationship to negotiate some of the most competitive fee schedules in the investment industry.

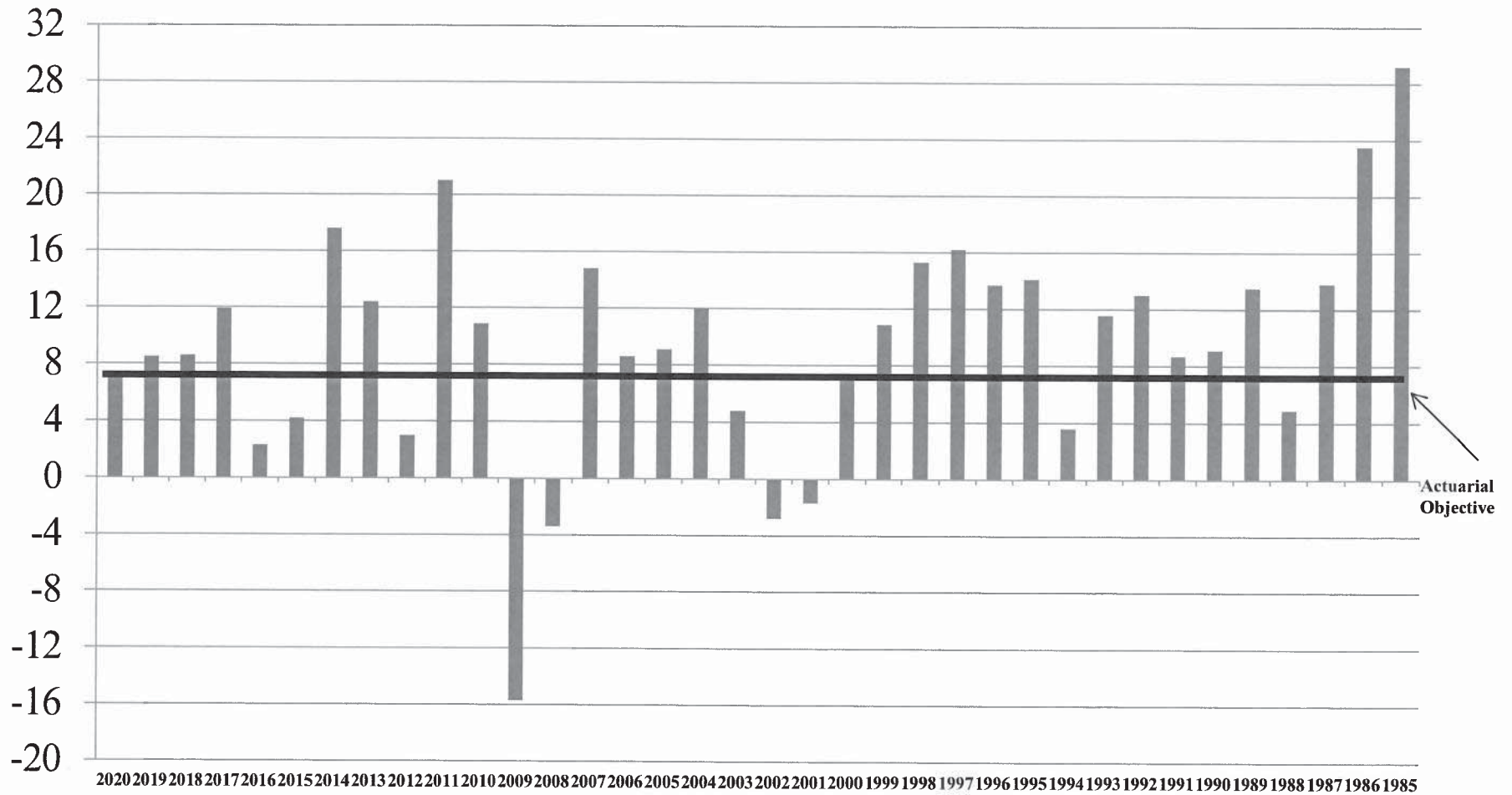
Investment Results

	<u>FY 20</u>	<u>3 Yrs.</u>	<u>5 Yrs.</u>	<u>10 Yrs.</u>	<u>20 Yrs.</u>	<u>30 Yrs.</u>	<u>Inception</u>
PERS'	7.2%	8.1%	7.6%	9.5%	6.3%	8.0%	9.2% (1984)
Legislators'	6.4%	7.5%	7.4%	9.3%	6.2%	8.2%	8.2% (1990)
Judicial	6.3%	7.5%	7.2%	9.3%	-	-	6.9% (2001)

*All periods ended 6/30/20
Returns are net of fees*

PERs' Annual Performance

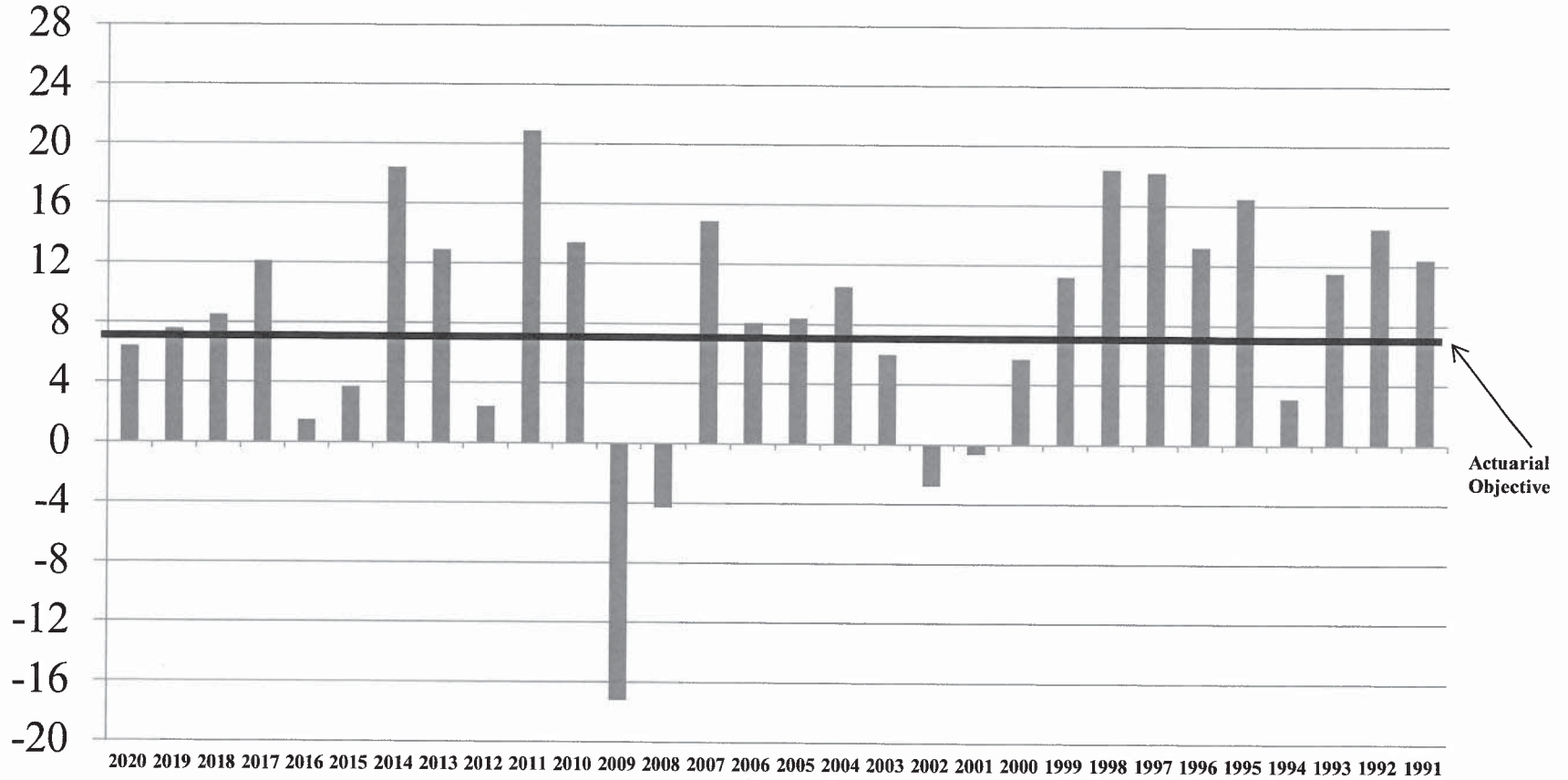
Fiscal Years ended June 30



Returns are net of fees

Legislators' Annual Performance

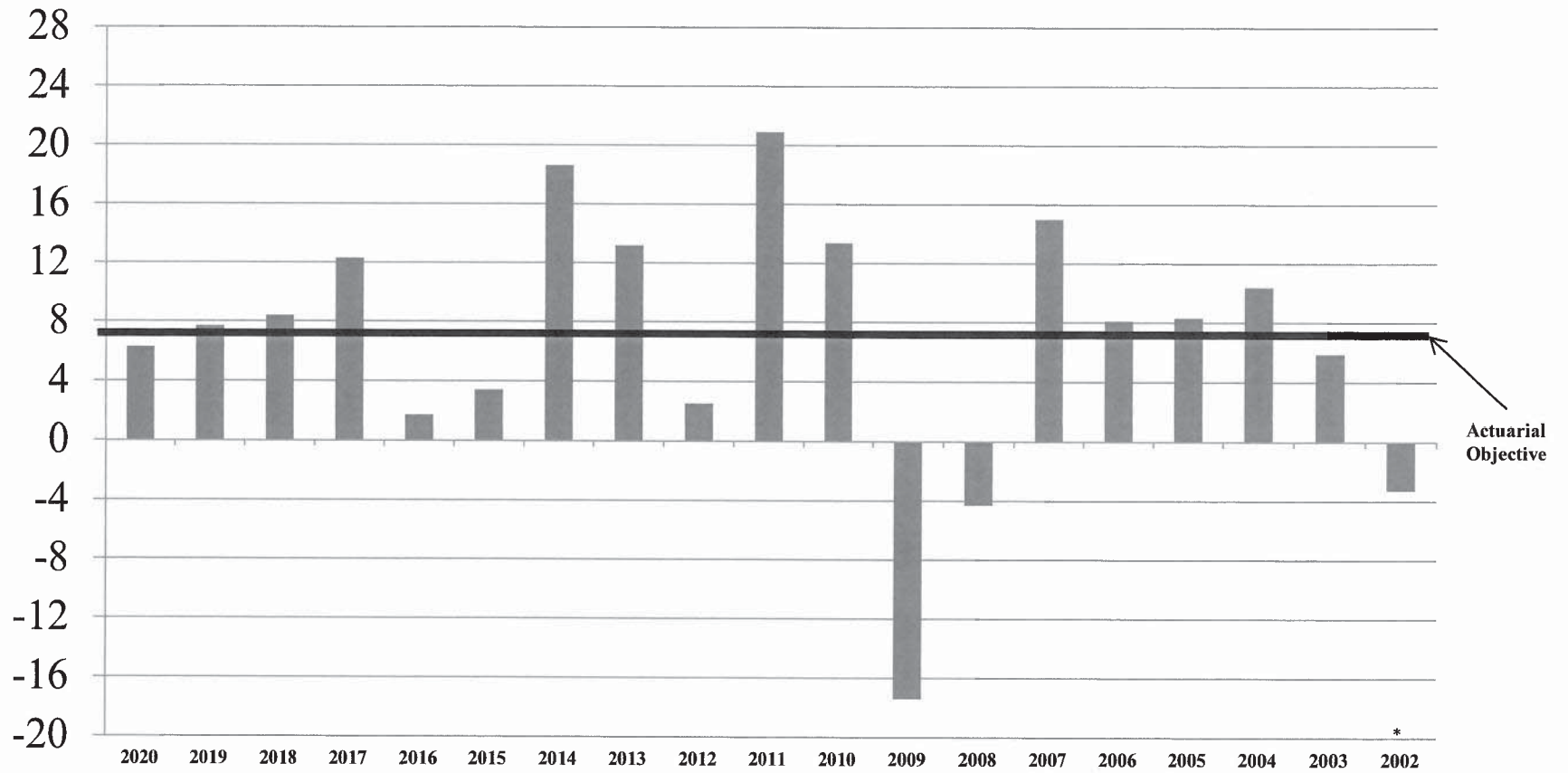
Fiscal Years ended June 30



Returns are net of fees

Judicial Annual Performance

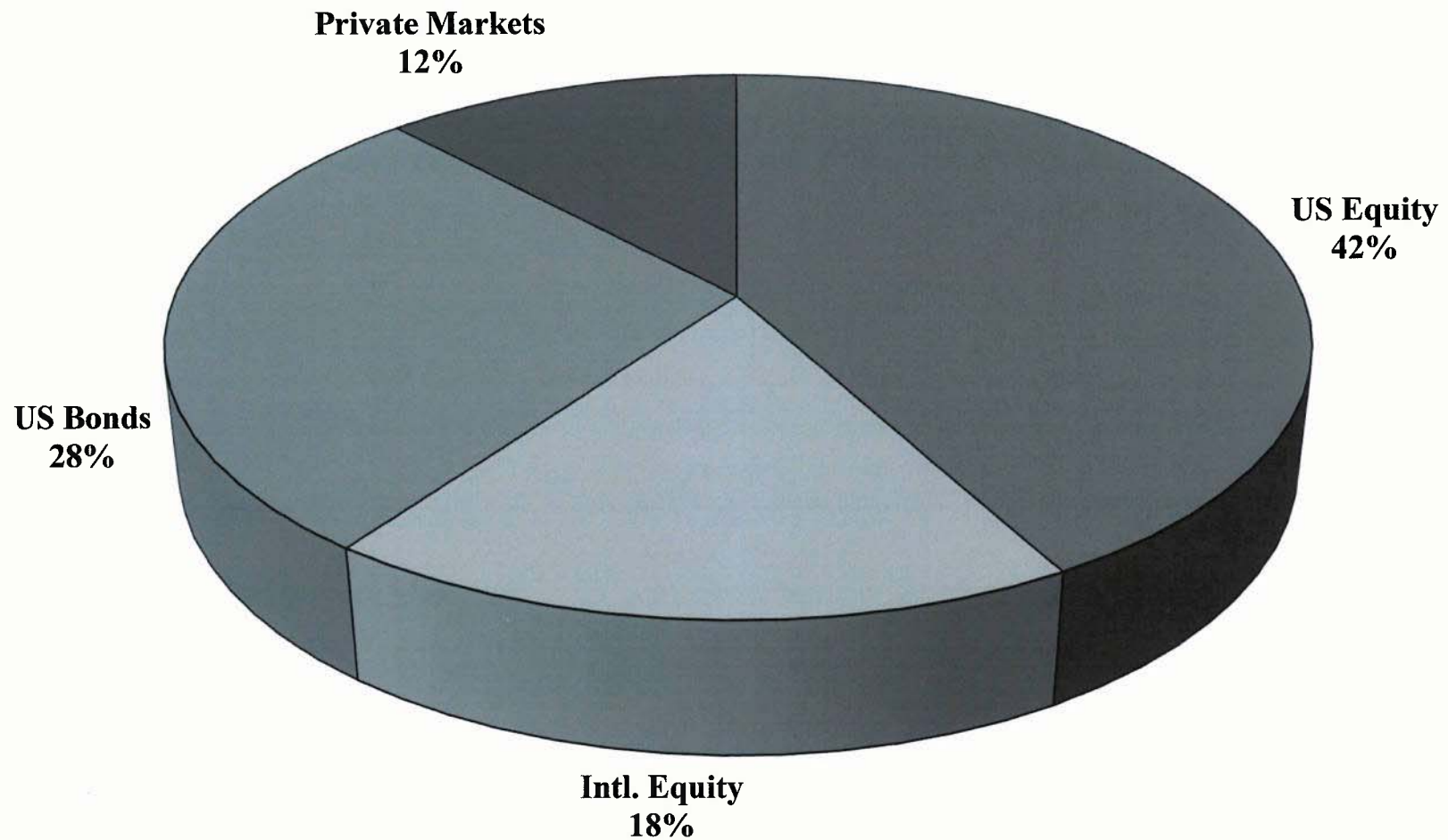
Fiscal Years ended June 30



Returns are net of fees

PERs' Investment Strategy

Total Assets = \$46.6 Billion



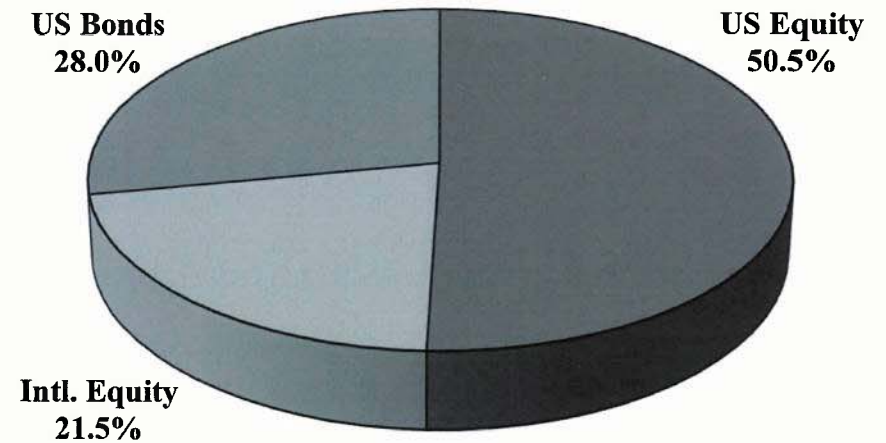
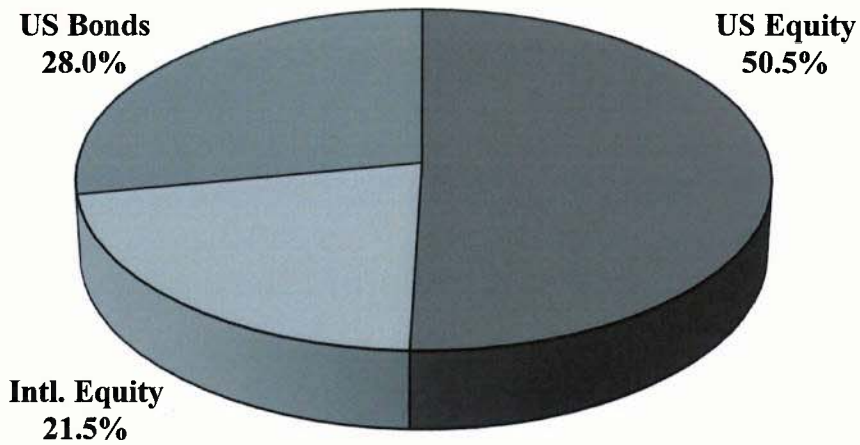
June 30, 2020

**Private Markets = 6% private real estate, 6% private equity*

Legislators' & Judicial Investment Strategies

Legislators' Fund
Total Assets = \$4.7 Million

Judicial Fund
Total Assets = \$140.9 Million



Supplemental Return Data

	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2005</u>	<u>FY 2004</u>	<u>FY 2003</u>	<u>FY 2002</u>	<u>FY 2001</u>	<u>FY 2000</u>	<u>FY 1999</u>
Total PERS' Fund	7.2%	8.5%	8.6%	11.9%	2.3%	4.2%	17.6%	12.4%	3.0%	21.0%	10.9%	-15.8%	-3.4%	14.8%	8.6%	9.1%	12.0%	4.8%	-2.8%	-1.7%	7.4%	10.9%
Total Legislators' Fund	6.4%	7.6%	8.5%	12.1%	1.5%	3.7%	18.4%	12.9%	2.4%	20.9%	13.4%	-17.2%	-4.3%	14.9%	8.1%	8.4%	10.5%	6.0%	-2.8%	-0.6%	5.7%	11.2%
Total Judicial Fund	6.3%	7.7%	8.4%	12.3%	1.6%	3.4%	18.6%	13.2%	2.5%	20.9%	13.3%	-17.5%	-4.3%	15.0%	8.1%	8.3%	10.4%	5.9%	-3.3%			

Returns are net of fees

Status report on one-fifth of a year purchase of service
benefits for certain education employees provided
under the former provisions of NRS 391.165

Retirement Board

Timothy M. Ross
Chair
Yolanda T. King
Vice Chair

Dawn E. Huckaby
Todd H. Ingalsbee
Norma Santoyo
Mark Stevens
Brian A. Wallace



Executive Staff

Tina Leiss
Executive Officer

Kabrina Feser
Operations Officer

Steve Edmundson
Investment Officer

Memorandum

To: Interim Retirement and Benefits Committee

From: Public Employees' Retirement System

Date: December 2, 2020

Re: Status Report on One-fifth of a Year Purchase of Service benefit for certain education employees provided under the former provisions of NRS 391.165

Prior to July 1, 2007, NRS 391.165 required the purchase of one-fifth of a year of service credit for each teacher and school psychologist who completed one year of employment at a school that has been designated as needs improvement or at least 65% of the pupils are children who are at risk. This provision also required a purchase for teachers holding an endorsement in specified areas if they had been employed for one year in the area of endorsement and met other eligibility requirements. Members were required to meet the eligibility requirements for purchase of service under the Retirement Act.

Section 4 of Assembly Bill 1 of the 23rd Special Session (AB 1) repealed NRS 391.165, effective July 1, 2007. Section 5 of AB 1 requires the school district to purchase one-fifth of a year of service credit for a teacher or school psychologist who was under contract or other agreement of employment with a school district prior to July 1, 2007, if the employee was qualified pursuant to NRS 391.165. Such a teacher or school psychologist may elect to participate in an incentive pay program established in Section 2 of AB 1 in lieu of continuing to participate in the one-fifth of a year purchase program. If an employee elects to continue in the one-fifth of a year purchase program, his participation will cease when the employee has received, after his election, one full year of service credit pursuant to that program.

In calendar year 2019, the System received \$339,720.13 for 61 purchases, for an average cost of \$5,569. In calendar year 2020, the System received \$470,253.82 for 81 purchases, for an average cost of \$5,806.

Since inception of the program, the System has received just over \$148,062,311.69 for a little over 41,688 purchases. Over time, purchases are expected to diminish as the restrictions of AB 1 limit the group of employees eligible for this benefit. The overall number of required purchases per school year has continued to decline. Immediately following this memorandum is a spreadsheet providing information on purchases made in calendar year 2019 and calendar year 2020.

School Districts Calculated Post January 1, 2019

Agency Name	Amount Remitted	Number Issued	Number Ineligible	School Year(s)
Churchill County School District	19036.38	4	0	(17/18, 18/19, 19/20)
Clark County School District	\$320,683.75	57	0	2019/2020
Total	\$339,720.13	61	0	

School Districts Calculated Post January 1, 2020

Agency Name	Amount Remitted	Number Issued	Number Ineligible	School Year(s)
Clark County School District	\$336,620.26	59	0	2020/2021
Washoe County School District	\$133,633.56	22	0	2019/2020
Total	\$470,253.82	81	0	

Status report on administration and investment of the
Retirement Benefits Investment Fund (NRS 355.220)

Investment Board

Timothy M. Ross
Chair
Yolanda T. King
Vice Chair

**Retirement
Benefits
Investment
Board**

Investment Board

Dawn E. Huckaby
Todd H. Ingalsbee
Norma Santoyo
Mark Stevens
Brian A. Wallace

Memorandum

To: Interim Retirement and Benefits Committee
From: Retirement Benefits Investment Fund
Date: December 2, 2020
Re: Status Report on the Retirement Benefits Investment Fund

Retirement Benefits Investment Fund: Management

Senate Bill 457 (SB 457) of the 2007 legislative session amended NRS chapter 355 to create the Retirement Benefits Investment Board (Board). The membership of the Board consists of the members of the Public Employees' Retirement Board, serving *ex officio*. The Board is required to establish and administer the Retirement Benefits Investment Fund (RBIF) for the investment of money deposited with the Board by a local government trust fund or by the Public Employees' Benefits Program (PEBP). Any money received by the Board is held for investment purposes only and not in any fiduciary capacity as the individual government entities serve as the trustees for those funds.

The Board has the same powers and duties to administer RBIF as those pertaining to the administration of the Public Employees' Retirement Fund by the Public Employees' Retirement Board. The Board has the authority to employ staff and contract for the provision of all services necessary for the administration of RBIF. The initial deposit to RBIF was made by PEBP on January 18, 2008.

Local Government Other Post Employment Benefit (OPEB) Trusts

SB 457 provides for the elective creation of trust funds by local governments for the management of certain retirement benefits. The bill defines retirement benefits as any retirement benefits, other than a pension, and includes, without limitation, life, accident, or health insurance. Section 3 of SB 457 sets forth the requirements for the establishment of such a trust fund by local governments and provides that the Committee on Local Government Finance (CLGF) may adopt such regulations as it determines appropriate for the administration and interpretation of this section. CLGF adopted such regulations effective September 18, 2008.

Before a local government trust fund may deposit money in RBIF, legal counsel for that entity must provide an opinion that the investment of assets in RBIF by that entity will not violate the provisions of Section 10 of Article 8 of the Nevada Constitution.

As of June 30, 2020, thirteen trusts established by local governments participated in RBIF. The Washoe County School District (\$60,216,176), Truckee Meadows Water Authority (\$12,339,942), Washoe County (\$282,325,614), City of Las Vegas (\$19,070,716), Clark County (\$158,951,394), Tahoe Douglas Fire Protection District (\$11,988,888), City of Reno (\$11,569,332), Las Vegas Metro Police Department (\$22,597,415), Truckee Meadows Water Trust II (\$1,272,927), North Lake Tahoe Fire Protection District (\$1,561,992), Carson City (\$1,829,188), Las Vegas Valley Water District (\$18,249,185) and Public Employees' Benefits Program (\$1,843,713).

RBIF: Investment Update

RBIF held \$604 million as of June 2020 and generated a fiscal year 2020 return of 6.7%. The portfolio has experienced an annualized return of 6.7% since its inception in January 2008.

Statute requires RBIF to be managed in the same manner as the Public Employees' Retirement System investment program. Due to its smaller size (\$604 million versus \$46.6 billion) there are some differences in structure between the funds, though the overall long-term risk allocation for both portfolios is identical. For the last ten years RBIF's return is within 0.2% of PERS. These results confirm the Board's success in meeting the statutory requirements for this fund.

Because the Board utilizes 100% index management in RBIF and takes advantage of the multi-billion dollar investment management relationships PERS maintains, the portfolio's investment fees are very low (1.3 basis points or 0.013% of assets).

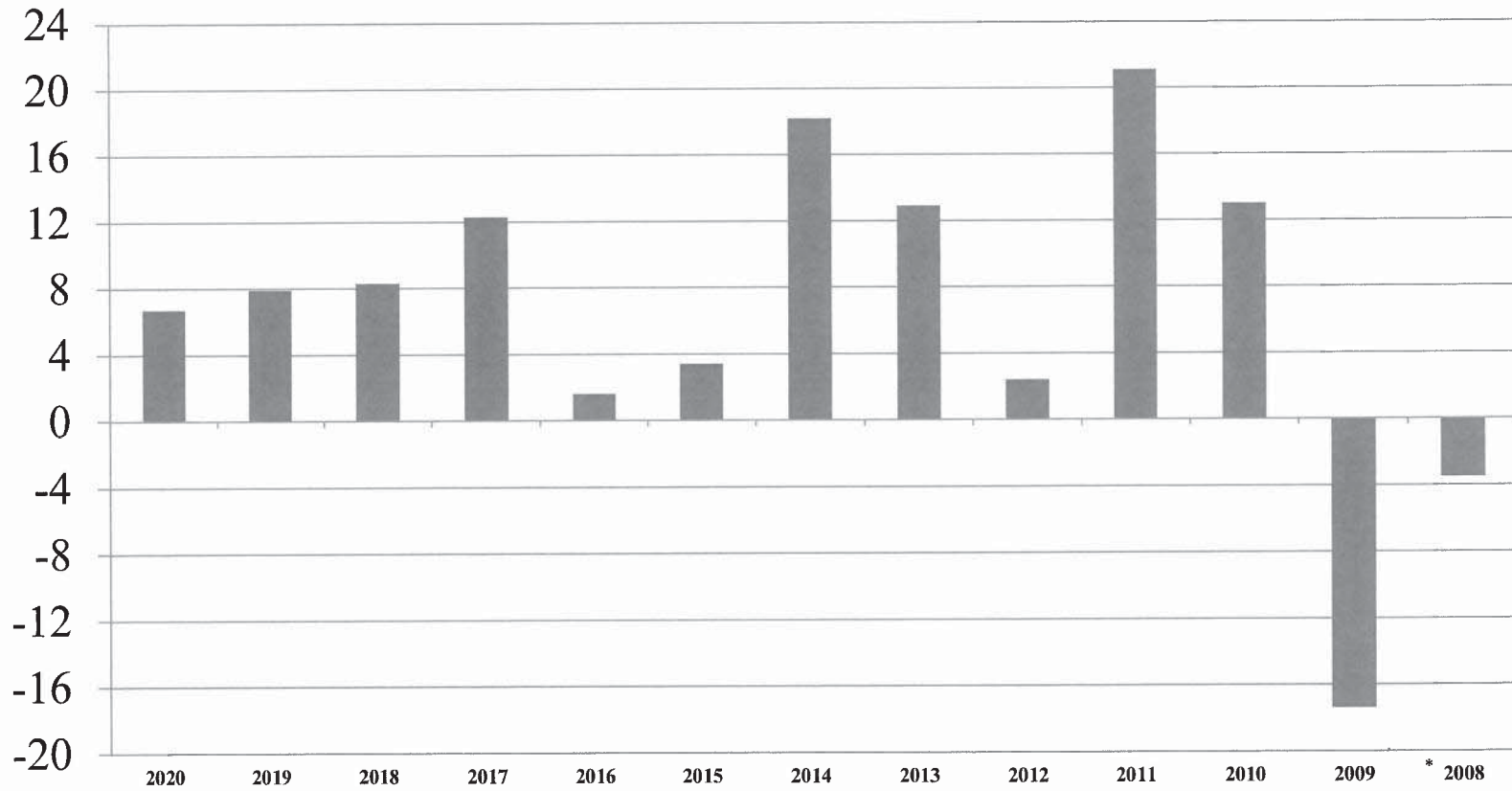
Investment Results

	<u>FY 20</u>	<u>3 Yrs.</u>	<u>5 Yrs.</u>	<u>10 Yrs.</u>	<u>Inception</u>
RBIF	6.7%	7.6%	7.3%	9.3%	6.7% (2008)

*All periods ended 6/30/20
Returns are net of fees*

RBIF Annual Performance

Fiscal Years ended June 30

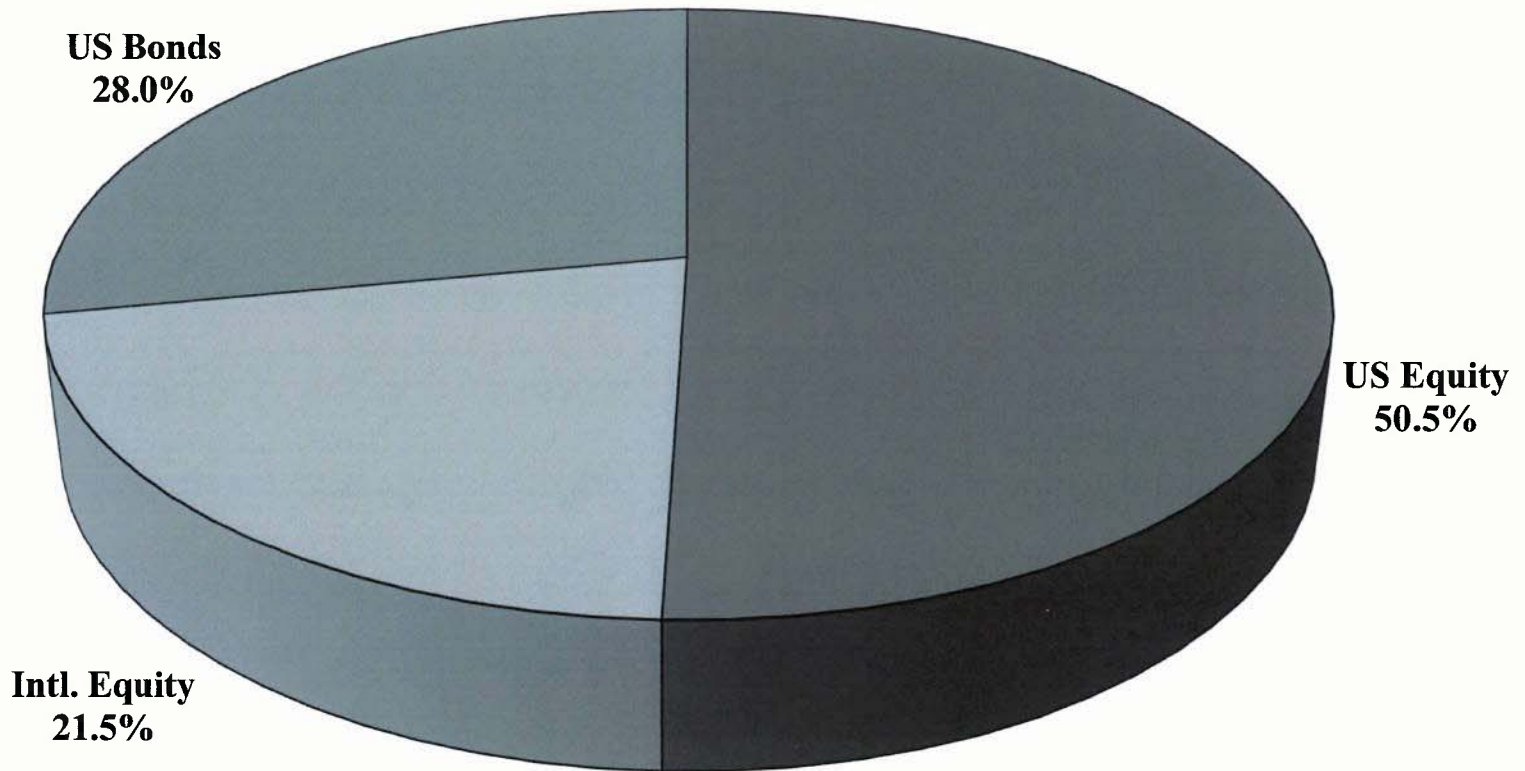


Returns are net of fees

** Since Inception Date 1/23/2008*

RBIF Investment Strategy

Total Assets = \$603.8 Million



June 30, 2020

Status report on the implementation of PERS' pension administration
System authorized by the 2019 Legislature.

Retirement Board

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Tina Leiss
Executive Officer

Kabrina Feser
Operations Officer

Steve Edmundson
Investment Officer

Memorandum

To: Interim Retirement and Benefits Committee
From: Public Employees' Retirement System
Date: December 1, 2020
Re: Status Report on the Implementation of PERS' Pension Administration System

The following is a status report on the implementation of PERS' pension administration system authorized by the 2019 Legislature.

1. Update on Pension Administration System (PAS) project implementation plan and projected deployment timeline

The Request for Proposal (RFP) was released on September 18, 2019. Proposals were received by December 27, 2019. PERS received 4 proposals. After thorough review, the highest scoring vendor was Tegrity Software Ventures, Inc. (Tegrity). The Retirement Board authorized staff to begin contract negotiations with Tegrity on February 20, 2020. The contract was approved by the Retirement Board on November 19, 2020.

Below is the proposed project schedule:

Task Name	Start	Finish
NVPERS-PAS IMPLEMENTATION	Mon 2/22/21	Mon 9/23/24
NVPERS - Project start	Mon 2/22/21	Mon 2/22/21
PHASE 1 - PROJECT INITIATION AND START-UP	Tue 2/23/21	Tue 4/6/21
Project Start	Tue 2/23/21	Tue 2/23/21
Create Statement of Work (SOW)	Tue 2/23/21	Wed 2/24/21
Prepare Project Team	Thu 2/25/21	Fri 2/26/21
NVPERS Deliverable Review and Feedback: Statement of Work - Phase 1	Mon 3/1/21	Fri 3/12/21
NVPERS Project Deliverables	Mon 3/1/21	Tue 4/6/21
Milestone: PHASE 1 - PROJECT INITIATION - Complete	Tue 4/6/21	Tue 4/6/21
PHASE 2 - INFRASTRUCTURE AND PROJECT PREP	Mon 3/1/21	Fri 5/28/21
Development and test Environment Setup	Mon 3/1/21	Fri 5/28/21
Dev Environment	Mon 3/1/21	Wed 3/3/21
Internal test Environment	Thu 3/4/21	Mon 3/8/21
Data Conversion Environment	Tue 3/9/21	Thu 3/11/21
SIT Environment	Thu 5/20/21	Tue 5/25/21
UAT Environment	Tue 5/25/21	Fri 5/28/21

Project Prep	Mon 3/8/21	Fri 4/30/21
Project Management	Mon 3/8/21	Fri 4/2/21
Setup SharePoint, DevOps and provide training	Mon 3/8/21	Fri 4/2/21
Application	Mon 3/8/21	Fri 4/30/21
Deploy Base Arrivos solution to Dev	Mon 3/8/21	Fri 3/19/21
Seed / configure Arrivos Base framework	Mon 3/8/21	Fri 4/30/21
Review legacy application screens	Mon 3/8/21	Fri 4/30/21
Analyze RFP requirements	Mon 3/8/21	Fri 4/30/21
Review current ER file format	Mon 3/8/21	Fri 4/30/21
Data	Mon 3/8/21	Fri 4/30/21
Review legacy data model and TSD data	Mon 3/8/21	Fri 4/30/21
Import demographics data from TSD to Arrivos conversion DB	Mon 3/8/21	Fri 4/30/21
Milestone: PHASE 2 - HW / SW Infrastructure Configuration Complete	Fri 5/28/21	Fri 5/28/21
PHASE 3 - EMPLOYER REPORTING	Thu 5/6/21	Thu 8/4/22
Milestone: PAS ER REPORTING IMPLEMENTATION COMPLETE	Thu 8/4/22	Thu 8/4/22
NVPERS PAS ER Reporting Warranty	Thu 8/4/22	Mon 10/31/22
Milestone: PAS ER Reporting Warranty Complete	Mon 10/31/22	Mon 10/31/22
PHASE 4 - ARRIVOS PAS	Thu 9/2/21	Fri 4/26/24
Milestone: PAS ARRIVOS Complete	Fri 4/26/24	Fri 4/26/24
PHASE 5 - SYSTEM READINESS	Wed 11/1/23	Mon 6/10/24
Milestone: SYSTEM READINESS Complete	Mon 6/10/24	Mon 6/10/24
PHASE 6 - TRAINING & DOCUMENTATION	Fri 7/9/21	Wed 8/7/24
Milestone: TRAINING & DOCUMENTATION Complete	Wed 8/7/24	Wed 8/7/24
PHASE 7 - PAS ROLLOUT	Mon 6/24/24	Mon 10/23/24
Milestone: ARRIVOS PAS IMPLEMENTATION COMPLETE	Mon 10/23/24	Mon 10/23/24
POST IMPLEMENTATION WARRANTY	Tue 10/24/24	Tue 4/23/27

2. Update on vendor selected and terms negotiated

Tegrit received the highest score of the four vendors that submitted proposals. Tegrit, based in Livonia, MI, is a software consulting and IT services company dedicated to the unique needs of public pension funds. Tegrit's product, Arrivos 2.0, is a platform that can be fully customized to meet PERS' requirements.

Qualities from the Tegrit proposal that most aligned with the objectives PERS has for the system replacement project include:

- Outstanding references from past clients regarding Tegrit's staff, Arrivos 2.0, and ongoing support
- Key personnel and subject matter experts proposed have decades of experience implementing PAS solutions to dozens of pension systems across the country
Agreed to all RFP commitments
- Consistently invest in Arrivos 2.0 and ongoing investment plan aligns with PERS needs
- No outsourcing, all work is completed by U.S. based Tegrit staff
- Intuitive layout, navigation, and functionality in the Arrivos 2.0 system

PERS and Tegrit were able to successfully negotiate a contract which includes all commitments documented in the RFP, with terms acceptable by both parties.

3. Summary of payment terms

Below is the payment schedule included in the contract:

Milestone	Project Phase	Payment amount
Payment Milestone: PROJECT INITIATION	Phase 1	\$ 692,859.59
Payment Milestone: INFRASTRUCTURE SETUP	Phase 2	\$ 461,906.39
Payment Milestone: EMPLOYER REPORTING requirements definition complete	Phase 3	\$ 692,859.59
Payment Milestone: EMPLOYER REPORTING UAT complete	Phase 3	\$ 692,859.59
Payment Milestone: EMPLOYER REPORTING in Production	Phase 3	\$ 2,309,531.97
Payment Milestone: MEMBER SERVICES requirements definition complete	Phase 4	\$ 1,154,765.99
Payment Milestone: MEMBER SERVICES UAT complete	Phase 4	\$ 1,154,765.99
Payment Milestone: RETIREE SERVICES requirements definition complete	Phase 4	\$ 1,154,765.99
Payment Milestone: RETIREE SERVICES UAT complete	Phase 4	\$ 1,385,719.99
Payment Milestone: PENSION SERVICES requirements definition complete	Phase 4	\$ 923,812.79
Payment Milestone: PENSION SERVICES UAT complete	Phase 4	\$ 923,812.79
Payment Milestone: ACCOUNTING SERVICES requirements definition complete	Phase 4	\$ 923,812.79
Payment Milestone: ACCOUNTING SERVICES UAT complete	Phase 4	\$ 923,812.79
Payment Milestone: MEMBER PORTAL requirements definition complete	Phase 4	\$ 709,359.59
Payment Milestone: MEMBER PORTAL UAT complete	Phase 4	\$ 725,859.59
Payment Milestone: VENDOR PORTAL requirements definition complete	Phase 4	\$ 692,859.59
Payment Milestone: VENDOR PORTAL UAT complete	Phase 4	\$ 692,859.59
Payment Milestone: FISCAL & CALENDER YEAR PROCIESSING requirements definition comp	Phase 4	\$ 923,812.79
Payment Milestone: FISCAL & CALENDER YEAR PROCIESSING UAT complete	Phase 4	\$ 923,812.79
Payment Milestone: ADMINISTRATIVE & SUPPORT SERVICES requirements definition compl	Phase 4	\$ 692,859.59
Payment Milestone: ADMINISTRATIVE & SUPPORT SERVICES UAT complete	Phase 4	\$ 692,859.59
Payment Milestone: SYSTEM READINESS Complete	Phase 5	\$ 692,859.59
Payment Milestone: TRAINING & DOCUMENTATION Complete	Phase 6	\$ 692,859.59
Payment Milestone: Arrivos PAS in Production	Phase 7	\$ 2,309,531.97
Payment Milestone: PAS ARRIVOS Extended Warranty	Phase 7	\$ 376,747.20

Also included in the contract is the right for PERS to add post-implementation support.

4. An overview of the activities of the Pension Administration System vendor

Since the last reporting period, Tegrity has been engaged in contract negotiation and finalization activities. This includes providing an updated and agreed upon project schedule, developing a plan and processes for remote work if travel is restricted, and an agreed upon Statement of Work.

5. A list of project deliverables received, deliverables anticipated for the next reporting period, and any deliverables that are behind

Project Deliverables Received:

- No project deliverables were received from the Pension Administration System vendor since the last reporting period; this portion of the project will officially begin February 22, 2021.
- For the Data Management portion of the project the following deliverables were received:
 - Data Quality Check Point Form Deliverable - Data Level 4 - Invoicing History
 - Data Quality Check Point Form Deliverable - Data Level 5 - Service Credit History
 - Data Quality Audit Report - Data Level 3 - Contribution Wage History
 - Data Quality Audit Report - Data Level 4 - Invoicing History
 - Data Quality Audit Report - Data Level 5 - Service Credit History

Project Deliverables Anticipated for the Next Reporting Period:

- Create project work plans for all Phase 1 deliverables (Work breakdown structure, communication plan, risk management plan, change control plan, testing strategy and problem incident report methodology, status report template)
- Provide training on all project implementation methodology (Requirements, Testing etc.)
- Set up remote access to PERS network(s) and test remote access
- Set up data conversion server and test server
- Establish SharePoint, DevOps sites and provide training
- Set up PERS internal Tegrity environments and deploy solution structure & databases, and test setup
- Seed and configure high level Arrivos base
- Review legacy application and perform analysis
- Analyze RFP requirements and send any high-level clarification questions to NVPERS
- Review current ER file format(s) and propose a new format based on current understanding
- Review legacy data model & Target Staging Database (TSD) and data dictionary
- Import Demographics data from TSD to Arrivos conversion DB (if possible) and create migration scripts
- Gather and document all requirements for employer reporting in the new system, including all review and sign-off of requirements documents
- Develop all employer reporting requirements including all testing phases
- For the Data Management portion of the project the following deliverables are anticipated:
 - Data Quality Check Point Form Deliverable – Data Level 6 - Member Benefit History
 - Data Quality Check Point Form Deliverable – Data Level 7 - Beneficiary Benefit History
 - Data Quality Check Point Form Deliverable – Data Level 8 – Other
 - Data Quality Audit Report - Data Level 6 - Member Benefit History
 - Data Quality Audit Report - Data Level 7 - Beneficiary Benefit History
 - Data Quality Audit Report – Data Level 8 – Other

Project Deliverables Behind

- There are no project deliverables behind on the Pension Administration System project.
6. *An update on the plan to train existing staff on the system, and details on how the System will utilize contract staff to fill in while existing staff are being trained on the system*

The following are the agreed upon training related activities to be provided by the Pension Administration vendor:

- Shall conduct development methodology training session(s)
- Shall provide complete training for all Subject Matter Experts (SME), both technical and business, preceding each release (e.g. production code deployment)
- Shall provide hardcopy and electronic documentation that includes all aspects of the functionality in the release from the business and technical standpoint
- Shall provide all training at NVPERS or at location(s) agreed to by NVPERS
- Shall present all training material to NVPERS at least 15 days prior to the training session for their review and approval prior to the start of any training
- Shall provide desk-side support to the business users for the first 60 days after the functionality is in production following each release
- Shall provide a minimum of 2 training sessions per functional area to ensure that everyone has an opportunity to attend
- Shall provide training material templates to NVPERS for approval at the beginning of the project
- Shall provide support for the NVPERS creation of online training (e.g., videos)
- Shall provide training to NVPERS on the setup, maintenance, troubleshooting and monitoring the solution and of the hardware and LAN components of the solution
- Shall provide secondary level help desk support and troubleshooting working with NVPERS staff, in the areas of employer/vendor reporting and members for the first 60 days after the functionality is in production following each release
- Shall provide a recommended technical training program for NVPERS' application developers, analysts, DBAs, and system administrators. The recommendation shall include: the class name, training provider, proposed class outline, and proposed time frame for the training. Include list of prerequisites
- Shall develop in conjunction with NVPERS a plan to transition daily operations, support, and maintenance of new solution to NVPERS staff
- Shall provide training to NVPERS on the development methodology, code propagation and all aspects of creating a production application
- Shall provide NVPERS with any training material and associated notes that are used during a training session in electronic format
- Shall provide training on user-accepted code

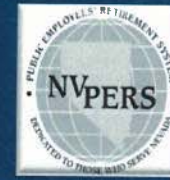
Most of the contract staff are retired PERS employees working within the PERS reemployment restrictions. They are already trained and can fill in when PERS staff is needed during the new system implementation.

7. *A status report from the project management oversight company on how the project is progressing*

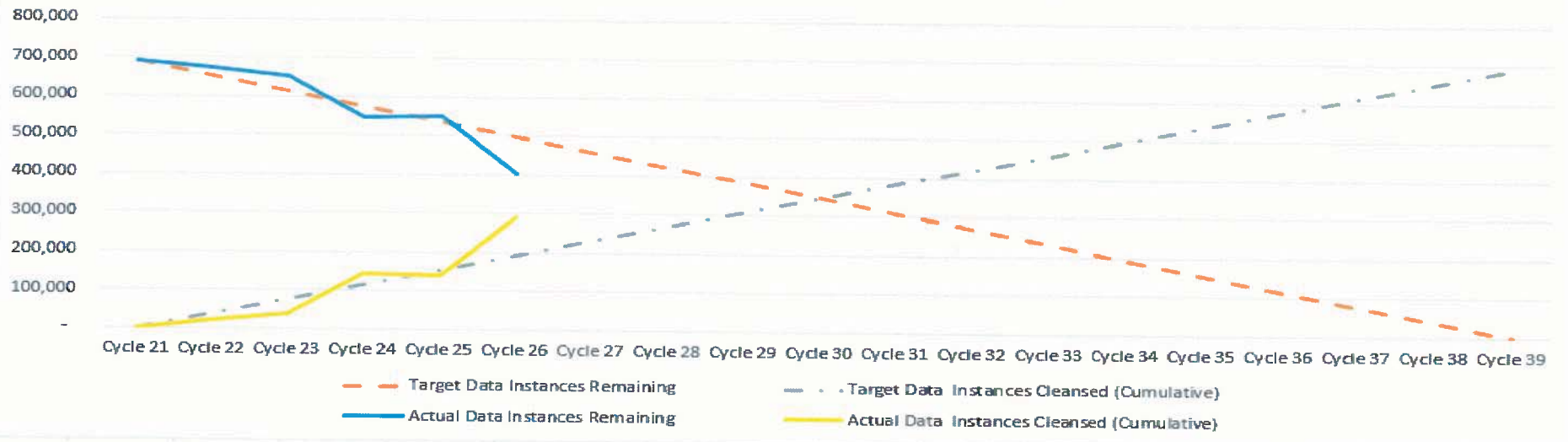
See Attached Exhibit

NVPERS DATA CLEANSING STATUS REPORT

AS OF OCTOBER 31, 2020



Data Instance Burndown Chart For Data Levels 1-5

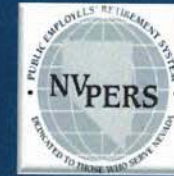


Notes:

1. Ideally the actual data instances remaining would be equal to or lower than the target data instances remaining
2. Ideally the actual data instances cleansed (cumulative) would be equal to or higher than the target data instances remaining
3. Ideally the actual data instances cleansed and the target data instances remaining will intersect mid-way at data cycle 30, February 2021 or before
4. As of the end of October 2020, data cleansing is ahead by 97,256 data instances, which is 51% ahead, keeping data cleansing in the green

NVPERS PERIS PROJECT STATUS REPORT

AS OF NOVEMBER 30, 2020



SCHEDULE

On schedule for all upcoming milestones.



BUDGET

Provaliant - Within budget
ICON - Within budget



QUALITY

Pension Administration System (PAS) - Contract approved by PERS Board

- = On track
- = Risks Being Worked
- = Issues Roadblocks

SCHEDULE - MILESTONES

- 1 ● Contract Approved by Board
- 2 ● Office Space Prepared
- 3 ● IT Storage Unit Install
- 4 ● Bar Coding Project
- 5 ○ PERIS Project Start
- 6 ○ PERIS Project Kick-Off
- 7 ○ Employer Reporting

● On Schedule	○ Not Started
● Schedule Risks	● Completed
● Behind Schedule	As of Date for Report

2020

