

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Eighty-Second Session
February 8, 2023**

The Committee on Government Affairs was called to order by Chair Selena Torres at 9:02 a.m. on Wednesday, February 8, 2023, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda [[Exhibit A](#)], the Attendance Roster [[Exhibit B](#)], and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/82nd2023.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Selena Torres, Chair
Assemblywoman Bea Duran, Vice Chair
Assemblyman Max Carter
Assemblyman Rich DeLong
Assemblyman Reuben D'Silva
Assemblywoman Cecelia González
Assemblyman Bert Gurr
Assemblyman Brian Hibbetts
Assemblyman Gregory Koenig
Assemblyman Richard McArthur
Assemblyman Duy Nguyen
Assemblywoman Angie Taylor
Assemblywoman Clara Thomas

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Jennifer Ruedy, Committee Policy Analyst
Asher Killian, Committee Counsel
Judi Bishop, Committee Manager



Lindsey Howell, Committee Secretary
Diane Abbott, Committee Secretary
Dylan Small, Committee Secretary

OTHERS PRESENT:

Eric Brown, County Manager, Washoe County
Vinson Guthreau, Executive Director, Nevada Association of Counties
Laura Rich, Executive Officer, Board of the Public Employees' Benefits Program

Chair Torres:

[Roll was taken. Committee protocol was reviewed.] We have three presentations, but before we begin, I have one bill draft request (BDR) for introduction. Members, as you may or may not know, because this might be the first BDR introduction that you all are seeing, throughout the session, committees are asked to introduce BDRs to begin the bill process. They are then assigned a bill number and referred back to the committee. Your vote to introduce a BDR is not an indication of your support. It is just to get the bill printed and assigned a bill number. Today we have BDR 20-850.

BDR 20-850—Revises provisions governing certain county fair and recreation boards. (Later introduced as [Assembly Bill 129](#).)

Do I have a motion to introduce BDR 20-850?

ASSEMBLYWOMAN GONZÁLEZ MOVED FOR COMMITTEE INTRODUCTION OF BILL DRAFT REQUEST 20-850.

ASSEMBLYMAN NGUYEN SECONDED THE MOTION.

Is there any discussion? [There was none.]

THE MOTION PASSED UNANIMOUSLY.

We will be taking the presentations this morning out of order. We are going to get started with Washoe County.

Eric Brown, County Manager, Washoe County:

It is a pleasure to be here this morning. I have an overview of what is going on in Washoe County.

I will start with the first slide [page 2, [Exhibit C](#)], which shows you our five commissioners for the Washoe County Board of Commissioners. These are my bosses. Our chair is Vaughn Hartung. Our vice chair is Alexis Hill. Our two newest members of the commission

are Mike Clark from District 2 and Mariluz Garcia, who is from District 3. District 3 is central Reno. Jeanne Herman serves the northern regions of the county in District 5.

Our Washoe County elected officers include Chris Sarman as our assessor and Jan Galassini as our reelected clerk [page 3]. Nicole Klitzke was elected for her first term as public administrator. Sheriff Darin Balaam was reelected. Our recorder, Kalie Work, was reelected. Justin Taylor is the newly elected Washoe County treasurer.

There you see my team, which I am fortunate enough to have [page 4]. This is a very experienced group of individuals. I will start with my two assistant county managers, Dave Solaro and Kate Thomas, who are both veterans. Our newest member of the team is our chief financial officer, Abbe Yacoben. She comes to us from the City of Las Vegas; she came into that role last fall. Our communications director is Nancy Leuenhagen. Our chief information officer is Behzad Zamanian. Our new registrar of voters is Jamie Rodriguez. Our security administrator, who keeps us all safe, is Ben West. The gentleman who keeps us all on the same page and makes sure I show up where and when I am supposed to is Erick Willrich, the assistant to the county manager.

In terms of jurisdictional roles, you can see that there are multiple jurisdictions within Washoe County, most notably the City of Reno and the City of Sparks [page 5]. We also have a health district and a school district, of course. Then you see some of the other agencies that are part of our fabric of county governance. We have additional governing bodies that include the Regional Transportation Commission (RTC) of Washoe County, the Reno-Sparks Convention & Visitors Authority, and the Tahoe Regional Planning Agency up at Lake Tahoe, which works with our jurisdictions in other states. There is the Truckee Meadows Regional Planning Agency, which oversees planning for the greater Truckee Meadows region and around Reno. We have the Truckee Meadows Water Authority, the Truckee River Flood Management Authority, and the Western Nevada Development District. The Western Regional Water Commission oversees the management of our water resources.

The map might be difficult to see, but it summarizes the unincorporated towns in census-designated areas within Washoe County [page 6]. We are a rather large geographic county, with over 6,300 acres. As you know, most of the population is in the southwestern corner of the county, but you will probably hear references to these areas in future matters. There is Cold Springs. Crystal Bay is up at Lake Tahoe. Empire and Gerlach are to the far north. They are the jumping-off point for Burning Man and things that happen in the Black Rock Desert. There is Golden Valley. Incline Village, of course, is up at Lake Tahoe. There is Lemmon Valley. Mogul is out in the western region of the City of Reno. Nixon is part of Pyramid Lake Paiute Tribe territory. There is Spanish Springs and Sun Valley. Sutcliffe is on Paiute tribe lands as well. We have Verdi and Wadsworth. Washoe is down to the south, where we are seeing a lot of growth.

This is our community profile [page 7]. As I said, it is over 6,300 square miles. It is a very large county. The population just topped over 493,000. Per capita income is about \$40,000 a year. Our median household income is \$74,000 a year. The percentage of persons in

poverty is about 11 percent. The percentage of households with a computer is pretty high—95 percent. The percentage of households with a broadband Internet subscription is at 88 percent.

I would point out that the median household income is driven in large part by the diversification of our economy in northern Nevada. In addition to gaming and hospitality, we have been fortunate enough to diversify our economy with technology companies such as Switch, Panasonic, and obviously Tesla. Tesla is just over the border in Storey County, but the vast majority—over 80 percent—of their employees actually live in Washoe County. That has driven a lot of our household income and our demand for housing. One of the key issues for the county is affordable housing for those in the workforce.

You see the housing units at just over 200,000 [page 8]. Persons per household is 2.51. The owner-occupied housing rate is about 58 percent. The median value of owner-occupied housing is \$388,000. That number has also been on an upward trajectory because of the demand for workforce housing from those who are relocating to our region from other portions of the country, largely in the tech sector. It continues to be an area we need to work on.

You see other metrics—there is nothing that really stands out here [page 9]. I will keep moving to the next slide [page 10]. In terms of our demographics, over 60 percent of our public is white. We have a Latino population of 26 percent and growing. You can see some of the other ethnicities represented here.

As far as the county as an organization goes, we have 24 departments [page 11]. We have a little over 3,000 full-time equivalent employees. We maintain about 488 buildings or structures, and there is over 2.3 million square footage maintained in those facilities.

Our regional service responsibilities [page 12] are services that are provided for all Washoe County residents, whether they are in the City of Reno, the City of Sparks, or any of those other areas I mentioned earlier. You can see it is quite a list, from animal control to our courts. We also operate a crime lab through the Washoe County Sheriff's Office that supports not only 15 counties within the state, but also counties in northern California. We work with criminal defense, prosecution, and emergency operations for the region.

The Human Services Agency (HSA) works on child protection and adult and senior services, as well as operating one of our homeless shelters. We do have a Homeless Services Division separate from HSA that manages our Nevada Cares Campus, which has been developed over the last year and a half. If you are in the area and have not seen it, we welcome you to come take a tour. We are developing a campus that not only houses homeless individuals, but also helps them find wraparound services, such as behavioral health or other services, that they need to live productive lives. It is not just a shelter for putting people inside.

We have our jail and Juvenile Justice Center. We operate the regional libraries. The Marriage License Bureau, the Regional Medical Examiner's Office, and the coroner also

support multiple counties, as well as counties in northern California. We have property assessment, a public administrator, and public guardianship. Our Regional Aviation Enforcement Unit is our helicopter operated by the Sheriff's Office. Then we have our parks and open space, treasurer services, and voter registration and elections.

Our local service responsibilities are services that are only offered by the county to residents in the unincorporated areas of the county [page 13]. Therefore, these services are not in the City of Reno and not in the City of Sparks because they have their services that are generally duplicated in these areas. Local services include building and safety, business licensing, community parks and recreation, emergency medical services, fire protection, land use planning and services, road maintenance, snow plowing, stormwater management, and wastewater utilities.

I would point out to you that in terms of key policy issues and challenges the county is facing, a major area for us is clearly stormwater and sewer infrastructure to support the growth and housing we need. We are in the process of completing our envisioned 2040 strategic planning process. We surveyed citizens to find out what issues are most important to them. It is very interesting that the citizens of Washoe County emphatically want more parks and open space. That is the first thing they say to us. They want the parks and open space they have to be preserved and expanded, so they can enjoy the lifestyle they have come to know and love in northern Nevada.

The other thing that becomes very clear in terms of opportunities for improvement is transportation infrastructure. As we grow, and as more homes are built, we struggle to keep up with what is needed for the transportation corridor to support that growth. That is clearly the case with Interstate 80, Pyramid Highway, and Mount Rose Highway. These are all major arteries for us. They are generally maintained by the state through RTC as a local affiliate. If you listen to what the constituents are telling the commissioners, these are the areas of concern we hear most about. Therefore, I would suggest we continue to partner with the state to address this as we go forward.

For the first time, the current budget year appropriations exceeded \$1 billion in Washoe County [page 14]. You can see 51 percent, the majority, is in the State General Fund. There are also special revenue funds set up for specific programs around the county. The county is in solid financial health. That comes from my predecessors and their predecessors' deliberate and disciplined approach to managing our finances. We want to continue to instill that discipline going forward, but the county continues to shoulder the load of providing many of the services you saw on prior slides.

In terms of revenue sources, property taxes are clearly our largest revenue source, followed by consolidated taxes [page 15]. Again, as we have diversified our economy over the last couple of decades, we have enjoyed the benefits of pretty consistent revenue growth in recent years, including during the pandemic.

As for expenses and uses [page 16], you can see that employee salaries and benefits are the largest category by far. That is followed by services and supplies. Transfers out are transfers to other programs that have to be paid for.

Washoe County does have a strategic plan [page 17]. We take our strategic plans seriously. We actually have project teams for various aspects of it. They make regular reports to our Board of County Commissioners and to me. The strategic plan serves as the blueprint for prioritizing what we do, what we spend money on, and what comes first. You can see the mission statement and vision statement.

It also sets forth what the values of the county and our strategic objectives are [page 18]. Our strategic objectives fall into four areas: fiscal sustainability, the economic impacts of things we consider, how we serve vulnerable populations, and innovative services.

We completed our 2023 strategic plan workshop with the Board of County Commissioners about three weeks ago [page 19]. This is an annual event we do. It gives staff an opportunity to hear from the commissioners, who hear from their constituents—the people who elected them. The commissioners hear what the constituents see as the key priorities for the county. It gives them a chance to have dialogue about why they have the priorities they do.

What you see there is a list of the emerging priorities that came out of that session. That list will serve as a blueprint for what we do as we enter into our budgeting process for the year ahead. At the top of the list is accessibility and equity. The county has not historically had a diversity, equity, and inclusion program. Our commissioners embraced that at our most recent session. They asked staff to develop plans and come back with recommendations on how that might work. One of the things you will see first is in the area of communications accessibility. During the pandemic, we learned there were people we did not communicate effectively with because English was not their first language, or they were hearing-impaired or sight-impaired. Our channels of communication, whether websites or other things we use, were not set up to accommodate those needs. We will be addressing those going forward.

With homelessness and affordable housing, I mentioned the Cares Campus. The state has been very generous working with us and our regional partners to help establish the Cares Campus. It is a low-barrier shelter for homeless populations. On any given night, we will have 600 to 700 individuals in that shelter. We also operate a shelter called Our Place over on the Northern Nevada Adult Mental Health Services (NNAMHS) campus, which is a homeless shelter set up specifically for women and families. It actually has a nursery on-site. It is for much more vulnerable populations. Again, we have been working not simply toward putting people in shelters, but helping them get back to being healthy members of society. We will continue to work in that regard.

With our election system, we have been and will continue to work with the Office of the Secretary of State and the top-down initiative. Washoe County operates on election technology that is no longer supported by its vendors. We have run out of time to address firsthand what we need to do from a technology standpoint to operate our elections going

forward. We also have some things we need to do from an administrative standpoint to improve our processes. We are moving expeditiously to make sure those get in place before our next elections in 2024.

Environmental sustainability is a big item for Washoe County employees, who very frequently and loudly speak to us about the fact that they, too, appreciate the natural beauty and resources in our region of northern Nevada. They believe the county has a responsibility as an organization to take a leadership role in stewardship of those natural resources. For the first time in the county's history, we have actually hired a sustainability manager to begin articulating and developing the programs we will use to realize that vision. Up until this point, most of the county employees' efforts have been in a volunteer status. For instance, we have a green team that has helped set up recycling at county facilities and so forth. The Commission was very clear that moving forward, Washoe County needs to get serious about its commitment to environment sustainability.

As for retirement contributions, as you probably all know, there were major adjustments made to the Public Employees' Benefit Program and Public Employees' Retirement System recently. We are having to deal with those in our new budget. That is why it is on the list. It is not really anything for broad discussion.

We have just completed our staff classification study. The county had not really done a comprehensive review of compensation across the board in over ten years. Obviously, a lot of water has gone under the bridge in ten years with the staffing environment we faced both in this region and nationally. We use Korn Ferry as our third-party partner to help us evaluate our compensation and organizational execution. Next week, we will bring forward to the Committee a new compensation arrangement that will provide for more equity of all levels of the county in terms of compensation, making us more competitive with other organizations and municipalities that have similar positions.

Here is our Washoe County legislative team [page 20]. Beside me, I have Cadence Matijevich. Many of you know her; we are lucky she recently joined the Washoe County team. You also see the other contacts we work with across county departments. I think that wraps it up.

Chair Torres:

At this time, I will open it up to questions.

Assemblyman Koenig:

Up until a couple of months ago, I was a sitting county commissioner. This presentation makes me a little nostalgic. You know your number one job is to make the county commissioners look good. I appreciate all you do, and I think you are doing a great job.

Assemblywoman Taylor:

Thank you for the presentation about the region I live in. You mentioned that affordable housing is one of the biggest challenges facing our region. Obviously, I am aware of that.

I have some knowledge. Can you share the efforts the county is making in terms of affordable housing and homelessness with me and my colleagues? They kind of go hand in hand.

Eric Brown:

They certainly do. Yes, the county has been working closely with our jurisdictional partners in the City of Reno and the City of Sparks. First of all, we divide and conquer with regards to which aspects of the homelessness and affordable housing challenge we are going to address. The county agreed in October 2021 to take over responsibility for homeless services for the county as a whole. Up until that point, the City of Reno took care of their own homeless responsibilities. The City of Sparks did their own. Unincorporated areas of the county were handled by the county. Obviously, this was not ideal. It led to uneven application of policies and services. In many cases, we were competing for grant resources. We decided to consolidate the homeless services group. At the same time, the City of Reno agreed to take the lead on development and implementation of affordable and workforce housing.

We all have a part to play in terms of making sure we are fostering an environment that allows for more housing, but we realized we cannot do everything, so let us focus on homelessness in the near-term. We also focus on getting individuals out of our shelters into what we call supportive housing. Many people who are coming directly from the shelter into a housing situation may need additional assistance. They may need substance use assistance, case managers, behavioral health assistance, or medical assistance—that is what we refer to when we say supportive housing. These are housing units in which those kinds of services are generally available to the tenants. That has been the county's focus in the near-term. The City of Reno has focused more on the broader issue of affordable housing and workforce housing for those who are moving into the area.

I will say that at the workshop three weeks ago, the Commission did give county staff direction on how the county can help support affordable housing. They were very clear that they do not like mandates. They would rather offer incentives to affordable housing developers that are bringing affordable housing to the region. They have asked staff to bring back recommendations on what incentives we think could most effectively be used to expand affordable housing.

Assemblywoman Taylor:

Were American Rescue Plan Act of 2021 (ARPA) funds helpful as you put some of those things in place, particularly during the pandemic?

Eric Brown:

American Rescue Plan Act funds were very helpful. I would mention that with regards to affordable housing, Home Means Nevada Initiative funding from the State of Nevada was earmarked for 50 affordable housing units on the Cares Campus, on the west end of the campus near the shelter. That is an example of how we were able to use some of our ARPA funds, along with state funding to initiate affordable housing units. There are additional

affordable housing units being developed on the NNAMHS campus, which is near our other shelter, Our Place.

Assemblyman DeLong:

Can you outline what the county is doing regarding discussions with our federal delegation about getting access to public lands and national forest system lands around the incorporated areas to expand our ability to develop additional housing tracts?

Eric Brown:

Washoe County, in concert with the Economic Development Authority of Western Nevada, did an independent study to look at availability of land in the county for commercial and residential uses. I believe it found that if nothing is done, we will run out of available land by 2038. It is a very short window.

The county is partnering with our jurisdictions in the City of Sparks and the City of Reno to work on a lands bill. At this point, it has been sponsored primarily in Senator Rosen's office. It is to help us map out areas that could be made available for further development and would be acceptable to the environmental community, our tribal community, and other constituents. We are hoping to see the maps and the initial summary toward the first couple of weeks of March. In fact, four of the commissioners will be in Washington, D.C., next week for the National Association of Counties event. They are meeting with our congressional delegation to get an update. That is a big priority. The City of Sparks has taken the lead on it because they have the most to gain in terms of opening up of available land. It is an important issue for the entire region in terms of future growth.

Assemblywoman Thomas:

My biggest concern is substance abuse. I do not know what the data for Washoe County is. I would like to know if you have those numbers. If you do not have those numbers at this time, can you get those to us? My question is not only about our adult population. My biggest concern is our children. How are substance abuse and mental health problems affecting our children in the county?

Eric Brown:

First, I need to say this is a very personal issue for me. You may not know this, but I lost a son to fentanyl poisoning last March. It reaches my heart in a very special way. I do not have the actual numbers. We will get them for you and report back to the Committee. I will tell you that I watch them every month. The overdose numbers are actually flat year to year. That does not mean we do not have more overdoses than we should, but we are not seeing a real spike in them.

The county is about to review our recommended plan for use of our opioid dollars, which are coming our way. An extensive study and assessment took place across the county agencies, including law enforcement, courts, and others. I believe that comes before the Commission in March. Within that, there will obviously be recommendations on things we can do to address some of the issues you are referring to.

Assemblywoman Thomas:

Thank you for sharing. I appreciate that, and my heart goes out to you and your family.

Chair Torres:

We are sorry for your loss. I appreciate your work on that issue, and I appreciate Assemblywoman Thomas's bringing that up. It is critical we look at that. I know the counties obviously have to work closely with the cities. We will have a presentation from several cities this Friday, as well as from the Nevada League of Cities and Municipalities. I want you all to be aware that those presentations are coming too, and we will have opportunities to speak to those organizations about that. I think it is helpful. I know that the League of Cities and probably some other cities are either in the audience or watching online. Now you all know some of the questions we will ask then.

Assemblyman Nguyen:

Thank you for an amazing presentation. Again, my condolences to your family on your loss. I wanted to go over this awesome community profile you have on slide 10 [[Exhibit C](#)]. The diversity you have reflects a lot of what I experience in my district. We have a very diverse Assembly District 8 in southwest Las Vegas.

You touched on this earlier, but I am wondering about the types of services that are available in the county for language access. You have a growing Latino population; you have a growing AAPI [Asian American and Pacific Islander] population. What are some of the county strategies? I notice your strategic objective is to work with vulnerable populations and innovate services [page 18]. Can you tell us more about the programs you have across countywide agencies in terms of language access and how your team is reaching out to these communities through the language access programs?

Eric Brown:

It is in its infancy. We just started contracting for language access services maybe six months ago. We found difficulty in identifying the proper resource we thought could help us not only with regards to our Spanish-speaking public, but with those who spoke other languages. I do not want to misrepresent to you today that it is far-reaching and across the county. We are really just getting started deploying it.

The other thing we are doing is instituting a language certification program, which was discussed with the commissioners at the workshop three weeks ago. We have some areas like the courts where there are employees who are called upon to provide translation services, whether written or verbal. But there is not any certification program to ensure those folks are qualified to do the interpretations they are doing. We want to make sure that is more uniform across the county, not just in terms of the courts and justice system. We are just getting started.

Assemblyman Nguyen:

Is there a designated point person in your senior executive team to oversee that, or does that start with you?

Eric Brown:

Elizabeth Jourdin of our Human Resources team is the champion of that program. When I started as county manager three years ago, she was my assistant to the county manager. I noticed she had a passion for helping with our diversity and inclusion efforts, as well as professional development of our county employees. She serves in that role for us now, with regards to language access services.

Assemblyman D'Silva:

Your presentation was very informative. Especially as a southerner—it is always good to get intel on our northern Nevada compatriots here. I know housing is a statewide issue. It is a national issue. I know my colleague, Assemblyman DeLong, asked about some of the federal help the county has received. We are full steam ahead with the 82nd Session. My question is, how can the state help with housing issues, specifically for Washoe County?

Eric Brown:

Again, the state has been helpful with regards to Home Means Nevada Initiative and ARPA funding for affordable housing. We are going to need more of that. The numbers show our region will see 7,000 to 8,000 new residents moving in a year. Today, in order to be a single occupier and be able to afford a residence, you need to be above the \$64,000 a year salary mark. If you think about what our teachers are making and what many of our other employees are making, particularly early in their careers, that is a challenge for them. This problem is not going away. To the extent that either block grants or funding continues to be available for affordable housing, we can certainly help, along with our jurisdictional partners, understand where it makes the most sense for that to go.

We are having discussions with some of the stakeholders—like the University of Nevada, Reno, RTC, the City of Reno, and the City of Sparks—about whether there are unused parcels of land any of us have that would be positive from an affordable housing standpoint and could be turned over for development. For instance, if they are close to a mass transit line or workforce hub of some sort, and if the county does not have a need for that land, the commissioners have been very clear they would like to see staff figure out ways to convert those properties into affordable housing.

Assemblywoman Duran:

Concerning homelessness and affordable housing, can you tell us what it looks like to provide the wraparound services to make these programs successful?

Eric Brown:

The first step has been making medical services available at our shelters for folks who are in the shelter. Most of the medical services have been wound care or just making sure people are taking their medications. That is a big deal because when they do not over a prolonged period of time, it creates other issues. The second step would be behavioral health services. Frankly, this is an area where the state and Washoe County have some work to do to refine the role of the county versus the state in the provision of mental health services. If you ask who owns mental health, most of the people I talk to will say the state does. Then you talk to

the state about their perception of it. In a favorable way, they will say, Yeah, we have funding, but we have no idea what your local needs are.

We know there is a tier of vulnerable population members who are rotating between our jail, our shelters, and the emergency room. If you are not already seeing it, it happens. We are not helping them because we are simply housing them in the emergency department, the shelter, or the detention center for some period of time. Then they get released, but there is no real solution for them. As a state, we need to figure out how to better manage those populations. Believe me, there are a significant number of people who are cycling through the system. We know who they are. They know who we are. But there is no resolution in terms of how we treat them long-term. We need to address that.

The other serious issue we are trying to come to grips with is juvenile mental health. In Washoe County, we do not have mental health services for our young adolescents or juveniles. That is another area where the county needs to work with the state and other resources to figure out what the solution for that is, because we do not have one today.

Chair Torres:

I do have a final question. As an educator, I have spoken with the principals in my own district, as well as various other professions within my trade. One of the issues I have heard expressed from principals, counselors, and social workers is the difficulty of knowing what services are available. How does Washoe County work with the schools—and not just the district because I think oftentimes that stuff does not trickle down—to make sure those professionals have access to the resources they need? Often, when a student is about to go homeless, they do not call the county. They call their teacher, or they call the social worker. How are we making sure that information goes out?

Eric Brown:

Our Human Services Agency works with the schools to set up things like resource centers and interactions with schools that have a particularly high percentage of vulnerable population students. We try to make sure that communication takes place. That happens on a consistent basis. We try to work closely with the Washoe County School District on a variety of fronts to make sure that if there are opportunities to prevent families of school-aged kids from becoming homeless, we can take those opportunities before they are evicted or lose their home.

Last year, through I believe a combination of the Reno Housing Authority and our own homeless services group, we helped over 1,500 families in the region with rental assistance and diversion payments that would help prevent them from the unfortunate circumstance of eviction. We need to do more of that. This is another area where the county did not have a lot of expertise two years ago. We are getting a lot better at it now because we have a homeless services group. We have hired professionals who know how to address the needs of this population. Yes, they work with the school district, as well as other entities, to try to make sure we prevent folks from being evicted or losing their homes, which would mean they would become clients of ours, potentially in the homeless shelters.

Chair Torres:

Is there any formal process for that, either in county regulations or in the existing policies, that could be shared? Or is that just what is being done with current leadership?

Eric Brown:

I am not aware of any policies in place. That does not mean they are not there; I am just not familiar with them. I just know our homeless services group works very closely with the schools, trying to make sure we are on top of those kinds of things. I will check. If there is additional information, we will get that to you.

Chair Torres:

As I see no more questions, I think we have grilled Mr. Brown and his partner long enough. Next, we have the opportunity to hear from Mr. Vinson Guthreau, Executive Director of the Nevada Association of Counties (NACO). You will get to know him very well. He will probably be in our Committee every day.

Vinson Guthreau, Executive Director, Nevada Association of Counties:

Thank you for the opportunity to talk about NACO and collective county issues. You heard from Washoe County this morning. You will hear from Clark County, as well as Elko County. I appreciate the invitations to our members and to us. I am happy to talk about NACO's role in the legislative process and all the work our members do.

I have been in this particular role for about a year and a half. I served as the deputy director for about five years, so I have a little over six years at NACO. I am lifelong Nevadan and am looking forward to being a resource for all of you throughout the session—the one-stop shop for county government, if you will. I want to thank the former Churchill County commissioner, Assemblyman Koenig. Welcome to this body.

I will start by talking about our executive team and our board of directors, which governs the Nevada Association of Counties [page 2, [Exhibit D](#)]. Our president this year is Lincoln County Commissioner Varlin Higbee, who is a sixth-generation Nevadan and lives out in Lincoln County. You may see him testify on critical NACO issues this year. Our immediate past president—who is no stranger to these halls—is former Speaker of the Assembly and former Chair of this Committee, Commissioner Marilyn Kirkpatrick from Clark County. Rounding out our executive team is President-elect and Supervisor Stacey Giomi from Carson City. There is also Vice President Cassie Hall. I think you will see our leadership team reflects the diversity of our counties and our geographic regions, and that it reflects our statewide association.

As far as the makeup of our Board of Directors goes, every county member has a seat. We also have nonvoting seats from our affiliate members. Those are your other elected officials—your recorders, the Nevada District Attorneys Association, Nevada Assessors' Association, and county fiscal officers. They all have nonvoting seats on our board.

This is just a bit to highlight NACO's role at the Legislature [page 3]. As I mentioned, we are a statewide association representing collective county interests. We are formed in statute. You can see on this slide that we are about to approach 100 years as an association. I have not been here for all 100 years, but I am happy to celebrate it in the coming years.

I do want to mention NACO's staff. The Nevada Association of Counties is building capacity to serve our members and respond to this changing state. I want to first introduce our government affairs manager. Her name is Jennifer Berthiaume. You will also see her in this Committee throughout the session. She has Nevada ties and graduated from the University of Nevada, Las Vegas. She most recently advocated on behalf of the Florida Housing Finance Corporation, which is that state's equivalent to affordable housing and housing authorities. In the interim, she serves in southern Nevada to bring our statewide presence here.

In partnership with the state, we also recently hired a public health coordinator. Housing that position in NACO has helped our counties in a variety of ways. She has supported counties on those opioid needs assessments County Manager Eric Brown mentioned earlier. She is also working on expanding public health capacity where needed and responding to the needs of communities. She has also supported a region on the creation of the Central Nevada Health District, which you will hear about throughout the session, and is working diligently on that. That is moving forward. I am happy to have that person on board.

We also have a natural resources manager. It was touched on during County Manager Eric Brown's presentation, but every single county in Nevada has public lands. Most of them have over 75 percent public lands. Those have huge impacts on the way counties deliver services in those communities. We are also asked to deliver services on public lands from time to time.

As I mentioned, we are in statute. Our role at the Legislature is to provide a unified voice on critical county issues. We partner with the State and look forward to working with all of you.

I thought it would be good to give everyone a high-level overview of the diversity of our counties [page 4]. We have about 2.3 million people in Clark County. Just for edification: There are a little over 1 million people in unincorporated Clark County alone. If it was a city, it would be the state's largest city. It looks like we have a little over 500,000 people in Washoe County. There are less than 1,000 people in Esmeralda County. You can see the range of counties in our state. We have a growing suburban population, as you all know. Lyon County, Churchill County, and Humboldt County are seeing population increases. Carson City, where this building is, is the only consolidated municipality in this state—it is both a city and a county. You will see it as a member of both the League of Cities and NACO.

As I mentioned earlier, 13 of our 17 counties contain more than 75 percent public lands. I will touch on some of the key industries in our counties. Hospitality and tourism lead, then mining and government. We also have a booming tech hub, especially in the north, through

Tesla and the TRI Center [Tahoe Reno Industrial Center] County Manager Brown mentioned. We are adding professional sports teams. There is definitely a diverse state in front of us. I think our counties reflect that.

I wanted to talk about the services counties provide [page 5]. Again, this is a high-level overview, and you have already heard from Washoe County. You will hear from Clark County and Elko County. First of all, every Nevada resident is a county resident. Counties and the state have a shared constituency, and we look to partner with the state on many things. We, especially here at NACO, hope you will view us as a resource on how policies might impact county residents. Counties deliver both regional and municipal services. Some of the areas where we deliver those are the Las Vegas Strip or the resort corridor. We also deliver to all of Carson City because as I mentioned, it is a consolidated municipality. We provide regional services to Washoe County, Pahrump, and Nye County, among others.

Counties serve as the mandated social safety net. As County Manager Eric Brown mentioned, we provide for the unsheltered and indigent population. We provide indigent care. We also provide those frontline responses, such as what we saw during the COVID-19 response. Counties are critical to the Medicaid budget, which we fund through voluntary Medicaid contracts with the state. We account for a significant portion of the state Medicaid budget. Most of that is done through assessments to counties from the state on those services.

Every county has a human services director. They are local- and county-funded programs, so we look to provide senior services, indigent burials, and indigent medical costs. Every county also provides child protective services, which are assessed through the state to our rural counties and then provided as programs for Clark County and Washoe County. Another service we provide on a municipal level is code enforcement. We regulate land use planning. We also do jails. We fund courts, elections, and indigent defense as well.

This is an outline, taking a deeper dive into these [page 6]. You can see the breadth of services counties provide. As you consider policy changes, we ask that you seek our input and give counties a seat at the table. We are happy to provide that perspective. Legislative policies' impacts at the state level are different for the counties in that since counties provide both regional and municipal services, when you make changes to either/or, it impacts counties in both ways. As mentioned, we provide social services and emergency response.

You can see the list of services we provide [page 7]. I will expand a little on public health. In Washoe County and Clark County, there are health districts. There is a health department here in Carson City. Then there is the newly created Central Nevada Health District, which will be a regional force on public health.

One of the other things we do is manage airports. The Harry Reid International Airport is actually a department of Clark County. Seventy-five percent of the state's road miles are county roads. We also provide public defense and indigent defense services. We are the taxing authority, so we collect and distribute taxes. We also maintain records. Those are

your marriage licenses and your death and property deeds. Again, we administer elections. It is the registrar of voters in Clark County and Washoe County; in the rural counties, it is done through our clerks. We also do code enforcement of public health, welfare, and safety.

I provided a backup on the services [page 8]. I know there are a ton of them, and I am just providing an overview, but I thought it would be helpful. There is a backup of a larger handout of this slide that shows where counties provide services, where the state alone provides services, and where we partner with the state on those services [[Exhibit E](#)].

If you do not mind, I will play a quick video [page 9, [Exhibit D](#)]. This is a little outdated, but I do think it is important on the services piece. [Video was shown.] I think that video puts a face on county employees and all the services we have come to expect from our local governments.

With this breadth of services, how do counties fund them [page 10]? Critical funding sources are consolidated taxes (CTX), which include sales taxes. We have property taxes. Those include net proceeds from mines. That is a version of property taxes for those mining operations. We also charge for services and licenses. We have additional revenue that comes in from the Payments in Lieu of Taxes Program from the federal government. We have to wait for them to appropriate that, and it is not nearly as much as we would collect if it was property taxes, but it is revenue, nonetheless.

A couple of notes about revenue: While CTX is becoming the number one source of local government revenue in Clark County and as County Manager Eric Brown mentioned, is number two in Washoe County, we view it as a bit unstable. If we remember COVID-19, sales tax revenue initially took a significant dive. We do see that as an unstable source of revenue, but counties continue to rely on it more and more.

I know this is not a budget committee, but I thought this revenue information would be important for all of you as you do your jobs during these 120 days [page 11]. We are a Dillon's Rule state. While we have administrative home rule, this legislative body saw fit to allow us to address matters of local concern. I view that as administrative home rule. Counties and local governments do not have fiscal home rule other than what has been granted to us by the Legislature. Outlined here is who is responsible for some of those. The largest one there at the top is property tax. Of course, those are subject to caps and abatements.

Taking a look at our budget, our revenue, and how we interact with the state, I wanted to highlight the county tentative budgets [page 12]. When you are considering how your policy implications might impact counties, it is important to remember some timing pieces. County tentative budgets are due mid-April to the Department of Taxation, and we close those before the end of the legislative session. If they have significant impacts on local government revenues or pushdown of services, those have been done after budgets have already closed, and we have to make significant amendments there. When we discuss our perspective here,

the county perspective on local mandated services, we always watch for pushdowns of state services or expansion of existing services that counties provide.

Lastly, as far as our partnership and where we interact, I want to talk about some bills [page 13]. I am going to preface all of this by saying that these bills will probably look a lot different by the time they get over here. Hopefully, they will get into this Committee. They originate in the Senate. Here is a quick, high-level summary of them, and I will present the concepts to you. Senate Bill 20 addresses board of county commissioners' vacancies. It allows for local boards to create a local process to fill vacancies. Senate Bill 21 is an update. We recently had a census, as you know. This is a slight update to some of those population thresholds you all see in *Nevada Revised Statutes*. It only affects a handful of counties, but it makes sure the intent of those laws stays consistent for the Legislature. Lastly, Senate Bill 22 addresses the publication of legal and public notices. As you know, counties and local governments adhere to the Open Meeting Law. This includes the publication of meeting notices, legal notices, and ordinances. We have some timing pieces related to that on electronic posting.

That is pretty much my presentation. I know I provided you with a lot of information. This is our prestatehood building here in Carson City [page 14]. It is located on Minnesota Street. You can stop by anytime, but it is probably easier to get us here in the Legislative Building while you are in town. We are very proud of our building. It reflects the longevity of our organization and our statewide service.

We look forward to being a resource to all of you and working together on areas where we can find common ground. With that, I am happy to take any questions.

Chair Torres:

At this time, I will open it to questions. I will remind the Committee that although Mr. Vinson Guthreau gave us a high-level, bird's-eye overview of the bills in the Senate, this is not a hearing on those bills. We are not taking any questions on them at this time. You can meet with him privately to do so.

Assemblyman Nguyen:

I always like videos, so feel free to bring more for us—check with the boss behind me. It reminds me of the pandemic we all went through, when we all had challenges in organizing, getting our community out, and ensuring folks had access to the services of the county. I came from Clark County. It is a large county to deliver services to.

On slide 12 [page 12, [Exhibit D](#)], it says one of NACO's priorities is services delivery. One of my biggest areas of concern is innovation and modernizing our service delivery, and I think I will bring this up a lot throughout the session. Through the last couple of years, we have had some challenges in terms of everyday county residents accessing certain services, whether during the peak times of the pandemic or the postpandemic recovery pieces. Are there statewide strategies from the counties in terms of modernizing service delivery? What are the percentages of whether they put it in the budget, or form leadership, in terms of

looking at how we can enhance some of the service delivery? COVID-19 taught us that a lot of our service needed updates and changes. Can you give me another high-level answer about what counties are doing, maybe annually or every three to five years, to look at modernization and innovation in terms of service delivery?

Vinson Guthreau:

One of the tenets of what our Board of Directors at NACO and I believe is that we support counties by what we call encouraging good governance. That is sort of what you are getting at: the streamlining and efficiency of service. All of our counties are looking at ways to efficiently deliver services. They are also political bodies, so keep that in mind as they respond to community input on delivery of those services. I think the hope from our members would be that efficient service delivery and looking for ways to modernize service delivery will ultimately save taxpayer dollars but reach the widest audience. We encourage them by providing them resources on innovative programs and by keeping topical information at the forefront for them.

I am not trying to continue to defer to individual counties, but I think County Manager Eric Brown put it well: Their strategic plan is important to them. One of the things they try to find there is service delivery: What should they be focusing on to affect and impact the largest segment of the population or make sure they are serving the needs of the populations and the county? At NACO, we encourage good governance. We recently partnered with the League of Cities and the university up here in the north to train newly elected local officials. We think that is good as they enter their jobs. Now that campaigns are over and the time for governance is here, what does that look like? It gives them that basic knowledge. It is a role for our statewide association, and it is ultimately good for the state.

I do not have specifics. In a roundabout way, I am letting you know about the programs we have at NACO. I do not know that we have anything specific as far as actual examples. I would leave it to the individual counties to provide that information to you.

Chair Torres:

That was helpful for Committee members in understanding the role of NACO. The League of Cities is going to present later this week, and I hope we can learn more about that program. I have had some conversations with them about it because I do think it is an interesting way to help all our new legislators. We have many of them in this room. They did get to go through an extensive new member training, but that has not always been the case for county officials. It was not always the case for state officials either. I think it is great that you all are implementing that program to train them and give them the tools they need to do their job.

Are there any other questions from the Committee? [There were none.] The next presentation is from Ms. Laura Rich with the Public Employees' Benefits Program.

Laura Rich, Executive Officer, Board of the Public Employees' Benefits Program:

With me today is my operations officer, Nikolaus Proper. We will provide you with an overview of the Public Employees' Benefits Program (PEBP).

Here is a quick agency overview: our mission, our vision, and our values [page 2, [Exhibit F](#)]. You can see here that our mission is to provide employees, retirees, and their families with access to high-quality benefits at affordable prices. You can see our vision as well. We are member-focused. We want to be a nationally recognized, affordable program of employer-sponsored benefits serving employees, retirees, their families, and the Nevada taxpayer.

A little bit about PEBP: We are a group health program which offers medical, prescription drug, dental, vision, and life insurance to about 69,000 people [page 3]. Forty-four thousand of them are primary members, and 25,000 are covered dependents. We are governed by *Nevada Revised Statutes* Chapter 287 and overseen by an 11-member board appointed by the Governor. We are a small agency with 34 full-time employees, but you will see we have one of the largest budgets in the state at \$1.2 billion. We are funded through a combination of employer contributions—you will hear that referred to as the state subsidy in other committee meetings, such as the Assembly Committee on Ways and Means—and member premium payments. That is the members', employees', and retirees' portion of what they pay to the program. We do not receive any State General Fund dollars. Everything comes from either the state subsidy, which is the agencies' paying each portion of the overall contribution, or that member contribution. We will be presenting in the Ways and Means Committee on February 17, so you will hear a lot more about our budget then.

Who is eligible to participate in PEBP [page 4]? We have state and nonstate members. State is what you would expect, such as state employees. These are state agencies, boards, legislators such as yourself, and the Nevada System of Higher Education (NSHE). We offer coverage to both full-time, active employees and retirees. Then we have nonstates. Nonstates are what we call the local governments. Senate Bill 544 of the 74th Session made it so that it was an all-in or all-out type of eligibility. You come with your actives and your retirees, or you come with neither. In order to participate through PEBP as a participating employer, you must bring actives and retirees to the program.

As you see on the next slide [page 5], we do not have a lot of nonstate actives. We have six. However, we do have a grandfathered-in group. In previous legislative sessions, they were called the orphans because they are pre-Medicare retirees who will never qualify for Medicare. That is the largest bucket of those pre-Medicare retirees in that nonstate category.

Obviously, for the state, we cover about 25,000 active employees. We also cover about 4,100 to 4,200 pre-Medicare retirees. Those are people who retired prior to being Medicare-eligible. For example, if you retire with 30 years of service at age 50 because you became a state employee at age 20, we are going to cover you until you get to that Medicare point. You have about 15 years of pre-Medicare coverage through PEBP. We also cover the Medicare retirees. If you are Medicare-eligible, we partner with The Medicare Exchange and offer coverage through that as well.

Here are some recent changes to PEBP that I think are very important as you start understanding the program and what it is PEBP does [page 6]. Back in January 2020, a legislative audit revealed numerous concerns with previous contracting practices within the agency. When I was appointed in March 2020, the first thing we had to do as an agency was release a lot of procurements. We went out to request for proposal (RFP) for about 16 contracts. We have been doing that for the past two years—actually, almost three years now. We have had some major changes in the program. We have changed third-party administrators. That is the vendor that will pay our claims. We have changed the medical network. We have changed our enrollment and eligibility system, as well as our utilization management and case management vendor. We recently switched to actuaries and consultants. Our life insurance vendor has changed, and so has our Health Savings Account and Health Reimbursement Account (HRA) administrator.

Those are the major, most significant changes. We have had a few smaller ones as well. This has been very impactful, not just for PEBP staff, but for members, since every time you change medical networks, you might have to change your doctor because they are not covered in-network. There has been a lot of disruption in the program in the last couple of years. We are hoping after we have gone through all these procurements there is now a period of stability moving forward.

On the next page [page 7] we are going to talk about coverage highlights. Our medical plans offer medical, pharmacy, vision, and dental as part of the package. We offer a statewide high-deductible plan. You will hear that referred to as the consumer-driven high-deductible plan. We also have a statewide low-deductible plan, which we just introduced a couple years ago. It is becoming a lot more popular as people become more familiar with it. Then we have two regional plans. One is the EPO [exclusive provider organization] in the north. The other is the HMO in the south. The HMO is the only one of our plans that is not self-funded. I will get into this in just a minute.

As I said, we offer state and nonstate Medicare retirees access to the individual Medicare marketplace exchange through Via Benefits and Willis Towers Watson. We also offer a lot of ancillary benefits. We have a voluntary benefits platform that gives members access to group-rated policies; for example, buy-up life insurance, long-term disability, critical illness and accident types of policies, and things like that.

What is "self-funded" [page 8]? I think we can all recognize that health care is very complicated. It is not an easy subject to understand. For PEBP, "self-funded" means that we are the insurance plan. We pay the claims and do not necessarily partner with an insurance plan, such as Anthem or Hometown Health. The Public Employees' Benefits Program is responsible for paying those claims. All the money comes into PEBP, and that revenue is used to pay for the claims.

Premiums—the employer plus the employee contributions—must be sufficient to cover the cost of claims in a plan year. We actually use consultants—actuaries—to determine those

rates and to understand how much we need to bring in, so we have that money to pay out. These are all projections, and I will go into that in a minute as well.

Members access the provider using a PEBP-leased network. We actually lease the medical network that determines whether a certain provider is in-network or out-of-network. Then those providers bill PEBP. That claim is then repriced at the network-contracted rate. Our third-party administrator then pays the claim and applies the member accumulators. Accumulators are deductibles, out-of-pocket maxes, and things like that.

On the next page [page 9], we are going to talk about the reserves. The Public Employees' Benefits Program has three categories of required reserves. We have an incurred-but-not-reported category. That is basically a reserve category that is used just in case, for example, we were shut down tomorrow. Providers have up to a year to pay claims. Let us say a member went to see their doctor yesterday, and we shut our doors tomorrow. That provider would have a year to submit a claim. We have to have sufficient reserves, sufficient funds, to pay those claims moving forward. That is our incurred-but-not-reported category. That is a required reserve.

Then we have our catastrophic reserve. Those reserves are intended to cover anomalies. For example, we just had a \$7 million claimant. That is not something we were projecting in our revenue projections. You have a couple of those, and all of a sudden, you are way over budget. You have to have a reserve category to cover those types of anomalies. We have a \$1.2 billion budget, so those projections are not always 100 percent on-target. It is sometimes difficult to understand, especially with COVID-19, the volatility of inflation and things like that. You are not always on target. Those catastrophic reserves are for when you come up short.

Then there is the HRA category. These reserves are used to cover the HRA balances. The Health Reimbursement Account is something we provide to Medicare retirees to help offset the expenses of their Medicare plan premiums. Medicare retirees qualify for a certain amount depending on their years of service. We have to ensure we have sufficient reserves to pay those claims, so when they have an eligible expense, and they submit that eligible expense for reimbursement, there are sufficient funds to cover those expenses.

The last category is excess. That is anything outside the norm. That is what is left over if we came under our projections. Again, with a \$1.2 billion program, it is reasonable to be off several million dollars one way or the other. We like to be off in the other direction where we have excess reserves, versus having to dip into catastrophic reserves. Some years, we have more excess than others, but it is reasonable to come within several million dollars and have some excess.

How are rates set [page 10]? This is important because there are decisions that can be made by legislators that do affect this process, especially during a legislative session year. You will hear me talk more about this at the Ways and Means Committee next week. The first step is that our actuaries develop trend projections for the next two years in order to build

a budget. We were doing this back in July. They look at what is happening within our program and in our PEBP claims experience. How often are our members accessing services? What is our average age? What are the health factors? There are a lot of factors the actuaries use. They also take a look at national health care trends as well. We work with the actuaries to submit a budget using a suggested trend. When I say "trend," that is, How much more is health care going to cost next year versus this year? We submit that budget using a suggested trend to adhere to the Executive Branch budget requirements.

Then there is the *Executive Budget*. The Governor's recommended budget includes the state subsidy amounts and any program enhancements. The state subsidy amounts are what the state is willing to pay per employee per month. Those subsidy levels are approved by the Legislature in our budget for the biennium.

Then there is rate setting. In March of each year—so next month—our PEBP board will get together. Staff will be proposing rates to the PEBP board. Then those rates will be determined based on the overall cost of the plan minus how much that subsidy is. That equals the employee premiums. We do receive the majority of our revenue through the employer subsidy. The state is picking up most of the cost of health care. The employee premiums are a small percentage. Depending on tier, it can be about 10 percent.

Because the employer subsidy is approved through the budget process, it cannot be changed in that second year. Whatever that employer subsidy is, that is what we are stuck with. If for some reason health care turns out to be a lot more expensive in that second year than what we set in our budget as trend, that additional cost is borne on the employee entirely. Because of that, we try to be very careful about how we project costs in that second year.

If increases are necessary because of the projected health care inflation, the only mechanism is to increase employee premiums. We do have that catastrophic bucket as well. That gets complicated, but there is an option to dip into catastrophic reserves to reduce employee premiums in that second year.

Here are upcoming plan changes for plan year 2024 [page 11]. I am excited about some of these. The first one is a \$300 contribution for all state active members on any of our plans. This Health Reimbursement Account—or Health Savings Account—is essentially just money that can be used to pay for your out-of-pocket expenses. They have to be expenses that are determined to be eligible through the Internal Revenue Service.

We also increased our dental plan maximum. We increased it from \$1,500 to \$2,000. Currently, our dental plan pays up to \$1,500. We all know inflation has affected the cost of health care, and dental is no exception. A lot of our members were hitting that \$1,500 cap pretty quickly. To keep up with the times, we increased that to \$2,000 a year.

We also expanded a travel benefit. That benefit is for members who require a medically necessary abortion while living or traveling in a state that does not allow such services. We actually pay for the travel for them so they can receive services elsewhere. We do this for

other services—for example, bariatric surgery—where we require members to travel to centers of excellence. We cover their cost of travel. This is just adding medically necessary abortions to that list.

We are also adding a cancer concierge program. It assists members who have been diagnosed with cancer with their care coordination and personal care needs. I do not have a lot of information on this one because we are going to have to go out to RFP for this. There could be a range of services that these different vendors can provide. We have not gotten to that point yet. We hope to better understand what the potential vendors can come to us with and what those costs are going to be. There is not a lot of information on that, but I am excited to be able to bring this cancer concierge program because I think it will be a huge benefit, especially to those that are undergoing cancer care.

Then we also have a medical travel program. This is one we are also going to be going out to RFP for. This will provide members with an opportunity, and even sometimes an incentive, to seek care through higher quality, lower cost providers that they may have to travel to. Say a patient could schedule a certain procedure in northern Nevada, but we found that going over the hill to Sacramento might have a better outcome and lower cost. We could potentially incentivize that member and say, Look, we will pay for your out-of-pocket costs if you are willing to go to Facility X versus Facility Y. All that is managed through a care coordinator, so not only does it save the member money, but it also has the potential for better outcomes and savings to the plan.

We are implementing a real appeal program. That is a digital weight loss program that will be available to all members over the age of 18. It gives them really cool tools to monitor their weight, such as scales, nutritional scales, as well as resources, counseling, and things like that. That is available through that program.

There will also be the hinge health program. This is a digital musculoskeletal program that uses motion technology to provide services that are related to physical therapy. It also assists with pain management. This is very helpful. We have an access problem in Nevada. We do not have providers; we have a shortage of providers. When you bring in digital technology, now you have access to a provider that you do not necessarily have to physically go to, and they send you all the tools to do this through a monitored environment. Other states and public sector entities that have already implemented them have had very successful implementation and a lot of good feedback. We are very excited about implementing them and having that be an option for our members moving forward.

In the next slide [page 12], you can see our budgeted plan design for the upcoming biennium. There were not a lot of changes. We kept it. We were able to work with the Office of the Governor to ensure it was going to remain basically consistent. There were no cuts in benefits. It remained consistent throughout the biennium. The intent here is to keep premiums flat-ish—I cannot guarantee there will not be any increases, but we are trying to keep them at a minimum for the next biennium.

How do benefits compare [page 13]? We did a high-level analysis based on publicly available data. We compared PEBP with different counties and different cities across the state—sometimes some school districts as well. We looked to see how we compare. The bottom line is, we actually have pretty competitive benefits. The state just has a different subsidy methodology. We tend to focus on subsidizing the entire family versus a lot of other local governments throughout the state, which focus more on subsidizing the employee. You can see here that most other entities have free coverage—no premiums for their employee. But then when you look at the family coverage, it is more expensive to add your dependents. The state has taken a different approach where we do charge the employee a small premium. However, that family coverage is not as expensive as it would be through other local governments.

You will hear from state employees, and you probably have heard, that our benefits are expensive or that they are not as competitive as other public sector entities. I think the difference here lies in the wages. When you compare PEBP on paper to other local governments, it looks like we are pretty in-line. The difference is that those local governments have higher wages than what state employees usually get. The relationship between our premiums and our wages are probably higher than the local governments.

On the last slide [page 14], I wanted to provide the results of a 2022 employee wage and benefits survey. This was done collaboratively through the last administration. It was done through PEBP and the Division of Human Resource Management within the Department of Administration, as well as the Governor's Office, so I do have permission to share this. It has been shared publicly before. I wanted to highlight a couple of the 7,400 responses we got from employees who provided their input to the survey. Question three on the survey was, "Please rate the following employee benefits you find most important from an employee perspective (rank from most important to least important)." The ones that rated the highest were higher wages and lower health insurance premiums. Those two rated the highest, then employer-matched 401(k) contributions, and more robust health benefits were right after that.

We also included a PEBP-specific question. That was, "As a state employee, please rate the following potential improvements to PEBP" Lower health insurance premiums rated number one. Lower deductibles—out-of-pocket costs—and lower out-of-pocket maximums were all those first dollars. That was what employees found most important in that survey. Again, this is probably related to salaries because if you look on that last slide [page 13], our deductibles and our out-of-pocket maximums are actually pretty competitive.

With that, I am happy to take any questions. It was a very high-level overview, and I know this was a lot of information.

Chair Torres:

At this time, I will open it to questions from the Committee.

Assemblyman Carter:

As a long-term trustee on a Taft-Hartley health plan, listening to constituents, experiencing the ups and downs through the dot-com burst, through the Great Recession, and through the pandemic, I personally had to work on changing policies to smooth out the pain of losing benefits and then having to claw those back. What policies would PEBP need to implement to keep benefits steady over the biennium and the long term?

Laura Rich:

We have actually taken a few approaches in the last few years, especially with COVID-19 and the volatility of not knowing what we were going to experience. We ended up actually seeing a cost savings because the COVID-19 costs to the program were actually lower than the deferral of care. People were not getting their surgeries; they were not seeing their doctors during COVID-19. The plan actually had a savings overall. Instead of taking that and restoring benefits for one year, we spread out that cost over a three-year period. We were able to restore the benefits that were cut in 2021 as a result of COVID-19. Again, it is hard to project the cost of health care, especially over three years. Things change, and since then, inflation has really taken off, so there have been some consequences to that. But we spread out the cost over three years, so we were able to restore those benefits for the plan year we are in, as well as the biennium coming up. By taking that approach, you are not getting ups and downs in benefit coverage.

Another thing we have done is adjusted some of our reserve levels and the required reserves. That has freed up a bit of cash. It is difficult, especially when the employer subsidy—the state subsidy—is really what drives most of this. It covers most of the cost. If that subsidy is either not sufficient or the trend is higher than what was projected, we can find ourselves in a predicament where we do not have the ability to go back to the Legislature to change this in Year Two. It does have an effect on our budget. But we do everything in our power to make sure we can keep those benefits steady. I know the PEBP board is very cognizant of the fact that people are confused, that they do not want the ups and downs in benefits and want to keep things steady. We are doing everything possible to continue that stability through the biennium.

Assemblyman Carter:

What is the makeup of the board? I know you said it was appointed by the Governor. But is there a mandated makeup of the board? Is there employee and retiree participation on the board?

Laura Rich:

Yes, there is. There are actually two employee representatives and two retiree representatives. We also have two representatives from the university system—one from the north, one from the south. The remainder are subject matter experts.

Assemblywoman Thomas:

Thank you for explaining some of the assets PEBP provides for state employees. There is concern about the elimination of long-term disability benefits. I have noticed the Governor

did not restore that in his budget. We know employees do not have social security disability. Most NSHE faculty also do not have Public Employees' Retirement System disability for early retirement, which does not provide a livable replacement income unless the disabled employee has earned many years of service. I wanted to know what the State's responsibility towards its employees is, since this has been eliminated.

Laura Rich:

We actually do offer long-term disability through our voluntary benefits platform since it is not part of the core package. Employees and members are able to enroll and purchase a policy through that benefit and pay for it on their own. That benefit was approximately \$10 million, and in the past, we had 20 to 25 people on average take advantage of that benefit per year. It was quite an expensive benefit for the amount of utilization it had. I think that was why it was cut and was not put into this budget. It is a very high-cost item. It is certainly something we could easily implement again if that was the intent of the Legislature.

Assemblywoman Thomas:

When was this cut from the budget? Was it during the pandemic?

Laura Rich:

Yes, it was during the pandemic. It was one of those cuts where at the time, PEBP had to find, I think, \$76 million to cut out of our budget originally. Finding \$76 million to cut out of a health plan during a pandemic was very difficult. The focus was on not affecting health care specifically. We wanted people to have access to their medical services. Doing anything to make any changes or benefit cuts to medical care was something we were trying to avoid. That is why the long-term disability benefit ended up getting chopped off the budget.

Assemblywoman Thomas:

You are willing, perhaps, to reimplement this back into your budget. Have you taken a survey of the state employees to see whether or not this would be something beneficial to them, as it was in the past?

Laura Rich:

If you take a look at the survey [page 14, [Exhibit F](#)], we did include long-term disability. It rated second to last in what employees were interested in.

Chair Torres:

I want to look at this survey more. Can you tell me how many PEBP participants you have?

Laura Rich:

If you go back to page 3 [page 3], we have 44,000 primary members. Those are the employees themselves. We have 25,000 dependents. Those are spouses and children. There is a total of about 69,000 lives.

Chair Torres:

Only 7,500 individuals responded to the survey. There are still a lot of other things. When people are looking at where we want this investment, then yes, we want higher wages. It does not mean they do not want long-term disability. I want to make it clear for Committee members, so when we look at this information, we understand it correctly. It just means that may not be their main priority, but obviously, when you need long-term disability, it does become a priority. Once you need it, that might be something you want considered. It is definitely something worth taking a look at. Have employees expressed a desire to have long-term disability? Has that been a discussion of the PEBP board?

Laura Rich:

Yes, that has been a discussion at the PEBP board. Specifically, NSHE employees have expressed a lot of interest in reinstating the long-term disability benefit. I want to add that the long-term disability benefit, along with a reduced life insurance benefit, were the two benefits that were not restored in the board decision last year, and in the Governor's recommended budget as well.

Assemblywoman Taylor:

As a retired state employee, this is obviously personal for me, so the information is great. You talked about the audit done back in 2020 and some of the major changes that occurred as a result. What other changes were there? These are administrative changes. Was this simply an administrative audit? What other things came out of that audit in terms of coverage, savings, or anything like that? What are the high-level points that have more to do with service to the employees, retirees, or dependents?

Laura Rich:

That audit focused on our contracting and information technology practices. In the past, the prior executive officers had a practice of potentially extending contracts beyond the norm. As you can see, there is a lot of disruption when vendors change. If we change a medical network, there will be people who have to change their doctors. People do not like that. You try to maintain stability as much as you can. The audit focused on the fact that a lot of these contracts had been extended for much too long. We ended up having to go out to RFP. Thankfully, now all of those contracts are set up so not everything is ending; 16 vendors are not going to come up for renewal at the same time. They are now scattered.

That is helpful. Sixteen RFPs in two years with 34 staff—a lot less than that because we have a 30 percent vacancy rate—is hard on the agency. It is very difficult for members as well because it is disruptive to keep up with. Health care is difficult to understand and navigate to begin with. Now you are changing your doctors, who pays your bills, and how you enroll in the system. It becomes very confusing to members. I feel there is going to be some stability moving forward. There has been a lot of change for members in the last two years.

Assemblywoman Taylor:

I am going to follow up and rephrase. I am looking at the slide comparing the benefits [page 13], which is very helpful. How did you decide which governmental agencies to include? I am from Washoe County. Washoe County is here, but the City of Reno is not here. The Washoe County School District (WCSD) is not here. Is that information available? I would like to have something more complete because I feel like I do not have the whole picture here. How were these selected, as opposed to others left off?

Laura Rich:

It was due to what was publicly available. We had staff pull the data. A lot of local governments will post their information online, so it is easy to access versus others, which do not have it available. This is something that was presented to our PEBP board to get an idea of what other local governments are offering, whether a city, a county, or a school district.

Chair Torres:

If there are specific local governments you would like them compared to, say it for the record. Then we can reach out as a Committee to get that information. We can share it with Ms. Rich so you can create that comparison for yourself.

Assemblywoman Taylor:

I would love to have, as mentioned, the WCSD. I would also like to have the City of Reno and the City of Henderson—some of the larger municipalities I noticed were missing.

Chair Torres:

We have phenomenal staff at the Legislative Counsel Bureau. They can make magic happen.

Assemblyman Nguyen:

I want to applaud the health changes you are making in 2024. I know there are a lot of decisions that go into adding more services when you have a limited budget. I understand the constraint. I also want to recognize the effort of doing surveys. They are very needed, and we need to do them often to know what our members are thinking, especially for these public employee groups you are surveying. I do recognize there is a shortage of providers. In this postpandemic time, we have a shortage of a lot of things.

I did not see any focus on access to mental health in your presentation, even though it was part of the survey answers [page 14]. I know the response rate was small. I think it is still significant. Obviously, we do not want the entire survey to have that large respondent who said they needed better mental health services. I want to look at your thinking and strategy for existing mental health services. Are there plans to expand that?

Laura Rich:

That is a great question. You will hear me speak about mental health quite often. There is definitely a shortage in this state, specifically in the rurals, but in the north as well. The plan has had a lot of discussions with not just our network, but also with providers.

When we switched networks on July 1, I had two major providers call me from northern Nevada. They said, We have 100 of your members as patients, and we are not in-network; what would you like us to do? The first thing I did was call my network. I said, I need you guys to contract regardless; I need you to figure out a way to contract. The network does not have the power at that point. It is supply and demand. You are going to pay more. They did; they contracted with these providers because otherwise those 100 people would have no one to go to. This has definitely been recognized. I have been having conversations with the School of Medicine about this as well, seeing how we can partner to address this together.

There is also my position as a nonvoting member on the Patient Protection Commission. It is something that comes up during conversations there. It is definitely not just a statewide, but a national problem. Finding mental health providers is becoming very challenging. In our program, we have a digital solution, which is Doctor on Demand. Say you have an ear infection and need antibiotics, or you have a child with pink eye. It is very convenient to use for those types of services. We also offer mental health counseling. There are mental health counselors through that as well. There are behavioral health and psychiatry options through Doctor on Demand. A lot of people like face to face in those types of situations, but it is an option.

Chair Torres:

Do we have any more questions? Assemblyman McArthur is shaking his head no, so I guess we can wrap up our questions for the day.

[Public comment was heard.]

Are there any comments from members before we adjourn? [There were none.] Tomorrow, we will have interesting presentations from Clark County, Elko County, and the Division of Human Resource Management in the Department of Administration.

This meeting is adjourned [at 11:20 a.m.].

RESPECTFULLY SUBMITTED:

Lindsey Howell
Committee Secretary

APPROVED BY:

Assemblywoman Selena Torres, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a copy of a PowerPoint presentation titled "Washoe County Overview: Assembly Government Affairs Committee," dated February 8, 2023, presented by Eric Brown, County Manager, Washoe County.

[Exhibit D](#) is a copy of a PowerPoint presentation titled "Assembly Committee on Government Affairs 82nd Session of Nevada Legislature: The Nevada Association of Counties (NACO)," dated February 8, 2023, presented by Vinson Guthreau, Executive Director, Nevada Association of Counties.

[Exhibit E](#) is a document titled "State and County Service Providers," submitted by Vinson Guthreau, Executive Director, Nevada Association of Counties.

[Exhibit F](#) is a copy of a PowerPoint presentation titled "Public Employees' Benefits Program (PEBP)," dated February 8, 2023, presented by Laura Rich, Executive Officer, Board of the Public Employees' Benefits Program.