Segal

Nevada Public Employees' Benefits Program

PY2023-PY2026 Financial Review and EPO/HMO Considerations

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PY2023-PY2026 Financial Summary Review

PY2023-PY2026 Financial Summary Review

	PY2023	PY2024	PY2025	PY2026
Total Revenue*	$366,168,000	$385,846,000	$425,510,000	$507,993,000
Total Expenses**	$388,029,000	$436,988,000	$466,337,000	$522,627,000
Net	($21,861,000)	($51,142,000)	($40,827,000)	($14,634,000)
Avg. Enrollment[1]	30,593	31,067	32,643	32,856
Revenue PEPM***	$997	$1,035	$1,086	$1,288
Expense PEPM	$1,057	$1,172	$1,191	$1,326
Net PEPM Difference	($60)	($137)	($104)	($37)

Over the four previous plan years, NV PEBP has contributed over $128M beyond the AEGIS/REGI Subsidies to support members

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

PY2023 Financial Summary

- Total expenses exceeded medical/Rx revenue by $21.9M
- Analysis is based on the final plan year-end EMR report and may differ from other sources due to timing

	CDHP	LDPPO	EPO/HMO	Dental	Medicare HRA	Total
Total Revenue*	$158,518,000	$71,659,000	$77,604,000	$25,158,000	$33,229,000	$366,168,000
Total Expenses**	$149,560,000	$77,758,000	$103,478,000	$24,004,000	$33,229,000	$388,029,000
Net	$8,958,000	($6,099,000)	($25,874,000)	$1,154,000	$0	($21,861,000)
Avg. Enrollment	16,293	7,255	7,044	39,807	13,090	30,593[1]
Revenue PEPM***	$811	$823	$918	$53	$212	$997
Expense PEPM	$765	$893	$1,224	$50	$212	$1,057
Net PEPM Difference	$46	($70)	($306)	$2	$0	($60)

* State funding, employee and retiree premium contributions (excludes contributions to dental, life and general PEBP administration costs and revenue received in PY2023 attributable to prior plan years)
** Paid claim costs, fully insured HMO premiums, HSA contributions, HRA claims (including supplemental) and administrative costs, net of prescription drug rebates
*** Per Employee Per Month
[1] Represents total Medical/Rx plan enrollment

PY2024 Financial Summary

- Total expenses exceeded medical/Rx revenue by $51.1M
- Analysis is based on the final plan year-end EMR report and may differ from other sources due to timing

	CDHP	LDPPO	EPO/HMO	Dental	Medicare HRA	Total
Total Revenue*	$148,296,000	$100,607,000	$79,535,000	$26,672,000	$30,736,000	$385,846,000
Total Expenses**	$146,819,000	$122,828,000	$107,983,000	$28,622,000	$30,736,000	$436,988,000
Net	$1,477,000	($22,221,000)	($28,448,000)	($1,950,000)	$0	($51,142,000)
Avg. Enrollment	14,617	9,854	6,596	40,169	11,999	31,067[1]
Revenue PEPM***	$845	$851	$1,005	$55	$213	$1,035
Expense PEPM	$837	$1,039	$1,364	$59	$213	$1,172
Net PEPM Difference	$8	($188)	($359)	($4)	$0	($137)

* State funding, employee and retiree premium contributions (excludes contributions to dental, life and general PEBP administration costs and revenue received in PY2024 attributable to prior plan years)
** Paid claim costs, fully insured HMO premiums, HSA contributions, HRA claims (including supplemental) and administrative costs, net of prescription drug rebates
*** Per Employee Per Month
[1] Represents total Medical/Rx plan enrollment

PY2025 Financial Summary

- Total expenses exceeded medical/Rx revenue by $40.8M
- Analysis is based on the final plan year-end EMR report and may differ from other sources due to timing

	CDHP	LDPPO	EPO/HMO	Dental	Medicare HRA	Total
Total Revenue*	$151,234,000	$131,986,000	$79,713,000	$29,074,000	$33,503,000	$425,510,000
Total Expenses**	$133,659,000	$159,740,000	$109,532,000	$29,903,000	$33,503,000	$466,337,000
Net	$17,575,000	($27,754,000)	($29,819,000)	($829,000)	$0	($40,827,000)
Avg. Enrollment	14,176	12,188	6,279	41,661	12,926	32,643[1]
Revenue PEPM***	$889	$902	$1,058	$58	$216	$1,086
Expense PEPM	$786	$1,092	$1,454	$60	$216	$1,191
Net PEPM Difference	$103	($190)	($396)	($2)	$0	($104)

* State funding, employee and retiree premium contributions (excludes contributions to dental, life and general PEBP administration costs and revenue received in PY2025 attributable to prior plan years)
** Paid claim costs, fully insured HMO premiums, HSA contributions, HRA claims (including supplemental) and administrative costs, net of prescription drug rebates
*** Per Employee Per Month
[1] Represents total Medical/Rx plan enrollment

PY2026 Financial Summary

- Total expenses exceeded medical/Rx revenue by $14.6M
- Analysis is based on the final plan year-end EMR report and may differ from other sources due to timing

	CDHP	LDPPO	EPO/HMO	Dental	Medicare HRA	Total
Total Revenue*	$176,047,000	$179,928,000	$87,639,000	$30,768,000	$33,612,000	$507,993,000
Total Expenses**	$154,137,000	$202,555,000	$102,384,000	$29,940,000	$33,612,000	$522,627,000
Net	$21,910,000	($22,627,000)	($14,745,000)	$828,000	$0	($14,634,000)
Avg. Enrollment	13,772	13,450	5,634	41,873	12,936	32,856[1]
Revenue PEPM***	$1,065	$1,115	$1,296	$61	$217	$1,288
Expense PEPM	$933	$1,255	$1,514	$60	$217	$1,326
Net PEPM Difference	$133	($140)	($218)	$2	$0	($37)

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

Plan Design Summary/Current State

PY2027 Plan Designs - Medical

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

PY2027 Plan Designs - Rx

	CDHP	LDPPO	EPO	HMO
Preferred Generic	20% after Deductible	$10 (Retail 30) $20 (Retail 90)	$10 (Retail 30) $20 (Retail 90)	$10 (Retail 30) $25 (Mail 90)
Preferred Brand	20% after Deductible	$40 (Retail 30) $80 (Retail 90)	$40 (Retail 30) $80 (Retail 90)	$40 (Retail 30) $100 (Mail 90)
Non-formulary	100% of the cost of medication	$75 (Retail 30) $150 (Retail 90)	$75 (Retail 30) $150 (Retail 90)	$75 (Retail 30) $187.50 (Mail 90)
Specialty (30-day Supply)	30% Coinsurance after Deductible ($100 min/$250 max for drugs not on SaveOnSP program)	30% Coinsurance after Deductible ($100 min/$250 max for drugs not on SaveOnSP program)	30% Coinsurance after Deductible ($100 min/$250 max for drugs not on SaveOnSP program)	20% Coinsurance

- Actuarial Value Medical/Rx Combined
  - CDHP: 78%
  - LDPPO: 83%
  - EPO: 89%, HMO 91%

EPO/HMO Current State

- EPO/HMO is the highest cost option
  - Driven primarily by EPO
  - Current blended EPO/HMO is ~25% higher than LDPPO
  - Membership is older with higher risk scores as compared to the LDPPO and HDHP membership
- EPO/HMO participant only PY27 premium is 2.4 times higher than the LDPPO participant only premium
- Ongoing migration from EPO/HMO to LDPPO
  - EPO decreased from ~4,100 in PY21 to ~1,700 currently, with a 25% reduction in PY27 (comparing May 2026 and July 2026 enrollment)
  - Continued risk of anti-selection (i.e. those staying in the plan have most risk and those with lower risk are choosing less expensive premium options)
- HMO plan (fully insured) has produced loss ratios below 85%, creates refunds to PEBP and plan participants

PY2028 HMO Preliminary Renewal

- PY2028 initial fully insured renewal provided by HPN is an 8% increase
- Uses experience from July 2024 through June 2026
- Incorporates medical trend of 9% and Rx trend of 18%
- Includes ~17% for retention
  - i.e. administration, premium tax, and other

EPO/HMO Design Options

EPO/HMO Plan Options Summary

- **Option 1:** Move HMO to a self-funded EPO plan option (same plan in North and South)
  - Projected PY28 savings: $6M - $9M
- **Option 2:** a) Move HMO to self-funded and b) create a two-tiered in-network option for EPO in both North and South
  - Projected PY28 savings: $7M - $10M
- **Option 3:** No change
- **Option 4:** Eliminate EPO/HMO and enhance plan design for LDPPO
  - Presented and not approved in October 2026 Meeting
  - $8M projected PY28 savings

Option 1: Move HMO to Self-Funded EPO

- Integrate EPO Plan design for Medical and Rx with ESI
  - Projected PY28 medical savings: $0M - $2M
  - Projected PY28 Rx savings: $6M - $7M
  - Total projected savings: $6M - $9M
- Plan design is similar
  - Biggest change for members will be in Primary Care and Specialist visits and for small number of services (imaging, DME) subject to deductible/cost sharing
  - Same copays for 30-day scripts, slightly lower copays for 90-day scripts, and minimum/maximum for specialty drugs

Option 2: Self-funded Two-Tiered In-Network Plan Option

- EPO becomes a self-funded, two-tiered network (North and South)
  - Tier 1: Preferred in-network
    - Tier 1 is EPO plan design with enhanced copays
    - 17% of utilized provider spend is currently Tier 1 Preferred
  - Tier 2: All other in-network
    - Tier 2 has slightly higher copays than Tier 1
- Tiering is applied by evaluating cost efficiencies of providers on a risk adjusted, episode bases and incorporates quality and outcome measures aligned with HEDIS performance standards
- Maintain EPO Rx plan design
- Actuarial Value Medical/Rx Combined = 88%, assuming 17% Tier 1 utilization

Option 2: Suggested Plan Design

	EPO	Tier 1 In-Network*	Tier 2 In-Network*
Annual Deductible	$100 Individual $200 Family $100 Individual Family Member Deductible	$100 Individual $200 Family $100 Individual Family Member Deductible	$200 Individual $400 Family $300 Individual Family Member Deductible
Medical Coinsurance	20% after deductible	20% after deductible	20% after deductible
Out-of-Pocket Maximum	$4,000 Individual $8,000 Family	$4,000 Individual $8,000 Family	$4,000 Individual $8,000 Family
Primary Care/ Specialist Office Visit	$20/ $40 copay per visit	$15/ $30 copay per visit	$25/ $50 copay per visit
Urgent Care Visit	$50 copay per visit	$25 copay per visit	$50 copay per visit
Emergency Room Visit	$600 copay per visit	$600 copay per visit	$600 copay per visit
In-Patient Hospital	$600 copay per visit	$600 copay per visit	$600 copay per visit
Outpatient Surgery	$350 copay per visit	$350 copay per visit	$400 copay per visit

*The in-network deductible on Tier 1 and Tier 2 are cross-accumulated

Option 2: Examples

Ex. 1

Member has 4 PCP visits and 3 Specialist visits throughout the year

Tier 1: All Visits Tier 1

- PCP: $15 copay per visit
- Specialist: $30 copay per visit

$60 PCP copay
+$90 Spec. Visit
$150 Total Member Cost

Tier 1 and 2 Combination:

- PCP: Tier 1, $15 copay per visit
- Specialist: Tier 2, $50 copay per visit

$60 PCP copay
+$150 Spec. Visit
$210 Total Member Cost

Ex. 2

Member has an imaging procedure that costs $750

- Tier 1: with no other claims the member would meet the Tier 1 Deductible plus 20% coinsurance

$100 Deductible
+ $130 Coinsurance
$230 Total Member Cost

- Tier 2: with no other claims the member would meet the Tier 2 Deductible plus 20% coinsurance

$200 Deductible
+ $110 Coinsurance
$310 Total Member Cost

Ex. 3

Member has the following visits during a hospital stay:

- 1 PCP visit
- 1 Specialist Visit
- $750 imaging
- $2,400 DME cost

Tier 1 (All visits under Tier 1)

$15 PCP Visit
$30 Spec. Visit
$100 Deductible
+ $610 Coinsurance
$755 Total Member Cost

Tier 2 (All visits under Tier 2)

$25 PCP Visit
$50 Spec. Visit
$200 Deductible
+ $590 Coinsurance
$865 Total Member Cost

Option 2: Two-Tiered In-Network Option Projected Savings

	Current Tier 1 Claim Utilization Percentage	Projected Savings After Plan Design Changes
Northern Nevada – EPO Membership	18.5%	$300,000 - $600,000
Southern Nevada – HMO Membership	16.1%	$300,000 - $400,000
Total		$600,000 - $1,000,000

The savings shown above is in addition to the plan savings shown for Option 1 based on moving from an HMO network to and EPO network

Option 3: No Change

- HMO remains fully insured
  - Segal will commence negotiations with HPN to discuss reducing PY2028 premium increase
- Anticipated that EPO/HMO plan rates will continue to escalate at a rate higher than LDPPO and CDHP as members with lower risk profile move out of this plan
  - Continued anti-selection
  - Forecasted result is a continued higher premium rate increases for EPO/HMO for both PEBP and its members

Disruption

Provider Disruption

- Virtually no disruption for HMO
  - HPN network is a subset of the United Healthcare Network
  - Disruption shows 1 member using a neuropsychologist in the amount of $1,300 last year

Match Basis	Scenario	Unique Providers	Specialty	Unique Tax IDs	Provider Name
TIN	HPN not SHO	1	Neuropsychology	1	Silver State Psychology

Source: HPN Reporting for the period July 1, 2025 through June 30, 2026

Appendix

Tier 1 Provider Counts – Northern NV PCPs

County	Family / General Practice	Internal Medicine	Specialist	Obstetrics and Gynecology	Total PCPs
Carson City	32	14	8	4	58
Churchill	5	3	3	1	12
Douglas	12	8	3	2	25
Elko	30	3	1	1	35
Humboldt	1	0	1	2	4
Lander	3	0	0	0	3
Lyon	6	0	0	1	7
Pershing	0	1	0	0	1
Storey	8	0	0	0	8
Washoe	113	112	33	15	273
White Pine	0	3	0	0	3
Total PCPs	**210**	**144**	**49**	**26**	**429**

Segal consolidated provider listing where practical to eliminate duplicate counts

Tier 1 Provider Counts – Northern NV Specialists

County	Family / General Practice	Surgery / Anesth	Condition Specific Specialists	Emergency	Oncology / Diagnostic	Pediatrics	Behavioral Health	Sports / PT / Rehab	Total Specialists
Carson City	16	30	18	2	1	3	1	0	71
Churchill	2	7	7	0	0	0	0	0	16
Douglas	6	35	14	9	0	0	0	0	64
Elko	10	11	12	0	0	0	0	0	33
Humboldt	0	19	1	0	0	1	0	0	21
Lander	0	0	1	0	0	0	0	0	1
Lyon	3	1	1	0	0	1	0	0	6
Pershing	0	0	0	2	0	0	0	0	2
Storey	5	0	1	0	0	0	0	0	6
Washoe	80	78	112	7	7	19	0	5	308
White Pine	0	5	6	0	0	0	1	0	12
Total Specialists	**122**	**186**	**173**	**20**	**8**	**24**	**2**	**5**	**540**

Segal consolidated provider listing where practical to eliminate duplicate counts

Tier 1 Provider Counts – Southern NV PCPs

County	Family / General Practice	Internal Medicine	Specialist	Obstetrics and Gynecology	Total PCPs
Clark County	68	69	69	2	208
Nye County	0	0	1	0	1
Total PCPs	**68**	**69**	**70**	**2**	**209**

Segal consolidated provider listing where practical to eliminate duplicate counts

Tier 1 Provider Counts – Southern NV Specialists

County	Internal Medicine	Surgery	Condition Specific Specialists	OB/GYN	Oncology / Diagnostic	Pediatrics	Behavioral Health	Total Specialists
Clark County	7	66	157	61	2	4	4	301
Nye County	0	0	2	1	0	0	0	3
Total Specialists	**7**	**66**	**159**	**62**	**2**	**4**	**4**	**304**

Segal consolidated provider listing where practical to eliminate duplicate counts

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