



Navigating Changes to the State of Nevada Public Employees' Benefits Program Plan Design Changes Effective July 1, 2011

Updated September 16, 2010

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Agenda

- **How we got where we are (2012-13 Budget)**
- **Board Actions**
- **Specific plan design changes and options**
- **CDHP/HSA/HRA**
- **Examples of the difference in current and new plan**
- **Medicare Exchange**



How we got where we are (2012-2013 Budget)



- **Flat subsidy levels for 2012-2013**
 - Retired Employee Group Insurance (REGI) - \$75 Million for the biennium
 - Active Employee Group Insurance Subsidy (AEGIS) remains at the 2011 per employee amount of \$680.84
 - Total State Revenue (REGI/AEGIS) \$500 Million for the biennium
- **Maintaining the current plan design and State subsidization policy would have required \$611.2 Million due to medical inflation, utilization and Federal Health Care Reform**
- **Leaves a “shortfall” of \$111.2 Million**



Board Actions

- **August 5th**
 - **New High Deductible Consumer Driven Health Preferred Provider Option Plan (CDH PPO Plan)**
 - **Changes to Medical Plan Components**
 - **Elimination of Dental except preventive**
 - **Changes to Life Insurance and Long-Term Disability**
 - **Changes to Medicare Retiree coverage**
- **September 2nd**
 - **Changes to subsidization policy**
- **All changes effective July 1, 2011**



Specific Plan Design Changes



- **New High Deductible CDH PPO Plan**
 - Increase deductible from \$800/\$1,600 to \$2,000/\$4,000 (Individual/Family)
 - Increase Out-of-Pocket Maximums from \$3,700/\$7,400 to \$3,900/\$7,800 (Individual/Family)
 - Change Co-Insurance from 80% to 75%
 - Add Health Savings Account (HSA) and Health Reimbursement Arrangement (HRA)
 - Provide Plan contributions to the HSA/HRA in the amount of \$600 for the primary participant and \$200 per dependent to a maximum of \$1,200 per year



Specific Plan Design Changes



- **Medical Plan Changes**
 - Eliminate lab tests performed at hospitals except for pre-admit, urgent care, emergency room and in-patient admissions
 - Reduce TMJ coverage from 80% to 50%
 - Allow for 90 day supply of certain retail drugs
 - Eliminate vision coverage except for annual eye exam
 - Eliminate coverage for spouse/domestic partner with other employer based coverage
 - Remove “or as needed” from Wellness/Preventive guidelines



Specific Plan Design Changes



- **Dental Plan Changes**
 - **Eliminate dental benefits except routine preventive services**
 - 4 routine cleanings per year
 - Annual exam and bitewing x-rays
 - Fluoride and sealant treatments
 - **Maintain existing dental network and preferred provider discounts**



Specific Plan Design Changes



- **Life Insurance Plan Changes**
 - Reduce Basic Life Insurance payouts by 50%
 - Actives from \$20,000 to \$10,000
 - Retirees from \$10,000 to \$5,000
 - Eliminate Dependent Life Insurance
 - Eliminate Accidental Death & Dismemberment
- **Long-Term Disability Changes**
 - Reduce benefit from 60% of base pay to 40%
 - Allow employee to buy back up to the 60% at group rates



Specific Plan Design Changes



- **Medicare Retiree Plan Changes**
 - **Move retirees eligible for Medicare Part A to an individual market Medicare Exchange and eliminate premium subsidy**
 - **Fund a HRA for Medicare Part A eligible retirees**
 - **\$10 per month per year of service**
 - **Minimum 5 years of service; maximum 20**
 - **\$50 per month (\$600 per year) to \$200 per month (\$2,400 per year)**
 - **Can be used for premiums and other out of pocket costs**
 - **Retirees not eligible for Medicare Part A or those with non-Medicare Dependents**
 - **Can participate in new CDH PPO plan or HMO plan offered by PEBP**
 - **Will provide premium subsidy as a non-Medicare retiree**
 - **Credit for primary insured Medicare Part B premium**
 - **Still eligible to participate in Dental and Basic Life programs**



Continued Plan Offerings



- **HMO Plans**
 - Will continue to offer a Northern and Southern HMO plan to active and non-Medicare retirees
- **Live Well, Be Well Wellness Program**
 - Will continue to offer the existing PPO wellness program
- **Flexible Spending Accounts (FSA) - voluntary**
 - Health Care FSA for (state active) HMO participants and employees with the HRA
 - FSA limited purpose(for dental and vision only) for state employees who reach the maximum annual HSA contribution
 - Dependent Care Flexible Spending for state employees paid by Central Payroll



CDHP/HSA/HRA

- **Consumer Driven Health Plan (CDHP)**
 - **Family Deductible and out-of-pocket (OOP) maximum changes**
 - **Deductible and OOP maximum can be met by a single family member or a combination of family members (different than current plan where single individuals are not required to meet the entire family deductible or OOP maximum)**
 - **Accumulates separately for in and out of network providers (same as current plan)**
 - **OOP Maximum includes the deductible (different than the current plan where co-payments and deductible do not count towards OOP Maximum)**



CDHP/HSA/HRA

- **Consumer Driven Health Plan (CDHP)**
 - After meeting the deductible, plan pays 75% (as opposed to the current 80%) until the OOP maximum is met
 - Still uses the existing doctor and provider networks and discounts
 - Still has first dollar coverage for wellness/preventive care
 - Not subject to deductible or co-insurance
 - Health Care Reform eliminates the current \$2,500 wellness cap



CDHP/HSA/HRA

- **Health Savings Accounts (for Active Employees)**
 - **Accounts are owned by the employee**
 - **Funded by employer (PEBP) and/or employee money**
 - **Employee contributions, earnings and distributions are pre-tax**
 - **Funds can be carried over in perpetuity**
 - **Annual contribution limits to the HSA (combination of employer and employee)**
 - **Income tax reporting requirements**
 - **Portable – If you leave, the money is yours to take with you**
 - **Only used for medical related costs without incurring tax and/or penalty**
 - **Are only allowed with High Deductible Plans, even if secondary**



CDHP/HSA/HRA

- **Health Reimbursement Arrangements (HRA)**
 - For Retirees and active employees with Medicare or other secondary coverage that is not considered a high deductible plan
 - Similar to HSA
 - Accounts that are owned by the employer (PEBP)
 - Not Portable – If you leave unused funds are returned to PEBP
 - Can only be used for medical related costs without incurring taxes and/or penalties
 - Includes out-of-pocket costs and, in the case of Medicare Retirees participating in the Medicare Exchange, insurance premiums
 - The PEBP Board will determine carryover limitations



Examples Between Current & New Plans



<u>Single Participant No Dependents</u>			Existing Plan Less than Deductible					New Consumer Driven Health Plan Less than Deductible				
Service	Date	Actual Cost	Co-Pay	Deductible	Co-Ins	Total OOP	Plan Cost	HSA/HRA	Deductible	Co-Ins	Total OOP	Plan Cost
HSA/HRA Contribution	7/1/2011							600				600
Primary Care Dr Visit	7/5/2011	50	20	0	0	20	30	-50	50	0	0	0
Primary Care Dr Visit	9/1/2011	50	20	0	0	20	30	-50	50	0	0	0
Primary Care Dr Visit	1/3/2012	50	20	0	0	20	30	-50	50	0	0	0
Specialist Dr Visit	1/5/2012	125	30	0	0	30	95	-125	125	0	0	0
Lab	1/6/2012	125	0	125	0	125	0	-125	125	0	0	0
RX - Generic	1/6/2012	45	5	0	0	5	40	-45	45	0	0	0
Primary Care Dr Visit	3/5/2012	50	20	0	0	20	30	-50	50	0	0	0
Primary Care Dr Visit	4/5/2012	50	20	0	0	20	30	-50	50	0	0	0
Specialist Dr Visit	4/7/2012	125	30	0	0	30	95	-55	125	0	70	0
Lab	4/7/2012	175	0	175	0	175	0	0	175	0	175	0
Primary Care Dr Visit	5/9/2012	50	20	0	0	20	30	0	50	0	50	0
RX-Generic	5/9/2012	45	5	0	0	5	40	0	45	0	45	0
RX-Brand	5/9/2012	200	40	50	0	90	110	0	200	0	200	0
		\$1,140	\$230	\$350	\$0	\$580	\$560	\$0	\$1,140	\$0	\$540	\$600



Examples Between Current & New Plans

<u>Single Participant No Dependents</u>			Existing Plan Between Deductible & Out-of-Pocket (OOP) Max					New Consumer Driven Health Plan Between Deductible & Out-of-Pocket (OOP) Max				
Service	Date	Actual Cost	Co-Pay	Deductible	Co-Ins	Total OOP	Plan Cost	HSA/HRA	Deductible	Co-Ins	Total OOP	Plan Cost
HSA/HRA Contribution	7/1/2011							600				600
Primary Care Dr Visit	11/2/2011	50	20	0	0	20	30	-50	50	0	0	0
Specialist Dr Visit	11/9/2011	125	30	0	0	30	95	-125	125	0	0	0
Lab	11/9/2011	125	0	125	0	125	0	-125	125	0	0	0
Out-Patient Surg Ctr	12/1/2011	7,500	0	675	1,365	2,040	5,460	-300	1,700	1,450	2,850	4,350
Surgeon	12/1/2011	1,500	0	0	300	300	1,200	0	0	375	375	1,125
Anesthesiologist	12/1/2011	750	0	0	150	150	600	0	0	75	75	675
RX-Generic	4/1/2012	45	5	0	0	5	40	0	0	0	0	45
RX-Brand	4/1/2012	200	40	50	0	90	110	0	0	0	0	200
Primary Care Dr Visit	4/7/2012	50	20	0	0	20	30	0	0	0	0	50
Specialist Dr Visit	4/7/2012	125	30	0	0	30	95	0	0	0	0	125
Lab	4/7/2012	175	0	0	35	35	140	0	0	0	0	175
Primary Care Dr Visit	5/9/2012	50	20	0	0	20	30	0	0	0	0	50
RX-Generic	5/9/2012	45	5	0	0	5	40	0	0	0	0	45
		\$10,740	\$170	\$850	\$1,850	\$2,870	\$7,870	\$0	\$2,000	\$1,900	\$3,300	\$7,440



Examples Between Current & New Plans



<u>Single Participant No Dependents</u>			Existing Plan Over Out-of-Pocket (OOP) Max					New Consumer Driven Health Plan Over Out-of-Pocket (OOP) Max				
Service	Date	Actual Cost	Co-Pay	Deductible	Co-Ins	Total OOP	Plan Cost	HSA/HRA	Deductible	Co-Ins	Total OOP	Plan Cost
HSA/HRA Contribution	7/1/2011							600				600
Primary Care Dr Visit	11/2/2011	50	20	0	0	20	30	-50	50	0	0	0
Specialist Dr Visit	11/9/2011	125	30	0	0	30	95	-125	125	0	0	0
Lab	11/9/2011	125	0	125	0	125	0	-125	125	0	0	0
Major Surgery	12/1/2011	250,000	0	675	3,700	4,375	245,625	-300	1,700	1,900	3,300	246,400
RX-Generic	4/1/2012	45	5	0	0	5	40	0	0	0	0	45
RX-Brand	4/1/2012	200	40	50	0	90	110	0	0	0	0	200
Primary Care Dr Visit	4/7/2012	50	20	0	0	20	30	0	0	0	0	50
Specialist Dr Visit	4/7/2012	125	30	0	0	30	95	0	0	0	0	125
Lab	4/7/2012	175	0	0	0	0	175	0	0	0	0	175
		\$250,895	\$145	\$850	\$3,700	\$4,695	\$246,200	\$0	\$2,000	\$1,900	\$3,300	\$247,595



Examples Between Current & New Plans



Participant + Spouse & 2 children				Existing Plan Less than Deductible					New Consumer Driven Health Plan Less than Deductible				
Service		Date	Actual Cost	Co-Pay	Deductible	Co-Ins	Total OOP	Plan Cost	HSA/HRA	Deductible	Co-Ins	Total OOP	Plan Cost
HSA/HRA Contribution		7/1/2011							1,200				1,200
Primary Care Dr Visit	P	7/5/2011	50	20	0	0	20	30	-50	50	0	0	0
Primary Care Dr Visit	S	9/1/2011	50	20	0	0	20	30	-50	50	0	0	0
Primary Care Dr Visit	C1	1/3/2012	50	20	0	0	20	30	-50	50	0	0	0
Specialist Dr Visit	C1	1/5/2012	125	30	0	0	30	95	-125	125	0	0	0
Lab	C1	1/6/2012	125	0	125	0	125	0	-125	125	0	0	0
RX - Generic	C1	1/6/2012	45	5	0	0	5	40	-45	45	0	0	0
Primary Care Dr Visit	C1	3/5/2012	50	20	0	0	20	30	-50	50	0	0	0
Primary Care Dr Visit	S	4/5/2012	50	20	0	0	20	30	-50	50	0	0	0
Specialist Dr Visit	C1	4/7/2012	125	30	0	0	30	95	-125	125	0	0	0
Lab	C1	4/7/2012	175	0	175	0	175	0	-175	175	0	0	0
Primary Care Dr Visit	C2	5/9/2012	50	20	0	0	20	30	-50	50	0	0	0
RX-Generic	C1	5/9/2012	45	5	0	0	5	40	-45	45	0	0	0
RX-Brand	C1	5/9/2012	200	40	50	0	90	110	-200	200	0	0	0
			\$1,140	\$230	\$350	\$0	\$580	\$560	\$60	\$1,140	\$0	\$0	\$1,200



Examples Between Current & New Plans



Participant + Spouse & 2 children				Existing Plan Between Deductible & Out-of-Pocket (OOP) Max					New Consumer Driven Health Plan Between Deductible & Out-of-Pocket (OOP) Max				
Service		Date	Actual Cost	Co-Pay	Deductible	Co-Ins	Total OOP	Plan Cost	HSA/HRA	Deductible	Co-Ins	Total OOP	Plan Cost
HSA/HRA Contribution		7/1/2011							1,200				1,200
Primary Care Dr Visit	C1	11/2/2011	50	20	0	0	20	30	-50	50	0	0	0
Specialist Dr Visit	C1	11/9/2011	125	30	0	0	30	95	-125	125	0	0	0
Lab	C1	11/9/2011	125	0	125	0	125	0	-125	125	0	0	0
Out-Patient Surg Ctr	C1	12/1/2011	7,500	0	675	1,365	2,040	5,460	-900	3,700	950	3,750	2,850
Surgeon	C1	12/1/2011	1,500	0	0	300	300	1,200	0	0	375	375	1,125
Anesthesiologist	C1	12/1/2011	750	0	0	150	150	600	0	0	188	188	563
RX-Generic	C1	4/1/2012	45	5	0	0	5	40	0	0	11	11	34
RX-Brand	C1	4/1/2012	200	40	50	0	90	110	0	0	50	50	150
Primary Care Dr Visit	S	4/7/2012	50	20	0	0	20	30	0	0	13	13	38
Specialist Dr Visit	S	4/7/2012	125	30	0	0	30	95	0	0	31	31	94
Lab	S	4/7/2012	175	0	175	0	175	0	0	0	44	44	131
Primary Care Dr Visit	S	5/9/2012	50	20	0	0	20	30	0	0	13	13	38
RX-Generic	S	5/9/2012	45	5	0	0	5	40	0	0	11	11	34
			\$10,740	\$170	\$1,025	\$1,815	\$3,010	\$7,730	\$0	\$4,000	\$1,685	\$4,485	\$6,255



Examples Between Current & New Plans



Participant + Spouse & 2 children				Existing Plan Over Out-of-Pocket (OOP) Max					New Consumer Driven Health Plan Over Out-of-Pocket (OOP) Max				
Service		Date	Actual Cost	Co-Pay	Deductible	Co-Ins	Total OOP	Plan Cost	HSA/HRA	Deductible	Co-Ins	Total OOP	Plan Cost
HSA/HRA Contribution		7/1/2011							1,200				1,200
Primary Care Dr Visit	C1	11/2/2011	50	20	0	0	20	30	-50	50	0	0	0
Specialist Dr Visit	C1	11/9/2011	125	30	0	0	30	95	-125	125	0	0	0
Lab	C1	11/9/2011	125	0	125	0	125	0	-125	125	0	0	0
Major Surgery	C1	12/1/2011	250,000	0	675	3,700	4,375	245,625	-900	3,700	3,800	6,600	242,500
RX-Generic	C1	4/1/2012	45	5	0	0	5	40	0	0	0	0	45
RX-Brand	C1	4/1/2012	200	40	50	0	90	110	0	0	0	0	200
Primary Care Dr Visit	P	4/7/2012	50	20	0	0	20	30	0	0	0	0	50
Specialist Dr Visit	P	4/7/2012	125	30	0	0	30	95	0	0	0	0	125
Lab	P	4/7/2012	175	0	0	0	0	175	0	0	0	0	175
			\$250,895	\$145	\$850	\$3,700	\$4,695	\$246,200	\$0	\$4,000	\$3,800	\$6,600	\$244,295



Medicare Exchange

- **Requires retirees to have both Medicare Parts A & B**
- **Medicare Coordinator Service (PEBP vendor)**
 - **Offers Medicare Advantage and Medigap plans provided by recognizable insurance companies (e.g., Anthem, Cigna, Aetna, Humana, United Healthcare, etc.)**
 - **Guaranteed issue and pricing regardless of health status**
 - **Multiple plans available in every zip code in which PEBP participants reside**



Medicare Exchange

- **Medicare Coordinator Service, continued**
 - **Individual market has a 40 million person risk pool over which to spread costs**
 - Provides for more competitive rates than group plans due to size
 - Allows for similar benefits for lower cost both for PEBP and for the retiree
 - **Allows for participant and spouse to enroll in different plans depending on their individual circumstances**
 - A healthy individual may select a lower premium plan while an individual with certain conditions can select another plan that covers more out-of-pocket costs
 - Allows participants and spouses to choose a different plan each year depending on their circumstances



Medicare Exchange

- **Medicare Coordinator Service, continued**
 - **Provides advisors to guide retirees through the plan evaluation and selection process**
 - **Assists retirees in selecting the plan that best suits their needs depending on their RX usage, their geographic location and their provider preferences**
 - **Provides advocacy to retirees in dealing with their selected insurance company**
 - **Allows add on policies for prescription drug, dental and vision coverage**



Medicare Exchange

- **Medicare Advantage Plans**
 - Part of and a delivery system for Medicare
 - Generally offer extra benefits and lower co-payments than original Medicare
 - Generally involves a premium to pay for the extra benefits



Medicare Exchange

- **Medigap Plans (Medicare Supplement Insurance)**
 - Covers costs that Medicare doesn't cover such as co-payments, deductibles and co-insurance
 - Standardized policies (A-N) offering the same basic benefits regardless of the company selling it
 - Different policies (A-N) cover different "gaps" in Medicare coverage; Plan F offers the most coverage and is available as a normal or a "high-deductible" plan
 - Involves a premium paid to an insurer



Medicare Exchange

- **Retirees over age 65 not eligible for the exchange**
 - **Must have Medicare Parts A and B to be on exchange; retirees who are ineligible for the exchange:**
 - **Retirees who are not eligible for Part A because they didn't pay into Medicare during their working career; or**
 - **Retirees who chose to cover non-Medicare eligible dependents (spouse under 65 or children)**
 - **Option to remain on a non-Medicare PEBP plan (High Deductible Consumer Driven Health Plan or HMO Plan)**
 - **If the participant is eligible but has ineligible dependents, he/she can go to the exchange and have dependents covered at unsubsidized "survivor rates"**
 - **Will pay non-Medicare retiree rates – there will no longer be Medicare rates on the plans offered by PEBP**
 - **Will receive a credit, for the primary insured only, an amount equal to the base cost of Medicare Part B if they have enrolled in and are paying for Part B**



Medicare Exchange

- **Subsidy/ Plan Contributions**
 - **Will not receive a subsidy for the premium that is paid to the insurance company as currently exists for participants on the PPO or HMO plans**
 - **Will receive a contribution to the HRA in the amount of \$10 per month per year of service with a minimum requirement of 5 years and a maximum of 20 years**
 - **Can be used either for premiums or for other eligible out-of-pocket medical expenses**
 - **Can use the HRA for expenses of both the primary retiree and the spouse**



Ways To Stay Informed

- **Live meetings - PEBP will host a series of meetings Statewide through early spring 2011**
- **Fast Facts – information specific to actives, Medicare retirees and non-Medicare retirees**
- **Frequently Asked Questions (FAQs)**
- **Visit the PEBP website for updates**
- **Health Matters – PEBP newsletter**
- **PEBP Board Meetings - listen to the meetings online or attend a live meeting**