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## **PEBP Budget Update**

### **Legislative Subcommittee Budget Closing May 5, 2009**

The Senate Finance/Assembly Ways and Means Joint Subcommittee on General Government and Accountability tentatively “closed” PEBP’s budgets on May 5, 2009. The Subcommittee’s recommendations will now be forwarded to the full committees (Senate Finance and Assembly Ways and Means) for approval.

#### **Budget Decisions To-Date**

- The PEBP Board approved extending the current Plan Year four months to October 31, 2009. This means that the plan design and rate changes discussed below will not take effect until November 1, 2009. Please see more information or look at “frequently asked questions” about this topic using the following links:

[http://www.pebp.state.nv.us/informed/Plan%20Year%20Extension%20020509%20\\_2\\_.pdf](http://www.pebp.state.nv.us/informed/Plan%20Year%20Extension%20020509%20_2_.pdf)

<http://www.pebp.state.nv.us/faq.htm>

The voluntary Flexible Spending Account benefit will continue on a July 1, 2009 through June 30, 2010 plan year.

- The Subcommittee approved plan design and subsidy contribution policies proposed by the PEBP Board in response to the Governor’s budget target of last summer. While the actual plan rates to be effective November 1, 2009 will not be determined until June 30, 2009, the following changes will be incorporated (effective November 1, 2009):
  1. Remove the Health Assessment Questionnaire and its plan incentives.
  2. Implement a single deductible level for the self-funded plan. There would no longer be a high and low deductible level. The plan would be structured in a manner similar to the current low deductible option. The deductible level was approved at \$725 for individuals and \$1,450 for families. The self-funded preferred provider (PPO) option would be designated as the “base plan”.
  3. Implement a new policy to index (i.e. inflate) the annual out-of-pocket maximum at 50% the rate of medical trend each year. The annual deductible levels (for

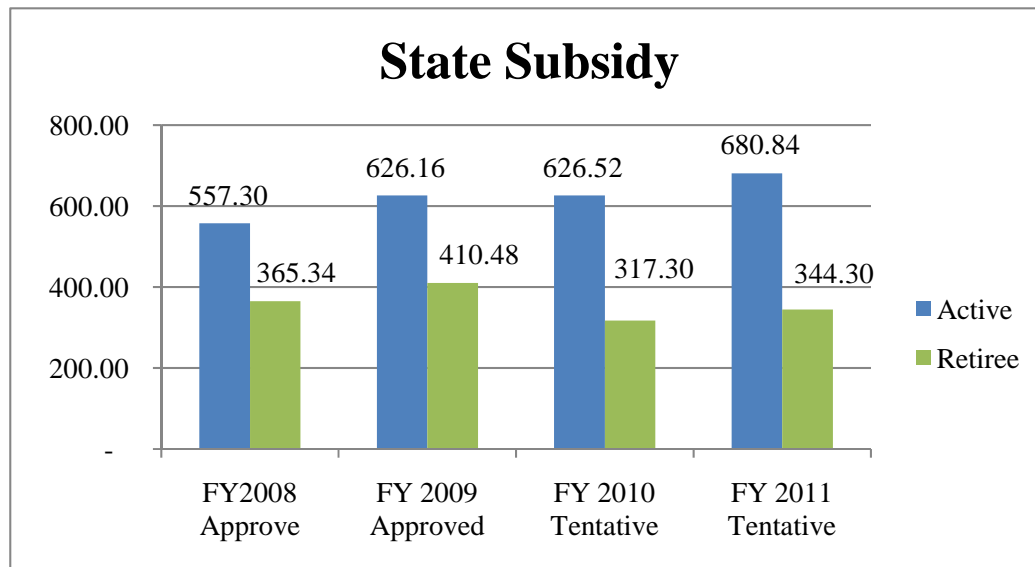
medical, dental and pharmacy) would be indexed at 100% the rate of medical trend each year. The indexing would begin July 1, 2010 and would be in increments of \$25.

4. Eliminate the neurotherapy and psychotherapy benefits for ADD/ADHD that were added as of July 1, 2008.
5. Hold HMO premium increases to a maximum of 5% for FY 2010. The impact on HMO plan design will be presented to the PEBP Board on May 7, 2009.
6. Reduce the percentage of cost paid by the State subsidy in all tiers in all plan options. Overall, on a composite basis, the State subsidy will be reduced approximately 5.1% for both actives and retirees.

	Current		Effective 11/1/09	
	Plan Options	Subsidy %	Plan Options	Subsidy %
Active Primary	High Deductible PPO	100	\$725 Ded PPO	94
	Low Deductible PPO	95		
	HMO	95	HMO	85
Active Dependent	High Deductible PPO	85	\$725 Ded PPO	74
	Low Deductible PPO	75		
	HMO	75	HMO	67
Retiree Primary	High Deductible PPO	73	\$725 Ded PPO	65
	Low Deductible PPO	67		
	HMO	67	HMO	61
Retiree Dependent	High Deductible PPO	51	\$725 Ded PPO	43
	Low Deductible PPO	45		
	HMO	45	HMO	41

7. Allocate the Medicare Part D subsidy revenue between the plan and the Medicare retirees.
8. Propose a legislative change regarding the State subsidy for retirees that eliminates State subsidy for individuals who retire after June 30, 2010 with less than 15 years of service. A bill draft request (BDR) is currently being submitted for this proposed changed.

Based upon the Subcommittee's recommended budget, the chart below displays the subsidy levels for actives and retirees. Legislatively approved levels for the current biennium are shown, along with those tentatively approved amounts for FY 2010 and FY 2011.



### **Next Steps**

The PEBP Board will make final decisions at their May 7, 2009 meeting regarding plan design assumptions. This will include any action to be taken regarding continuance of the "PPO Value Plan" option for Medicare retirees based upon the final outcome of Senate Bill 103. This bill, currently assigned to the Assembly Government Affairs Committee, would amend the requirement to offer such a plan to be discretionary rather than mandatory effective November 1, 2009.

Once the budget and any other legislation effecting PEBP is finalized in early June, plan rates will be developed by staff and actuaries for consideration by the PEBP Board on June 30, 2009.

Open enrollment will then be conducted September 1 – 30, 2009 with the new Plan Year beginning November 1, 2009. The Plan Year will end on June 30, 2010.