



BRIAN SANDOVAL
Governor

DAMON HAYCOCK
Executive Officer

STATE OF NEVADA
PUBLIC EMPLOYEES' BENEFITS PROGRAM

901 S. Stewart Street, Suite 1001
Carson City, Nevada 89701
Telephone (775) 684-7000 · (800) 326-5496
Fax (775) 684-7028
www.pebp.state.nv.us



LEO M. DROZDOFF, P.E.
Board Chairman

AGENDA ITEM

- Action Item
 Information Only

Date: September 17, 2015

Item Number: 13.2.1.2.

Title: Self-Funded Plan Utilization Report for the year ending
June 30, 2015

This report addresses medical, dental, prescription drug and HSA/HRA utilization for the year ending June 30, 2015. Included are:

- Executive Summary – provides a utilization overview.
- HealthSCOPE Utilization Report – provides graphical supporting details for the information included in the Executive Summary.
- Catamaran Utilization Report – provides details supporting the prescription drug information included in the Executive Summary.

Executive Summary

Key Observations

During the year ending June 30, 2015:

- Total medical spend was \$112.7 million (9.8% more than in PY14 at \$102.6 million), of which 69% was spent by the State Active population. The average plan cost was \$461 PPM, 4.7% higher than the year ending June 30, 2014 average cost of \$441 (see appendix page 8).
 - Note: Although plan costs have risen when comparing Plan Year 2015 to Plan Year 2014, these costs on a PMPM reflects a 3% decrease over the same period in Plan Year 2013 (\$461 compared to \$476).
- The PY 2015 plan cost was \$5,535 per member, up 4.7% from \$5,287 for PY 2014 (see appendix page 8).
- Inpatient claims of \$155 PPM (1,910 admits * \$19,768 ÷ 20,362 employees ÷ 12 months) were 24.4% higher than the \$124 for PY14 (1,946 * \$14,870 ÷ 19,413 ÷ 12) (See appendix page 14, for number of admits and cost per admit, and page 3, for average number of employees.)
- The plan had 12.9% more large cost claimants in PY 15 with 157 claimants in excess of \$100,000, compared to 139 high cost claimants reported for the year ending June 30, 2014. Although representing 0.4% (157/36,119 members = 0.43%) of the total membership, this segment accounted for 32% (\$229,595 * 157 ÷ \$112,699,150 = 31.98%) of dollars spent by the plan (see appendix page 8). Below is a chart showing the high cost claimant amounts for the last five plan years.

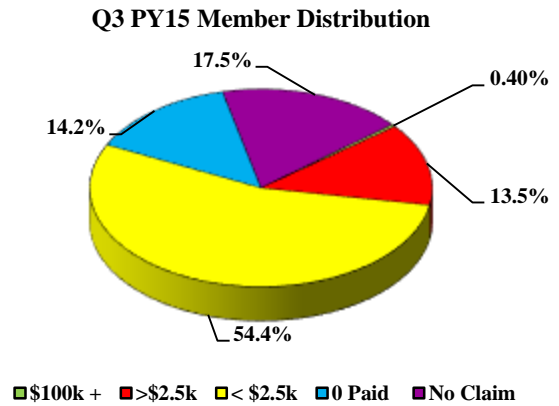
PY	Number of High cost Claimants	Cost	Notes
6/30/2011	55	\$11,306,900	
6/30/2012	157	\$36,772,529	
6/30/2013	167	\$37,388,461	
6/30/2014	139	\$31,345,612	
6/30/2015	157	\$36,046,415	PY15

- Although there has been an overall increase in medical claims costs, the non-state non-Medicare retirees' claims continue to reflect decreases. For this group inpatient claims decreased by \$1.1 million (27.2%) and outpatient claims decreased by \$1.4 million (21.1%) when comparing plan year 2015 to plan year 2014. Overall medical claims for non-state retirees continue to demonstrate the volatility caused by the size of the non-state pool. On a PMPM basis claims costs remain flat at \$654 in plan 2015 compared to \$655 in plan year 2014. (See appendix page 9 - 11).

Medical–Cost Distribution

During the year ending June 30, 2015 the largest group (86.1%) of members had claims paid in the amount of less than \$2,500, of this group 17.5% had no claims filed for the quarter. (See appendix page 13.)

- The average medical claim for this period was \$322 or 7.7% more than the year ending June 30, 2014 (\$299). ($\$112,699,150 \div 349,553 \text{ claims} = \322.41 vs $\$102,645,709 \div 342,969 \text{ claims} = \299.29). (See appendix page 13)



- The average payment per claimant for a catastrophic claim was \$229,595 (see appendix page 8). For a summary of the high-cost claim categories, see appendix page 13.

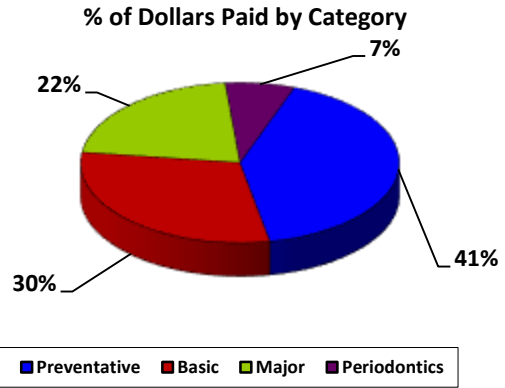
Major Diagnostic

Musculoskeletal, Factors Affecting Health and Neoplasms continue to be the three most expensive diagnostic categories, together accounting for 40.0% of total costs by the plan (see appendix page 18). The costs associated with these three categories are:

- Musculoskeletal at \$15.6 million (See appendix page 20)
- Factors Affecting Health at \$15.4 million (See appendix page 21)
- Neoplasms at \$13.5 million (See appendix page 22)

Dental

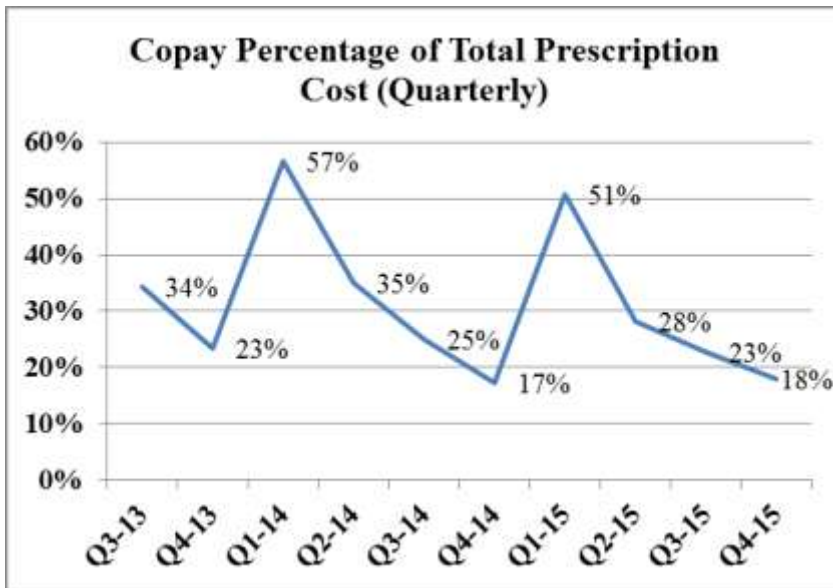
The average dental claim for the year ending June 30, 2015, was \$172. This represents a 11.8% increase from the \$154 average dental claim for the year ending June 30, 2014. ($\$22,513,669 \div 130,642 \text{ claims} = \172.33 vs. $\$19,072,376 \div 123,675 \text{ claims} = \154.21) (See appendix page 26)



Of the \$22.5 million in paid dental claims, during the year ending June 30, 2015, \$9.3 million (41.4%) was for preventive services. (See appendix page 26)

Drug Utilization (See appendix pages 32-33)

Drug utilization (number of members utilizing the PEBP pharmacy benefit as a percentage of all CDHP self-funded members) has decreased slightly from 28.8% to 28.1% from the year ending June 30, 2014 to year ending June 30, 2015.



Percent of total prescription costs paid by participants during the ten quarters ending June 30, 2015.

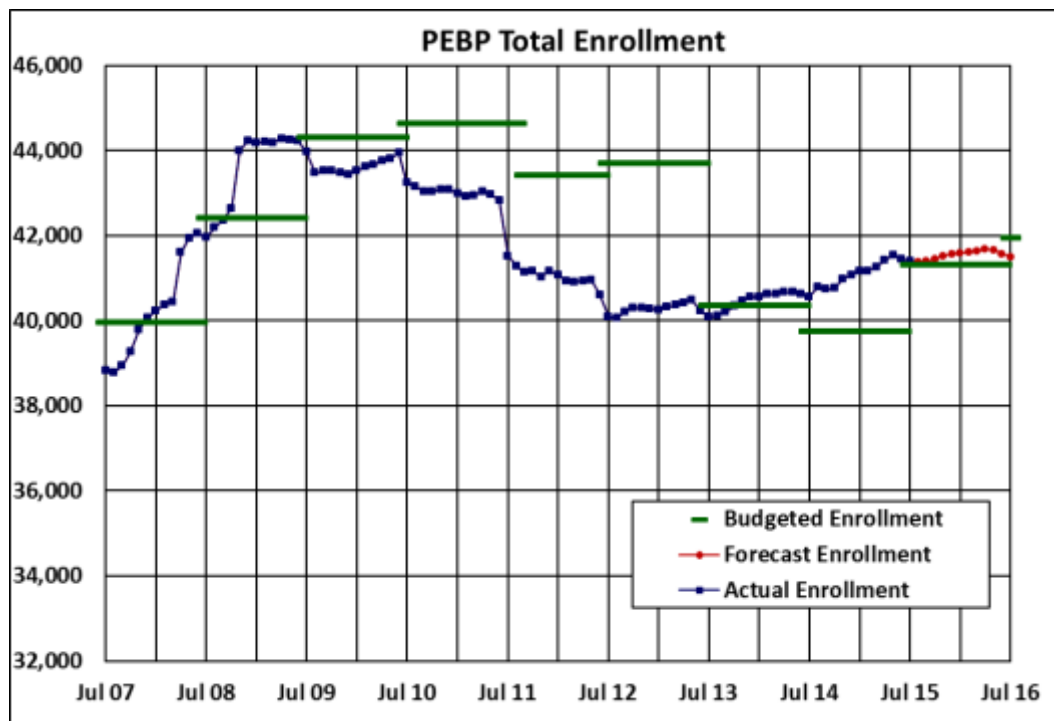
Total prescription drug costs increased by \$3.7 million (11.7%) from the year ending June 30, 2014, to the year ending June 30, 2015. The total participant share increased by \$89,776 million (0.9%) and the plan cost increased by \$3.7 million (16.8%).

Generic drug utilization (generic scripts filled as a percent of all scripts) increased from 81.0% for the year ending June 30, 2014, compared to 81.9% for the year ending June 30, 2015. The generic effective rate remained virtually the same (97.5% in 2014 versus 97.6% in 2015).

Mail order claims dropped from 2.9% of total claims to 2.2% from the year ending June 30, 2014, to the year ending June 30, 2015.

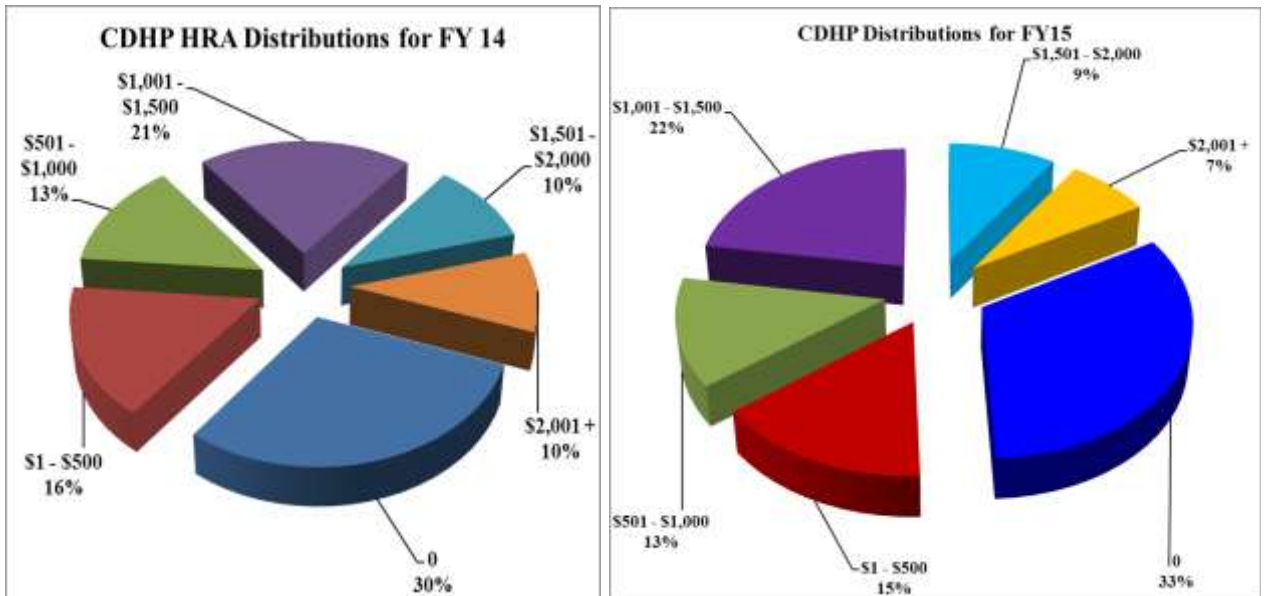
Enrollment

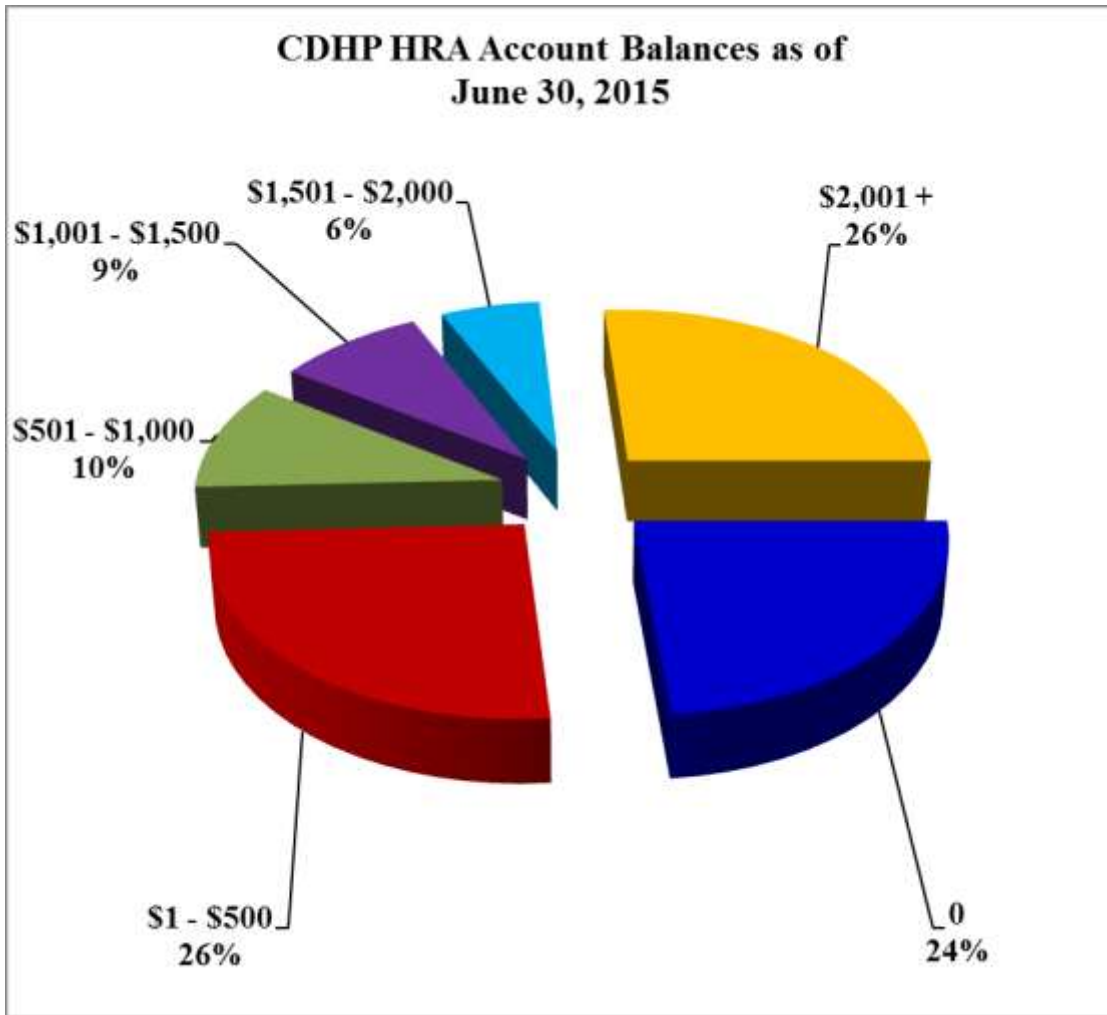
As of June 30, 2015, there were 41,449 participants enrolled in PEBP. This is 1,718 more than the average projected enrollment for FY 2015 of 39,731. Average enrollment in the self-funded plan increased 5% from 19,311 in FY 2014 to 20,269 in FY 2015 due to an increase in the number of state employees and movement from the HMO plans offset by a decrease in non-Medicare retirees. Average enrollment in the HMO plans decreased 7.8% from 11,129 to 10,264 during the same period, due to a combination of movement to the CDHP and a decrease in the number of non-Medicare retirees. Average enrollment in the Medicare Exchange increased 4.2% from 10,119 in FY 2014 to 10,548 in FY 2015. Below is a graphical representation of PEBP enrollment since July 2007.



CDHP HSA/HRA Account Balances

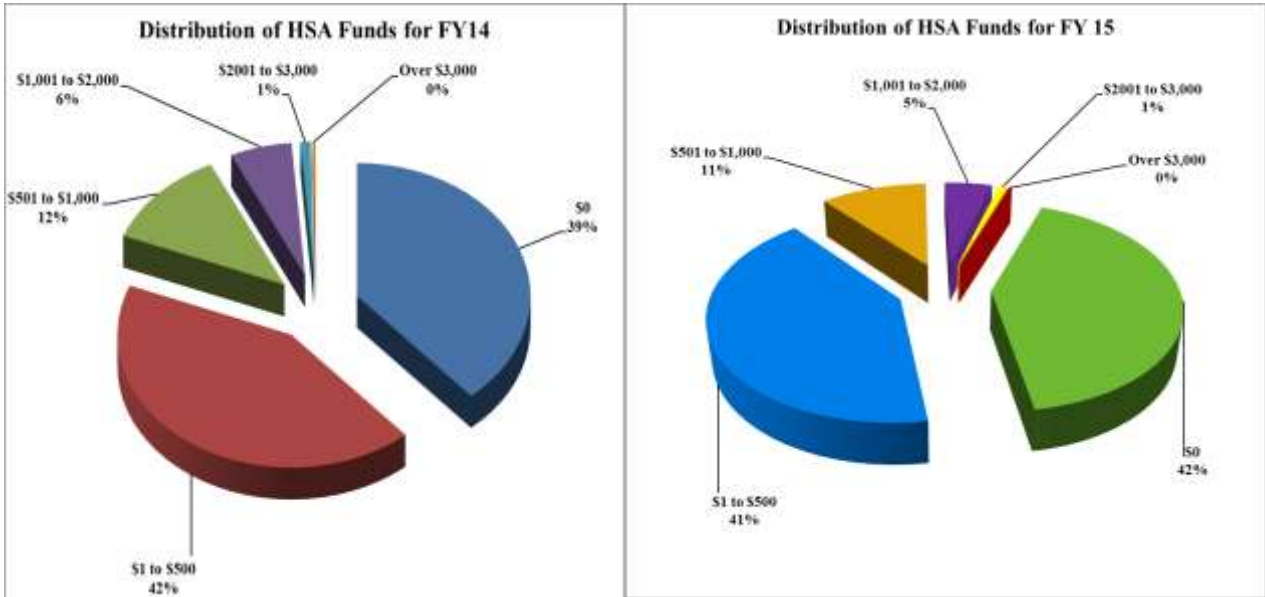
HealthSCOPE Benefits administers approximately 10,736 CDHP Health Reimbursement Arrangement (HRA) accounts with approximately \$13.0 million in PEBP contributions for the year ending June 30, 2015 compared to \$13.6 million for the year ending June 30, 2014. In both PY 14 and PY 15, the Board authorized reducing excess reserves by providing one-time contributions. The decrease in PEBP contributions for PY15 can be attributed to the additional one-time contributions provided in PY14 to state retirees and their dependents which were not provided in PY15. The average contribution is \$1,208. PEBP paid approximately \$8.3 million in HRA claims in PY15 leaving a liability of \$15.2 million in unused HRA funds (which includes rollover of \$10.5 million from fiscal year 2014), or \$1,415 per account.

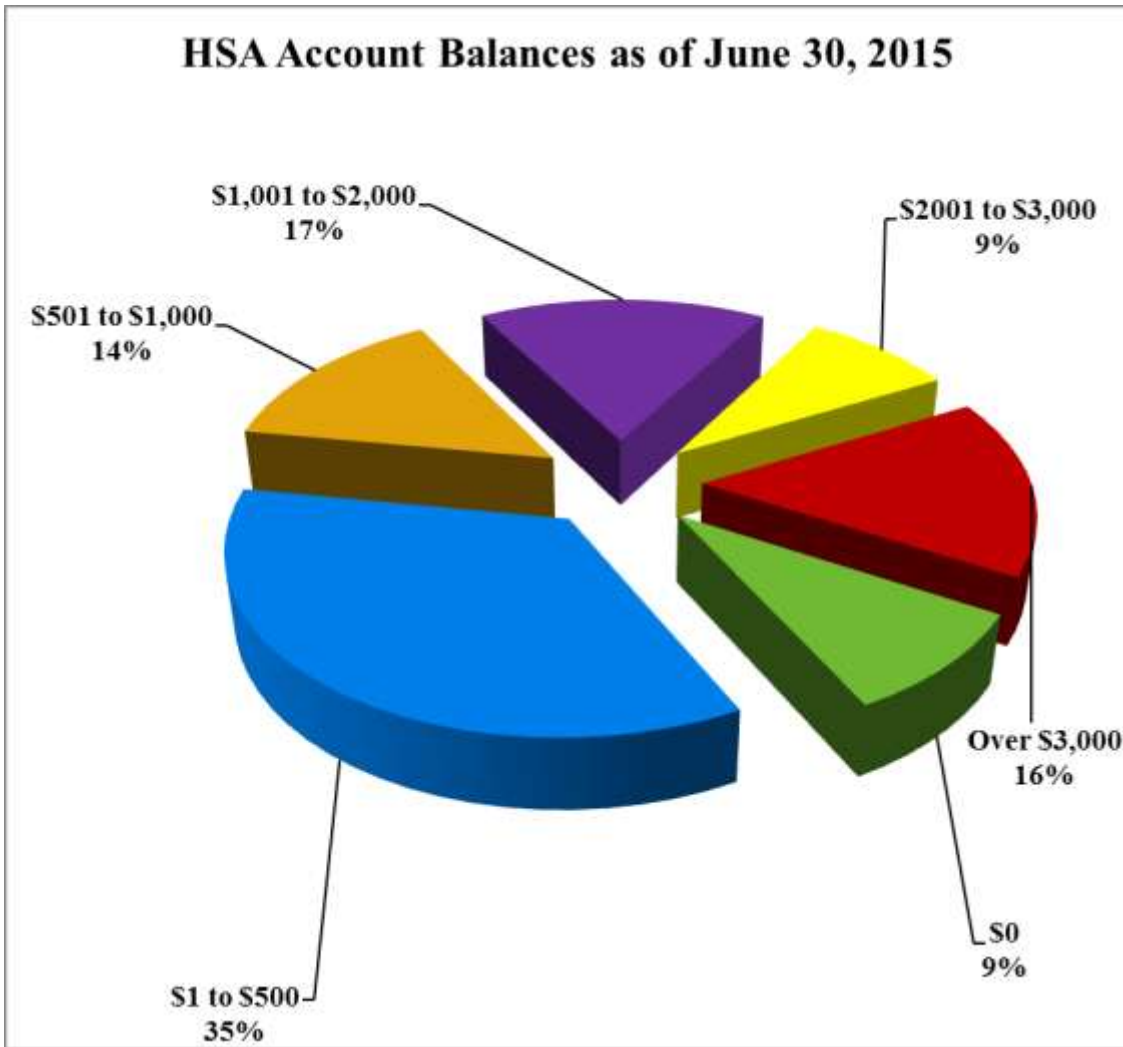




HealthSCOPE Benefits administers approximately 14,624 CDHP HSA accounts. PEBP contributed approximately \$17.1 million while employees contributed approximately \$6.9 million for the year ending June 30, 2015. This compares to \$19.8 million and \$6.0 million for the same period in plan year 2014 when there were 12,947 accounts. In both PY14 and PY15, the Board authorized reducing excess reserves by providing one-time contributions to HSA and HRA accounts for all CDHP participants. In PY14 additional contributions were provided to state employees and their dependents which were in addition to the one-time contributions provided to all participants on the CDHP. This was not provided for in PY15 which explains the decrease in contributions. The average employee contribution increased from an average of \$466 for the year ending June 30, 2014 to an average of \$470 for the year ending June 30, 2015.

Through the year ending June 30, 2015, HealthSCOPE Benefits distributed approximately \$20.4 million from participant accounts compared to approximately \$19.7 million for the same period in plan year 2014. Since inception, HealthSCOPE Benefits has distributed approximately \$65.7 million from participant accounts. As of June 30, 2015, participants have cumulatively saved approximately \$22.2 million in their accounts, an average of \$1,519 per account.

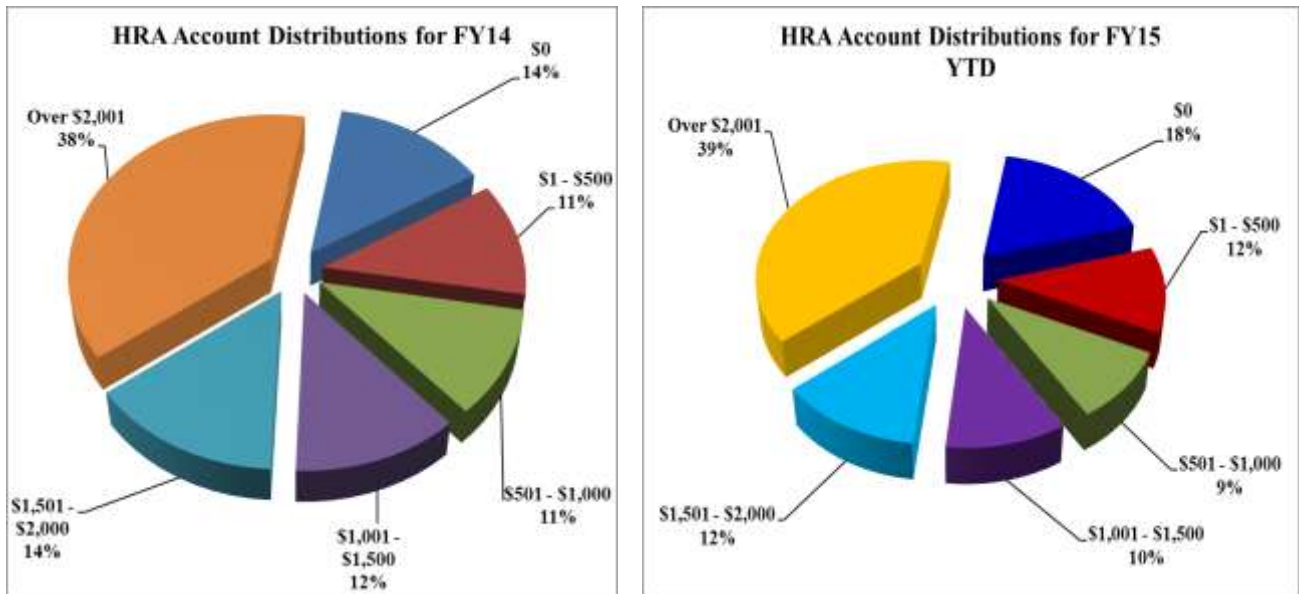


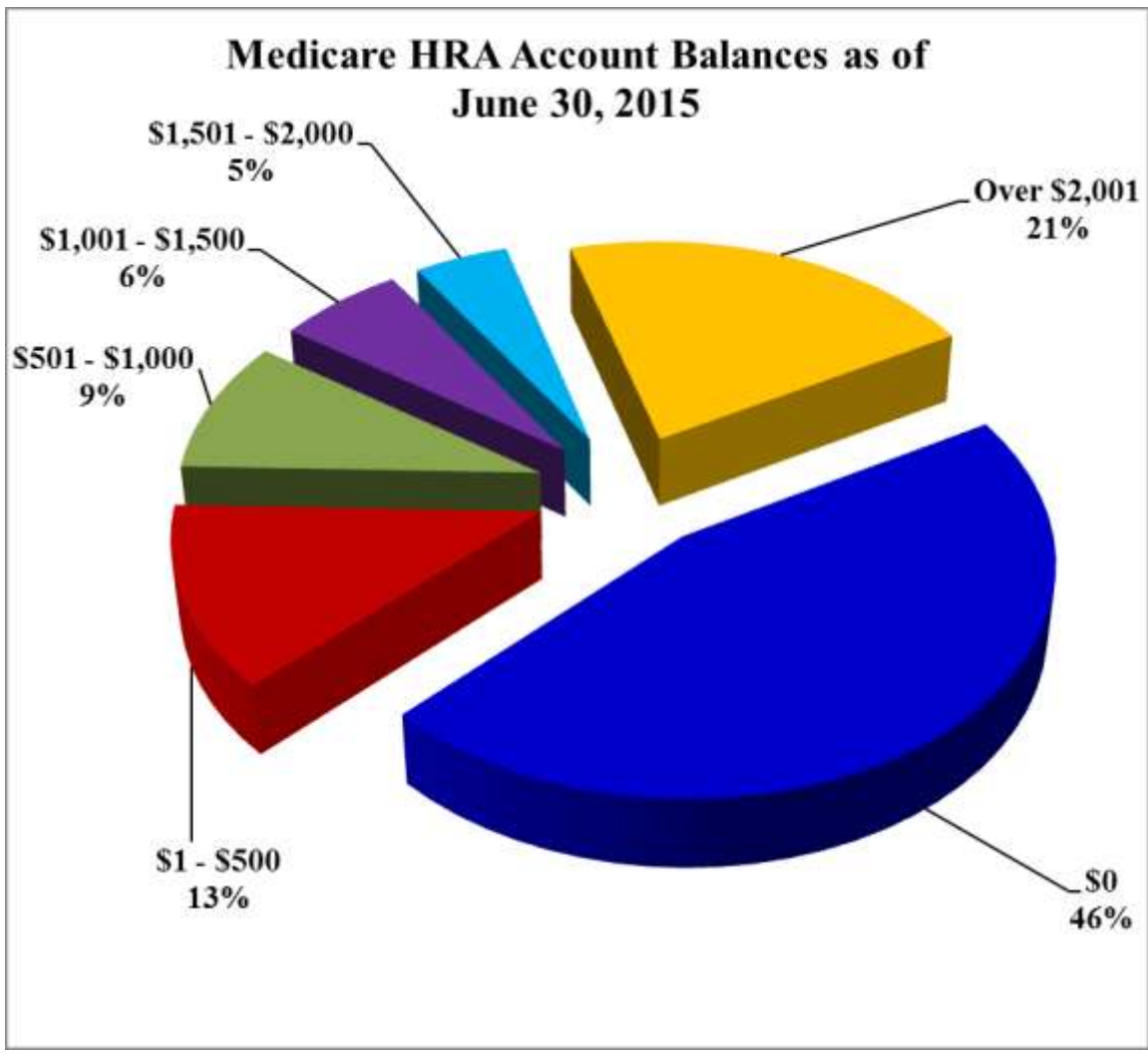


Exchange HRA Account Balances

Towers Watson administers approximately 10,924 Medicare Exchange HRA accounts, with contributions of \$29.7 million for the year ending June 30, 2015, which includes a rollover from the previous plan years of \$2.1 million. These contributions include a one-time contribution of \$2 per month per year of service due to the Board actions in April 2014 to reduce excess reserves. For the year ending June 30, 2015, PEBP paid \$16.0 million in Medicare Exchange HRA claims (\$1,466 per retiree), leaving a liability of \$13.7 million in unused Medicare Exchange HRA funds, or \$1,255 per account, at the end of the period.

(The following charts are based on Plan Year 2015 contributions and payments made for the period ending June 30, 2015.)





Recommendations

None.

Appendix

Index of Tables HealthSCOPE – Utilization Review for PEBP July 1, 2014 – June 30, 2015

HEALTHSCOPE BENEFITS OVERVIEW	2
MONTHLY COST SUMMARY	3
MEDICAL	
Year Over Year Trend	4
Claims by Plan/Relationship.....	5
Paid Claims By Age Group.....	6
Financial Summary	8
Paid Claims By Claim Type	10
Cost Distribution – Medical Claims	13
Utilization Summary.....	14
Plan Savings Summary	16
In-Network Medical Discounts.....	17
In Vs Out Network Utilization.....	17
MDC Summary.....	18
Top 5 Diagnoses by Top 3 MDC’s.....	19
MDC 18 – Disorders of Musculoskeletal System.....	20
MDC 25 – Factors Affecting Health.....	21
MDC 2 – Neoplasms.....	22
Emergency Room Summary	23

Savings Summary	24
Dental	
Patient Demographics - Medical.....	25
Cost Distribution – Dental Claims.....	26
In vs. Out of Network - Dental Claims.....	27
Savings Summary – Dental Claims	28
Other	
Preventive Services Compliance.....	29
Diabetic Compliance.....	30
Chronic Conditions	31
CATAMARAN RX UTILIZATION TABLES	32