



Benefit Wise Bulletin

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Helping You Stay Informed

Plan Year 2018 Benefits Update

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The Public Employees’ Benefits Program (PEBP) Board approved the plan benefit design for the Consumer Driven Health Plan (CDHP) and Health Maintenance Organization (HMO) plans during the November 17, 2016 and January 19, 2017 Board meetings for Plan Year 2018 beginning July 1, 2017.

For the last three plan years (2015-2017), PEBP has utilized excess reserves to pay for enhanced benefits over the base CDHP plan as well as fund additional dental and life insurance benefits affecting all program participants. The projection in 2014 was to completely expend all remaining excess reserves by June 30, 2017 and return to the base benefit plan and reduced dental and life insurance benefits adopted in 2011. In 2016, PEBP experienced an unprecedented good year and actually had less costs (-1.5%) in 2016 over 2015. This created unprojected excess reserves. Additionally, in an effort to save as many enhanced benefits as possible, PEBP aggressively reduced other reserve levels which provided PEBP another \$10.5 million. These funds were used to maintain some of the enhanced benefits which were projected to expire this plan year. The results to date are discussed below.

ALL PARTICIPANTS IN PEBP

PEBP is able to continue providing enhanced dental benefits and life insurance benefits for participants on the CDHP, HMO plans and the Medicare Exchange:

Benefit Category	Plan Year 2018 Approved Level
Dental Maximum	\$1,500
Life Insurance	\$20,000 – Employee \$10,000 – Retiree

The dental benefits remain the same as the last three years and the life insurance benefits although reduced are provided with the option for individuals to purchase any loss of benefits, as well as additional benefits up to a maximum of \$500,000 (if eligible) though a voluntary election through PEBP’s life insurance vendor, The Standard. More information on this voluntary benefit will be available soon.



CONSUMER DRIVEN HEALTH PLAN (CDHP) – PEBP’S PPO PLAN

PEBP is able to continue providing enhanced benefits on the CDHP with incremental reductions and cost containment strategies to meet budgetary requirements:

Benefit Category	Plan Year 2018 Approved Level
Annual Deductible	\$1,600 Individual \$3,200 Family
Coinsurance	80% / 20%
Health Savings Account (HSA) / Health Reimbursement Arrangement (HRA) Contributions	
Base HSA/HRA Amount	\$700 per Primary Participant (Employee/Retiree) \$200 per Dependent (maximum 3 Dependents)
Enhanced HSA/HRA Amount	\$200 per Primary Participant provided after completion of a Preventive Program (see below)
Annual Vision Exam	\$25 copay with a maximum benefit of \$120 per annual exam.
HRA Rollover Caps	\$5,000 maximum balance (see below)
Preventive Drug Benefit (NEW)	20% Coinsurance

HSA/HRA Preventive Program

The \$200 enhanced HSA/HRA contributions will be provided to the primary participant when PEBP’s Third Party Administrator (HealthSCOPE Benefits) verifies through medical/dental claims that the participant has completed the following:

1. Annual Preventive Exam
2. Annual Preventive Lab Work
3. Annual Dental Exam
4. One Teeth Cleaning (of the available 4 per year).

Participants have until June 30, 2018 to accomplish these four requirements to receive the \$200 contribution from PEBP. Any activities before July 1, 2017 will not count towards these requirements. All four requirements are funded by PEBP at NO COST to the participant as part of the preventive wellness benefits.

HRA Rollover Caps

PEBP maintains a reserve for HRA balances of approximately \$30-\$35 million in cash to ensure funds are available when participants with an HRA seek care. For years, PEBP has maintained funds for non-utilizers. Beginning in Plan Year 2018, PEBP will cap the balances at \$5,000 to ensure the deductible can be met and some cost sharing can be offset by these balances. The \$5,000 cap will be assessed at the end of Plan Year 2018 (June 30, 2018).



Preventive Drug Benefit using the Smart 90 Pharmacy Network

PEBP recognizes with a high deductible health plan, the CDHP's annual deductible has been a barrier to some participants receiving monthly preventive/maintenance medications to treat their chronic disease. Therefore, PEBP is implementing a new program for preventive/maintenance medications through our Pharmacy Benefits Manager (Express Scripts) for participants to access these critical medications by bypassing the deductible and going straight to cost sharing (Example: a \$100 per month medication will cost the participant only \$20 per month regardless if they met their medical deductible for the year). A list of program sponsored preventive medicines will be available soon.

To further provide a benefit to participants and reduce the costs of preventive/maintenance medications, PEBP will implement a pharmacy network with reduced pricing alongside the Preventive Drug Benefit. This program is called Smart90 and will be implemented by Express Scripts effective July 1, 2017. Participants will be required to purchase a 90 day supply of their preventive/maintenance medications at a participating pharmacy (retail) or through mail order (Express Scripts Mail Order Program). Some widely used pharmacies today will not be available; however, PEBP analyzed current utilization and determined 98.9% of participants will be able to utilize a Smart90 provider within 5 miles of a non-network provider utilized today for retail, and every participant with a mailing address should be able to access mail order. This new network is projected to save PEBP participants over \$120,000 a year when compared to our current network.

HEALTH MAINTENANCE ORGANIZATION (HMO) PLANS

PEBP recently signed contracts for another four years with both Hometown Health and Health Plan of Nevada to provide regional HMO plans across the state. To ensure a single plan design was offered throughout the state, a single standard plan design was approved by the PEBP Board in June 2016 and incorporated into the contracts. To offset HMO rate increases, an alternate plan design was also approved in many areas across the state to be offered alongside the standard plan. These contracts are scheduled to go before the Nevada Board of Examiners (BOE) on February 14, 2017, and if approved, a detailed description and comparison will be provided in a future newsletter.

MEDICARE EXCHANGE

The PEBP Board made difficult decisions to meet budgetary constraints and reduced benefits in some areas within the CDHP and HMO plans accordingly. To be equitable, PEBP also implemented cost controls on retirees participating on the Medicare Exchange provided by Willis Towers Watson.

Benefit Category	Plan Year 2018 Approved Level
HRA Admin Fees	\$2.75 per Retiree per month
Life Insurance Premiums	\$2.83 per Retiree per month



Currently, HRA administrative costs and life insurance premiums incurred by Medicare retirees on the Medicare Exchange are funded by a portion of the premiums collected from the CDHP and HMO participants. Beginning in Plan Year 2018, Medicare Exchange retirees will be required to pay their own HRA admin fees and life insurance premiums. For those retirees receiving their retirement benefits directly from the Public Employee Retirement System (PERS), PEBP will assess these fees from that source (similar to how dental premiums are collected today). For those retirees today directly billed for their dental fees, PEBP will add the HRA fees and Life Insurance premiums to the bill each month.

CONCLUSION

The PEBP Board anticipated the complete reduction of enhanced benefits to the CDHP, the dental plan, and the life insurance benefit when the policy to spend down all excess reserves was approved in 2014 for 2015-2017. Although some participants will see reduced enhanced benefits in Plan Year 2018 as a reduction to their overall compensation, PEBP like all state agencies must meet state budgetary requirements, and with creative and aggressive reserve management, we saved as many enhanced benefits as possible to continue to provide high quality benefits to our participants over the next biennium.