



# NEVADA FACULTY ALLIANCE

The [Nevada Faculty Alliance](#) is the independent statewide association of faculty of the Nevada System of Higher Education. The NFA is affiliated with the American Association of University Professors, which advocates for academic freedom, shared governance, and faculty rights. The NFA works to empower faculty to be wholly engaged in our mission to help students succeed.

## Restore State Employee Benefits in PEBP

### • May 7 Budget Closing for the Public Employees' Benefits Program

*Restorations but Major Cuts to Benefits Remain*

- **The Medicare PEPB retiree HRA contributions was restored** to \$13/month/year-of-service.
- **A one-month holiday will reduce employee premiums by 8.3% for the year.** Taking the holiday into account, employee monthly premiums are increasing by 33% over pre-pandemic FY2020 premiums for the base high-deductible plan.
- Increased maximum out-of-pocket costs by thousands of dollars per year **hurt employees who have a major health crisis or need high-cost treatments.**
- Added 20% coinsurance on the HMO/EPO plans, removing the benefit of predictable copayments on the higher-premium option.
- Complete elimination of the Long-Term Disability (LTD) Insurance benefit, hurting future **disabled employees who will have no safety net.**

### • Long-Term Disability Insurance

*Essential safety net for state employees*

- If LTD is not restored, current state employees will have no coverage if they become disabled after July 1.
- **The State of Nevada has opted out of Social Security**, so state employees are not eligible for Social Security Disability.
- **Voluntary LTD insurance** through PEPB will not be available until Jan. 2022 and **will cost 0.58% of salary** for middle-aged employees at the current benefit level, prohibitive for many.
- The average time employees stay on LTD is about 5 years—ending upon death, age 65, or return to work.

### • PEPB Actuarial Audit

*Second opinion for prudence and accountability.*

PEBP has a ten-year history of underestimating excess reserves, by tens of millions of dollars. AON has been the contracted actuary for decades. **An audit of AON's actuarial rate-setting methods and PEBP's assumptions and methods at a cost of \$100K is overdue and should be required.**

### • Use Available Funds to Restore Benefits

*PEBP Excess Reserves and American Rescue Plan*

- An end-of-year excess cash balance of **\$33M** was predicted at the May 7 PEPB budget closing. Only \$11M has been "allocated" (\$4.4M for FY2022 premium relief and \$6.6M for Medicare retiree HRA contributions).
- The May 4 Economic Forum added **\$586M** to the biennial budget. The state will receive **\$2.7B** from the American Rescue Plan, which can be used to offset revenue shortfalls due to COVID19, including for employee benefits.
- Because PEBP open enrollment started on May 1, **it is too late to change plan design for FY2022, but FY2023 benefits can still be restored to pre-pandemic levels.**

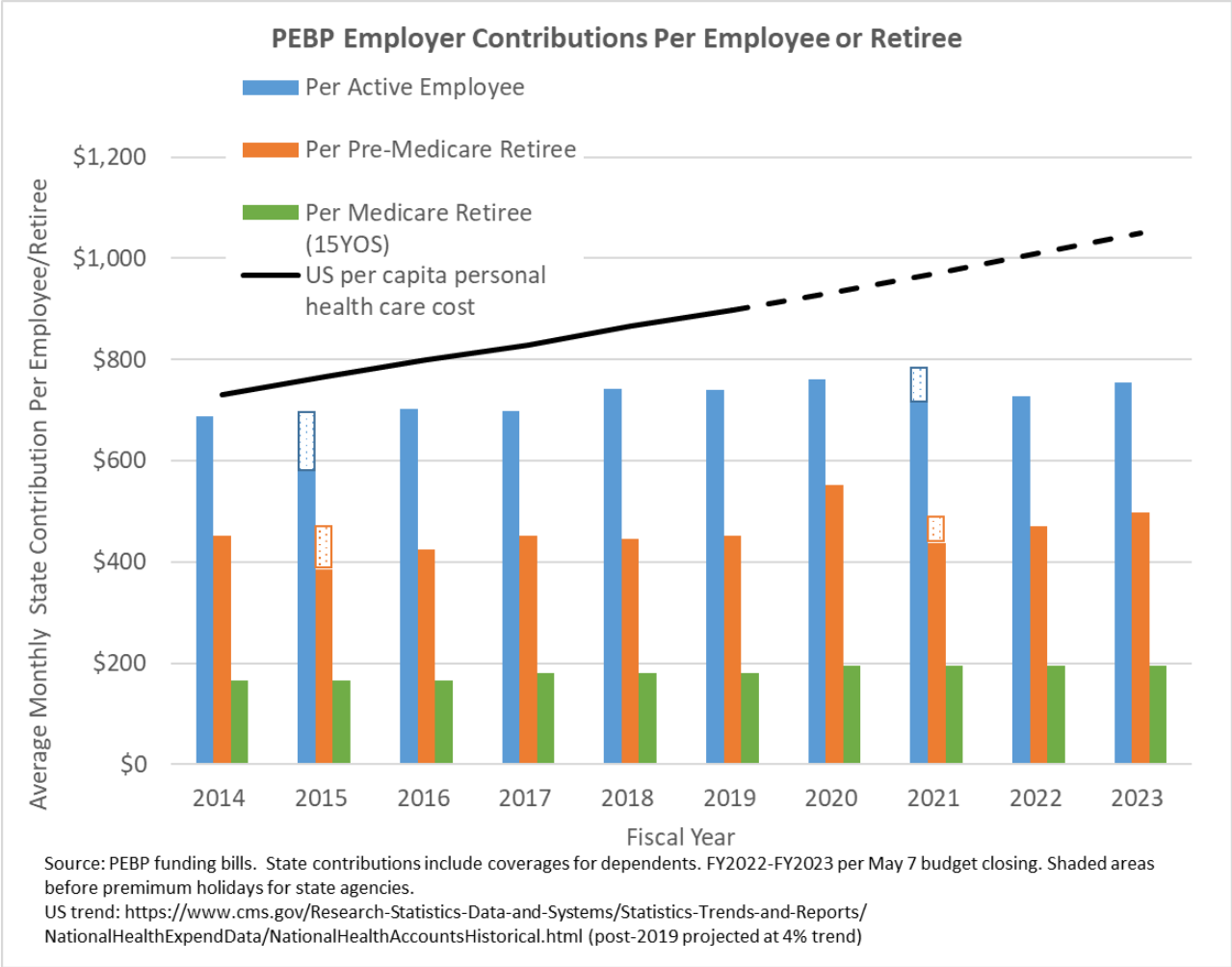
### • PEPB Budget Restorations

*Restore benefits to pre-pandemic FY2020 levels*

- **Restore Long-Term Disability for FY2022 at the FY2021 level** at a cost of about \$4.6M using excess reserves.
- **Restore life insurance benefits for FY2022** at a cost of about \$3.5M using excess reserves.

State PEBP Contribution Per Employee	
FY2020 (SB550)	\$761
FY2021 (SB550)	\$783
FY2021 (AB3)	\$718
FY2022 (SB451)	\$727
FY2023 (SB451)	\$755

- **For FY2023, fully restore PEBP benefits and premiums to pre-pandemic FY2020 levels** using state or federal funds. One method would be to use state or federal funds to augment the FY2023 monthly per-employee state contribution from \$755 in [SB451](#) up to about \$847 (calculated from the pre-pandemic FY2021 amount of \$783 with 4% annual medical inflation). The estimated cost for all 27,000 state active employees is up to an additional \$30M.



State contributions for PEBP benefits per employee have been relatively flat since 2014 while health care costs have risen over 40%. The cost difference has been shifted to PEBP participants through high deductibles, higher out-of-pocket maximums, and premiums.

# Nevada Faculty Alliance Fact Sheet

## Comparison of pre-pandemic FY2020 plan versus FY2022 plan design

### PEBP Base High-Deductible Plan (CDHP)

Tier	Employee-Only			Employee plus Family		
	FY2020	FY2022*	Change	FY2020	FY2022*	Change
Deductible	\$1500	\$1750	+17%	\$3000	\$3500	+17%
Out-of-pocket (OOP) maximum	\$3900	\$5000	+28%	\$7800	\$10000	+28%
HSA/HRA employer contribution	\$1100	\$600	-45%	\$1700	\$600	-60%
Employee premium (monthly)	\$31	\$45	+45%	\$212	\$314	+48%
Net Annual Max (OOP+premium-HSA)	\$3171	<b>\$4891*</b>	<b>+54%</b>	\$8644	<b>\$12857*</b>	<b>+49%</b>

- ELIMINATED long-term disability insurance benefit (currently 60% of income up to \$7500/month). Affects current active state employees after July 1, 2021.
- Other plan design changes for High-Deductible Plan (CDHP):
  - Reduced Employer Contribution percentage from 95.0% to 92.9% for employee premiums and from 75.0% to 68.5% for dependent premiums.
  - Health Savings Account contributions decreased to \$600 per participant, eliminated additional amounts for dependents (was \$200 each up to three).
  - Narrow pharmacy network (excludes CVS and Walgreens) for 30+ day prescriptions
  - Lower payments for out-of-network providers.
  - Actuarial value for CDHP reduced from 87% to 81%.
- Added “low-deductible” mid-level plan with \$500/\$1000 deductible and copays with 84% actuarial value, lower than the FY2021 high-deductible plan.
- For the HMO/EPO plans, added \$150 (single)/\$300 (family) deductible, new 20% co-insurance for various services, and 30% coinsurance for Rx, reducing the actuarial value from 92% to 89% .
- Reduced life insurance to \$12,500 for actives and \$7,500 for retirees (from \$25,000 and \$12,500, respectively).

Source: PEBP rate sheets and open enrollment materials. \*Incorporating May 7 Budget closing – one-month holiday for employee premiums.

Updated 5/23/2021