

Steve Sisolak
Governor



Richard Whitley
Director

State of Nevada Department of Health and Human Services

Briefing on
Nevada Public Option
December 14, 2022

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Agenda

- Background on Nevada's Public Option
- 1332 Waiver Request
- Preliminary Findings
- Next Steps
 - Waiver Timeline
 - Public Comment Period

Background

- In 2021, Nevada became second state to establish a Public Option, with the passage of Senate Bill 420, which was authored by State Senate Majority Leader Nicole Cannizzaro and signed into state law by Governor Sisolak.
- The new Nevada Public Option products will launch on January 1, 2026, and be offered to consumers as a qualified health plan (QHP) through the state's health insurance exchange (individual market)

POLITICS

With governor's signature, Nevada becomes 2nd state with public health insurance option

by: [David Charns](#)
Posted: Jun 9, 2021 / 01:17 PM PDT
Updated: Jun 9, 2021 / 01:19 PM PDT



Gov. Steve Sisolak signs SB 420 into law.

Low-cost insurance plans not available until 2026, law says

SHARE    ...

LAS VEGAS (KLAS) — Nevada Democratic Gov. Steve Sisolak signed a law Wednesday, creating a new state health insurance plan to compete with private insurers.

Source: Image from 8NewsNow.com



Nevada's Public Option Strategy

- Nevada Public Option uses an **active purchasing strategy** with health carriers participating in the state's Medicaid managed care program to offer low-cost coverage to consumers.
- Medicaid managed care contracts in Nevada are worth **over \$2 billion** to four national health plans, today.
- Specifically, carriers seeking to participate in Nevada Medicaid managed care program in future procurements must also **submit a good faith bid** to offer Public Option plans statewide in the state exchange.
- This includes entering into a **contract with the state** to meet state Public Option requirements (premium reduction targets) and other state priorities set forth in the contract, like value-based contracting with providers.

Public Options in Other States

- **Colorado:** A regulatory approach to standardize all plans in small group and individual market with new provider rate review hearings when premium reduction targets are not met
- **Washington:** Passive state contracting strategy between state and carriers to offer standardized plans in exchange
- **Nevada:** Active purchasing & contract strategy with state Medicaid managed care plans

How does Nevada's Public Option compare?



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State Statutory Safeguards

Premium Reduction Target

- At least 15% reduction in first four years
- Enforced in penalties in contract
- Guarantees lower premiums

Equitable Access to Care Standards

- Medicaid & PEBP providers must participate
- Must treat patients enrolled in Public Option same as treat patients enrolled in other plans with respect to accepting new patients

Provider Reimbursement Protection

- Sets a floor for provider rates of no lower than Medicare rates; rates can be higher
- Some rural and community providers have a special floor for Medicaid encounter rates

Market Competition & Consumer Choice

- By tying to Medicaid contracts, state is leveraging interest of national plans in state's Medicaid managed care program
- Federal law requires that states offer choice in their program; currently Nevada Medicaid has four national carriers.

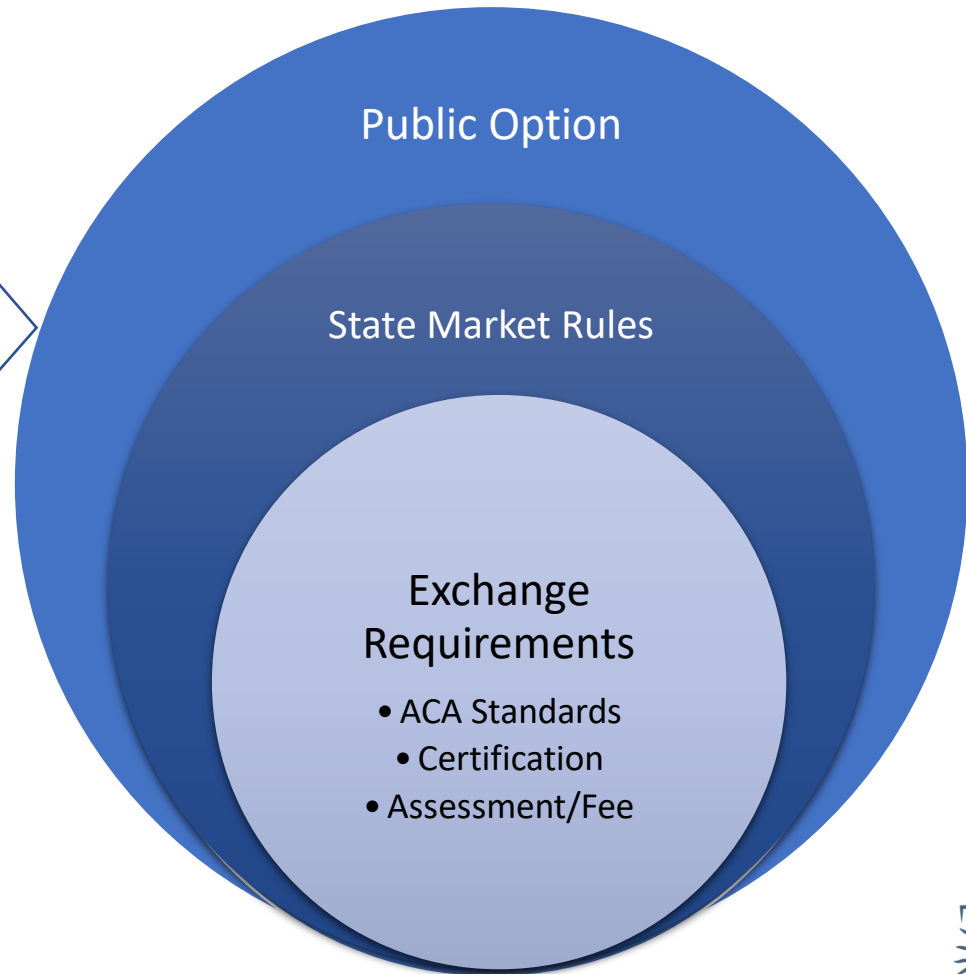
Nevada Public Option Design

Statutory mandates:

- Premium reduction targets
- Minimum plan offerings (silver/gold)
- Provider network alignment with Medicaid networks
- Value-based payment design
- Cultural workforce plans

Contract requirements:

- Administrative spend caps or MLR
- Quality metrics
- Penalties for not meeting targets, etc
- TBD





Nevada Public Option Oversight

Statutory Mandates

	DOI	Exchange	DHCFP
QHP certification & assessment		X	
State rate & network filings	X		
Premium reduction target			X*
Contract requirements/penalties			X*

Contractual enforcement through penalties and sanctions, etc.

1332 Waiver & Actuarial Study

- State law requires a 1332 waiver to be submitted to U.S. Department of Treasury and HHS/CCIIO to implement the program.
- 1332 waiver allows states to capture federal savings in advanced premium tax credits (APTCs) (i.e., pass-through funds (PTF)).¹
- States applying for 1332 waiver must include an actuarial analysis and certification.²
- Nevada contracted with independent actuarial firm—Milliman—which has experience in evaluating proposals for public option.³
- Final actuarial report will provide estimate of resulting federal PTF plus analysis of effect of the provider participation requirement.

The Process

1. Stakeholder input
2. Actuarial study & waiver development
3. Tribal notice
4. Post for state public comment period
5. Federal submission
6. Federal public comment period
7. Completeness review
8. Negotiations/ Federal Decision

Sources

1: NRS 695K.210.

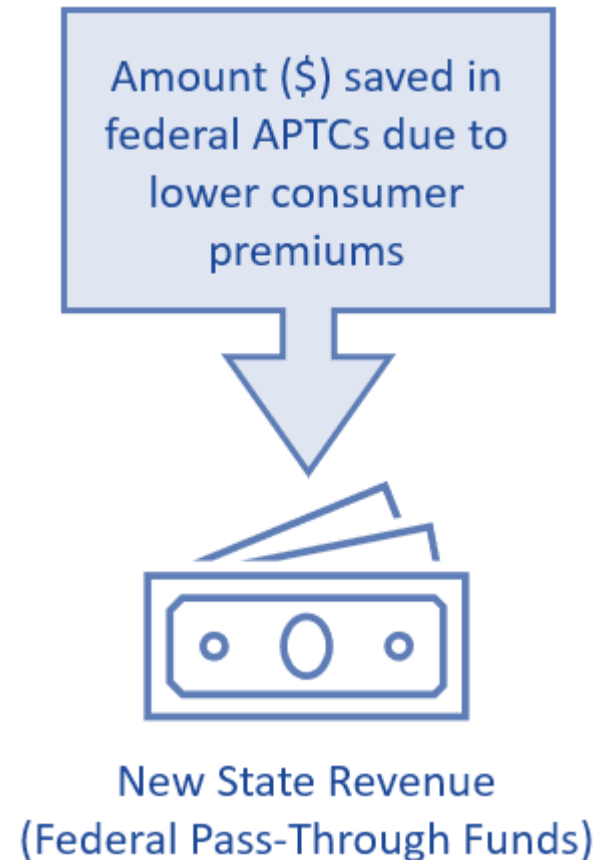
2: 45 CFR § 155.1308.

3. See Fritz Busch & Paul Houchens, *Milliman Report: Evaluation of a Colorado Public Option*, prepared for the Kaiser Permanente, 2019.

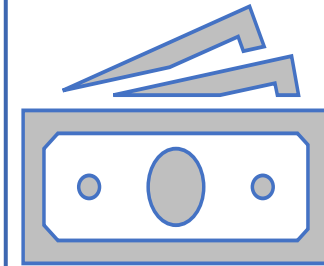
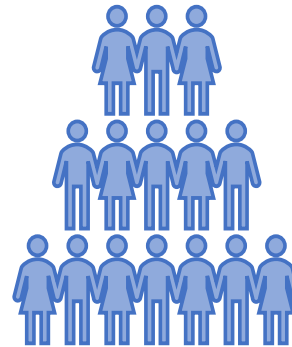


New Funds for Affordability Policies

- State law requires federal PTF to be deposited into state trust fund to support state operations and to improve affordability.
- After Year 1, state operations for Public Option will be self-funded by federal PTF (DHCFP & Exchange)
- Leftover PTF can be used by Director of DHHS to establish new affordability policies:
 - New state premium wraps
 - New funds for supporting enrollment (e.g., navigators)



Early Findings & Projected Gains



Significant Health Care Savings

- Anticipated to generate \$341 to \$464 million in health care savings for taxpayers over the first five years
- Nearly \$1 billion by year 10
- Savings comes from lower federal spending on federal subsidies due to lower premiums

Minimal Impact on Provider Revenues

- Individual market makes up small portion of payor mix in Nevada
- Revenue reductions offset by higher volume of service utilization and reductions in uncompensated care costs

Fewer Uninsured and Underinsured

- Up to 50,000 covered in year one and nearly 100,000 by year five
- Reduces uninsured eligible for Exchange coverage by 10-12% by year five
- Less bad medical debt for Nevadans

New Federal Dollars for Nevada

- Hundreds of millions in new federal funds for Nevada is federal 1332 waiver application is approved
- Funds can be reinvested back into Nevada's health care system on new affordability policies





Implementation Timeline

2021

- SB 420 signed into law (June)
- Public design sessions (Nov-Dec)
- Public website

2022

- Develop 1332 waiver and conduct actuarial analysis/provider impact study
- Early meetings with CCIIO (federal partners)
- Share early findings (Sept.) and host weekly public Q&A sessions (Oct.)
- Post for public comment period (Dec 30.)

2023

- Submit waiver to federal government (March)
- Negotiations with federal government
- Issue Request for Information (RFI) to collect feedback on procurement and contract requirements

2024

- Develop Request For Proposals (RFP) for Public Option Plans from Health Carriers
- Develop Scoring tool for RFP Award
- Develop Policies & Procedures for Internal Oversight
- Issue Public Option RFP in conjunction with Managed Care RFP (Nov/Dec)

2025

- Procurement period and plan awards for Public Option
- Product launch January 1, 2026





Questions & Contact Information

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For future updates, please visit the State's public option website (<https://dhhs.nv.gov/PublicOption/>) to receive updates on the State's Public Option FAQ, to learn more about the state's upcoming public comment period and public hearings, and to sign up for the notification email list.

