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## Plan Year 2027 Benchmark Plan Change Actuarial Report

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***Prepared for:***  
**Nevada Division of Insurance**

***Submitted by:***  
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**Lewis & Ellis, LLC**

***Submitted on:***  
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## I. Introduction and Background

Lewis & Ellis, LLC (L&E) was engaged by the Nevada Division of Insurance to assess and certify a proposed change to Nevada's Benchmark Plan (BMP) for the plan years effective on or after January 1, 2027.

For plan years beginning on or after January 1, 2026, the Centers for Medicare and Medicaid Services (CMS) permits<sup>1</sup> the selection of benchmark plans that provide a scope of benefits that is equal to the scope of benefits of a typical employer plan in the State. The scope of benefits of a typical employer plan is defined as any scope of benefits meets the following criteria:

- The plan is as or more generous than the least generous plan (supplemented by the State as necessary to provide coverage within each EHB category);
- The plan is as or less generous than the scope of benefits in the most generous plan in the State (supplemented by the State as necessary to provide coverage within each EHB category).

The least generous plan and the most generous plan must each meet the following criteria:

- The plan is one of Nevada's 10 base-benchmark plan options established at 45 CFR 156.100 and available for Nevada's selection for the 2017 plan year; or
- The largest health insurance plan by enrollment within one of the five largest large group health insurance products by enrollment in the State, as product and plan are defined at 45 CFR 144.103, provided that:
  - The product has at least 10 percent of the total enrollment of the five largest large group health insurance products in the State;
  - The plan provides minimum value, as defined under 45 CFR 156.145;
  - The benefits are not excepted benefits, as established under 45 CFR 146.145(b), and 45 CFR 148.220; and
  - The benefits in the plan are from a plan year beginning after December 31, 2013.

The selected benchmark plan must also meet the following criteria:

- Not have benefits unduly weighted towards any of the categories of benefits at 45 CFR 156.110(a);
- Provide benefits for diverse segments of the population, including women, children, persons with disabilities, and other groups; and
- Not include discriminatory benefit designs that contravene the non-discrimination standards defined in 45 CFR 156.125.

These regulations allow a state to modify its EHB-benchmark plan annually. If a state decides to change its EHB-benchmark plan, it must submit an application to CMS by the first Wednesday in May, two years prior to when the new benchmark plan will take effect. The due date for the plan year 2027 application is May 7, 2025.

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<sup>1</sup> 45 CFR 156.111

## II. Proposed Benchmark Plan

The current BMP is the Small Group Market Solutions HMO Platinum 15/0/90% offered by Health Plans of Nevada. This plan was selected as the “Least Generous Plan”. This BMP was set for plan year 2017 and has remained unchanged through plan year 2026.

For plan years 2027 and beyond, Nevada is proposing to include certain prescription drug benefits to align coverage with current Nevada law<sup>2</sup>, which requires all carriers in Nevada to provide coverage for the following categories of drugs:

- All FDA-approved drugs for treatment and prevention of HIV
- All FDA-approved drugs for treatment of Hepatitis C
- All FDA-approved drugs for treatment of and withdrawal from opioid use disorder

We note that the current benchmark plan includes coverage for some, but not necessarily all drugs in these categories. Coverage for prescription drugs in the Affordable Care Act-compliant individual and small group markets is generally defined by category and class counts. The applicable categories and classes for this benefit are shown in the following table:

| Category / Class | Description   | Current BMP Count | Proposed BMP Count |
|------------------|---|-------------------|--------------------|
| 6                | Anti-Addiction/ Substance Abuse Treatment Agents - Opioid Dependence                            | 4                 | 5                  |
| 7                | Anti-Addiction/ Substance Abuse Treatment Agents - Opioid Reversal Agents                       | 1                 | 2                  |
| 65               | Antivirals - Anti-hepatitis C (HCV) Agents  | 1                 | 7                  |
| 67               | Antivirals - Anti-HIV Agents, Integrase Inhibitors (INSTI)                                      | 2                 | 9                  |
| 68               | Antivirals - Anti-HIV Agents, Non-nucleoside Reverse Transcriptase Inhibitors (NNRTI)           | 6                 | 11                 |
| 69               | Antivirals - Anti-HIV Agents, Nucleoside and Nucleotide Reverse Transcriptase Inhibitors (NRTI) | 13                | 23                 |
| 70               | Antivirals - Anti-HIV Agents, Other   | 3                 | 10                 |
| 71               | Antivirals - Anti-HIV Agents, Protease Inhibitors (PI)  | 7                 | 10                 |

## III. Benchmark Plan Assessment

Based on guidance issued by CMS/CCIIO, L&E conducted the required testing by comparing the expected value of fully paying (i.e., no member cost-sharing) all the covered benefits within each of following plans: the proposed benchmark plan, the selected “Least Generous Plan”, and the selected “Most Generous Plan”.

### A. Required Testing

For the required testing, the current benchmark plan was selected to represent the “Least Generous Plan”, or the “floor” of a typical employer plan. This was one of Nevada’s base-benchmark plan options available

<sup>2</sup> [NRS 689A.0437](#), [NRS 689A.0459](#), [NRS 689B.0312](#), [NRS 689B.0319](#), [NRS 689C.1665](#), [NRS 689C.1671](#)

for selection for the 2017 plan year. The current benchmark plan includes coverage for some, but not all drugs in the specified categories/classes.

For the comparison of the expected value of the proposed BMP and the Least Generous Plan (i.e. the addition of certain drugs to the categories/classes noted above), we relied on information and experience data from the 2024 individual and small group markets provided by Nevada insurers. The mandate for this coverage applied to all plans effective January 1, 2024, and L&E issued a data call to Nevada insurers for calendar year 2024 enrollment and drug claims for all FDA-approved drugs for the conditions noted above. We also reviewed 2022 and 2023 EDGE files submitted by the insurers to determine which drugs were covered and being paid by insurers prior to the mandate, in accordance with the current benchmark plan. We note that a significant portion of the total costs of these drugs falls within the category/class counts for the current benchmark plan, resulting in a best estimate value of 0.47% of the total allowed charges (\$2.66 PMPM<sup>3</sup>) for the addition of remaining FDA-approved drugs into the expanded category/class counts, after adjusting to full coverage (i.e., no cost sharing).

Accordingly, L&E estimates that the proposed BMP has an expected value that is 0.47% greater than the Least Generous Plan.

The State of Nevada Public Employees' Benefits Program (PEBP) Low Deductible PPO plan for the 2024-2025 plan year effective July 1, 2024 was selected to be the "Most Generous Plan", or the "ceiling" of a typical employer plan. This plan meets the requirements for a selected large group plan per 45 CFR §156.111. It also includes the required drug coverage as described above. To include all required EHB categories, the State employee plan was supplemented with the Nevada CHIP Dental plan and the FEDVIP Vision plan, as was done with the previous BMP selection. L&E compared the benefits of the proposed benchmark to the State employee plan and found benefit differences as shown in the table below. L&E estimated the cost impacts for acupuncture and adult eyeglasses/exams using internal analyses, publicly available research, and data from Nevada insurers.

The following table shows the comparison between the Least Generous Plan, the proposed benchmark plan, and the Most Generous Plan.

| Benefit differences                                   | Least Generous Plan | Proposed Benchmark Plan | Most Generous Plan |
|---|---------------------|-------------------------|--------------------|
| Additional required drugs <sup>4</sup>                | Not covered         | 0.47%                   | 0.47%              |
| Acupuncture – 20 visits per year and 100 per lifetime | Not covered         | Not covered             | 0.26%              |
| Eye glasses and exam for adults (\$150/yr)            | Not covered         | Not covered             | 0.14%              |
| <b>Total</b>  | <b>0.00%</b>        | <b>0.47%</b>            | <b>0.87%</b>       |

The estimated value of the Most Generous Plan is 0.87% greater than for the proposed BMP. Thus, the proposed BMP's estimated value is between the value Least Generous Plan and the Most Generous Plan. The proposed BMP passes the required testing.

<sup>3</sup> Per Member Per Month.

<sup>4</sup> As described in Section II.

#### IV. Conclusion

Nevada is proposing a new EHB-benchmark plan for plan year 2027, where the proposed plan expands the current EHB-benchmark plan's prescription drug benefits. Per federal regulations, a newly proposed EHB-benchmark plan must pass certain required testing. The analysis outlined in this report shows that the proposed EHB-benchmark plan passes the required testing and is therefore compliant with federal regulations.

#### V. ASOP 41 Disclosures

The Actuarial Standards Board (ASB), vested by the U.S.-based actuarial organizations<sup>5</sup>, promulgates actuarial standards of practice (ASOPs) for use by actuaries when providing professional services in the United States.

Each of these organizations requires its members, through its Code of Professional Conduct<sup>11</sup>, to observe the ASOPs of the ASB when practicing in the United States. ASOP 41 provides guidance to actuaries with respect to actuarial communications and requires certain disclosures which are contained in the following.

##### Identification of the Responsible Actuary

The responsible actuaries are:

- Jason R. Dunavin, FSA, MAAA, Vice President & Principal

These actuaries are available to provide supplementary information and explanation.

##### Identification of Actuarial Documents

The date of this document is January 31, 2025. The date (a.k.a. "latest information date") through which data or other information has been considered in performing this analysis is January 31, 2025.

##### Disclosures in Actuarial Reports

- The contents of this report are intended for the use of the Nevada Division of Insurance. The authors of this report are aware that it may be distributed to third parties. Any third party with access to this report acknowledges, as a condition of receipt, that they cannot bring a suit, claim, or action against L&E, under any theory of law, related in any way to this material.
- Lewis & Ellis, LLC is financially and organizationally independent from the health insurers and providers involved in this analysis. There is nothing that would impair or seem to impair the objectivity of the work.
- The purpose of this report is to assist the Nevada Division of Insurance in assessing and certifying a proposed change to Nevada's Benchmark Plan.
- The responsible actuaries identified above are qualified as specified in the Qualification Standards of the American Academy of Actuaries.
- Lewis & Ellis has reviewed the data provided by the insurers and the Nevada Division of Insurance for reasonableness, but the data has not been audited. L&E nor the responsible actuaries assume responsibility for these items that may have a material impact on the analysis. To the extent that

<sup>5</sup> The American Academy of Actuaries (Academy), the American Society of Pension Professionals and Actuaries, the Casualty Actuarial Society, the Conference of Consulting Actuaries, and the Society of Actuaries.

there are material inaccuracies in, misrepresentations in, or lack of adequate disclosure by the data, the results may be accordingly affected.

- Several of the assumptions made in this analysis are subject to uncertainty and actual results could differ from the calculated estimates.
- L&E is not aware of any subsequent events that may have a material effect on the findings.
- There are no other documents or files that accompany this report.

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