

AON

PEBP

PEBP Cost Driver Analysis

April 14th, 2022



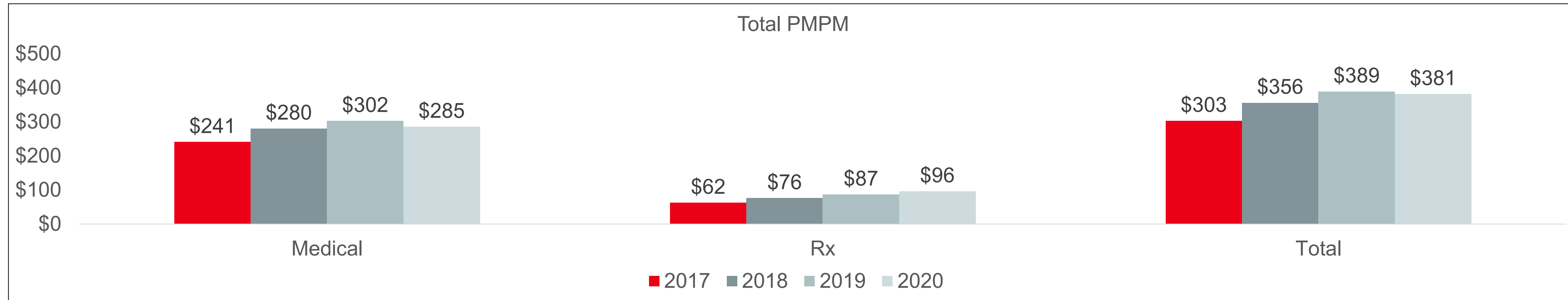
Data and Methodology

- **Medical claims and member month counts were collected from HealthScope data warehouse**
- **Rx claims were received from ESI and do not include Rx rebates**
- **Claims represent employer paid claims**
- **HealthScope data warehouse stores 5 years of data – all data represents claims incurred from March 2017 – December 2020 and paid through February 2022**
- **Utilizer counts are based on monthly utilization and aggregated by calendar year**
- **Geographic regions map to the following counties;**
 - **North Region – Washoe and Carson City**
 - **South Region – Clark County**
 - **Rural Region – All other Nevada counties**
 - **Outside of NV**

Spend – All Enrollees

Medical and Pharmacy Claims

Per Member Per Month (PMPM) Spend by Benefit



PMPM (Medical + Rx) Trend				
CY	Medical		Rx	Total
2017	-		-	-
2018	16%		22%	18%
2019	8%		14%	9%
2020	-6%		11%	-2%
Average YOY Trend	+ 6%		+ 16%	+ 8%

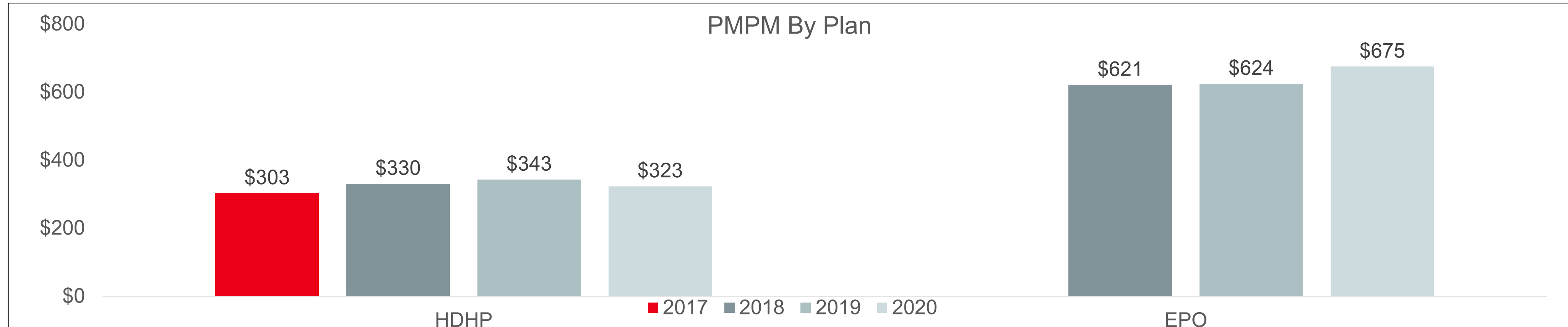
- Medical claim costs have increased on average of 6% per year, in line with healthcare market trends
 - 2018 medical/pharmacy includes a new population effective 7/1/2018 since the EPO plan moved from fully insured to self funded. This population has historically higher healthcare costs
 - 2020 medical costs decreased 6% from 2019 as elective surgeries and procedures were deferred due to Covid-19
- Rx claim costs have grown significantly at an average of 16% per year prior to rebates

Spend by Plan

Medical and Pharmacy Claims

PMPM by Plan

Medical + Rx



PMPM (Medical + Rx) Trend			
CY	HDHP	EPO	
2017	-	-	
2018	9%	-	
2019	4%	1%	
2020	-6%	8%	
Average YOY Trend	+2%	+4%	

- The EPO plan costs PMPM is nearly double the HDHP plan as the design is richer and attracts higher risk participants
- The HDHP plan costs has increased on average of 2% per year, but saw a large decrease in 2020 of -6%
 - The EPO plan costs increased 8% in 2020 as higher risk participants continued routine healthcare utilization while HDHP participants deferred procedures

Utilization by Plan

Medical

CY	Medical Claims		Total Monthly Utilizers		Spend Per Monthly Utilizer		Visits	
	HDHP	EPO	HDHP	EPO	HDHP	EPO	HDHP	EPO
2017	\$103,936,717	-	131,161 (30%)	-	\$792	n/a	273,012	n/a
2018	\$136,843,093	\$25,290,141	160,949 (30%)	21,562 (42%)	\$850	\$1,173	337,584	47,425
2019	\$144,220,606	\$48,960,651	166,345 (31%)	45,599 (43%)	\$867	\$1,074	347,302	101,751
2020	\$127,654,394	\$52,349,087	154,350 (29%)	43,224 (41%)	\$827	\$1,211	330,516	99,725
Average YOY Trend					+1%	+2%		

- The HDHP plan has lower average monthly utilizers (30%) than the EPO plan (42%), the EPO plan became self-funded beginning 7/1/2018
- Spend per monthly utilizer trend has trended at 1% per year for the HDHP plan and 2% per year for the EPO plan
 - The EPO plan saw a 13% increase in per utilizer trend from 2019 to 2020
- From 2019 to 2020, total visits by HDHP members decreased -5% while EPO visits decreased only -2%

Utilization

Rx

Calendar Year	Rx Claims	Total Monthly Utilizers	Spend Per Monthly Utilizer
2017	\$26,887,944	146,420 (34%)	\$184
2018	\$43,857,720	198,755 (34%)	\$221
2019	\$55,254,593	207,209 (32%)	\$267
2020	\$60,563,632	197,982 (31%)	\$306
Average YOY Trend			+19%

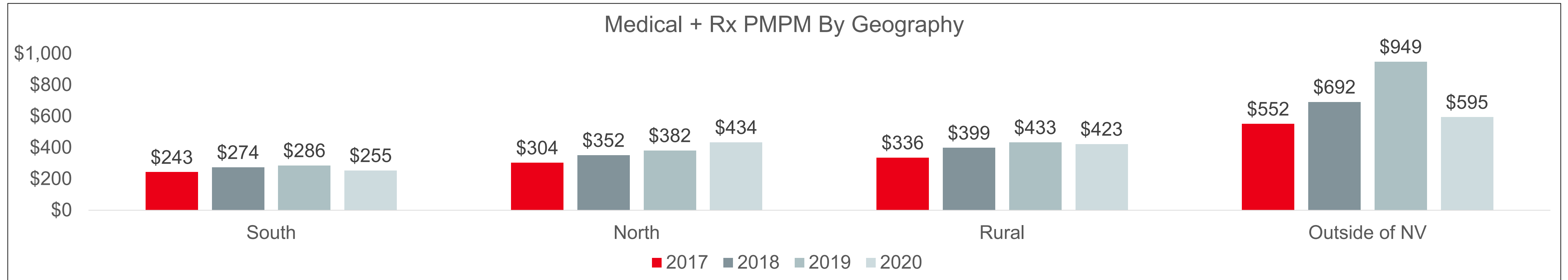
- Rx spend per utilizer has increased an average of 19% per year as plan participants have utilized higher cost drugs
- Rx claims were not impacted by Covid-19 as utilization remained steady

Spend by Geography

Medical and Pharmacy

Spend by Geography

Medical + Rx



PMPM (Medical + Rx) Trend				
CY	South	North	Rural	Outside of NV
2017	-	-	-	-
2018	+13%	+16%	+19%	+25%
2019	+4%	+9%	+9%	+37%
2020	-11%	+14%	-2%	-37%
Average YOY Trend	+2%	+13%	+8%	+3%

- The South region is the lowest cost region for PEBP on a PMPM basis
- The North region has the fastest growing costs at an average of 13% per year
 - In 2020, the North region cost 70% more than the South region compared to 25% more in 2017
- Outside of Nevada region is the highest cost PMPM, but only accounts for 9% of total Medical and Rx claims from 2017 – 2020
 - 2019 claims were heavily impacted by high-cost claimants

Utilization by Geography

Medical

Calendar Year	Medical Claims				Total Monthly Utilizers				Medical Spend Per Monthly Utilizer				Visits			
	South	North	Rural	Outside of NV	South	North	Rural	Outside of NV	South	North	Rural	Outside of NV	South	North	Rural	Outside of NV
2017	\$35,337,813	\$36,234,586	\$20,398,525	\$9,433,910	52,415 (29%)	46,967 (32%)	20,581 (28%)	6,119 (26%)	\$674	\$771	\$991	\$1,542	109,234	98,553	40,818	19,166
2018	\$48,953,772	\$60,765,240	\$32,023,601	\$14,833,944	66,376 (29%)	73,867 (33%)	29,501 (30%)	7,497 (27%)	\$738	\$823	\$1,086	\$1,979	138,643	156,698	59,337	22,841
2019	\$51,854,933	\$76,853,752	\$38,430,768	\$20,753,631	69,768 (30%)	93,741 (36%)	35,077 (32%)	7,257 (27%)	\$743	\$820	\$1,096	\$2,860	146,938	200,533	71,195	22,812
2020	\$43,825,788	\$87,266,262	\$34,389,003	\$10,701,767	65,771 (28%)	88,024 (33%)	32,208 (30%)	6,157 (25%)	\$666	\$991	\$1,068	\$1,738	140,285	192,384	64,694	19,555
Average YOY Trend									0%	+9%	+3%	+4%				

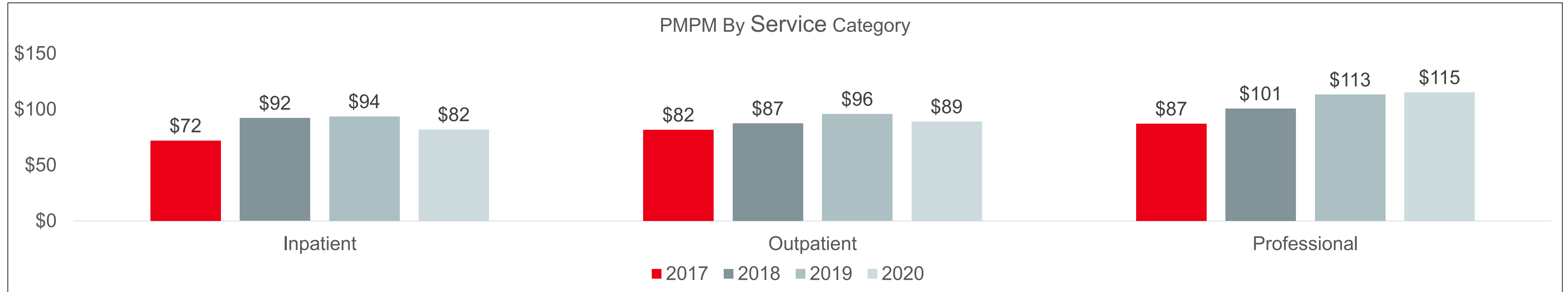
- Spend per utilizer has increased significantly in North region by 9% per year on average
 - The North region is the highest utilizer of medical benefits with 33% of monthly members utilizing benefits in 2020
 - The North region was the only one to see an increase in spend per utilizer in 2020
- The Rural region saw the largest decrease in visits out of any group in 2020

Spend by Service Category

Medical Only

Spend by Service

Medical



PMPM (Medical) Trend				
CY	Inpatient	Outpatient	Professional	
2017	-	-	-	
2018	28%	-7%	16%	
2019	2%	10%	12%	
2020	-12%	-7%	2%	
Average YOY Trend	4%	3%	10%	

- Outpatient and Inpatient costs decreased -7% and -12%, respectively, from 2019 to 2020
- Professional services PMPM increased slightly at 2%
- Professional costs have trended at 10% on average

Utilization by Service

Medical

Calendar Year	Total Monthly Utilizers			Spend Per Monthly Utilizer			Visits		
	Inpatient	Outpatient	Professional	Inpatient	Outpatient	Professional	Inpatient	Outpatient	Professional
2017	1,822 (0%)	24,137 (6%)	128,019 (30%)	\$17,049	\$1,461	\$294	2,468	41,095	249,790
2018	2,639 (0%)	36,153 (6%)	182,530 (32%)	\$20,220	\$1,397	\$319	4,141	59,660	363,711
2019	2,961 (0%)	43,245 (7%)	211,655 (33%)	\$20,193	\$1,414	\$341	4,792	71,059	421,224
2020	2,627 (0%)	41,812 (7%)	194,280 (31%)	\$19,667	\$1,343	\$374	4,116	68,428	401,290
Average YOY Trend				5%	-3%	8%			

- Professional spend per utilizer has increased the highest at 8% per year on average
- Outpatient spend per utilizer has decreased as the number of visits at this place of service (POS) has increased since 2017
- Inpatient service spend per monthly utilizer has increased at 5% per year on average; however, less than 1% of members utilize inpatient services

Spend by Health Conditions

Medical Only

Spend by Top 5 Health Conditions

Medical

Medical Claims						
Calendar Year	Cancer	Gastrointestinal Disorders	Cardiac Disorders	Musculoskeletal Disorders	Pregnancy	Total Claims (All Conditions)
2017	\$13,560,996	\$9,953,728	\$6,118,976	\$9,009,951	\$7,043,321	\$103,936,717
2018	\$20,158,197	\$14,361,773	\$12,994,392	\$11,726,368	\$10,769,553	\$162,133,234
2019	\$19,345,078	\$15,629,031	\$15,256,313	\$14,305,501	\$12,532,225	\$193,181,258
2020	\$20,275,923	\$14,170,362	\$14,128,467	\$12,744,681	\$10,602,200	\$180,003,482
Average Percent of Total Medical Claims	11%	8%	8%	7%	6%	

- 5 health conditions accounted for ~41% of total Medical claims from 2017 to 2020: Cancer, Gastrointestinal disorders, Cardiac disorder, MSK, Pregnancy
- The 3 top increasing cost conditions include:
 - Infections, hematological (blood) disorders, and Mental Health
 - These 3 conditions represented 13% of medical claims in 2020 compared to 7% in 2017

Utilization by Top 5 Health Conditions

Medical

Calendar Year	Total Monthly Utilizers					Spend Per Monthly Utilizer				
	Cancer	Gastrointestinal Disorders	Cardiac Disorders	Musculoskeletal Disorders	Pregnancy-related Disorders	Cancer	Gastrointestinal Disorders	Cardiac Disorders	Musculoskeletal Disorders	Pregnancy-related Disorders
2017	3,597	8,932	10,448	20,094	2,549	\$3,770	\$1,114	\$586	\$448	\$2,763
2018	4,935	12,456	14,043	27,125	3,625	\$4,085	\$1,153	\$925	\$432	\$2,971
2019	5,617	14,470	16,113	31,306	4,287	\$3,444	\$1,080	\$947	\$457	\$2,923
2020	5,185	12,855	14,861	26,582	3,957	\$3,910	\$1,102	\$951	\$479	\$2,679
Average YOY Trend						1%	0%	18%	2%	-1%

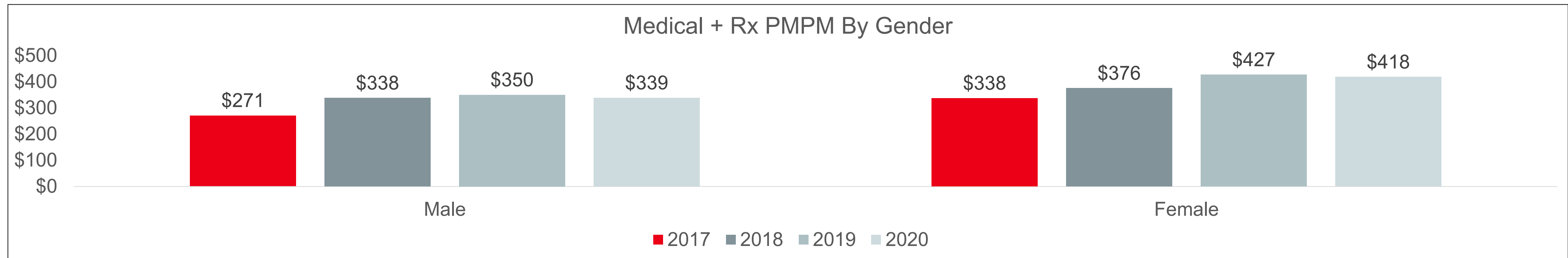
- Spend per utilizer has remained relatively flat for each of the top 5 conditions with the exception of cardiac disorders
- Cardiac disorders saw a large increase from 2017 to 2018, but has remained relatively flat since then

Spend by Demographic

Medical and Pharmacy

Spend by Gender

Medical + Rx



PMPM (Medical + Rx) Trend			
CY	Male	Female	
2017	-	-	
2018	+25%	+11%	
2019	+4%	+14%	
2020	-3%	-2%	
Average YOY Trend	+8%	+7%	

- Female member claims are higher than males on a PMPM basis
 - This is largely driven by higher utilization of benefits for females
 - Men who utilize benefits tend to cost much more than females, specifically on Rx
- Males and female PMPM costs have trended at 8% and 7%, respectively, per year on average

Utilization by Gender

Medical

Calendar Year	Medical Claims		Total Monthly Utilizers		Spend Per Monthly Utilizer		Medical Visits	
	Male	Female	Male	Female	Male	Female	Male	Female
2017	\$44,142,027	\$59,590,260	52,436 (26%)	78,706 (35%)	\$842	\$757	108,906	165,890
2018	\$73,647,113	\$88,129,730	72,920 (27%)	110,173 (37%)	\$1,010	\$800	151,726	233,780
2019	\$79,962,458	\$112,668,015	84,984 (28%)	127,321 (38%)	\$941	\$885	178,011	272,868
2020	\$73,319,397	\$106,620,555	79,371 (27%)	119,804 (36%)	\$924	\$890	165,996	261,116
Average YOY Trend					+3%	+6%		

- A higher percentage of female members utilize medical benefits
 - In 2020, 38% of female members utilized benefits vs 28% of males
 - Females represent 53% of total members, but 60% of utilizers and 61% of visits
- Men who utilize benefits cost more than females
 - 4% higher cost in 2020 and 6% higher in 2019

Utilization by Gender

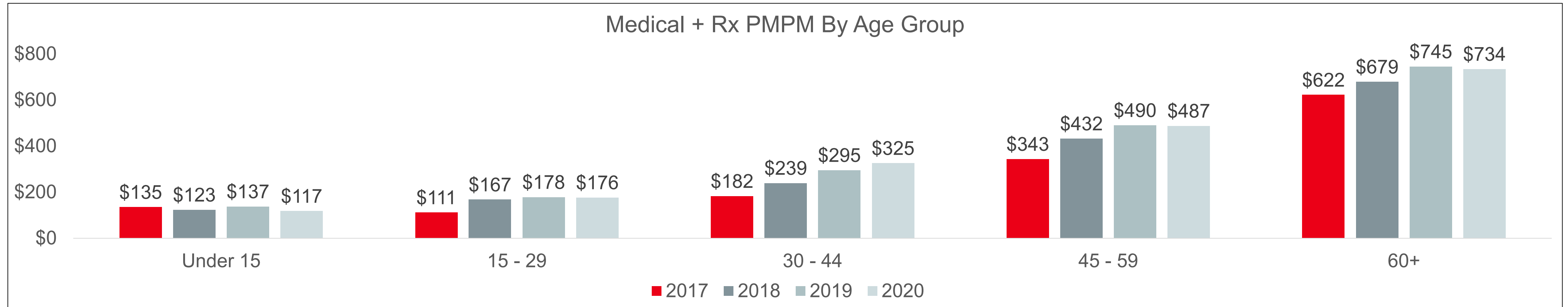
Rx

Rx Claims			Total Monthly Utilizers		Spend Per Monthly Utilizer	
Calendar Year	Male	Female	Male	Female	Male	Female
2017	\$11,372,073	\$15,515,871	56,820 (28%)	89,600 (40%)	\$200	\$173
2018	\$18,948,267	\$24,909,453	77,648 (28%)	121,107 (40%)	\$244	\$206
2019	\$25,343,814	\$29,912,916	82,108 (27%)	125,101 (37%)	\$309	\$239
2020	\$28,122,043	\$32,415,731	77,917 (26%)	120,065 (36%)	\$361	\$270
Average YOY Trend					+22%	+16%

- Male spend per utilizer is 34% higher than females in 2020
- Rx spend per utilizer has increased significantly from 2017 to 2020
 - 22% for males and 16% for females per year

Spend by Age Group

Medical + Rx



PMPM (Medical + Rx) Trend						
CY	Under 15	15 - 29	30 - 44	45 - 59	60+	
2017	-	-	-	-	-	-
2018	-9%	+50%	+31%	+26%	+9%	
2019	+12%	+6%	+23%	+13%	+10%	
2020	-14%	-1%	+10%	-1%	-1%	
Average YOY Trend	-4%	17%	21%	12%	6%	

- The <15 age group PMPM cost decreased 14% cost in 2020, possibly indicating that many children did not receive routine preventive care
 - The 30-44 age group was the only group with an increase in cost in 2020
- The 15-29 and 30-44 age groups have the highest cost trend on average per year
- 60+ age group represents 40% of total cost but only 21% of total members

Utilization by Age Group

Medical

Calendar Year	Total Monthly Utilizers					Medical Spend Per Monthly Utilizer					Medical Visits				
	Under 15	15 - 29	30 - 44	45 - 59	60+	Under 15	15 - 29	30 - 44	45 - 59	60+	Under 15	15 - 29	30 - 44	45 - 59	60+
2017	11,961 (25%)	18,159 (19%)	22,565 (25%)	32,025 (33%)	43,560 (44%)	\$508	\$476	\$576	\$735	\$1,156	18,631	31,435	42,567	66,962	108,436
2018	17,916 (25%)	26,046 (21%)	32,963 (28%)	46,416 (35%)	56,283 (45%)	\$441	\$699	\$685	\$868	\$1,202	28,704	48,647	63,889	98,725	137,870
2019	23,099 (26%)	30,660 (22%)	39,853 (30%)	55,399 (37%)	59,297 (47%)	\$458	\$671	\$769	\$911	\$1,275	37,639	58,125	79,951	120,012	146,281
2020	20,284 (21%)	29,579 (22%)	40,143 (29%)	53,988 (36%)	50,374 (44%)	\$464	\$621	\$809	\$946	\$1,288	34,387	58,334	82,089	118,667	123,341
Average YOY Trend						-3%	9%	12%	9%	4%					

- The <15 and 15-29 age groups utilize benefits the least amount as a percent of total members
- Spend per utilizer has increased the highest for 30-44 age group at 12% per year on average

Utilization by Age Group

Rx

Calendar Year	Total Monthly Utilizers					Rx Spend Per Monthly Utilizer				
	Under 15	15 - 29	30 - 44	45 - 59	60+	Under 15	15 - 29	30 - 44	45 - 59	60+
2017	9,146 (19%)	19,864 (21%)	28,335 (32%)	49,473 (51%)	39,602 (40%)	\$52	\$88	\$112	\$194	\$300
2018	12,849 (18%)	26,508 (21%)	38,130 (32%)	67,171 (51%)	54,097 (43%)	\$74	\$112	\$154	\$254	\$315
2019	13,574 (16%)	28,367 (21%)	40,441 (30%)	69,415 (47%)	55,412 (44%)	\$105	\$142	\$210	\$322	\$341
2020	10,322 (11%)	27,143 (20%)	40,260 (29%)	66,799 (45%)	53,458 (47%)	\$175	\$199	\$299	\$329	\$361
Average YOY Trend						50%	31%	39%	19%	6%

- Spend per utilizer has increased significantly for all age groups
- Members age 45 – 59 have the highest cost per utilizer