# Public Option Insurance

Presented with continually escalating premiums for health insurance in the wake of the Affordable Care Act (ACA), Nevada lawmakers began evaluating prospects for a public health insurance option in 2019. They passed Senate Concurrent Resolution 10, which directed the Legislative Commission to study the feasibility of allowing all Nevadans to buy coverage through the Public Employees' Benefits Program (PEBP) or through a public option on the ACA healthcare exchange. The resulting study discouraged using PEBP as a public option. As a non-exchange offering, participants would be ineligible for federal tax credits and its benefits structure is so that its premiums would only be attractive to very high-income households. Instead, the study recommended a publicly administered lower-tier plan offered through the exchange.[1]

Lawmakers followed in 2021 with the enactment of Senate Bill 420.[2] That law required any private carrier that bids to offer managed care through the state's Medicaid program to also offer a health insurance policy on the exchange with premiums discounted at least 5% from the second-lowest cost silver plan. These "Battle Born State Plans" (BBSPs) would be eligible for federal tax credits. Simultaneously, the state would apply for a federal Medicaid waiver seeking to recapture any savings of federal tax credits that result from premium reductions to further buy down premiums across all plans on the exchange. The state health department submitted a Medicaid waiver application in December 2023 that proposed a statewide reinsurance program, using federal savings from BBSP premium reductions to subsidize high-cost claims.[3]

## Key Points

**The public option is not expected to significantly increase insurance coverage.** The study that resulted from SCR 10 in 2019 concluded that "a 10 percent or 20 percent reduction in premiums may not be enough to substantially encourage the currently uninsured to enroll in coverage for the first time."[4] The study estimated that 331,700 Nevadans remained uninsured in 2020 despite the Affordable Care Act. Among this population, 83% were already eligible for either Medicaid or federal subsidies for an exchange-based plan. This implies most of Nevada's uninsured population is uninsured by choice. Modest reductions in exchange-based premiums would therefore have little impact on the uninsured rate.

**A public option in Colorado has resulted in higher, not lower, premium prices.** Colorado has implemented a similarly conceived public option. Only one of 13 public option providers were able to meet the premium reduction targets for 2024. The state responded by threatening fines, which prompted multiple large carriers to leave the state (e.g., Bright Health, Humana, Oscar Health). With less competition, premium prices in Colorado began increasing rapidly.[5]

**Public option will further strain Medicaid provider network. C**arriers offering BBSPs are also Medicaid managed care providers and SB 420 requires them to align their provider networks between these offerings to leverage buying power discounts for medical supplies. A consequence of this alignment is to place additional demands on an already-strained provider network. Medicaid typically reimburses providers at lower rates than other insurers, so only a subgroup of providers accept Medicaid patients. Following Medicaid expansion in 2014, hundreds of thousands of new patients were already placed into the Medicaid provider network, leading to extraordinarily long wait times for care as demand outstrips supply.[6]

**SB 420 may be unconstitutional.** Senator Robin Titus and the National Taxpayers Union filed suit in January 2024 seeking an injunction against the law's implementation. They claim the law generates public revenue and failed to receive the required two-thirds vote, gives unlawful discretion to the state treasurer for use of funds, and violates the

[1] Chiquita Brooks-LaSure et al., "Senate Concurrent Resolution No. 10 Study," Manatt, January 2021.

[2] Nevada Legislature, 81st Session, Senate Bill 420.

[3] Nevada Department of Health and Human Services, "Nevada Coverage & Market Stabilization Program."

[4] Brooks-LaSure et al., note 1.

separation of powers.[7]

### Recommendations

**Repeal SB 420.** Price controls always fail because prices simply balance supply and demand. Colorado has demonstrated the public option will lead to fewer suppliers, and increase prices in the long run.

# Modeling of Public Option Enrollment by DHHS Consultants

**State of Nevada**
**Nevada Public Option Actuarial and Economic Analysis**
**Scenario 1A: ARP Public Option - PTF Accumulation**
**Individual Market Estimated Enrollees: 2026 through 2035 by FPL**

**Total Enrollment by FPL % - Baseline**

| Income Level | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| Under 100% | 3,170 | 3,210 | 3,250 | 3,300 | 3,340 | 3,380 | 3,430 | 3,470 | 3,520 | 3,560 |
| 100 to 133% | 6,710 | 6,790 | 6,880 | 6,970 | 7,060 | 7,150 | 7,250 | 7,340 | 7,440 | 7,530 |
| 133 to 150% | 20,680 | 20,940 | 21,220 | 21,490 | 21,770 | 22,060 | 22,340 | 22,630 | 22,930 | 23,220 |
| 150 to 200% | 27,850 | 28,210 | 28,580 | 28,950 | 29,320 | 29,700 | 30,090 | 30,480 | 30,880 | 31,280 |
| 200 to 250% | 24,340 | 24,650 | 24,970 | 25,300 | 25,630 | 25,960 | 26,300 | 26,640 | 26,990 | 27,340 |
| 250 to 300% | 22,270 | 22,560 | 22,860 | 23,150 | 23,460 | 23,760 | 24,070 | 24,380 | 24,700 | 25,020 |
| 300 to 400% | 11,960 | 12,110 | 12,270 | 12,430 | 12,590 | 12,760 | 12,920 | 13,090 | 13,260 | 13,430 |
| Over 400% | 20,120 | 20,390 | 20,650 | 20,920 | 21,190 | 21,470 | 21,750 | 22,030 | 22,320 | 22,610 |
| Total Individual | 137,090 | 138,870 | 140,680 | 142,510 | 144,360 | 146,240 | 148,140 | 150,070 | 152,020 | 153,990 |

**Total Enrollment by FPL % - With Waiver**

| Income Level | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| Under 100% | 3,180 | 3,220 | 3,270 | 3,320 | 3,360 | 3,400 | 3,450 | 3,490 | 3,540 | 3,580 |
| 100 to 133% | 6,710 | 6,800 | 6,890 | 6,980 | 7,070 | 7,160 | 7,250 | 7,350 | 7,440 | 7,540 |
| 133 to 150% | 20,680 | 20,950 | 21,230 | 21,510 | 21,790 | 22,070 | 22,360 | 22,650 | 22,940 | 23,240 |
| 150 to 200% | 27,870 | 28,250 | 28,630 | 29,020 | 29,400 | 29,780 | 30,170 | 30,560 | 30,950 | 31,360 |
| 200 to 250% | 24,360 | 24,690 | 25,020 | 25,360 | 25,690 | 26,020 | 26,360 | 26,700 | 27,050 | 27,400 |
| 250 to 300% | 22,300 | 22,600 | 22,910 | 23,220 | 23,520 | 23,830 | 24,140 | 24,450 | 24,770 | 25,090 |
| 300 to 400% | 12,050 | 12,250 | 12,460 | 12,670 | 12,840 | 13,000 | 13,170 | 13,340 | 13,520 | 13,690 |
| Over 400% | 20,380 | 20,770 | 21,170 | 21,580 | 21,860 | 22,150 | 22,430 | 22,720 | 23,020 | 23,320 |
| Total Individual | 137,530 | 139,540 | 141,580 | 143,650 | 145,520 | 147,410 | 149,330 | 151,270 | 153,230 | 155,230 |

**Change in Enrollment Due to Waiver**

| Income Level | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| Under 100% | 10 | 10 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| 100 to 133% | 0 | 10 | 10 | 10 | 10 | 10 | 0 | 10 | 0 | 10 |
| 133 to 150% | 0 | 10 | 10 | 20 | 20 | 10 | 20 | 20 | 10 | 20 |
| 150 to 200% | 20 | 40 | 50 | 70 | 80 | 80 | 80 | 80 | 70 | 80 |
| 200 to 250% | 20 | 40 | 50 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| 250 to 300% | 30 | 40 | 50 | 70 | 60 | 70 | 70 | 70 | 70 | 70 |
| 300 to 400% | 90 | 140 | 190 | 240 | 250 | 240 | 250 | 250 | 260 | 260 |
| Over 400% | 260 | 380 | 520 | 660 | 670 | 680 | 680 | 690 | 700 | 710 |
| Total Individual | 440 | 670 | 900 | 1,140 | 1,160 | 1,170 | 1,190 | 1,200 | 1,210 | 1,240 |

** Changes at the FPL level may not sum to the Total due to rounding.*

**Source:** Fritz Busch et al, "1332 Waiver Actuarial / Economic analysis and Certification for Nevada's Public Option," Prepared for Nevada Department of Health and Human Services by Milliman, December 16, 2022.

[5] Wiley Long, "Why Are Health Insurance Companies Leaving Colorado?" ColoHealth, July 18, 2023.

[6] Megan Messerly, "With Physician Shortages in Nevada, Medicaid Patients Feel Acute Pain of Long Wait Times," The Nevada Independent, July 23, 2017.

[7] Kevin Glass, "NTU Files Lawsuit Challenging Constitutionality of Nevada Public Option," National Taxpayers Union, January 2023.