

NEVADA PUBLIC OPTION EXPECTED TO CUT COSTS FOR FAMILIES AND SAVE \$1 BILLION OVER TEN YEARS

On September 23, Nevada Governor Steve Sisolak headlined the release of a [new analysis](#) outlining the impact of the Silver State's public health insurance option, or "[public option](#)," with the goals of lowering costs, improving access and reducing disparities, increasing competition, and promoting value-based care. Among the key findings:

- ★ More than 55,000 Nevadans will gain affordable, dependable coverage through the public option in year one and 92,500 by year five, with the number of uninsured eligible for exchange coverage decreasing by 10-12% by the same year.
- ★ Nevadans will see their premiums drop approximately 4% a year, up to at least 16% by the fifth year, providing needed relief for people and families.
- ★ A public option will save between \$341 and \$464 million in health care costs in the first five years and up to \$1 billion over ten years, much of which can be reinvested to further lower premiums and other health care costs for families.
- ★ The public option will maintain Nevadans' access to providers and, because of reductions in uncompensated care costs of the newly insured, provider revenue will be minimally impacted.

"This groundbreaking effort will set an example for other states nationwide, bringing future relief to families with more affordable health insurance for Nevadans."
- Gov. Steve Sisolak

When combined with [other actions](#) taken by Governor Sisolak and Nevada policymakers to lower high costs and improve access to care, Nevada is clearly a state thinking innovatively about addressing people's health care needs.

What it means for Nevada

Background on Nevada

Nevada has [long lagged](#) other states in health system performance and has the [highest uninsured rate](#) of any state that has expanded Medicaid. People of color disproportionately make up Nevada's [uninsured population](#), with 22% of Latinos in the Silver State without coverage compared to only nine percent of white Nevadans. Many of these people are eligible but not yet enrolled in a plan - by targeting these people with public option coverage, this number could drop by approximately 10-12.5% as more than 100,000 Nevadans gain comprehensive health care coverage. Families purchasing affordable health care coverage through the public option can use the savings accrued to offset the rising cost of food, housing, and transportation.

The Solution: A Public Option

In 2021, [Nevada became](#) the second state in the nation to pass historic legislation creating a public option. Starting in 2026, the law will require any insurer offering Medicaid managed care



plans in the state to submit competitive bids to offer a public option on the state's individual and small group marketplaces, lowering costs for Nevadans. Leveraging the state's \$2 billion Medicaid program, the law includes key measures to reduce costs for Nevada families and increase their access to affordable and equitable health care choices:

- ★ Public option plans must reduce premiums by 15% over four years, which will save people money to reinvest in their health or other essential expenses. Revised guidance from the state Department of Health and Human Services shifts the annual premium reduction target from 5% to 4% and uses the Consumer-Price Index-Medical (CPI-M) to address increases in inflation instead of the Medicare Economic Index (MEI).
- ★ Managed Care Plans providing Medicaid must also submit a good faith bid to provide public option coverage when they bid to provide Medicaid coverage. Plans that provide culturally competent care and address health disparities will be prioritized as part of the state's (now joint) procurement process (expected in 2024).
- ★ Providers who accept public insurance coverage, including Medicaid, the Public Employees' Benefits Program, or worker's compensation, will be required to participate in at least one public health insurance option plan to ensure adequate networks for people who enroll. Further, as noted in the actuarial results, providers "are not expected to exit other state coverage networks because of the provider tying requirement," meaning people will maintain access to providers.
- ★ Reimbursement for providers who participate in one of Nevada's public option plans will meet or exceed Medicare rates, with special attention paid to critical safety net providers, including critical access hospitals, federally qualified health centers, and rural health clinics, to ensure access to these essential providers.
- ★ Public option plans will be subject to value-based provider payment targets found in Medicaid managed care contracts to incentivize better care delivery that prioritizes positive health care outcomes and shifts away from fee-for-service.

Looking ahead

In Nevada, and [across the country](#), lowering health care costs remains top of mind for families. Nevada's work to address health care affordability may be unique to the state, but there are plenty of lessons policymakers and advocates nationwide can learn from Nevada's efforts. Its willingness to leverage the [strength of its Medicaid program](#) and other public insurance coverage programs to require insurer and provider participation in a public option will ensure people enrolled have affordable premiums and their choice of providers. The anticipated savings from the public option not only proves it to be a fiscally sound investment, but a mechanism to further invest in cost-saving measures. Taken together, the public option represents a win for families and all Nevadans.