

Public Employees Benefits Board Meeting

April 13, 2023

Public Employees Benefits Board

April 13, 2023

9:00 a.m. – 1:15 p.m.

This meeting will be hybrid with attendance options both in person and via Zoom

Health Care Authority
Sue Crystal A & B
626 8th Avenue SE
Olympia, Washington

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TAB 1

Public Employees Benefits Board
April 13, 2023
9:00 a.m. – 1:15 p.m.

This meeting will be hybrid with attendance options either in person or via Zoom. Masks are recommended.

TO JOIN ZOOM MEETING – SEE INFORMATION BELOW

9:00 a.m.*	Welcome and Introductions		Sue Birch, Chair	
9:05 a.m.	Meeting Overview		Dave Iseminger, Director Employees & Retirees Benefits (ERB) Division	Information
9:10 a.m.	Approval of Meeting Minutes: • February 2, 2023 • March 9, 2023	TAB 3	Sue Birch, Chair	Action
9:20 a.m.	March Meeting Follow Up	TAB 4	David Iseminger, Director Employees & Retirees Benefits (ERB) Division	Information/ Discussion
9:30 a.m.	2023-25 Budget Update	TAB 5	Tanya Deuel, ERB Finance Manager Financial Services Division (FSD)	Information/ Discussion
9:50 a.m.	Legislative Update	TAB 6	Cade Walker, Section Manager Employees & Retirees Benefits (ERB) Division	Information/ Discussion
10:10 a.m.	Policy and Rules Development	TAB 7	Stella Ng, Policy & Rules Coordinator Employees & Retirees Benefits (ERB) Division	Action
10:30 a.m.	Annual Rulemaking Briefing	TAB 8	Stella Ng, Policy & Rules Coordinator Employees & Retirees Benefits (ERB) Division	Information/ Discussion
10:55 a.m.	Break			
11:05 a.m.	Over-the-Counter Hearing Instruments	TAB 9	Janice McAlpin, Senior Account Manager Employees & Retirees Benefits (ERB) Division	Information/ Discussion
11:20 a.m.	SmartHealth Update	TAB 10	Kristen Stoimenoff, Wellness Manager Employees & Retirees Benefits (ERB) Division	Information/ Discussion
11:40 a.m.	Procurement Update	TAB 11	Shawna Lang, Section Manager Employees & Retirees Benefits (ERB) Division	Information/ Discussion
11:55 a.m.	Medicare Update	TAB 12	Ellen Wolfhagen, Senior Account Manager Employees & Retirees Benefits (ERB) Division	Information/ Discussion

12:20 p.m.	UMP Classic Medicare Pharmacy Benefits Insights	TAB 13	Molly Christie, Fiscal Analyst Financial Services Division (FSD)	Information/ Discussion
12:50 p.m.	General Public Comment			
1:10 p.m.	Closing		Sue Birch, Chair	
1:15 p.m.	Adjourn		Sue Birch, Chair	

*All Times Approximate

The Public Employees Benefits Board will meet Thursday, April 13, 2023 at the Washington State Health Care Authority, Sue Crystal Rooms A & B, 626 8th Avenue SE, Olympia, WA. Attendance for this meeting can be in person or via Zoom. Masks are recommended.

The Board will consider all matters on the agenda plus any items that may normally come before them.

This notice is pursuant to the requirements of the Open Public Meeting Act, Chapter 42.30 RCW.

To provide public comment by email, direct e-mail to: board@hca.wa.gov.

Materials will be posted at <http://www.pebb.hca.wa.gov/board/> by close of business on April 10, 2023.

Join Zoom Meeting

<https://us02web.zoom.us/j/87974690454?pwd=QVVRUkVQRjlyUzNLeG90WUNBTzIOZz09>

Meeting ID: 879 7469 0454

Passcode: 286778

One tap mobile

+12532050468,,87974690454#,,,,*286778# US

+12532158782,,87974690454#,,,,*286778# US (Tacoma)

Dial by your location

+1 253 205 0468 US

+1 253 215 8782 US (Tacoma)

+1 669 900 6833 US (San Jose)

+1 719 359 4580 US

+1 346 248 7799 US (Houston)

+1 669 444 9171 US

+1 689 278 1000 US

+1 929 205 6099 US (New York)

+1 301 715 8592 US (Washington DC)

+1 305 224 1968 US

+1 309 205 3325 US

+1 312 626 6799 US (Chicago)

+1 360 209 5623 US

+1 386 347 5053 US

+1 507 473 4847 US

+1 564 217 2000 US

+1 646 931 3860 US

Meeting ID: 879 7469 0454

Passcode: 286778

Find your local number: <https://us02web.zoom.us/j/87974690454?pwd=QVVRUkVQRjlyUzNLeG90WUNBTzIOZz09>

PEB Board Members

Name	Representing
Sue Birch, Director Health Care Authority 626 8 th Ave SE PO Box 42713 Olympia WA 98504-2713 V 360-725-2104 sue.birch@hca.wa.gov	Chair
Kurt Spiegel WA Federation of State Employees 1212 Jefferson ST SE #300 Olympia WA 98501 V 833-622-9373 PEBBoard@hca.wa.gov	State Employees
Elyette Weinstein 5000 Orvas CT SE Olympia WA 98501-4765 V 360-705-8388 PEBBoard@hca.wa.gov	State Retirees
Tom MacRobert 4527 Waldrick RD SE Olympia WA 98501 V 360-264-4450 PEBBoard@hca.wa.gov	K-12 Retirees
Michaela Doelman Office of Financial Management 302 Sid Snyder Ave Olympia WA 98501 C 360-790-8315 PEBBoard@hca.wa.gov	Benefits Management/Cost Containment

PEB Board Members

Name	Representing
Monica McLemore 10002 Aurora Ave N Seattle WA 98125 V 510-239-7162 PEBBoard@hca.wa.gov	Benefits Management/Cost Containment
John Comerford* 121 Vine ST Unit 1205 Seattle, WA V 206-625-3200 PEBBoard@hca.wa.gov	Benefits Management/Cost Containment
Harry Bossi 19619 23 rd DR SE Bothell WA 98012 V 360-689-9275 PEBBoard@hca.wa.gov	Benefits Management/Cost Containment
Legal Counsel Michael Tunick, Assistant Attorney General 7141 Cleanwater DR SW PO Box 40124 Olympia WA 98504-0124 V 360-586-6495 MichaelT4@atg.wa.gov	

*non-voting members

1/27/23



Washington State Health Care Authority
Public Employees Benefits Board
P.O. Box 42713 • Olympia, Washington 98504-2713
360-725-0856 • TTY 711 • FAX 360-586-9551 • www.pebb.hca.wa.gov

PEB BOARD MEETING SCHEDULE

2023 Public Employees Benefits (PEB) Board Meeting Schedule

The PEB Board meetings will be held at the Health Care Authority, Sue Crystal Center, Rooms A & B, 626 8th Avenue SE, Olympia, WA 98501.

February 2, 2023 (Board Retreat) 9:00 a.m. – 4:00 p.m.

March 9, 2023 - 9:00 a.m. – 1:30 p.m.

April 13, 2023 - 9:00 a.m. – 1:30 p.m.

May 11, 2023 - 9:00 a.m. – 1:30 p.m.

June 8, 2023 - 9:00 a.m. – 1:30 p.m.

June 29, 2023 – 9:00 a.m. – 1:30 p.m.

July 12, 2023 - 9:00 a.m. – 12:00 p.m.

July 19, 2023 - 9:00 a.m. – 12:00 p.m.

July 26, 2023 - 9:00 a.m. – 12:00 p.m.

If you are a person with a disability and need a special accommodation, please contact Connie Bergener at 360-725-0856

7/5/22

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: July 12, 2022

TIME: 9:19 AM

WSR 22-15-022

TAB 2

PEB BOARD BY-LAWS

ARTICLE I

The Board and its Members

1. **Board Function**—The Public Employees Benefits Board (hereinafter “the PEBB” or “Board”) is created pursuant to RCW 41.05.055 within the Health Care Authority; the PEBB’s function is to design and approve insurance benefit plans and establish eligibility criteria for participation in insurance benefit plans for Higher Education and State employees, State retirees, and school retirees.
2. **Staff**—Health Care Authority staff shall serve as staff to the Board.
3. **Appointment**—The Members of the Board shall be appointed by the Governor in accordance with RCW 41.05.055. Board Members shall serve two-year terms. A Member whose term has expired but whose successor has not been appointed by the Governor may continue to serve until replaced.
4. **Non-Voting Member**—There shall be one non-voting Members appointed by the Governor because of their experience in health benefit management and cost containment.
5. **Privileges of Non-Voting Member**—The non-voting Member shall enjoy all the privileges of Board membership, except voting, including the right to sit with the Board, participate in discussions, and make and second motions.
6. **Board Compensation**—Members of the Board shall be compensated in accordance with RCW [43.03.250](#) and shall be reimbursed for their travel expenses while on official business in accordance with RCW [43.03.050](#) and [43.03.060](#).

ARTICLE II

Board Officers and Duties

1. **Chair of the Board**—The Health Care Authority Administrator shall serve as Chair of the Board and shall preside at all meetings of the Board and shall have all powers and duties conferred by law and the Board’s By-laws. If the Chair cannot attend a regular or special meeting, he or she shall designate a Chair Pro-Tem to preside during such meeting.
2. **Other Officers**—(reserved)

ARTICLE III
Board Committees

(RESERVED)

ARTICLE IV
Board Meetings

1. Application of Open Public Meetings Act—Meetings of the Board shall be at the call of the Chair and shall be held at such time, place, and manner to efficiently carry out the Board's duties. All Board meetings, except executive sessions *as permitted by law*, shall be conducted in accordance with the Open Public Meetings Act, Chapter 42.30 RCW.
2. Regular and Special Board Meetings—The Chair shall propose an annual schedule of regular Board meetings. The schedule of regular Board meetings, and any changes to the schedule, shall be filed with the State Code Reviser's Office in accordance with RCW 42.30.075. The Chair may cancel a regular Board meeting at his or her discretion, including the lack of sufficient agenda items. The Chair may call a special meeting of the Board at any time and proper notice must be given of a special meeting as provided by the Open Public Meetings Act, RCW 42.30.
3. No Conditions for Attendance—A member of the public is not required to register his or her name or provide other information as a condition of attendance at a Board meeting.
4. Public Access—Board meetings shall be held in a location that provides reasonable access to the public including the use of accessible facilities.
5. Meeting Minutes and Agendas—The agenda for an upcoming meeting shall be made available to the Board and the interested members of the public at least 24 hours prior to the meeting date or as otherwise required by the Open Public Meetings Act.

Agendas may be sent by electronic mail and shall also be posted on the HCA website. An audio recording (or other generally accepted electronic recording) shall be made of the meeting. HCA staff will provide minutes summarizing each meeting from the audio recording. Summary minutes shall be provided to the Board for review and adoption at a subsequent Board meeting.

6. Attendance—Board Members shall inform the Chair with as much notice as possible if unable to attend a scheduled Board meeting. Board staff preparing the minutes shall record the attendance of Board Members at the meeting for the minutes.

ARTICLE V
Meeting Procedures

1. Quorum—Five voting members of the Board shall constitute a quorum for the transaction of business. No final action may be taken in the absence of a quorum. The Chair may declare a meeting adjourned in the absence of a quorum necessary to transact business.
2. Order of Business—The order of business shall be determined by the agenda.
3. Teleconference Permitted—A Board Member may attend a meeting in person or, by special arrangement and advance notice to the Chair, by telephone conference call, or video conference when in-person attendance is impracticable.
4. Public Testimony—The Board actively seeks input from the public at large, from enrollees served by the PEBB Program, and from other interested parties. Time is reserved for public testimony at each regular meeting, generally at the end of the agenda. Opportunity for public testimony at Board meetings shall also be made available immediately before the Board’s vote on a resolution. At the direction of the Chair, opportunities for public testimony may also be made available at other times during Board meetings. The Chair has authority to limit the time for public testimony, including the time allotted to each speaker, depending on the time available and the number of persons wishing to speak.
5. Motions and Resolutions—All actions of the Board shall be expressed by motion or resolution. No motion or resolution shall have effect unless passed by the affirmative votes of a majority of the Board Members present and eligible to vote, or in the case of a proposed amendment to the By-laws, a 2/3 majority of the Board.
6. Representing the Board’s Position on an Issue—No Board Member may endorse or oppose an issue purporting to represent the Board or the opinion of the Board on an issue unless the majority of the Board approve of such position.
7. Manner of Voting—On motions, resolutions, or other matters a voice vote may be used. At the discretion of the Chair, or upon request of a Board Member, a roll call vote may be conducted. Proxy votes are not permitted, but the prohibition of proxy votes does not prevent a Chair Pro-Tem designated by the Health Care Authority Director from voting.
8. Parliamentary Procedure—All rules of order not provided for in these By-laws shall be determined in accordance with the most current edition of Robert’s Rules of Order. Board staff shall provide a copy of *Robert’s Rules* at all Board meetings.
9. Civility—While engaged in Board duties, Board Members’ conduct shall demonstrate civility, respect, and courtesy toward each other, HCA staff, and the public and shall be guided by fundamental tenets of integrity and fairness.
10. State Ethics Law and Recusal—Board Members are subject to the requirements of the Ethics in Public Service Act, Chapter 42.52 RCW. A Board Member shall recuse

himself or herself from casting a vote as necessary to comply with the Ethics in Public Service Act.

ARTICLE VI
Amendments to the By-Laws and Rules of Construction

1. Two-thirds majority required to amend—The PEBB By-laws may be amended upon a two-thirds (2/3) majority vote of the Board.
2. Liberal construction—All rules and procedures in these By-laws shall be liberally construed so that the public's health, safety and welfare shall be secured in accordance with the intents and purposes of applicable State laws and regulations.

Last Revised March 9, 2023

TAB 3

PEB Board Meeting Minutes
February 2, 2023

Draft
Public Employees Benefits Board
Meeting Minutes

February 2, 2023
Health Care Authority
Sue Crystal Rooms & Virtual
Olympia, Washington
9:00 a.m. – 4:00 p.m.

The Briefing Book with complete presentations can be found at:
<https://www.hca.wa.gov/about-hca/public-employees-benefits-board-pebb-program/meetings-and-materials>.

Members Present via Zoom

Sue Birch, Chair
Michaela Doelman
Elyette Weinstein
Harry Bossi
Monica McLemore
Tom MacRobert
Leanne Kunze
John Comerford

Member Present On Site

Kurt Spiegel

PEB Board Counsel

Michael Tunick, AAG

Call to Order

Sue Birch, Chair, called the meeting to order at 9:02 a.m. Sufficient members were present to allow a quorum. Board Members and the public were able to attend either in person or virtually.

Two new Board members were introduced.

- Michaela Doelman, State Human Resources Director
- Kurt Spiegel, Interim Executive Director of the Washington Federation of State Employees

Meeting Overview

Dave Iseminger, Division Director of the Employees and Retirees Benefits (ERB) Division, provided an overview of the agenda.

Focus on Health Literacy Panel

Dr. Emily Transue, HCA Associate Medical Director, facilitated a panel discussion regarding health literacy. Panel members included Geoffrey Ankeney, MD, from Kaiser Permanente of Washington and Nicole Saint Clair, MD, from Washington Regence Blue Shield.

The panel discussion centered around personal and organizational health literacy. Topics included relationships between members and health care professionals, supporting employers with their populations, inequities and disparities between groups, active listening, quality of care, and financial barriers.

Ending State COVID Emergency Impacts

Cade Walker, Policy, Rules, and Compliance Section Manager in the Employees and Retirees Benefits (ERB) Division, provided an update on the Governor's State of Emergency that ended on October 31, 2022. For both the PEBB and SEBB Programs, this means that the time frames for turning in enrollment forms and extensions for certain types of benefit coverage, like COBRA, have returned to the regular timing.

PEBB Open Enrollment Summary

Alisa Richards, Benefits Accounts Section Manager in the Employees and Retirees Benefits (ERB) Division, and **Stacy Grof-Tisza**, Customer Service Unit Manager in the Employees and Retirees Benefits (ERB) Division, presented a debrief regarding the PEBB Program's open enrollment for the 2023 plan year. Alisa and Stacy's updates included open enrollment readiness, highlights, UMP network disruption concerns, customer service productivity, and strategies for post-enrollment and the future.

Open Enrollment Plan Changes

Beth Heston, Procurement Manager in the Employees and Retirees Benefits (ERB) Division, gave a debrief on the enrollment changes that occurred during the PEBB Program open enrollment period. Updates included enrollment net changes and switching for the PEBB Program employee and non-Medicare retirees as well as Medicare retirees.

Benefit Update: Medical Flexible Spending Arrangement & Dependent Care Assistance Program (FSA & DCAP)

Martin Thies, Fully Insured Account Unit Manager in the Employees and Retirees Benefits (ERB) Division, provided an overview on the medical Flexible Spending Arrangement (FSA) and Dependent Care Assistance Program (DCAP). The presentation included an overview of the benefits, 2022 design changes, enrollment and election comparisons, 2023 participation and savings, 2022 procurement, a collective bargaining agreement (CBA) update, and administrative enhancements.

Medicare Update

Ellen Wolfhagen, Senior Account Manager in the Employees and Retirees Benefits (ERB) Division gave an update on Medicare benefits, Medicare Advantage (MA) and supplement plans, and differences between commercial market Medicare AARP UnitedHealthcare plans and PEBB Program's UnitedHealthcare MA-PD plans. Ellen also provided information regarding informed decision making, Stakeholder's Medicare Coalition, 2023 PEBB Program Medicare enrollment and open enrollment experiences.

Information regarding Medicare appeal processes, oversight of medical plans, and proposed Centers for Medicare and Medicaid (CMS) Medicare Advantage rules was also provided, in addition to details regarding the PEBB Program's risk pools, non-Medicare retirees in the PEBB Program portfolio and split accounts.

Benefits 24/7 Application

Chatrina Pitsch, IT Project Manager in the Enterprise Technology Services (ETS) Division provided an update on the Benefits 24/7 application and its progress toward launching later in 2023. Details of the update included the origination of the project, expanded scope, what is changing for subscribers, improvements for benefits administrators, what stays the same, special open enrollments and new enrollment events, continuation and retiree coverage, and a high-level timeline of the project.

Pharmacy Network Utilization

Luke Dearden, Clinical Pharmacist in the Clinical Quality and Care Transformation (CQCT) Division provided information regarding pharmacy network utilization in the PEBB Program. Topics included an overview of the PEBB Program UMP pharmacy network as well as UMP pharmacy use for the Medicare and non-Medicare populations, mail order pharmacies, critical access pharmacies, and PRBB Program conclusions.

2023 Legislative Session and Legislative Reports Update

Cade Walker, Policy, Rules, and Compliance Section Manager in the Employees and Retirees Benefits Division brought details regarding the 2023 legislative session and legislative reports. These details included the number of bills analyzed last session as well as this session so far by the ERB Division, recent and upcoming legislative reports, a breakdown of ERB lead bills, requested legislation, and topical areas of introduced legislation.

Governor's Proposed Budget Update and Collective Bargaining Agreement (CBA) Update

Tanya Deuel, Finance Manager in the Financial Services Division (FSD) provided an update on both the Governor's proposed budget and the collective bargaining agreement. Information regarding the 2023-25 Collective Bargaining Agreement (CBA) included a description of the current 2023 structure of rates, as well as calculating the state index rate and determining employee premiums using the current structure. The presentation also outlined a new 2024 structure of rates (pending funding) from the collective bargaining agreement, the employer medical contribution (EMC) and additional investments moving to an EMC, and determining employee premiums using the new structure. An illustrative methodology comparison was provided.

Tanya's presentation also outlined a Governor's budget update, including the fiscal year (FY) 2023 supplemental budget funded decision package, the 2023-25 PEBB Program funding rate, Medicare explicit subsidy, the 2023-25 biennial budget funded decision packages, and budget authority.

Inflation Reduction Act (IRA) Overview

Emily Duchaine, Regulatory Analyst in the Policy, Rules, and Compliance Section of the Employees and Retirees Benefits (ERB) Division provided an overview of the Inflation Reduction Act (IRA). The presentation included additional information

regarding the act, a timeline of compliance requirements, and the impacts of the IRA on the PEBB Program portfolio.

Procurement and Benefit Planning Cycles

John Partin, Benefit Strategy and Design Section Manager in the Employees and Retirees Benefits (ERB) Division presented on the procurement and benefit planning cycles within the PEBB Program. Topics included development of benefit designs, as well as the PEBB Program's procurement cycle for 2024 and the benefits planning cycle for 2025.

Proposed PEB Board By-laws Amendment

Dave Iseminger, Division Director of the Employees and Retirees Benefits (ERB) Division, introduced a proposed amendment to the PEB Board by-laws. Dave included information regarding why the amendment may need updated and outlined the proposed changes.

Public Comment

The following members of the public provided comments:

Laurel Lemke, RPEC, addressed concern regarding home dialysis benefit parity with Kaiser.

Linnea Mulder, RPEC, had questions on Ellen Wolfhagen's presentation. Ellen and Dave Iseminger committed to reach out to Ms. Mulder to address the questions.

Julie Orcutt, state employee, sent a letter to the Board regarding a wider variety of pharmacy benefits, especially regarding weight loss.

Next Meeting

March 9, 2023

9:00 a.m. – 1:30 p.m.

Preview of March 9, 2023 PEB Board Meeting

Dave Iseminger, Division Director of the Employees and Retirees Benefits (ERB) Division, provided an overview of potential agenda topics for the March 9, 2023 Board Meeting.

Meeting adjourned at 3:46 p.m.

PEB Board Meeting Minutes

March 9, 2023

Draft
Public Employees Benefits Board
Meeting Minutes

March 9, 2023
Health Care Authority
Sue Crystal Rooms A & B
Olympia, Washington
9:00 a.m. – 12:45 p.m.

The Briefing Book with the complete presentations and an audio recording of the meeting can be found at:

<https://www.hca.wa.gov/about-hca/public-employees-benefits-board-pebb-program/meetings-and-materials>.

Members Present in Olympia

Sue Birch, Chair
Michaela Doelman

Members Present via Zoom

Kurt Spiegel
Elyette Weinstein
Tom MacRobert
Monica McLemore
John Comerford
Harry Bossi

Members Absent

None

SEB Board Counsel

Michael Tunick, AAG

Call to Order

Sue Birch, Chair, called the meeting to order at 9:03 a.m. Sufficient members were present for a quorum. Board members and the public were able to attend either in person or virtually via Zoom.

Meeting Overview

David Iseminger, Director, Employees and Retirees Benefits (ERB) Division, provided an overview of the agenda.

Approval of Meeting Minutes for 2022 Season

Tom MacRobert moved, and Harry Bossi seconded a motion to approve the March 10, 2022 meeting minutes. Minutes were approved as written by unanimous vote. Monica McLemore, Kurt Spiegel, and Michaela Doelman abstained from voting.

Elyette Weinstein moved, and Tom MacRobert seconded a motion to approve the April 14, 2022 meeting minutes. Minutes were approved as written by unanimous vote. Monica McLemore, Kurt Spiegel, and Michaela Doelman abstained from voting.

Harry Bossi moved, and Elyette Weinstein seconded a motion to approve the May 12, 2022 meeting minutes. Minutes were approved as written by unanimous vote. Monica McLemore, Kurt Spiegel, and Michaela Doelman abstained from voting.

Tom MacRobert moved, and Monica McLemore seconded a motion to approve the June 9, 2022 meeting minutes. Minutes were approved as written by unanimous vote. Kurt Spiegel and Michaela Doelman abstained from voting.

Elyette Weinstein moved, and Tom MacRobert seconded a motion to approve the June 30, 2022 meeting minutes. Minutes were approved as written by unanimous vote. Kurt Spiegel and Michaela Doelman abstained from voting.

Harry Bossi moved, and Monica McLemore seconded a motion to approve the July 14, 2022 meeting minutes. Minutes were approved as written by unanimous vote. Kurt Spiegel and Michaela Doelman abstained from voting.

Elyette Weinstein moved, and Tom MacRobert seconded a motion to approve the July 20, 2022 meeting minutes. Minutes were approved as written by unanimous vote. Kurt Spiegel and Michaela Doelman abstained from voting.

February Retreat Follow Up

David Iseminger, Director, Employees and Retirees Benefits (ERB) Division, provided some follow up items in response to inquiries brought forth during the February PEB Board Retreat. Responses included clarifying the term “action” under the Open Public Meetings Act as it relates to Board member communications, and insights on how preferred provider networks are established for plans.

By-laws Amendment

David Iseminger, Director, Employees and Retirees Benefits (ERB) Division, presented for final Board action a proposed amendment to the PEB Board by-laws memorializing historic practices related to opportunities for public testimony during Board. Elyette Weinstein moved, and Michaela Doelman seconded a motion to approve. The following members of the public provided comments related to the by-laws amendment: Amy Fortier, Fred Yancey, and Aruna Bhuta; their testimonies in support of the amendment can be found in the audio recording for the March 9, 2023 PEB Board meeting at the link provided on page 1 of these minutes. Seven members voted to approve, and no members opposed. The PEB Board by-laws amendment passed.

Legislative Update

Cade Walker, Policy, Rules, and Compliance Section Manager, Employees and Retirees Benefits (ERB) Division, provided an update on relevant bills moving in legislative session. Requested legislation and topical bills were discussed.

PEBB Program Financial Insights

Molly Christie, Fiscal Analyst, Financial Services Division (FSD), shared information regarding financial aspects of the PEBB Program. Updates included annual total costs, monthly medical contribution breakdown, cost drivers, and notable service trends for Medicare and non-Medicare populations. Also included in the presentation was information regarding the non-Medicare risk profile, and total spending trend for the PEBB Program.

Hearing Instrument Benefits Overview

Sara Whitley, ERB Finance Manager, Financial Services Division (FSD), provided an introductory overview on hearing instruments and coverage in the PEBB Program. The overview included evolution of the benefit in recent years, the current level of coverage in the PEBB Program's Uniform Medical Plan (UMP), information on significant increases in benefit utilization highlights since 2021, and describing an opportunity for a future purchasing strategy adjustment in UMP.

Medicare Update

Ellen Wolfhagen, Senior Account Manager, Employees and Retirees Benefits (ERB) Division, gave an update on work within the PEBB Program's Medicare portfolio. Topics for Ellen's presentation included updates on the open enrollment issue that occurred with UnitedHealthcare (UHC) files, comments submitted to Centers for Medicare and Medicaid Services (CMS) on their Medicare Advantage (MA) plan proposed rules, and information on the retiree listening session pilot and upcoming schedule of listening session.

Policy and Rules Development

Stella Ng, Policy and Rules Coordinator, Employees and Retirees Benefits (ERB) Division, introduced two new policy resolutions to the Board:

- PEBB 2023-01 – When a subscriber has a change in residence that affects medical plan availability
- PEBB 2023-02 – When a subscriber is involuntarily terminated by a Medicare Advantage (MA) or Medicare Advantage-Prescription Drug (MA-PD) plan.

Stakeholders will be consulted before the next Board meeting and action on these resolutions is planned for the April Board meeting.

General Public Comment

The following members of the public provided comments:

- Helen Shawcroft
- Amy Fortier
- J. Smith
- Sally Holt
- Thesvy Cashen

Their testimonies can be found in the audio recording for the March 9, 2023 PEB Board meeting at:

<https://www.hca.wa.gov/about-hca/public-employees-benefits-board-pebb-program/meetings-and-materials>.

Next Meeting

April 13, 2023

9:00 a.m. – 1:30 p.m.

Preview of April 13, 2023 PEB Board Meeting

Dave Iseminger, Director, Employees and Retirees Benefits (ERB) Division, provided an overview of potential agenda topics for the April 13, 2023 PEB Board Meeting.

Meeting adjourned at 12:35 p.m.

TAB 4

March Meeting Follow Up

David Iseminger
ERB Director
Employees and Retirees Benefits Division
April 13, 2023

Dependent Care Assistance Program (DCAP)

Dependent Care Assistance Program (DCAP)

Question:

Are DCAP claims appropriate when paying for dependent care provided by a family member?

Dependent Care Assistance Program (DCAP) (*cont.*)

- ▶ DCAP claims are not appropriate if the caregiver is:
 - ▶ The employee's child, stepchild, or eligible foster child under 19 years old at the close of the taxable year
 - ▶ A qualifying child or qualifying relative of the employee or the employee's spouse
 - ▶ The employee's spouse (even if not qualifying)
 - ▶ The parent (who is not the employee's spouse) of the employee's qualifying child
- ▶ DCAP claims are appropriate if the caregiver is:
 - ▶ Not a dependent (i.e., employee does not provide half their support for the year)

Dependent Care Assistance Program (DCAP) (*cont.*)

For more information, please visit:

<https://pebb.naviabenefits.com/benefits/expenses/?benefit=day-care-fsa>

Centers for Medicare and Medicaid Services (CMS)

Centers for Medicare and Medicaid Services (CMS)

Question:

What is the link to Centers for Medicare and Medicaid Services (CMS) rulemaking web page?

Answer:

<https://www.regulations.gov/document/CMS-2022-0191-0001>

Questions?

David Iseminger, ERB Director
Employees and Retirees Benefits Division
David.Iseminger@hca.wa.gov

TAB 5

2023-25 Budget Update

Tanya Deuel
Finance Manager
Financial Services Division
April 13, 2023

Proposed Funding Rates

Per eligible employee per month

Adequate to maintain current
level of benefits

Proposed Funding Rates (*cont.*)

Governor's
Proposed

FY24
\$1,160

FY25
\$1,233

Senate
Proposed

FY24
\$1,145

FY25
\$1,191

House
Proposed

FY24
\$1,130

FY25
\$1,184

Medicare Explicit Subsidy

- ▶ \$183 Medicare Explicit Subsidy (per Medicare retiree per month)
 - ▶ Maintained from calendar year 2023

Proposed Budget Similarities

(Governor's, Senate, and House Proposed Budgets)

\$2.2M

TPA Spending Authority – Increased spending authority to align with the increased self-insured dental enrollment.

\$316K

ERB Benefits Management and Support FTE – One FTE for support of the Voluntary Employees' Beneficiary Association (VEBA).

-\$420K

Standalone Vision – A reduction in administrative spending authority related to carving vision out of the medical benefit to a standalone employer paid benefit effective January 1, 2025.

Proviso Language

Senate & House Budgets

\$78K for implementation of SSB 5696 and SHB 1804:

- Allows retired or disabled employees of a county, municipality or other political subdivision whose contractual agreement is terminated to continue participation.

Senate Budget

\$500K for Medicare report:

- Provide a Legislative report with a) findings from retiree listening sessions and public forums and b) an analysis of government self-insured plans with benefits that are equal to or richer, and with more affordable premiums, than UMP Classic Medicare.

Review of budget structure:

- Review consolidating the PEBB and SEBB administrative operating budgets.

Dental Details

Proposed Benefit Change	Fiscal Year 1	Fiscal Year 2	Included in the Governor's Budget	Included in the Senate Budget	Included in the House Budget
Exclude preventive visits from Annual Plan Maximum	1,418,987	2,837,974			
Composite coverage for posterior teeth fillings	862,001	1,724,003			
Incentive plan for Class II changes based on prior year Class I utilization	623,293	1,584,756			
Eliminate children's deductible (until age 15)	119,354	238,708	✓		
Increase crown coverage (70 percent coverage)	3,109,836	6,219,672			
Increase TMJ annual and lifetime benefit	6,631	13,262	✓		
Fiscal Year Total	6,140,102	12,618,375			

Questions?

Tanya Deuel, Finance Manager
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TAB 6

Legislative Update

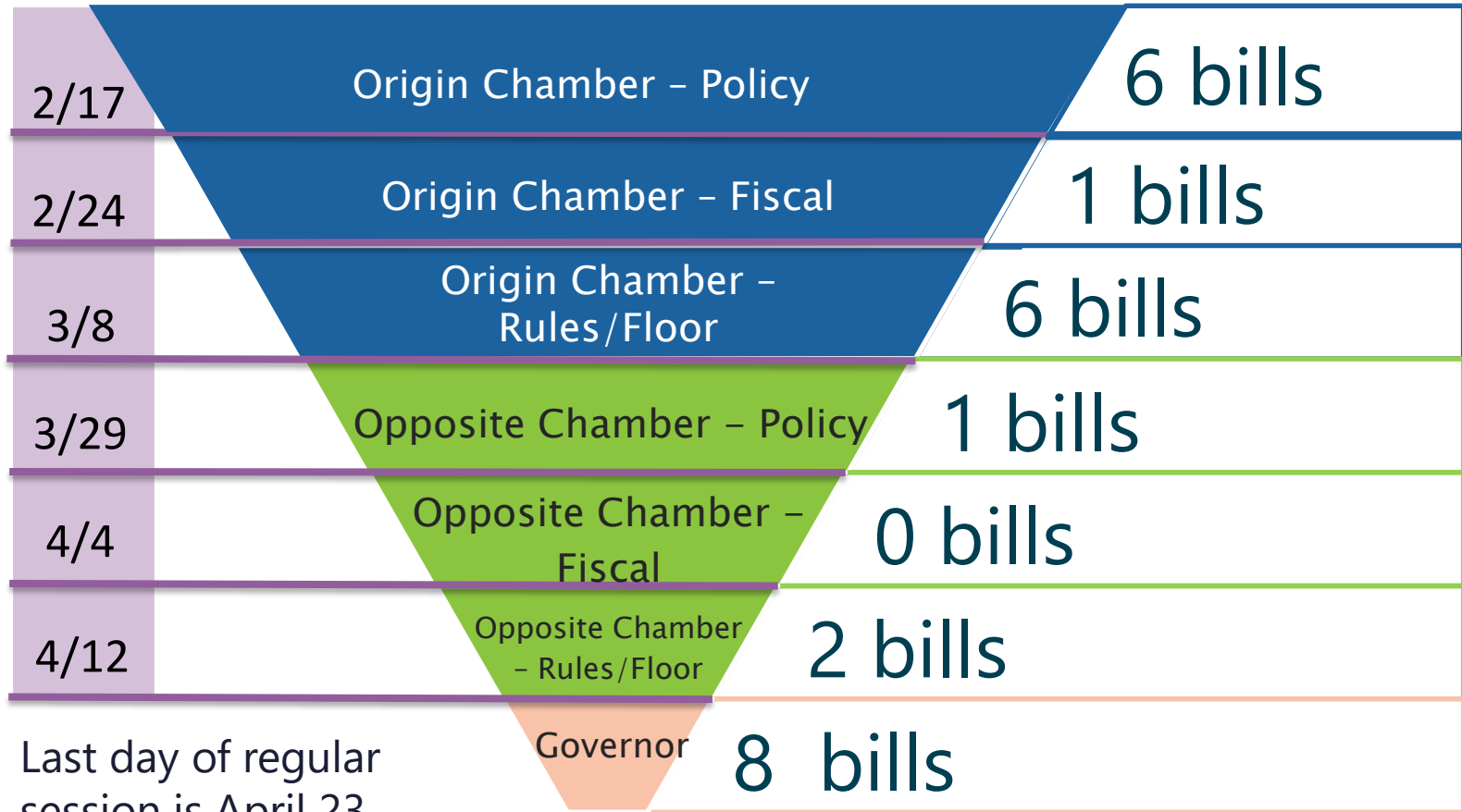
Cade Walker
Policy, Rules, & Compliance Section Manager
Employees & Retirees Benefits
April 13, 2023

2023 Bill Analyses

	ERB Lead	ERB Support	
High Priority	35	18	53
Low Priority	20	130	150
	55	148	203
Fiscal Notes	36	52	

Completed as of 4/3/23

2023 Legislative Session Progress



Requested Legislation

- ▶ SB 5700: Primarily all statutory clean up and removing outdated sections or language – **GOV. SIGNED**
- ▶ SB 5421: Creates a public records act exemption for all enrollment information collected by the PEBB and SEBB Programs – **GOV. SIGNED**

Topical Areas of Legislation

SEBB

- ▶ SB 5275 SEBB Benefits Access – **GOV. SIGNED**
- ~~▶ HB 1246 Health Benefits SEBB Eligibility~~

Retirees

- ▶ SB 5490 PEBB Deferred Retiree Coverage – **GOV. SIGNED**
- ▶ HB 1008/~~SB 5420~~ Plan 2 Members Insurance
- ▶ HB 1804/SB 5696 PEBB Subdivision Retirees
- ~~▶ SB 5169 Medicare Health Care Plans in PEBB~~
- ~~▶ SB 5625 Public Employee Retirees Ombuds~~

Topical Areas of Legislation (*cont.*)

Medical Services Cost Sharing

- ▶ ~~HB 1115~~/SB 5242 Abortion Cost Sharing - **PASSED**
- ▶ HB 1222 Hearing Instruments Coverage
- ▶ ~~HB 1261 & SB 5396~~ Breast Exam Cost Sharing
- ▶ ~~HB 1151/SB 5204~~ Fertility Services Coverage

Topical Areas of Legislation (*cont.*)

Pharmacy

- ▶ SB 5729 Insulin Cost-Sharing Cap – **GOV. SIGNED**
- ▶ ~~HB 1253/SB 5213 Pharmacy Benefit Managers~~
- ▶ ~~HB 1269 Rx Drug Affordability Board~~
- ▶ ~~HB 1465/SB 5445 Prescription Cost-Sharing~~
- ▶ ~~HB 1725 Insulin Access Under 21~~

Topical Areas of Legislation (*cont.*)

Other

- ▶ ~~HB 1208~~/SB 5319 Pet Insurance Reg. – **GOV. SIGNED**
- ▶ HB 1357 Modernizing Prior Authorizations
- ▶ New or Expanded Licensures: lactation consultants, medical assistants, anesthesiologist assistants, music therapists, physician assistants, optometry, naturopathic physicians.
- ▶ ~~HB 1495/SB 5373 ARNP & PA Reimbursement~~
- ▶ ~~SB 5241 Health Care Marketplace~~

Questions?

Cade Walker

Policy, Rules, and Compliance Section Manager

Employees and Retirees Benefits Division

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TAB 7

Policy and Rules Development

Stella Ng
Policy and Rules Coordinator
Employees and Retirees Benefits Division
April 13, 2023

PEB Board Policy Resolutions

PEBB 2023-01

When a subscriber has a change in residence that affects medical plan availability

PEBB 2023-02

When a subscriber is involuntarily terminated by a MA or MA-PD plan

RCW 41.05.065(4)

(4) Except if bargained for under chapter 41.80 RCW, the public employees' benefits board shall design benefits and determine the terms and conditions of employee and retired or disabled school employee participation and coverage, including establishment of eligibility criteria subject to the requirements of this chapter. Employer groups obtaining benefits through contractual agreement with the authority for employees defined in RCW 41.05.011(6)(a) (i) through (vi) may contractually agree with the authority to benefits eligibility criteria which differs from that determined by the public employees' benefits board. The eligibility criteria established by the public employees' benefits board shall be no more restrictive than the following:...

RCW 41.05.080 (1) and (3)

(1) Under the qualifications, terms, conditions, and benefits set by the public employees' benefits board:

(a) Retired or disabled state employees, retired or disabled school employees, retired or disabled employees of county, municipal, or other political subdivisions, or retired or disabled employees of tribal governments covered by this chapter may continue their participation in insurance plans and contracts after retirement or disablement;

(b) Separated employees may continue their participation in insurance plans and contracts if participation is selected immediately upon separation from employment;

(c) Surviving spouses, surviving state registered domestic partners, and dependent children of emergency service personnel killed in the line of duty may participate in insurance plans and contracts.

(3) Rates charged to surviving spouses and surviving state registered domestic partners of emergency service personnel killed in the line of duty, retired or disabled employees, separated employees, spouses, or children who are eligible for parts A and B of medicare shall be calculated from a separate experience risk pool comprised only of individuals eligible for parts A and B of medicare; however, the premiums charged to medicare-eligible retirees and disabled employees shall be reduced by the amount of the subsidy provided under RCW 41.05.085.

Proposed Resolution PEBB 2023-01

When a subscriber has a change in residence that affects medical plan availability

(Introduced at the March 9, 2023 meeting)

After a change in residence, the subscriber must elect a new medical plan if a subscriber's current medical plan is no longer available based on residence. If they do not elect a new medical plan within the time period allowed by special open enrollment rules, the subscriber will be enrolled in a PEBB medical plan as designated by the director or designee.

Proposed Resolution PEBB 2023-01

Example #1 (Revised)

Example: John lives in Snohomish County and enrolls in Kaiser Permanente WA Classic plan. In September 2024, John moves to Vancouver in Clark County. Because John no longer lives in a county where Kaiser Permanente WA Classic plan is available, John **must** select a new medical plan.

- ▶ What happens if John fails to elect a new medical plan during the special open enrollment period when his current Kaiser Permanente WA Classic plan is no longer available in the county where he lives? If John does not elect a new medical plan within the time period allowed by special open enrollment rules, he will be enrolled in the most comparable PEBB medical plan as designated by the director or designee.

Proposed Resolution PEBB 2023-01

Example #2 (Revised)

Example: Marcia lives in King County and enrolls in Kaiser WA Medicare Advantage plan. In September 2024, Marcia moves to Arizona. Because Marcia no longer lives in a county where Kaiser WA Medicare Advantage is available, Marcia **must** select a new medical plan.

- ▶ What happens if Marcia fails to elect a new medical plan during the special open enrollment period when her current Kaiser WA Medicare Advantage plan is no longer available in the county where she lives? If Marcia does not elect a new medical plan within the time period allowed by special open enrollment rules, she will be enrolled in the most comparable PEBB medical plan as designated by the director or designee.
- ▶ Without this resolution, if Marcia did not change plans CMS will disenroll her from coverage after 6 months.

Resolution PEBB 2023-01

When a subscriber has a change in residence that affects medical plan availability

Resolved that, after a change in residence, the subscriber must elect a new medical plan if a subscriber's current medical plan is no longer available based on residence. If they do not elect a new medical plan within the time period allowed by special open enrollment rules, the subscriber will be enrolled in a PEBB medical plan as designated by the director or designee.

Resolution PEBB 2023-02

When a subscriber is involuntarily terminated by a MA or MA-PD plan

Resolved that, when a subscriber or their dependent must be disenrolled by a Medicare Advantage (MA) plan or Medicare Advantage-Prescription Drug (MA-PD) plan as required by federal law, the subscriber and their enrolled dependents will be enrolled in a PEBB medical plan as designated by the director or designee. The new medical plan coverage will begin the first day of the month following the date the MA or MA-PD plan is terminated.

Next Steps

- ▶ Issue guidance to employing agencies on these resolutions
- ▶ Incorporate resolutions into the PEBB Program rules

Questions?

Stella Ng, Policy and Rules Coordinator
Employees and Retirees Benefits Division

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TAB 8

Annual Rulemaking Briefing

Stella Ng
Policy and Rules Coordinator
Employees and Retirees Benefits Division
April 13, 2023

Rulemaking Timeline

June 2023	File proposed amendments (CR-102) and distribute new rules for public comments
July 2023	Conduct public hearing and adopt final rules (CR-103)
January 2024	Permanent rules effective

Focus of Rulemaking

- ▶ Implement PEB Board policy resolutions and legislation
- ▶ Administration and benefits management
- ▶ Amendments within HCA authority
- ▶ Regulatory alignment

Implement Legislation

- ▶ **ESHB 2140 (2019)** Include non-represented ESD school employees in the SEBB Program
- ▶ **SSB 5490** Retired or disabled employees who were previously denied coverage solely for failure to timely notify HCA to defer and appealed the denial of PEBB retiree insurance coverage
- ▶ **SSB 5275** SEBB Program employer groups

Implement Legislation (*cont.*)

- ▶ **SHB 1804/ SSB 5696** Employer group retirees
- ▶ **HB 1008** PERS, SERS, TRS Plan 2 member eligibility to PEBB retiree insurance coverage

Administration and Benefits Management

- ▶ Add a new special enrollment event when there is a substantial decrease in the medical providers available in a PEBB health plan
- ▶ Amend special open enrollment rules to add a notice requirement for an employing agency when an employee experienced an event that creates a special open enrollment event

Administration and Benefits Management (*cont.*)

- ▶ Add additional rules to implement PEBB 2022-01 when employees returning to work from active duty
- ▶ Clarify when the rule ceases to apply in situations where an employee moves from one position or job to another due to a layoff
- ▶ Clarify the MA and MA-PD enrollment and disenrollment process

Administration and Benefits Management (*cont.*)

- ▶ Clarify the substantive eligibility requirement when an employee or a school employee must begin to receive a monthly retirement plan payment for enrolling in PEBB retiree insurance coverage
- ▶ Make technical corrections to clarify when a subscriber may enroll in PEBB retiree insurance coverage or continue in a deferred status when they are no longer eligible for the employer contribution towards PEBB benefits

Amendments within HCA Authority

- ▶ Amend to include an employer group notification requirement be sent to affected employees and former employees when an employer group ends participation in PEBB insurance coverage

Regulatory Alignment

- ▶ Amend to include details when an employee has a carryover amount from their medical Flexible Spending Arrangement (FSA) in the previous plan year and enroll in a Consumer Directed Health Plan (CDHP) for the following year

Questions?

Stella Ng, Policy and Rules Coordinator
Employees and Retirees Benefits Division

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TAB 9

Over-the-Counter Hearing Instruments Overview

Janice McAlpin
Senior Account Manager
Employees and Retirees Benefits Division
April 13, 2023

Over-the-Counter (OTC) Hearing Instruments

- ▶ Federal rule from the U.S. Food and Drug Administration (FDA)
 - ▶ Implementation date for this rule was October 17, 2022
 - ▶ FDA established a regulatory category for OTC hearing aids to improve access to hearing aid technology
 - ▶ OTC hearing aids are intended to address only perceived mild to moderate hearing loss in people aged 18 or older

OTC vs. Prescription

	OTC Hearing Instruments	Prescription Hearing Instruments
SELECTION PROCESS	Self-selection; however, consumers may choose to consult with a licensed audiologist or hearing instrument specialist or non-licensed support personnel	Functional communication assessment with a licensed audiologist or hearing instrument specialist
FIT BY	Self, licensed audiologist or hearing instrument specialist or non-licensed support personnel	Licensed audiologist or hearing instrument specialist
HEARING LOSS DIAGNOSIS & SEVERITY	Self-perceived mild to moderate purchase does not require a hearing test	Pre-purchase audiologic assessment required

*<https://www.asha.org/siteassets/audiology/otc-hearing-aids-faq.pdf>

OTC vs. Prescription (*cont.*)

	OTC Hearing Instruments	Prescription Hearing Instruments
DESIGN	One-size-fits-most or semi-custom; hearing aid must sit > 10mm from eardrum	Not limited by depth or design; includes custom-molded and invisible in the canal options
VERIFICATION OF AMPLIFICATION LEVELS	Users seeking care from a licensed audiologist or hearing instrument specialist may inquire about verification measures compatible with their OTC Hearing aids	Best practices include real-ear measurements (REMs) at the time of hearing aid fitting

*<https://www.asha.org/siteassets/audiology/otc-hearing-aids-faq.pdf>

Top Ranked OTC Hearing Instruments in 2023

OTC hearing instrument options	Battery (standard)	Battery (rechargeable)	Bluetooth	Warranty	Model options	Price
①	✓	✓	✓	3 years	Three models	\$2,000 per pair
②	N/A	✓	N/A	One year	Three models	\$300 - \$600 per pair
③	N/A	✓	N/A	One year	Four models	\$100 - \$250 per pair

<https://www.consumersadvocate.org/hearing-aids/a/best-hearing-aids>

Over-the-Counter Hearing Instruments in the PEBB Program

Carrier	OTC Coverage
Kaiser Permanente NW	Does not cover
Kaiser Permanente WA	Does not cover
Premera Plan F and Plan G	Cannot cover*
Uniform Medical Plan (UMP)	Covered under plan limitations
UnitedHealthcare	Does not cover

*no hearing instrument or exam benefit available

Questions?

Janice McAlpin, Senior Account Manager
Employees and Retirees Benefits Division

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TAB 10

SmartHealth Update

Kristen Stoimenoff
Washington Wellness Program Manager
Employees and Retirees Benefits Division
April 13, 2023

Presentation Overview

- ▶ Secure Access Washington (SAW) transition for SmartHealth
- ▶ 2022 PEBB SmartHealth participation
 - ▶ Engagement numbers
 - ▶ Most popular activities
 - ▶ Highest and lowest well-being dimensions
- ▶ PEBB Program employee participation trends
- ▶ Limeade recommendations and program follow-up
- ▶ Washington Wellness Program evaluation

Secure Access Washington (SAW) Transition for SmartHealth

- ▶ Background
- ▶ Communications
- ▶ Support
- ▶ Impact

2022 PEBB Program SmartHealth Participation

42% Registered	37% Participated in Activities	36% Completed Well-Being Assessment	4.2 Average User Satisfaction Rating
Highest Participated Activities	Top WBA Dimension	Bottom WBA Dimension	
Complete Your Assessment	Nutrition	Sleep	
Go Exploring	Exercise & Fitness		
Track 5,00 Daily Steps	Positive Relationships	Energy Level	
How Do I Find My \$125	Self-Leadership		
Give to Others to Improve Your Well-Being	Work Meaning	Belief in Company	
	Job Satisfaction	Square Deal	

Employee Participation Trends



	Registration	Assessment	Incentive	Participation	Satisfaction
2020	74,737	37,076 (50%)	24,461 (33%)	78%	4.4/5
2021	72,542	28,124 (39%)	19,112 (26%)	80%	4.4/5
2022	70,727	25,497 (36%)	17,488 (25%)	37%	4.2/5

Limeade Recommendations

**Recommendations
for 2023**



General Recommendations

Create value for Wellness Coordinators

Coordinators are the gateway to organization promotion and broader reach of SmartHealth:

- Provide simple resources and guidance for promoting SmartHealth
- Opportunity to opt-in to Wellness Coordinator channel
- Ongoing training

Address Burnout with a holistic lens

Organizational Support

- Partner with state agencies and other organizations to promote their resources

Manager Support

- Manager toolkit that organizations could leverage alongside trainings or promotions

Individual Support

- Replenish, Reframe, Repeat

Drive SmartHealth Utilization

Better insights into lagging indicators of SmartHealth strategy

Continue reminding SmartHealth users why SAW SSO has been implemented

Generate SmartHealth recognition

Spotlight: Addressing Burnout

Organization - Foster an inclusive workplace

- SmartHealth partnering with Office of Equity to point organization leaders and wellness coordinators to resources and tools.

Manager - Set the example and remove obstacles for employees

- SmartHealth offers a Manager Toolkit with resources and activities specific to managers who look out for others as well as themselves.

Individual - Utilization of resources and self-care.

- SmartHealth promotion of benefits and resources. Connect with activities that encourage SmartHealth users to replenish, reframe and repeat.



Washington Wellness Program Evaluation



Methodology

1-10 Likert Scale rating

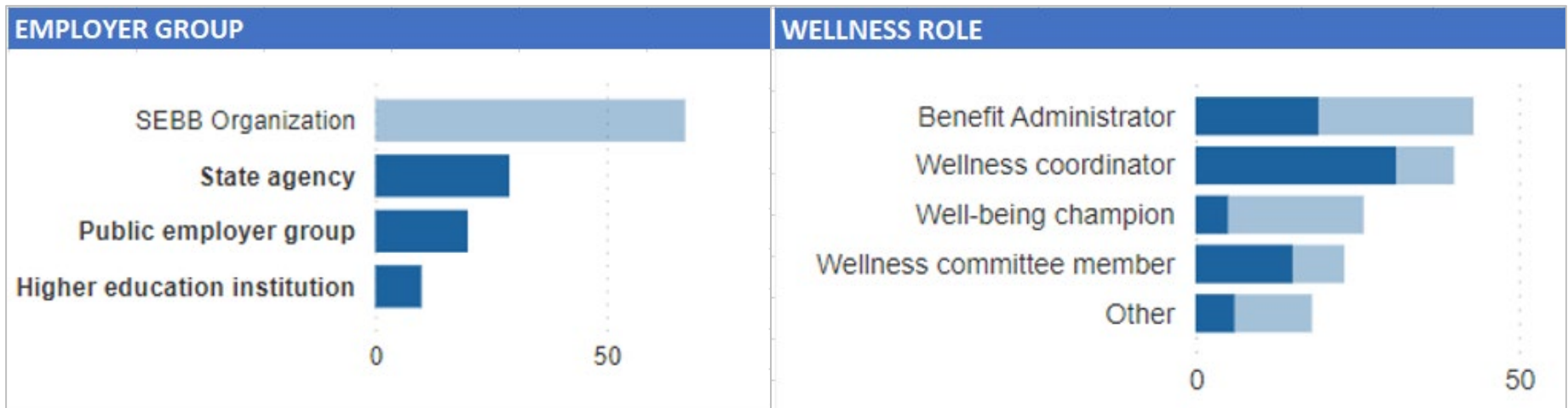
- ▶ Familiarity
- ▶ Process
- ▶ Support
- ▶ Use and usefulness
- ▶ Understanding

Open ended: How can we improve?

- ▶ SmartHealth portal
- ▶ WA Wellness support
- ▶ Diabetes prevention
- ▶ Tobacco prevention/cessation
- ▶ Roadmap
- ▶ Zo8 Award
- ▶ Quarterly trainings
- ▶ Email communications

Participant Profile – Group and Role

- ▶ 1,730 wellness contacts invited to participate
- ▶ 126 respondents total (59 PEBB Program, 67 SEBB Program)
- ▶ 7% response rate overall (15% PEBB Program)



Strengths & Opportunities

Strengths

- ▶ Responsiveness
- ▶ Communication
- ▶ Quarterly trainings

Opportunities

- ▶ Diabetes prevention
- ▶ Tobacco cessation
- ▶ Roadmap best practices

Questions?

Kristen Stoimenoff

Washington Wellness Program Manager
Employees and Retirees Benefits Division

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TAB 11

Procurement Update

Shawna Lang
Portfolio Management and Monitoring Section Manager
Employees and Retirees Benefits Division
April 13, 2023

FSA and DCAP Procurement

What services are part of this procurement?

- ▶ Flexible Spending Arrangement (FSA) & Dependent Care Assistance Program (DCAP) for PEBB and SEBB Programs
- ▶ Collective Bargaining Agreement (CBA) \$250 for the PEBB Program
- ▶ Compact of Free Association (COFA) Act of 1985 Republic of the Marshall Islands (RMI), and the Federated States of Micronesia (FSM)
 - ▶ Include the COFA population (Medicaid)

FSA and DCAP Procurement (*cont.*)

What is the timeline for the procurement?

- ▶ Nearing completion of negotiations:
Potential signature by Spring 2023
- ▶ Contract go-Live: January 1, 2024, with implementation from signature to December 31, 2033
 - ▶ In negotiations, 2-3 items to resolve

FSA/DCAP Procurement Highlights

- ▶ Enhanced CBA \$250 PEBB Program benefit reporting
- ▶ Option for HSA contract management by HCA
- ▶ Enhanced data security features
 - ▶ Security design review process, such as 1 day breach notification procedures
- ▶ Reduced administrative fees by about \$215K annually

Wellness Procurement

What services is the procurement for?

- ▶ SmartHealth portal provider
- ▶ The current wellness contract has been in place since 2014 and the competitive procurement process was initiated to select an apparent successful bidder, WebMD
- ▶ The online portal access will remain very similar, and there will be minimal member abrasion because the website will remain the same as that is an HCA-owned URL, and activities will be completed in a very similar fashion to the current portal
- ▶ The appearance and options will be slightly different, but we are very excited about the upcoming changes as they will create a clear and user-friendly experience for our members

Wellness Procurement (*cont.*)

- ▶ What is the timeline for the procurement?

Request for Information	March 2022
Request for Proposal	July 2022 – October 2022
Announce Apparent Successful Bidder	November 2022
Negotiate Contract	November 2022 – Spring 2023
Contract Executed	Spring 2023
Security Design Review (SDR) Begins	February 2023
Implementation Begins[^] ^ HCA cannot supply any data until SDR approved	February 2023
Completed/Approved SDR	Spring 2023
Solution go-live	January 1, 2024

Wellness Procurement Highlights

- ▶ The portal will operate in substantially the same way as the current portal, easing member transition
- ▶ The portal will have improved data security requirements within the contract
- ▶ The portal under the new vendor appears to be interactive for users and will provide a full array of activities and content that can be customized to specific demographics such as organization and planning to help maintain and improve members' physical, emotional, relational, and financial health, as well we highlighting the importance of a healthy work-life balance

Accountable Care Program (ACP) Procurement

What services is the procurement for?

- ▶ UMP Plus
- ▶ Current Plus contracts expire December 31, 2025 and no further extensions planned to existing contracts
- ▶ Benefit design to mirror existing benefit structure with a potential proposal
- ▶ Main changes include updates to the financial, clinical, and quality models

Accountable Care Program (ACP) Procurement (*cont.*)

What is the timeline for the procurement?

- ▶ Tentative release of RFP Summer 2023
- ▶ Review and selection of ASB through December 2023
- ▶ Contract negotiations and development in 2024
- ▶ Implementation work in 2025
- ▶ Go live January 1, 2026

Accountable Care Program (ACP) Procurement Highlights

- ▶ Enhanced clinical and financial metrics
- ▶ Opportunity to identify interested additional bidders into the program not currently participating

Questions?

Shawna Lang, Portfolio Management and Monitoring
Section Manager

Employees and Retirees Benefits Division

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TAB 12

Medicare Update

Ellen Wolfhagen
Senior Account Manager
Employees and Retirees Benefits Division
April 13, 2023

Presentation Topics

- ▶ Medicare Review – IRMAA
- ▶ CAHPS Survey Information
- ▶ Listening Sessions Recap
- ▶ Public Forums

Medicare Review

▶ Part A (inpatient)

- ▶ Usually premium free if member worked 40 quarters that were FICA taxed

▶ Part B (outpatient)

- ▶ Premium paid by member (separate from PEBB Program premium and paid to Social Security directly)

▶ Part D (pharmacy)

- ▶ Premium paid by member (for PEBB Program included in MA-PD premium)

Medicare Review *(cont.)*

- ▶ Centers for Medicare and Medicaid Services (CMS) assesses a surcharge on premiums, if the member's income is above a standard level
- ▶ Surcharge is called Income Related Monthly Adjustment Amount (IRMAA)
- ▶ CMS looks at the tax return from 2 years prior
- ▶ For 2023, the standard level is \$97,00 for single tax filer; \$194,000 for joint filers
- ▶ IRMAA applied monthly and paid directly to CMS
- ▶ HCA does not have income information on members so cannot send targeted communications

Medicare Enrollment Requirements

▶ Part A

- ▶ Usually upon turning 65
- ▶ Enroll through Social Security Administration

▶ Part B

- ▶ Usually upon turning 65
- ▶ Can defer for employer sponsored insurance (if self or spouse still employed)
- ▶ Enroll through Social Security Administration

▶ Part D

- ▶ Within 60 days of creditable drug coverage ending
- ▶ Enroll through Social Security Administration

2023 IRMAA Amounts (Part D)

File individual tax return	File joint tax return	File married & separate tax return	You pay each month (in 2023)
\$97,000 or less	\$194,000 or less	\$97,000 or less	your plan premium
above \$97,000 up to \$123,000	above \$194,000 up to \$246,000	not applicable	\$12.20 + your plan premium
above \$123,000 up to \$153,000	above \$246,000 up to \$306,000	not applicable	\$31.50 + your plan premium
above \$153,000 up to \$183,000	above \$306,000 up to \$366,000	not applicable	\$50.70 + your plan premium
above \$183,000 and less than \$500,000	above \$366,000 and less than \$750,000	above \$97,000 and less than \$403,000	\$70.00 + your plan premium
\$500,000 or above	\$750,000 or above	\$403,000 or above	\$76.40 + your plan premium

IRMAA Impacts

- ▶ If on UMP or Kaiser – creditable drug coverage; not Part D coverage and therefore no IRMAA
- ▶ MAPD includes Part D and therefore IRMAA could apply
- ▶ If one is paying IRMAA on Part B premiums and switches to UHC, would have to pay IRMAA on Part D portion of plan premium as well
- ▶ HCA will increase communications about IRMAA and potential impacts

CAHPS Surveys

- ▶ Consumer Assessment of Healthcare Providers and Systems (CAHPS)
- ▶ Goals
 - ▶ Creating incentives to improve quality of care
 - ▶ Producing comparable data on patient perspectives
 - ▶ Increasing transparency
- ▶ Issued by the Agency for Healthcare Research and Quality (AHRQ), a division of US Department of Health and Human Services
 - ▶ [About CAHPS – Agency for Healthcare Research and Quality*](https://www.ahrq.gov/cahps/about-cahps/index.html#:~:text=Consumer%20Assessment%20of%20Healthcare%20Providers,Research%20and%20Quality%20(AHRQ))

*[https://www.ahrq.gov/cahps/about-cahps/index.html#:~:text=Consumer%20Assessment%20of%20Healthcare%20Providers,Research%20and%20Quality%20\(AHRQ\)](https://www.ahrq.gov/cahps/about-cahps/index.html#:~:text=Consumer%20Assessment%20of%20Healthcare%20Providers,Research%20and%20Quality%20(AHRQ))

CAHPS Surveys *(cont.)*

- ▶ Each plan reports results differently
- ▶ Aggregated information on book of business (by plan) for the Medicare Advantage population
- ▶ With enrollment now over 10,000 members, UHC will begin doing a “CAHPS-like” survey with PEBB Program-specific questions
- ▶ Survey will occur in March 2024 (measuring 2023 experiences), with results in November 2024

UMP CAHPS Results

- ▶ Only 2021 currently available
- ▶ 2022 results will be available by August 2023
- ▶ All UMP plans are surveyed except for UMP Classic Medicare (due to the plan being secondary to Medicare)
- ▶ 1,100 members age 18 and older are randomly selected
- ▶ Surveys go out late Quarter 1 by Regence and SPH Analytics (their vendor)
- ▶ 89% of respondents for UMP Classic rated plan 8 or higher (on a 1-10 scale)

KP NW – Senior Advantage CAHPS Results from 2021

- ▶ 1-5 star rating system
- ▶ Plan rated 4.5 stars
- ▶ Care coordination - 3
- ▶ Getting care quickly – 3

KP WA – Medicare Advantage CAHPS Results from 2021

- ▶ 1-5 star rating system
- ▶ Plan rated 4.5 stars
- ▶ Care coordination - 3
- ▶ Getting care quickly – 3

UHC CAHPS Results from 2021

- ▶ 1-5 star rating system
- ▶ Plan rated 5 stars
- ▶ Care coordination – 4
- ▶ Getting care quickly – 4

Listening Sessions Recap

- ▶ 8 sessions held (including February 28 pilot) as of March 31
- ▶ Total of 63 participants / 50% in UMP
- ▶ Initial high-level themes –
 - ▶ Maintain UMP choice despite the cost
 - ▶ HCA needs to do a better job of distinguishing between secondary insurance and Medicare Advantage or other Medicare plans
 - ▶ Everyone has something good to say about their plan
 - ▶ Everyone has something that could be improved about their plan

In Person Listening Sessions

- ▶ 4 Sessions scheduled
- ▶ Same format as virtual session
 - ▶ 12 participants
 - ▶ Facilitated by Noel Villarreal from Ernst and Young, contractor to HCA
 - ▶ Same focused questions
 - ▶ HCA and Stakeholders' Medicare Coalition observers
- ▶ March 29 - Tumwater
- ▶ April 11 – Cheney
- ▶ April 12 – Yakima
- ▶ May 16 - Bothell

In Person Listening Sessions (*cont.*)

- ▶ Tumwater session had four attendees
 - ▶ Two in UMP, two in KPWA
- ▶ Met at the Labor & Industries Building in Tumwater
- ▶ Very lively discussion

Public Forum Planning

- ▶ 3 Sessions
- ▶ April 26, May 17* and May 24
 - ▶ *rescheduled from March in order to increase participation
- ▶ Virtual sessions (Zoom)
- ▶ 30 participants
- ▶ 3 minutes each to speak
- ▶ No assigned topics or questions

Other Retiree Engagements

- ▶ Webinars
- ▶ Outreach communications
- ▶ Webpages

Questions?

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TAB 13

UMP Classic Medicare Pharmacy Benefits Insights

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Follow Up from 2022 Board Season

- ▶ 2023 UMP Classic Medicare rates increased significantly
- ▶ Pharmacy typically contributes to more than 60% of costs
- ▶ Received stakeholder questions and suggestions related to how the PEBB Program could modify UMP Classic Medicare pharmacy benefit to realize more savings for members (i.e. lower premiums or limit year-over-year increases)

Pharmacy Benefit Review

- ▶ Enlisted Milliman to run projections estimating the cost impact of numerous alternative pharmacy benefit designs
 - ▶ What would UMP Classic Medicare spending on pharmacy have been under different benefit designs?
- ▶ Methodology
 - ▶ Calculate each member's cost-sharing and plan paid amounts under different coverage design scenarios
 - ▶ Compare these costs with actual spending to calculate potential savings
 - ▶ Historical 3-year average: 2019 – 2021
- ▶ Assumptions / Limitations
 - ▶ Does not account for future changes to pharmacy trend
 - ▶ Based on historical enrollment, so does not factor in 2023 switching
 - ▶ Cannot predict for changes to drug formulary, member behavior and health status, drug prices, and practice patterns of medical providers and drug suppliers

Modeled Benefit Changes

- ▶ Modeled the following primary benefit changes resulting in different benefit design scenarios
 - ▶ Move from member paid coinsurance to copay
 - ▶ Increase pharmacy maximum out-of-pocket (MOOP) limit; currently set at \$2,000 for a single subscriber
 - ▶ Create a separate coverage tier for high-cost specialty drugs

Scenario 1: Co-insurance to Copay

	Current Benefits	Scenario 1a	Scenario 1b	Scenario 1c
Value Tier	5% up to \$10	up to \$5	up to \$5	up to \$5
Tier 1	10% up to \$25	up to \$10	up to \$10	up to \$10
Tier 2	30% up to \$75	up to \$75	up to \$75	up to \$75
Specialty	Cost share according to tier	Cost share according to tier	Cost share according to tier	Cost share according to tier
MOOP	\$2,000	\$2,000	\$3,000	\$4,000
Cost vs. Current	N/A	-3.3%	-3.4%	-3.4%

*Cost vs. Current represents modeled reduction in pharmacy claims cost, not member premium

Scenario 1 – Example 1

- ▶ Jennifer is a retired school teacher who takes four different medications. One is a Value tier medication, two are generic Tier 1 medications, and one is a Tier 2 specialty medication.

Medication	Current Tier	Total Allowed Amount	Current Monthly Member Cost Share	Scenario 1 Monthly Member Cost Share	
Medication #1	Value	\$4.32	\$0.22 (5% up to \$10)	\$4.32 (Up to \$5)	+
Medication #2	Tier 1	\$24.22	\$2.42 (10% up to \$25)	\$10 (Up to \$10)	+
Medication #3 (specialty)	Tier 1	\$305	\$25 (10% up to)	\$10 (Up to \$10)	—
Medication #4 (specialty)	Tier 2	\$13,400	\$75 (30% up to \$75)	\$75 (Up to \$75)	

Scenario 1 – Annual Member Impacts

Scenario 1a	Pays Less		Pays More		No Change	
	% Members Impacted	Annual Difference in Cost Share	% Members Impacted	Annual Difference in Cost Share	% Members Impacted	Annual Difference in Cost Share
	1.8%	-\$30.35	95.1%	\$122.52	3.1%	\$0.00

- ▶ On average, about 95% of members would have paid about \$122 more in 2021* at the pharmacy for prescription drugs under benefit Scenario 1a

*Analysis uses actual 2021 paid pharmacy claims and may not represent future utilization

Scenario 2: Specialty Tier

	Current Benefits	Scenario 2a	Scenario 2b
Value Tier	5% up to \$10	5% up to \$10	5% up to \$10
Tier 1	10% up to \$25	10% up to \$25	10% up to \$25
Tier 2	30% up to \$75	30% up to \$75	30% up to \$75
Specialty	Cost share according to tier	30% up to \$100	30% up to \$300
MOOP	\$2,000	\$2,000	\$2,000
Cost vs. Current	N/A	-0.1%	-0.5%

*Tier 1 Specialty Drugs modeled at Tier 1 Cost Sharing; Tier 2 Specialty Drugs modeled at described Cost Sharing

Scenario 2 – Example 1

- ▶ In scenario 2, Jennifer’s cost shares would change as follows:

Medication	Current Tier	Total Allowed Amount	Current Monthly Member Cost Share	Scenario 2 Monthly Member Cost Share
Medication #1	Value	\$4.32	\$0.22 (5% up to \$10)	Same as current
Medication #2	Tier 1	\$24.22	\$2.42 (10% up to \$25)	Same as current
Medication #3 (specialty)	Tier 1	\$305	\$25 (10% up to)	Same as current
Medication #4 (specialty)	Tier 2*	\$13,400	\$75 (30% up to \$75)	\$100 (30% up to \$100) OR \$300 (30% up to \$300)



*Under Scenario 2, specialty drugs on Tier 2 would move to a new, separate tier with increased member cost-sharing as shown

Scenario 2 – Annual Member Impacts

	Pays Less		Pays More		No Change	
	% Members Impacted	Annual Difference in Cost Share	% Members Impacted	Annual Difference in Cost Share	% Members Impacted	Annual Difference in Cost Share
Scenario 2a	0%	\$0.00	2.2%	\$207.68	97.8%	\$0.00
Scenario 2b	0%	\$0.00	2.2%	\$862.92	97.8%	\$0.00

- ▶ On average, nearly 98% of members would have paid the same in 2021 at the pharmacy for prescription drugs under benefit Scenario 2
- ▶ About 2% of members on some Tier 2 specialty drugs would have paid approximately \$200 to \$860 more in 2021

*Based on 2021 historical claims only

Scenario 3: Copay + Specialty Tier

	Current Benefits	Scenario 3a	Scenario 3b
Value Tier	5% up to \$10	up to \$5	up to \$5
Tier 1	10% up to \$25	up to \$10	up to \$10
Tier 2	30% up to \$75	up to \$75	up to \$75
Specialty	Cost share according to tier	30% up to \$100	30% up to \$300
MOOP	\$2,000	\$2,000	\$2,000
Cost vs. Current	N/A	-3.4%	-3.7%

*Tier 1 specialty drugs modeled at Tier 1 cost sharing; Tier 2 specialty drugs modeled at described cost sharing

Scenario 3 – Example 1

- ▶ Scenario 3 combines scenarios 1 and 2, Jennifer would now pay the following cost shares:

Medication	Current Tier	Total allowed amount	Current Monthly Member Cost Share	Scenario 3 Monthly Member Cost Share	
Medication #1	Value	\$4.32	\$0.22 (5% up to \$10)	\$4.32 (Up to \$5)	+
Medication #2	Tier 1	\$24.22	\$2.42 (10% up to \$25)	\$10 (Up to \$10)	+
Medication #3 (specialty)	Tier 1	\$305	\$25 (10% up to)	\$10 (Up to \$10)	—
Medication #4 (specialty)	Tier 2*	\$13,400	\$75 (30% up to \$75)	\$100 (30% up to \$100) OR \$300 (30% up to \$300)	+

*Under Scenario 3, specialty drugs on tier 2 would move to a new, separate Tier with increased member cost-sharing as shown

Scenario 3 – Annual Member Impacts

	Pays Less		Pays More		No Change	
	% Members Impacted	Annual Difference in Cost Share	% Members Impacted	Annual Difference in Cost Share	% Members Impacted	Annual Difference in Cost Share
Scenario 3a	1.7%	-\$30.44	95.2%	\$126.90	3.1%	\$0.00
Scenario 3b	1.7%	-\$30.46	95.2%	\$139.50	3.1%	\$0.00

- ▶ On average, about 95% of members would have paid approximately \$125 to \$140 more in 2021 at the pharmacy for prescription drugs under benefit Scenario 3

*Based on 2021 historical claims only

Summary of Overall Findings

- ▶ For more than 95% of retirees, potential premium savings would be equally offset by an increase in out-of-pocket costs at the pharmacy
- ▶ Switching from coinsurance to copay has the greatest impact on premium savings, but does not result in overall member savings as it shifts these costs to members' out-of-pocket spending at the pharmacy
- ▶ Creating a specialty drug tier or increasing the MOOP have minimal impact on claims savings and premiums

Questions?

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