

Public Employees Benefits Board

June 9, 2021

Public Employees Benefits Board

June 9, 2021

12:00 p.m. – 3:00 p.m.

Zoom Attendance Only

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

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TAB 1

**Public Employees Benefits Board
June 9, 2021
12:00 p.m. – 3:00 p.m.**

**Aligning with [Governor's Proclamation 20-28](#),
all Board Members and public attendees
will only be able to attend virtually**

TO JOIN ZOOM MEETING – SEE INFORMATION BELOW

12:00 p.m.*	Welcome and Introductions		Sue Birch, Chair	
12:05 p.m.	Meeting Overview		Dave Iseminger, Director Employees & Retirees Benefits (ERB) Division	Information/ Discussion
12:10 p.m.	Follow Up from May 12, 2021 Meeting	TAB 3	Dave Iseminger, Director ERB Division	Information/ Discussion
12:20 p.m.	Transition to Executive Session			
12:30 p.m.	Executive Session			
1:30 p.m.	Break			
1:40 p.m.	2022 Annual Procurement Update	TAB 4	Beth Heston, PEBB Procurement Manager/Senior Account Manager, ERB Division	Information/ Discussion
2:20 p.m.	2022 PEBB Medicare Rates	TAB 5	Tanya Deuel, ERB Finance Manager, Financial Services (FS) Division Sara Whitley, Fiscal Information & Data Analyst, FS Division Ryan Pistoressi, PharmD, MS, Assistant Chief Pharmacy Officer, CQCT	Information/ Discussion
2:40 p.m.	Public Comment			
3:00 p.m.	Adjourn			

***All Times Approximate**

The Public Employees Benefits Board will meet Wednesday, June 9, 2021. Due to COVID-19 and out of an abundance of caution, all Board Members and attendees will attend this via Zoom.

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

Pursuant to RCW 42.30.110(1)(I), the Board will meet in Executive Session to consider proprietary or confidential nonpublished information related to the development, acquisition, or implementation of state purchased health care services as provided in RCW 41.05.026. The Executive Session will begin at 12:30 p.m. and conclude no later 1:30 p.m.

No "action," as defined in RCW 42.30.020(3), will be taken at the Executive Session.

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

Direct e-mail to: board@hca.wa.gov.

Materials posted at: <http://www.pebb.hca.wa.gov/board/> by close of business on June 7, 2021.

[Join Zoom Meeting](#)

Join Zoom Meeting

<https://zoom.us/j/98326863763?pwd=RHdvM094Q3AxdWw5WTFrVjZjaXIPUT09>

Meeting ID: 983 2686 3763

Passcode: 652743

One tap mobile

+12532158782,,98326863763# US (Tacoma)

+16699006833,,98326863763# US (San Jose)

Dial by your location

+1 253 215 8782 US (Tacoma)

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+1 301 715 8592 US (Washington DC)

+1 312 626 6799 US (Chicago)

Meeting ID: 983 2686 3763

Find your local number: <https://zoom.us/u/aef3wivY9q>

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
Leanne Kunze, Executive Director Washington Federation of State Employees 1212 Jefferson Street, Suite 300 Olympia WA 98501 V 360-352-7603 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
Scott Nicholson, Deputy Assistant Director State Human Resources Office of Financial Management PO Box 43113 Olympia WA 98504-3113 scott.nicholson@ofm.wa.gov	Benefits Management/Cost Containment

PEB Board Members

Name	Representing
Yvonne Tate 1407 169 th PL NE Bellevue WA 98008 V 425-417-4416 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 member

6/4/21



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

2021 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.

January 27, 2021 (Board Retreat) 9:00 a.m. – 4:00 p.m.

March 17, 2021 - Noon – 5:00 p.m.

April 14, 2021 - Noon – 5:00 p.m.

May 12, 2021 - Noon – 5:00 p.m.

June 9, 2021 - Noon – 5:00 p.m.

June 30, 2021 - Noon – 5:00 p.m.

July 14, 2021 - Noon – 5:00 p.m.

July 21, 2021 - Noon – 5:00 p.m.

July 28, 2021 - Noon – 5:00 p.m.

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

6/12/20

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: July 21, 2020

TIME: 11:23 AM

WSR 20-15-132

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. At the direction of the Chair, public testimony at Board meetings may also occur in conjunction with a public hearing or during the Board’s consideration of a specific agenda item. 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 July 15, 2020

TAB 3



Washington State
Health Care Authority

PUBLIC EMPLOYEES BENEFITS BOARD

Follow Up from May 12, 2021 Meeting

Dave Iseminger, Director
Employees and Retirees Benefits Division
June 9, 2021

May 2021 Medicare Member Enrollment

PEBB Medicare Enrollment

Plan	Enrollment
Kaiser Northwest	2,632
Uniform Medical	59,938
United Balance	107
United Complete	2,017
Premera Plan F&G Supplement	19,122

Kaiser Washington

Plan	Enrollment
Medicare Advantage	20,774
Original Medicare	3,688

Medicare Out-of-Pocket Maximums

Plan	Out-of-Pocket Maximums
KPNW Senior Advantage	\$1,500/person; No Prescription drug out-of-pocket limit
KPWA Original Medicare	\$2,000/person, \$4,000 family; Rx copays and coinsurance apply to Medical out-of-pocket limit
Medicare Advantage	\$2,500/person; No Prescription drug out-of-pocket limit
UMP Medicare	\$2,000/person, \$4,000/family; plus Prescription drug out-of-pocket limit \$2,000/person, \$4,000/family
United PEBB Balance MA-PD	\$2,000/person; plus Prescription drug out-of-pocket limit \$2,000/person
United PEBB Complete MA-PD	\$500/person; plus Prescription drug out-of-pocket limit \$2,000/person

Questions?

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

TAB 4



Washington State
Health Care Authority

PUBLIC EMPLOYEES BENEFITS BOARD

2022 Annual Procurement Update

Beth Heston

PEBB Procurement Manager/Senior Account Manager

Employees and Retirees Benefits Division

June 9, 2021

Medical Procurement Work Plan

- Request for Renewal (RFR) released March 5, 2021
- RFR responses returned April 5 and April 9
- First Bid Rate Forms submitted May 1
- Preliminary negotiations May – June
- Medicare rates today
- First public presentation of Non-Medicare rates mid-July Meeting
- Final vote on renewal end of July

Changes for All PEBB Consumer Directed Health Plans (CDHPs)

- Health Savings Account (HSA) annual maximum contribution increasing to \$3,650 for subscriber only and \$7,300 for all other tiers

Uniform Medical Plan

Uniform Medical Plan (UMP) 2022 Proposed Benefit Changes

Mental Health Parity

- Ensures compliance with federal parity laws for mental health/substance use disorder benefits and medical/surgical benefits
- Removes the coinsurance for mental health and substance use disorder inpatient professional services (i.e., physician services) in UMP Classic, Select, UMP Plus
- No change was needed for UMP High Deductible

UMP 2022 Proposed Benefit Changes (*cont.*)

UMP Accumulators

- Currently when members switch plans during a special open enrollment, their accumulators do not roll over with them when they switch to a different UMP plan
- HCA recommends allowing accumulator rollovers between UMP plans for member satisfaction and to align with how Kaiser and Premera's plans apply rollovers

Proposed Resolution PEBB 2021-16

UMP Accumulators

Beginning January 1, 2022, when a subscriber enrolled in a Uniform Medical Plan (UMP) changes their enrollment to another UMP plan during the plan year (excluding Open Enrollment), the amounts accrued toward insurance accumulators (such as deductibles, out-of-pocket maximums, and benefit and visit limits) will transfer into their new UMP plan.

Proposed Change to UMP Plus – Puget Sound High Value Network

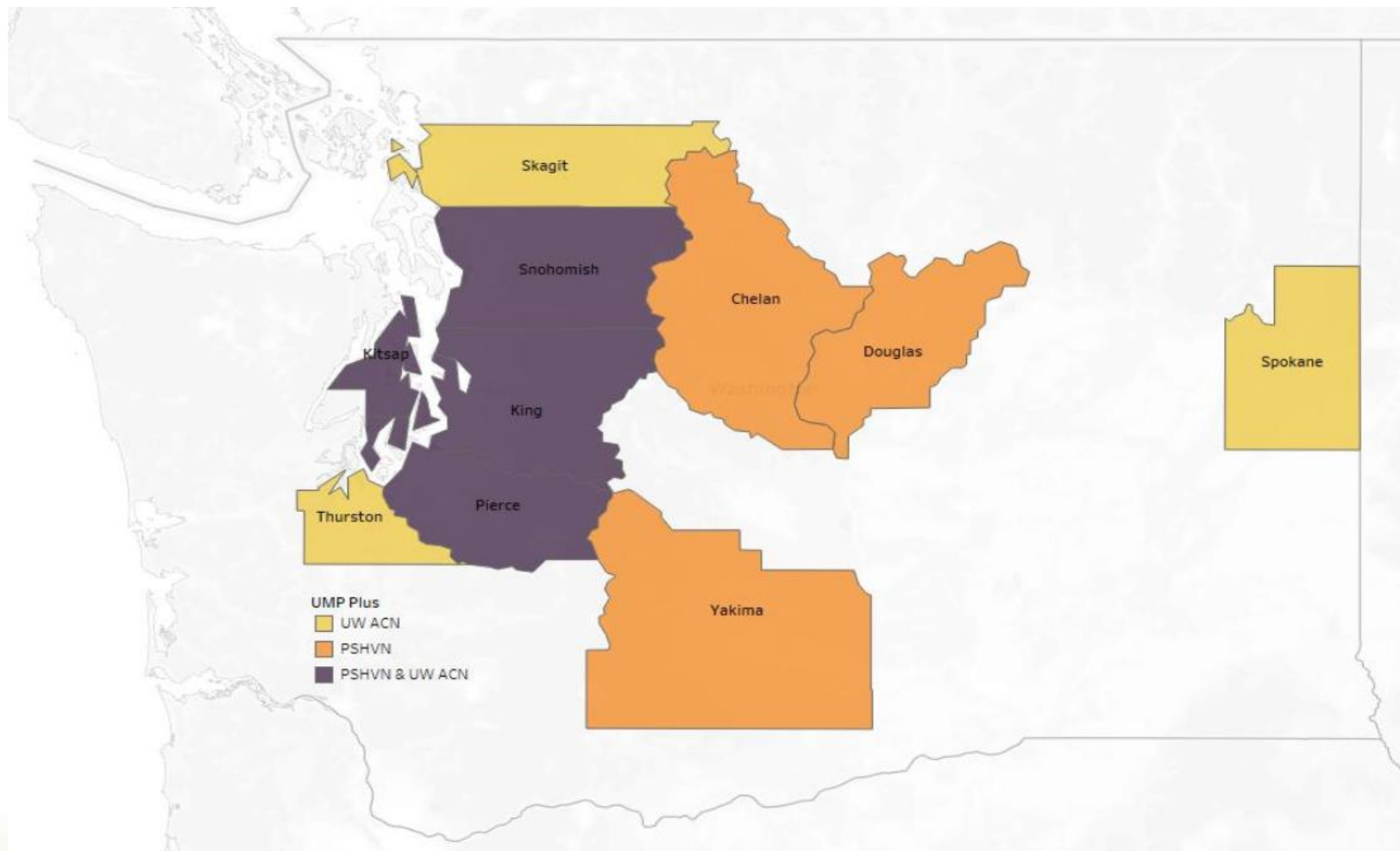
No longer in Thurston County for 2022

- Provider Contracts:
 - Adult primary care contracting challenges
 - Recent ownership relationships have shifted toward UW Medicine UMP Plus Network
- 472 impacted PEBB Program members

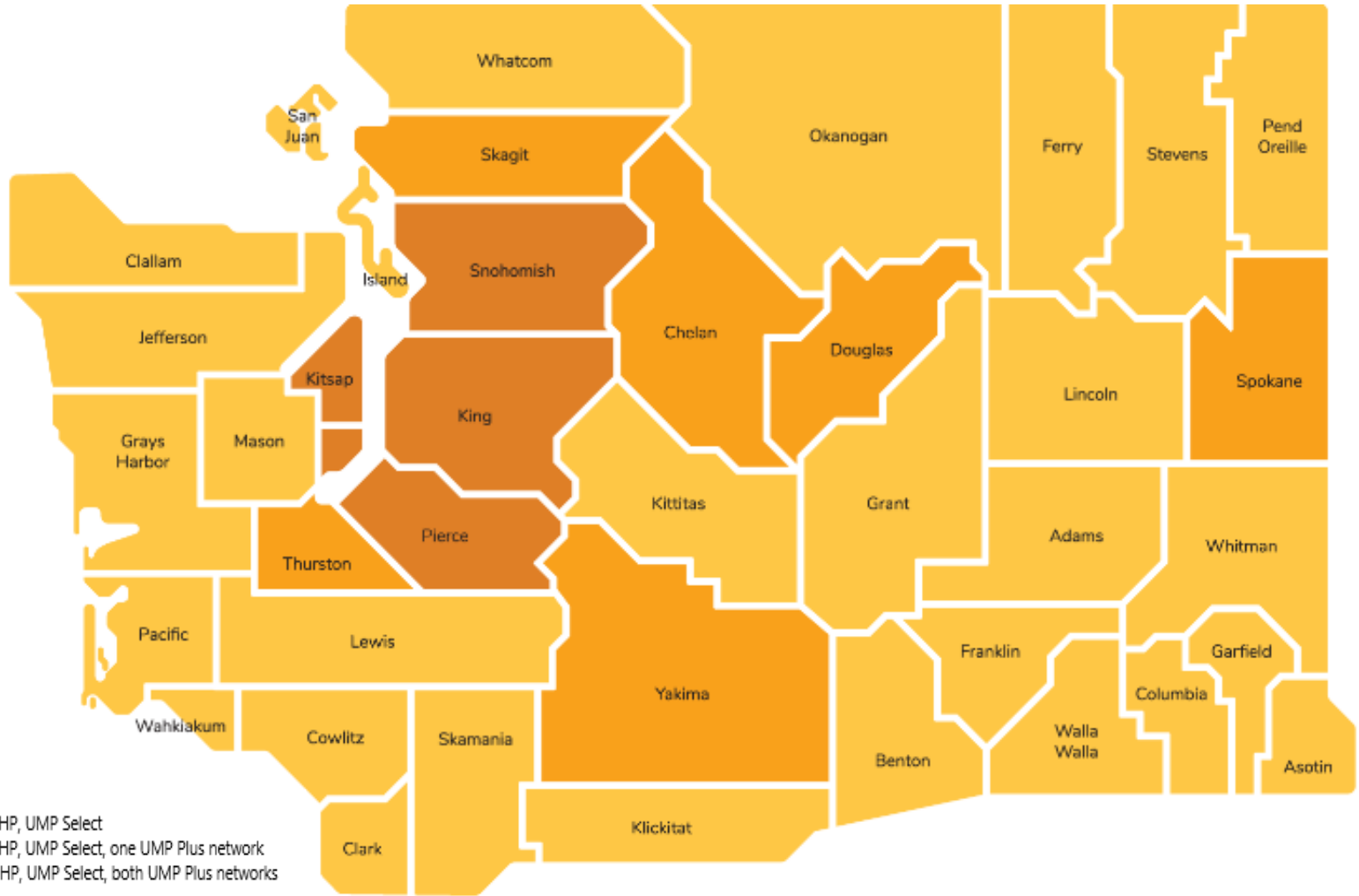
Proposed Change to UMP Plus – Puget Sound High Value Network (*cont.*)

- Communication plans:
 - Multiple notices to affected members from different sources (UMP/HCA, PSHVN, provider search/web notices, etc.)
- Available Plans in Thurston County (8):
 - UMP Classic, UMP CDHP, UMP Plus UW Medicine ACN, UMP Select
 - Kaiser Washington Classic, CDHP, Value, SoundChoice

2022 UMP Plus Network Coverage



UMP Plan Coverage



Kaiser Foundation Health Plan of the Northwest (KPNW)

KPNW 2022 Proposed Benefit Changes

Naturopathy benefits:

- Currently a specialty care benefit with a provider referral required, changing to self-referred only
- Primary Care \$25 Copay
- No visit limit and no dollar max per plan year

KPNW 2022 Proposed Benefit Changes (*cont.*)

Acupuncture Benefits:

- Adding self-referrals
 - Self-referred: 12 visits per plan year;
Specialty care \$35 copay
 - Physician-referred: Unlimited visits;
Specialty care \$35 copay

KPNW 2022 Proposed Benefit Changes (*cont.*)

Massage Benefits:

- Adding self-referrals
- \$25 Copay; 12 visits allowed per year
- No maximum dollar coverage limit (currently combined \$1,000 with other services)

KPNW 2022 Proposed Benefit Changes (*cont.*)

Rehabilitation Services:

- Allow self-referrals
- No longer requires a prior authorization
- Outpatient Physical, Speech, and Occupational therapies will have a combined visit limit of 60 visits per plan year
- Specialty care \$35 copay

KPNW 2022 Proposed Benefit Changes (*cont.*)

Dental Services for Potential Transplant Recipients:

- The member must be referred for a covered transplant evaluation and services authorized by KP's National Transplant Services team. This team approves transplant such as kidney, liver, bone marrow, etc.
- Coverage adds routine dental services necessary to ensure the member is clear of infection prior to being placed on the transplant waitlist

Kaiser Foundation Health Plan of Washington (KPWA)

KPWA 2022 Proposed Benefit Changes

KPWA has proposed adding in-home Infusion Therapy to all plans:

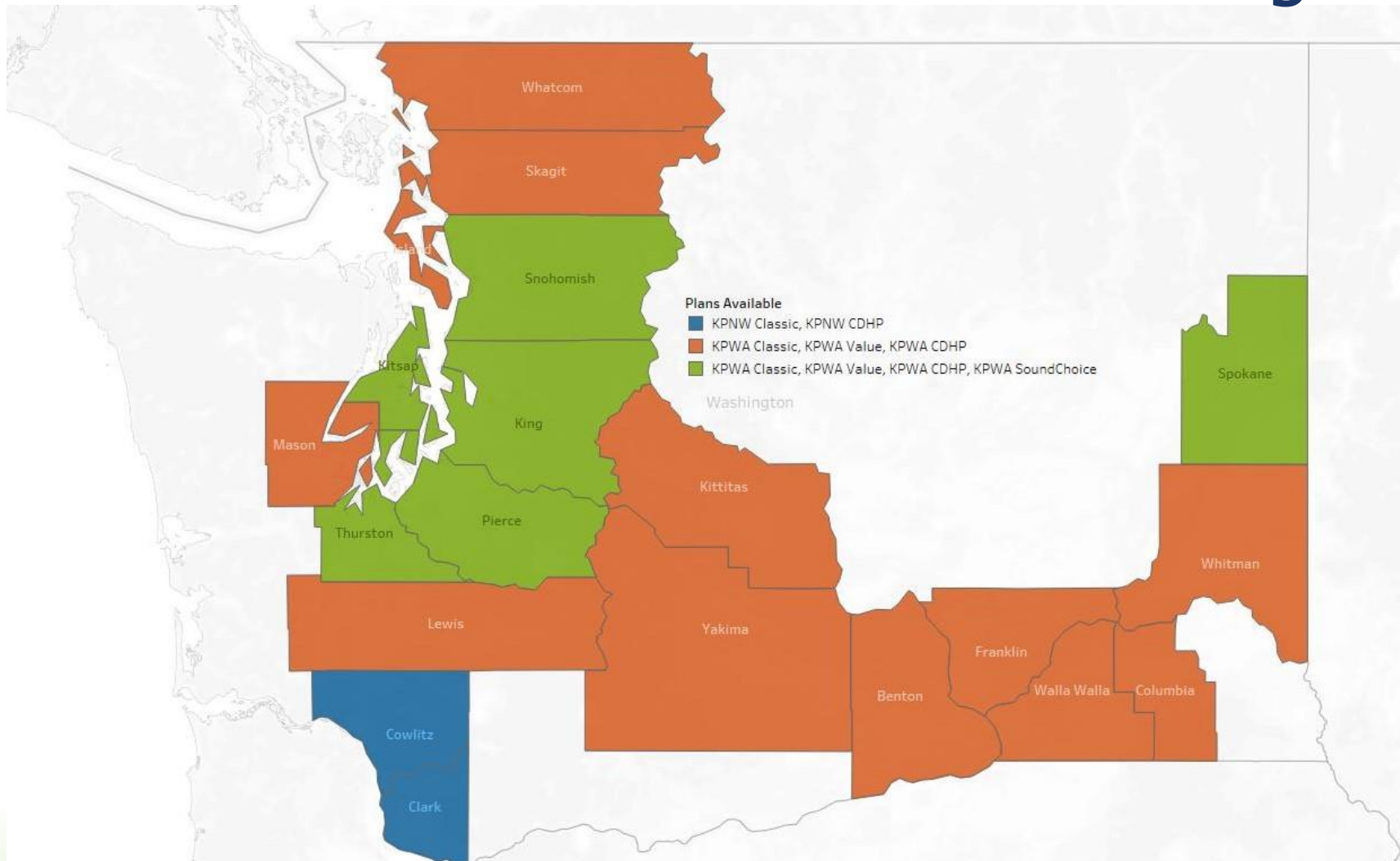
- Waive cost shares for administration of infused medication in a home setting
- CDHP members must meet annual deductible, coinsurance will be waived
- Out-of-network providers for home infusion will not be covered

KPWA 2022 Proposed Benefit Changes (*cont.*)

Removing cost shares for two urine drug screenings per plan year:

- \$0 copay
- No diagnosis code restrictions
- Includes urine drug screenings for employment
- CDHP members must meet annual deductible, coinsurance will be waived

Kaiser 2022 Service Areas – No Changes



Questions?

Beth Heston, PEB Procurement Manager/
Senior Account Manager
Employees and Retirees Benefits Division

Beth.Heston@hca.wa.gov

TAB 5

The logo for the Washington State Health Care Authority features the text "Washington State Health Care Authority" in a blue sans-serif font. The word "Authority" is written in a larger, bolder font and is partially overlaid by a green swoosh that starts from the right and curves under the text.

Washington State
Health Care Authority

The logo for the Public Employees Benefits Board consists of a blue horizontal banner with a green outline. The text "PUBLIC EMPLOYEES BENEFITS BOARD" is written in white, uppercase, sans-serif font across the banner.

PUBLIC EMPLOYEES BENEFITS BOARD

2022 PEBB Medicare Rates

Sara Whitley, Fiscal Information &
Data Analyst
Financial Services Division
June 9, 2021

Tanya Deuel, ERB Finance
Manager
Financial Services Division

Ryan Pistorosi, PharmD, MS
Asst. Chief Pharmacy Officer
CQCT

Medicare & the PEBB Portfolio

Coordination of Benefits (COB) with Original Medicare (UMP Classic Medicare)

Medicare Part A (Hospital)
+ Medicare Part B (OP/Prof)

Original Medicare

- Health plans coordinate the payment of medical claims with Original Medicare

Medical Claims

- Medicare = Primary
- UMP = Secondary

Pharmacy Claims

- UMP = Only payer

Medicare Advantage (Kaiser WA and Kaiser NW MA)

- Covers all Original Medicare
- Plans receive risk adjusted Federal subsidy dollars from CMS to administer the medical benefit of the plans
- Popular option for retirees seeking additional benefits not covered by Original Medicare
- Offer Creditable Drug Coverage, HCA receives RDS*

Medicare Advantage plus Part D (UHC MA-PD plans)

- Covers all Original Medicare + Medicare Part D drug coverage
- Plans receive risk adjusted revenue + additional revenue for Part D benefit
- Part D revenue intended to cover approximately 75% of Part D drug costs
- Employer group plans allow for customization of benefit/formulary

Medicare Supplement (Premera Plans F & G)

- Supplemental (Medigap) plans for Medicare eligible enrollees (retired or disabled)
- Plans help cover out-of-pocket costs for Original Medicare
- Do not include drug coverage

*Retiree Drug Subsidy (RDS)

PEBB Medicare Portfolio

	UMP Classic Medicare	Kaiser WA & Kaiser NW MA	UHC MA-PD	Medicare Supplement Plans (Premera Plan F and Plan G)
Medicare Explicit Subsidy	\$183 or 50% of premium, whichever is less			
Medical	COB with Original Medicare	Medicare Part C (Part A + Part B, Managed Care)		Help to cover out-of-pocket costs of Original Medicare
Pharmacy	Creditable Drug Coverage	Creditable Drug Coverage	Part D Drug Coverage	No Drug Coverage

Retiree Enrollment Summary

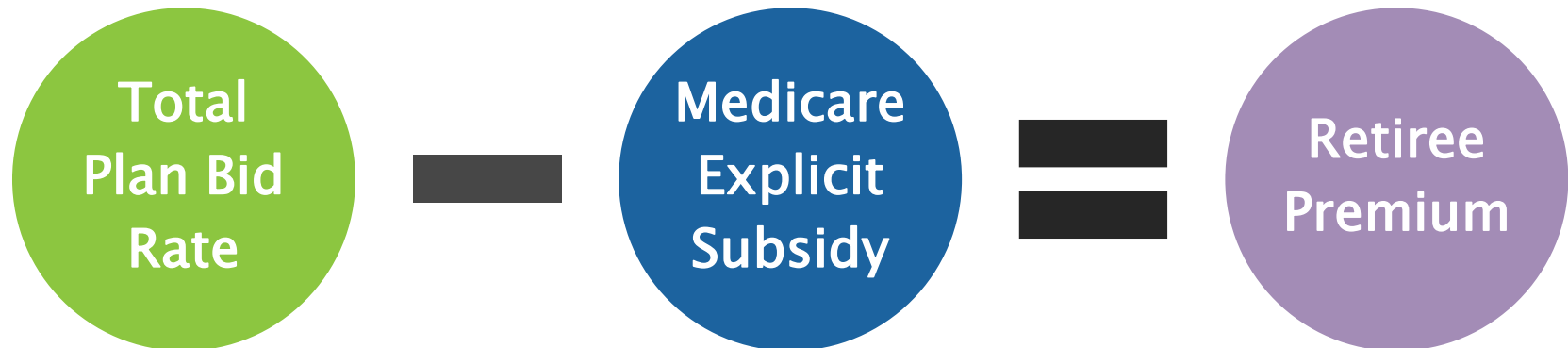
	2021 Plan Enrollment*	
Kaiser NW Senior Advantage	2,641	2.5%
Kaiser WA Medicare Advantage & Original Medicare	23,829	22.2%
UMP Classic Medicare	59,666	55.6%
UnitedHealthcare (MA-PD)** PEBB Complete	1,947	1.8%
UnitedHealthcare (MA-PD) PEBB Balance	100	0.1%
Premera Medicare Supplement Plan F^	15,748	14.7%
Premera Medicare Supplement Plan G	3,322	3.1%
Approximate Total Retirees	107,253	

*Approximate enrollment (members) as of May 2021; may not include complete count of split account members

**Medicare Advantage plus Prescription Drug coverage (Part D)

^Plan F closed to new enrollment as of Plan Year 2020

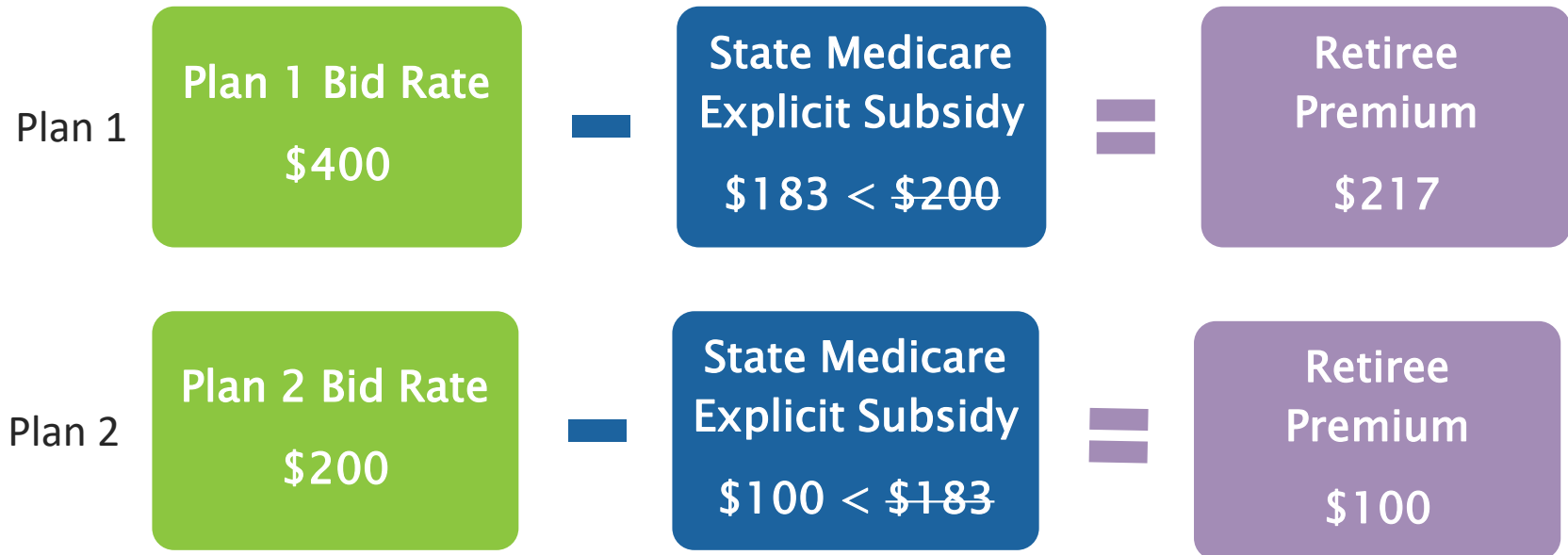
Retiree Premium Calculation



2022 Medicare Explicit Subsidy is proposed at \$183 or 50% of the premium, whichever is less.

State Medicare Explicit Subsidy - Illustration

Proposed 2022 State Medicare Explicit Subsidy = **\$183** or **50% of the premium**, whichever is less.



Medicare Retiree Proposed 2022 Rates

	Single Subscriber Premium*	Medicare Explicit Subsidy	Composite Rate
Kaiser NW Senior Advantage	\$172.79	\$167.79	\$340.58
Kaiser WA Medicare Advantage & Original Medicare	\$175.69	\$170.70	\$346.39
UMP Classic Medicare	\$364.87	\$183.00	\$547.87
UnitedHealthcare (MA-PD) PEBB Complete	\$148.68	\$143.68	\$292.36
UnitedHealthcare (MA-PD) PEBB Balance	\$125.99	\$120.99	\$246.98
Premera Medicare Supplement Plan F Retired	\$116.11	\$111.12	\$227.23
Premera Medicare Supplement Plan F Disabled	\$199.77	\$183.00	\$382.77
Premera Medicare Supplement Plan G Retired	\$99.35	\$94.35	\$193.70
Premera Medicare Supplement Plan G Disabled	\$165.39	\$160.40	\$325.79

*Premium after Medicare Explicit Subsidy, proposed at \$183 or 50% of the premium, whichever is less for the 2022 plan year.

Medicare Retiree Proposed 2022 Premiums

	Single Subscriber Premium*		Change in Subscriber Premium	
	2021	2022	%	\$
Kaiser NW Senior Advantage	\$174.41	\$172.79	-1%	(\$1.62)
Kaiser WA Medicare Advantage & Original Medicare	\$177.10	\$175.69	-1%	(\$1.41)
UMP Classic Medicare	\$336.30	\$364.87	9%	\$28.57
UnitedHealthcare (MA-PD) PEBB Complete	\$156.81	\$148.68	-5%	(\$8.13)
UnitedHealthcare (MA-PD) PEBB Balance	\$132.93	\$125.99	-5%	(\$6.94)
Premera Medicare Supplement Plan F Retired	\$116.68	\$116.11	0%	(\$0.57)
Premera Medicare Supplement Plan F Disabled	\$200.34	\$199.77	0%	(\$0.57)
Premera Medicare Supplement Plan G Retired	\$99.92	\$99.35	0%	(\$0.57)
Premera Medicare Supplement Plan G Disabled	\$165.96	\$165.39	0%	(\$0.57)

*Premium after Medicare Explicit Subsidy, proposed at \$183 or 50% of the premium, whichever is less for the 2022 plan year.

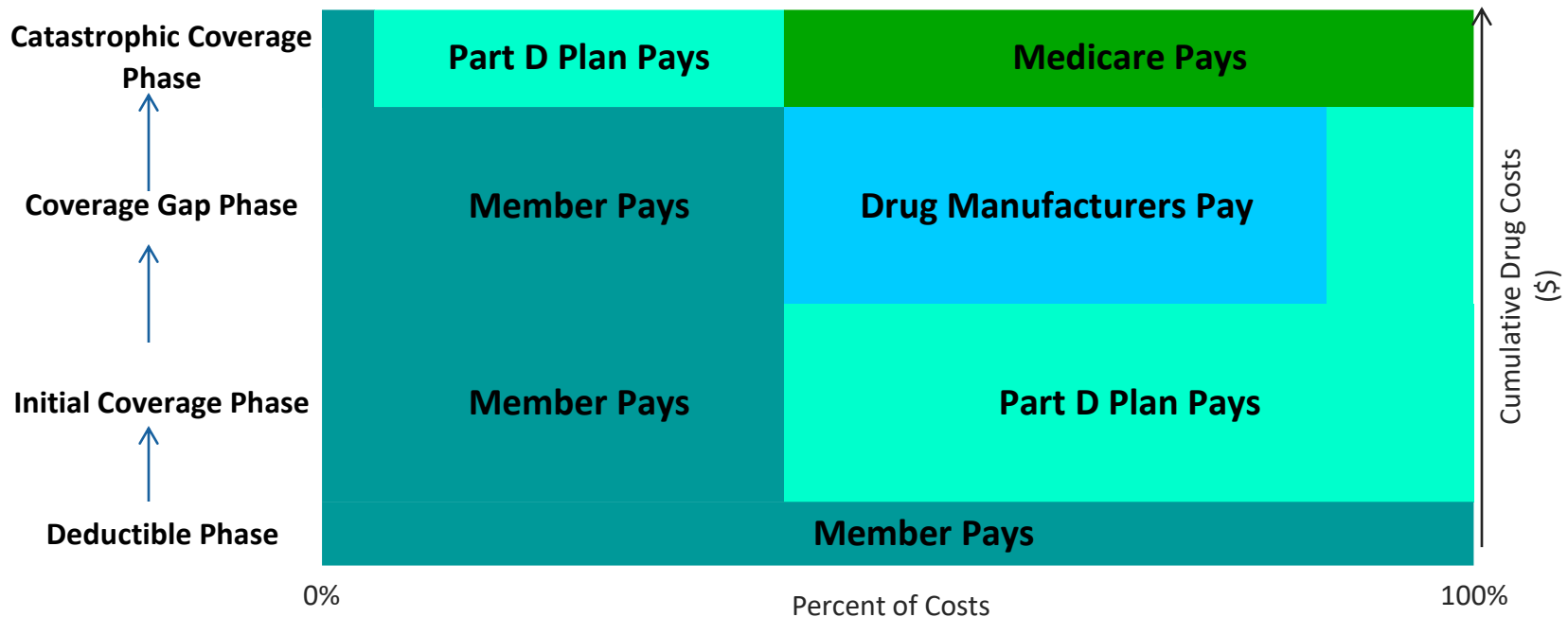
The Medicare Pharmacy Landscape

Part D Plans are Insulated from Rising Drug Costs

- Pharmaceutical industry shifting to specialty drugs
 - Often unmet medical need
 - FDA allows fast-track or accelerated review and approval
 - Set prices at what the market will bear
- UMP (not a Part D plan) absorbs the full impact of rising drug costs as the only payer for UMP Classic Medicare pharmacy costs
- In contrast, Medicare Part D and MA-PD plans are better insulated from rising drug costs by supplementary sources of revenue
 - Part D Re-Insurance
 - Manufacturer Drug Discounts
 - Etc.

Standard Part D Plan Payer Structure

Illustration based on Standard Part D Plan in the Individual Market

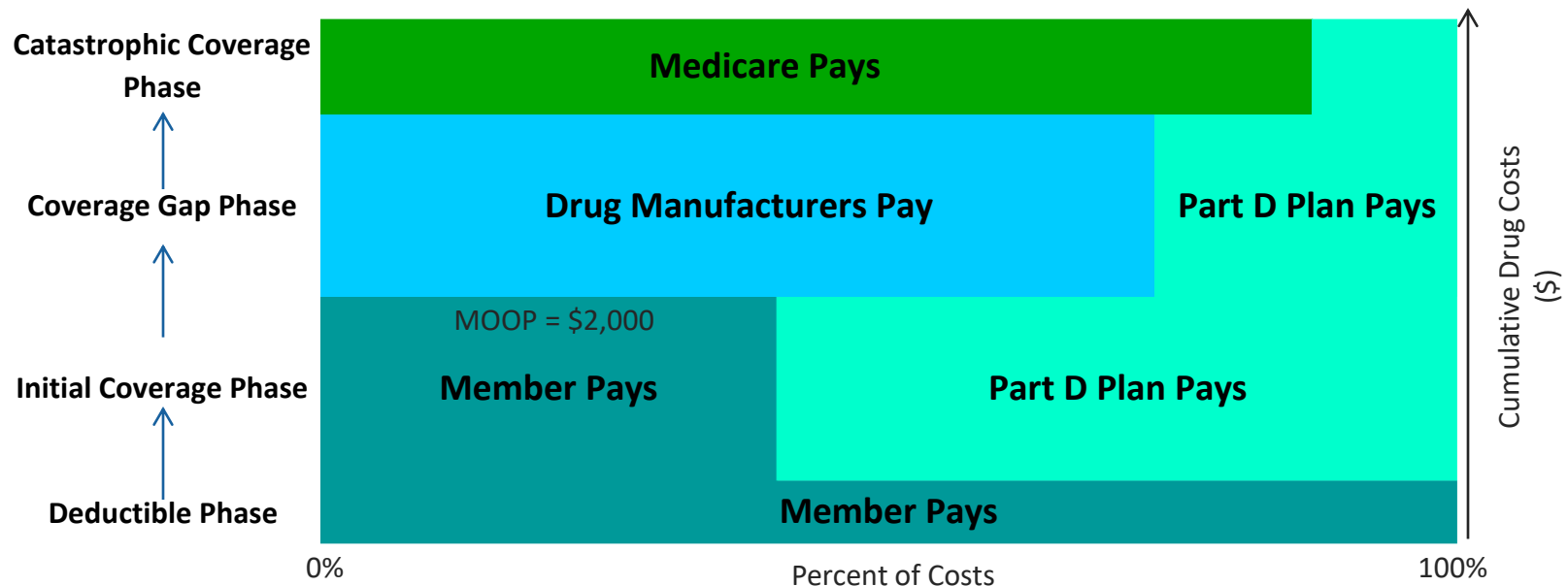


Standard Part D plans do not typically include full coverage in the “Coverage Gap Phase,” resulting in member out-of-pocket costs into the Catastrophic Coverage Phase (\$10,048 in total Drug Spend).

Recreation from <https://www.kff.org/medicare/fact-sheet/an-overview-of-the-medicare-part-d-prescription-drug-benefit/>

Part D Plan Payer Structure

Illustration based on PEBB Complete and PEBB Balance Part D Benefit Design

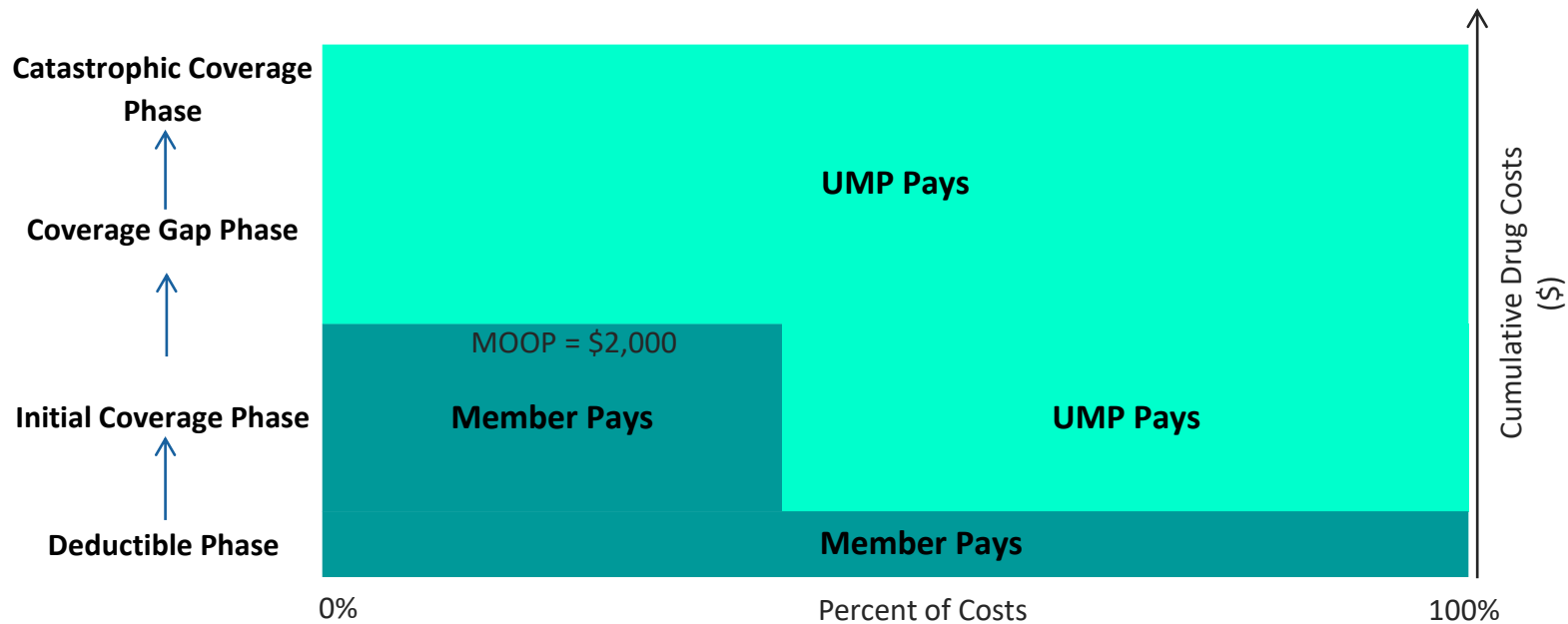


The UHC Employer Group MA-PD plans were customized for PEBB Members to provide coverage in the “Coverage Gap phase,” resulting in no member out-of-pocket costs above the maximum out-of-pocket limit (MOOP) of \$2,000 for both plans.

Illustration based on figures found: <https://www.kff.org/medicare/fact-sheet/an-overview-of-the-medicare-part-d-prescription-drug-benefit/>

UMP Pharmacy Benefit Structure

Illustration based on UMP Plan Design

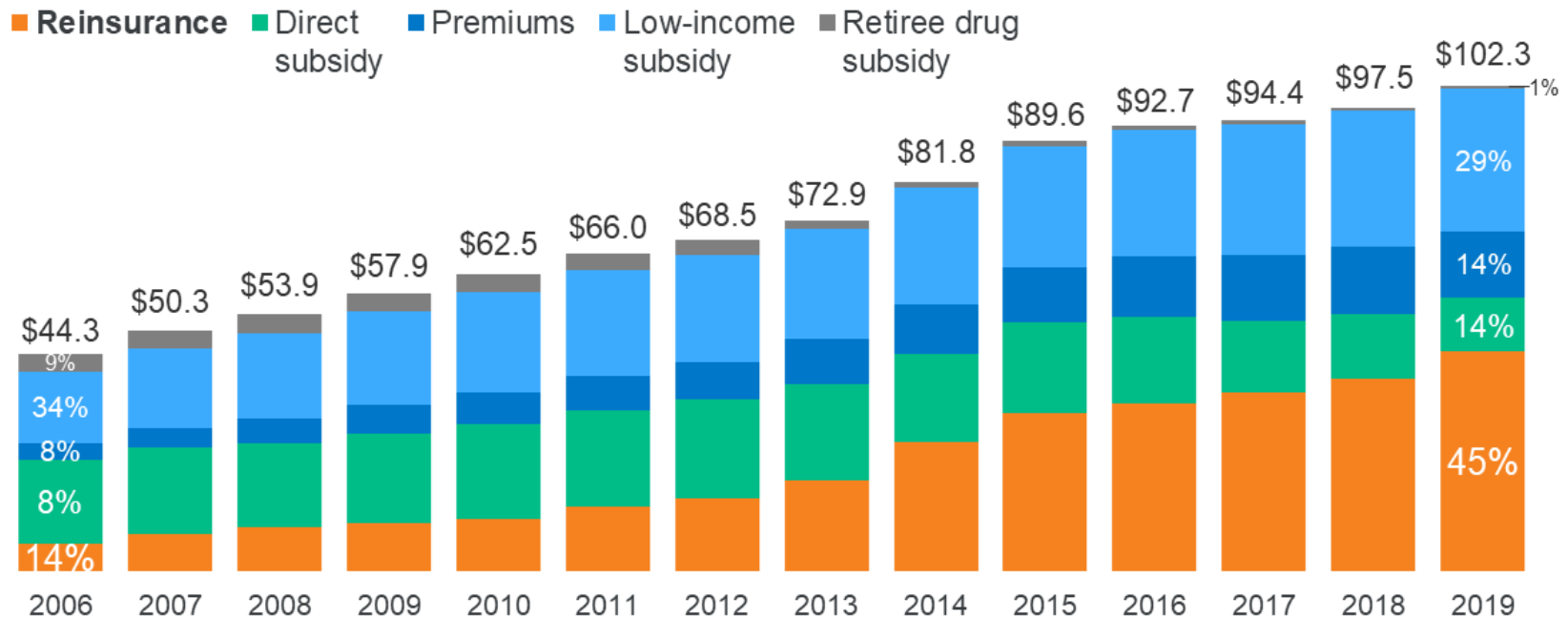


UMP pays for 100% of costs over and above a member's out-of-pocket limit (\$2,000).

Illustration based on figures found: <https://www.kff.org/medicare/fact-sheet/an-overview-of-the-medicare-part-d-prescription-drug-benefit/>

Catastrophic Coverage and Part D

Spending for Catastrophic Coverage (“Reinsurance”) Now Accounts for Close to Half (45%) of Total Medicare Part D Spending, up from 14% in 2006



SOURCE: 2016-2020 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, Table IV.B10.



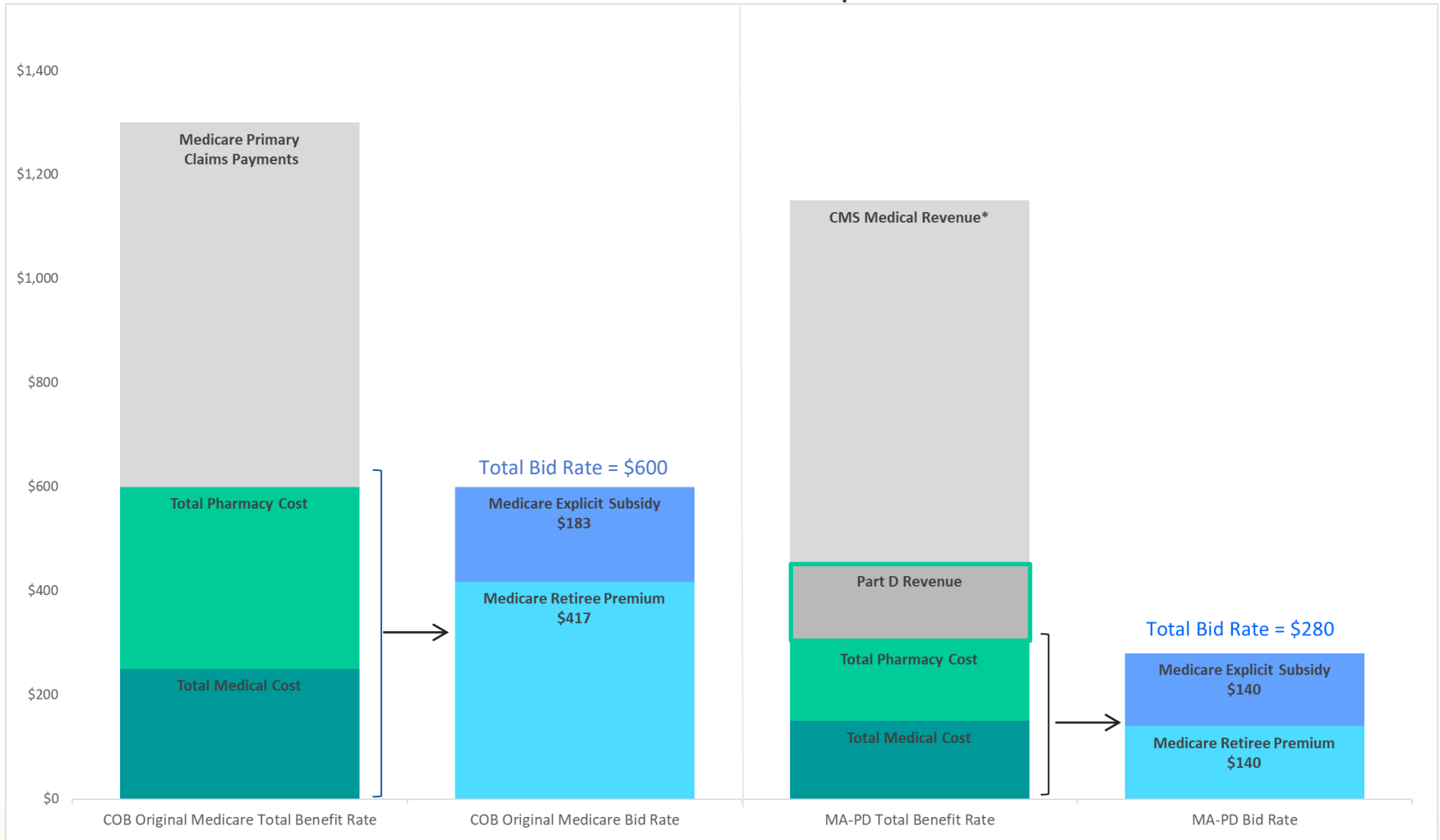
<https://www.kff.org/medicare/fact-sheet/an-overview-of-the-medicare-part-d-prescription-drug-benefit/>

UMP is not Insulated from Rising Drug Costs

- UMP absorbs the full impact of rising drug costs as the only payer for UMP Classic Medicare pharmacy costs
- Newer efforts to contain costs, such as the Value Formulary, are decreasing the rate at which the Pharmacy trend increases, but the general trend will remain positive as drug costs continue to rise
- UMP members realize the full value of the Medicare Explicit Subsidy (\$183), any increase in plan cost is fully passed on into the Subscriber's premium

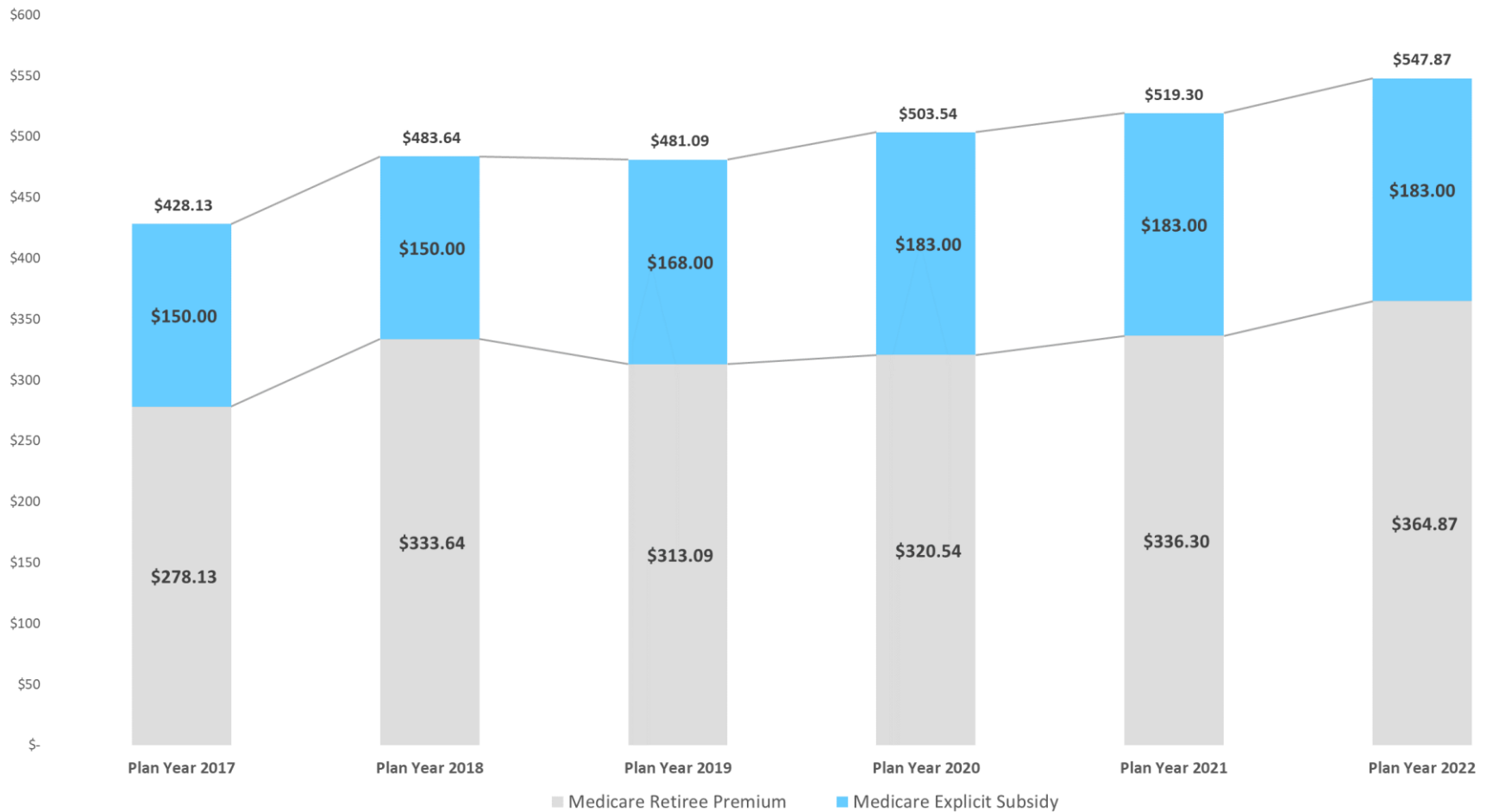
Medicare Bid Rate Development

Illustrative Example



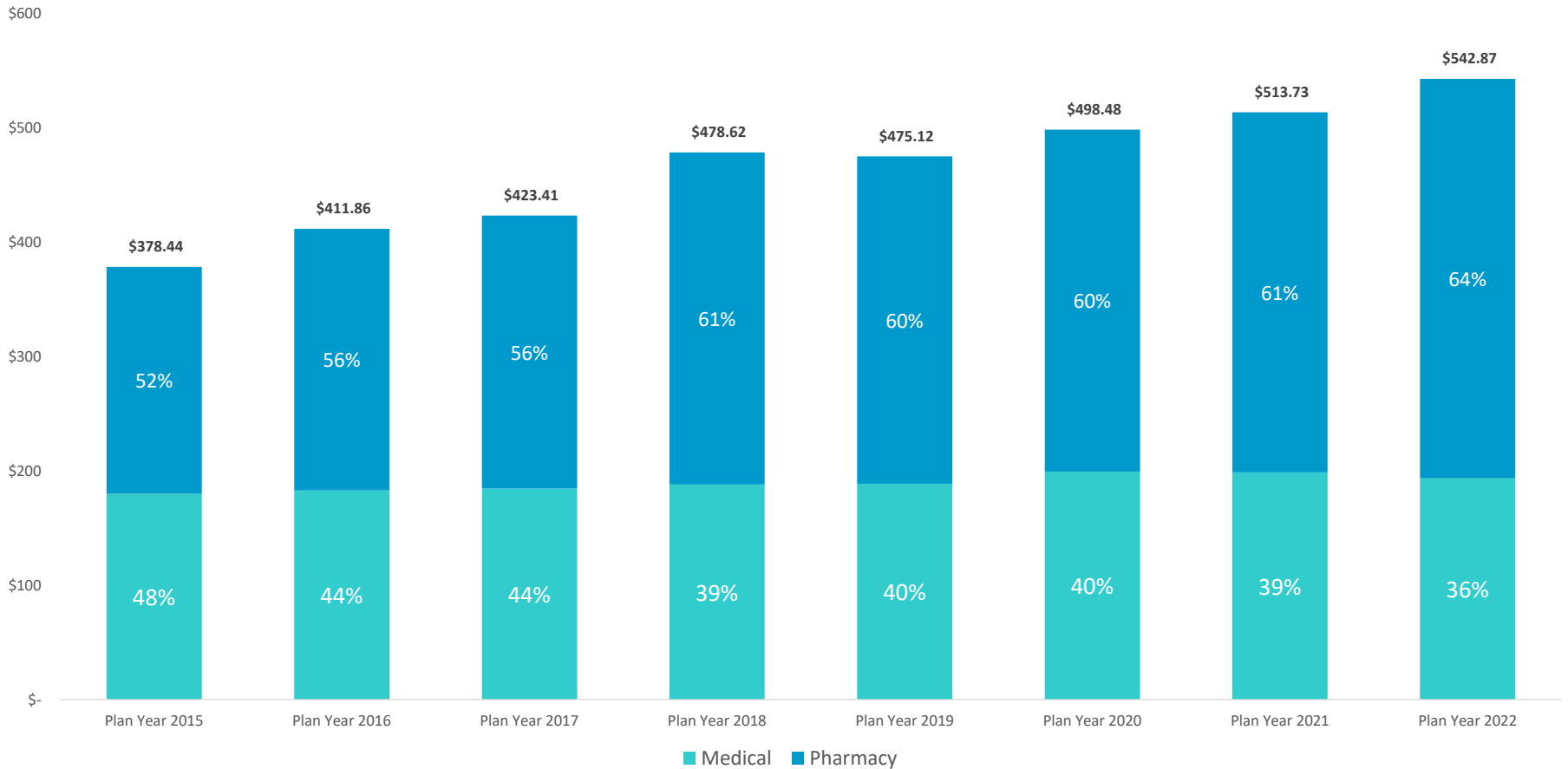
Impact of Medicare Explicit Subsidy

UMP Classic Medicare

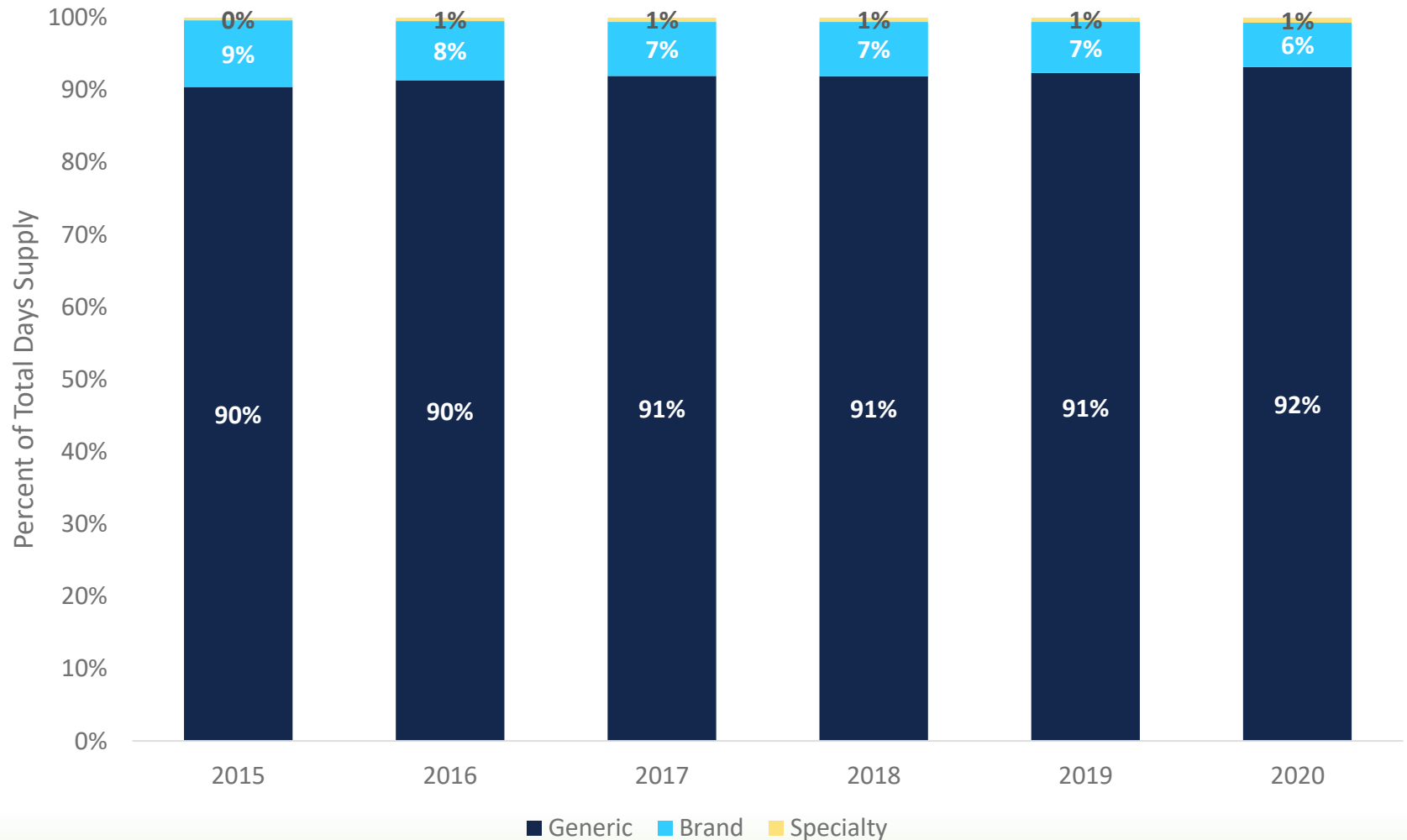


UMP Classic Bid Rate

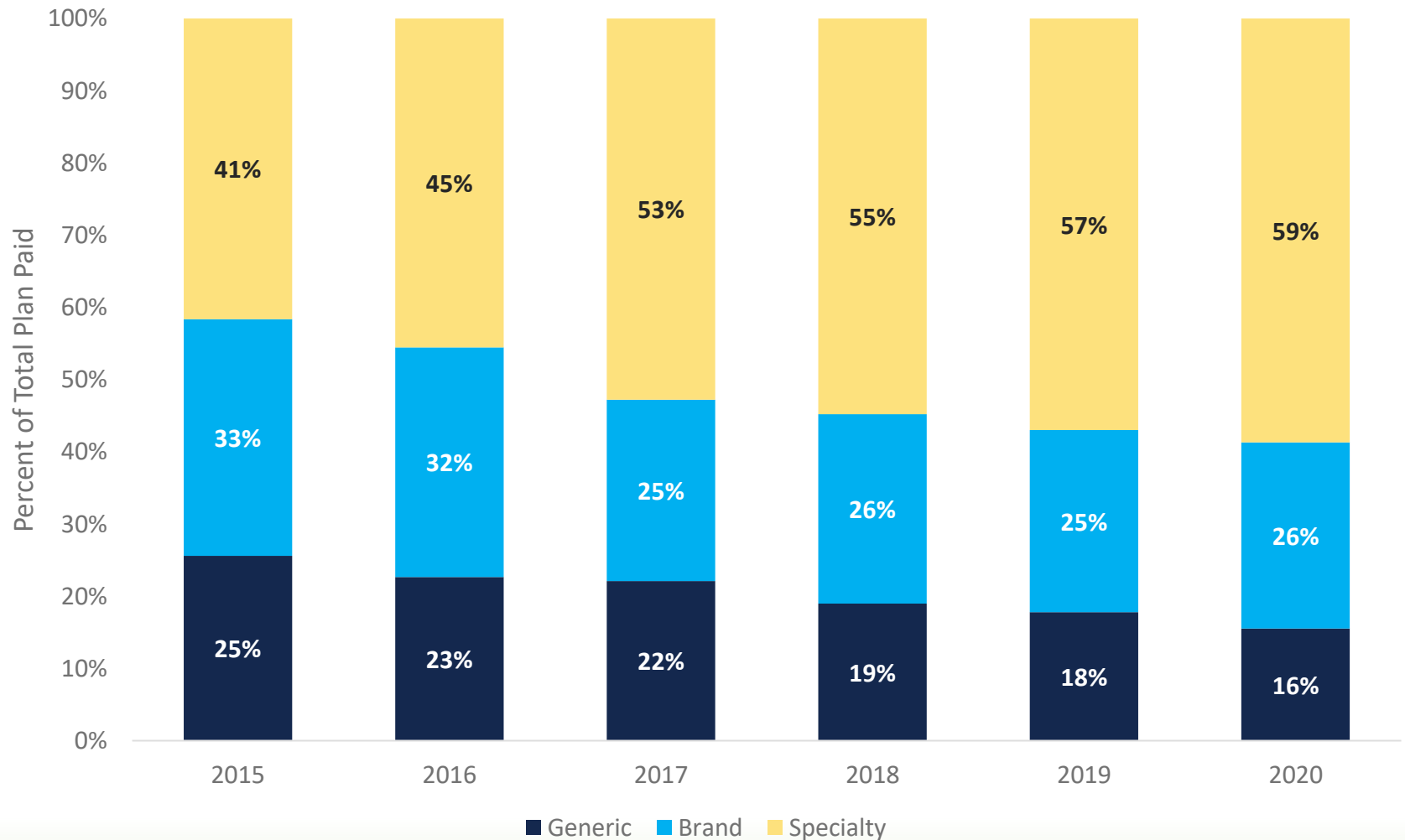
% Medical vs. % Pharmacy



UMP Classic Medicare Drug Mix (Utilization)



UMP Classic Medicare Drug Mix (Plan Paid)



Proposed Resolutions

Proposed Resolution PEBB 2021-17 2022 Medicare Explicit Subsidy

The PEB Board endorses the calendar year 2022 monthly Medicare Explicit Subsidy of \$183 or 50% of premium, whichever is less.

Proposed Resolution PEBB 2021-18 KPNW Medicare Premiums

The PEB Board endorses the Kaiser Foundation Health Plan of the Northwest Medicare plan premiums.

Proposed Resolution PEBB 2021-19 KPWA Medicare Premiums

The PEB Board endorses the Kaiser Foundation Health Plan of Washington Medicare plan premiums.

Proposed Resolution PEBB 2021-20 UMP Medicare Premiums

The PEB Board endorses the Uniform Medical Plan (UMP) Medicare plan premiums.

Proposed Resolution PEBB 2021-21 UnitedHealthcare Medicare Premiums

The PEB Board endorses the
UnitedHealthcare Medicare Advantage
plus Prescription Drug (MA-PD) Plan
premiums.

Proposed Resolution PEBB 2021-22 Premera Medicare Premiums

The PEB Board endorses the Premera Medicare Supplement Plan premiums.

Next Steps

We will ask the Board to take action on these Medicare plan premium resolutions at the June 29 Board Meeting.

Questions?

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