

Public Employees Benefits Board

July 14, 2021

Public Employees Benefits Board

July 14, 2021

12:00 p.m. – 2:00 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
July 14, 2021
12:00 p.m. – 2:00 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 and Retirees Benefits (ERB) Division | Information/ Discussion |
| 12:10 p.m. | Follow Up from June 30, 2021 Meeting | | Dave Iseminger, Director ERB Division | Information/ Discussion |
| 12:15 p.m. | 2022 Uniform Medical Plan (UMP) Benefit Resolution | TAB 3 | Beth Heston, PEBB Procurement Manager/Senior Account Manager ERB Division | Action |
| 12:25 p.m. | Chiropractic, Acupuncture, and Massage (CAM) Utilization Summary & Benefit Proposal for Uniform Medical Plan (UMP) | TAB 4 | Selena Davis, UMP Senior Account Manager, ERB Division Sara Whitley, UMP Fiscal Information and Data Analyst Financial Services Division | Action |
| 12:35 p.m. | Dual Enrollment COBRA Eligibility Resolution | TAB 5 | Emily Duchaine, Regulatory Analyst Policy, Rules, and Compliance Section ERB Division | Action |
| 12:45 p.m. | 2022 Rates Overview | TAB 6 | Tanya Deuel, ERB Finance Manager Financial Services Division | Information/ Discussion |
| 1:15 p.m. | Benefit Update – Medical Flexible Spending Arrangement (FSA) & Dependent Care Assistance Program (DCAP) | TAB 7 | Marty Thies, Ph.D. Portfolio Management and Monitoring Section, ERB Division | Information/ Discussion |
| 1:35 p.m. | COBRA Subsidy Update | TAB 8 | Kat Cook, Benefit Strategy Analyst Benefit Strategy and Design Section ERB Division | Information/ Discussion |
| 1:50 p.m. | Public Comment | | | |
| 2:00 p.m. | Adjourn | | | |

*All Times Approximate

The Public Employees Benefits Board will meet Wednesday, July 14, 2021. Due to COVID-19 and out of an abundance of caution, all Board Members and attendees will attend this meeting virtually.

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.

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

Materials posted at: <http://www.pebb.hca.wa.gov/board/> by close of business on July 12, 2021.

[Join Zoom Meeting](#)

Join Zoom Meeting

<https://zoom.us/j/91099137554?pwd=cDFWZy9iQUIUQINOdFpGTVJKZzdHZz09>

Meeting ID: 910 9913 7554

Passcode: 425513

One tap mobile

+12532158782,,91099137554# US (Tacoma)

+13462487799,,91099137554# US (Houston)

Dial by your location

+1 253 215 8782 US (Tacoma)

+1 346 248 7799 US (Houston)

+1 669 900 6833 US (San Jose)

+1 312 626 6799 US (Chicago)

+1 929 205 6099 US (New York)

+1 301 715 8592 US (Washington DC)

Meeting ID: 910 9913 7554

Find your local number: <https://zoom.us/j/91099137554?pwd=cDFWZy9iQUIUQINOdFpGTVJKZzdHZz09>

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 members

3/12/21



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



2022 Uniform Medical Plan Benefit Resolution

Beth Heston
PEBB Procurement Manager/Senior Account Manager
Employees and Retirees Benefits Division
July 14, 2021

Reasons for Proposed Change for Uniform Medical Plan

Internal Revenue Service Notice 2019-45 expands the list of preventive care benefits the Uniform Medical Plan Consumer Directed Health Plan (CDHP) can cover before a member meets their deductible. Although these services and items are classified as preventive for purposes of section 223(c)(2)(C), these services and items can still be subject to cost sharing (coinsurance, copayment, etc.).

Recommended IRS Allowed Changes to UMP CDHP

| Chronic Condition: | Preventive Care Covered: | Coverage Available Under: | If Approved, 2022 UMP Coverage Would Be: |
|--------------------|--------------------------|---|---|
| Asthma | Peak Flow Meter | Medical | <ul style="list-style-type: none"> • Deductible is waived • Member only pays coinsurance until their out-of-pocket limit is met |
| Diabetes | Glucometer | <p>Medical* or Pharmacy</p> <p>*some specific continuous glucose monitors will be grandfathered</p> | |
| Diabetes | Hemoglobin A1c Testing | Medical | |
| Diabetes | Retinopathy Screening | Medical | |

Recommended IRS Allowed Changes to UMP CDHP (*cont.*)

| Chronic Condition: | Preventive Care Covered: | Coverage Available Under: | If Approved, 2022 UMP Coverage Would Be: |
|--|--|---------------------------|---|
| Heart Disease | Low-density Lipoprotein (LDL) Testing | Medical | <ul style="list-style-type: none"> • Deductible is waived • Member only pays coinsurance until their out-of-pocket limit is met |
| Hypertension | Blood Pressure Monitor | Medical | |
| Liver Disease and/or Bleeding Disorders | International Normalized Ratio (INR) Testing | Medical | |

Resolution PEBB 2021-23 UMP CDHP Preventive Care

Resolved that, beginning January 1, 2022, the UMP Consumer Directed Health Plan will allow coverage to treat certain chronic conditions, those presented at the July 14, 2021 PEB Board Meeting, before having to meet the plan deductible.

IRS Notice 2019-45 Discretionary Preventive Coverages: Under Review for 2023

| Chronic Condition | Preventive Care Covered: | Coverage Available Under: |
|--|---|---------------------------|
| Congestive heart failure, diabetes, and/or coronary artery disease | Angiotensin Converting Enzyme (ACE) inhibitors | Pharmacy |
| Osteoporosis and/or osteopenia | Anti-resorptive therapy | Pharmacy |
| Congestive heart failure and/or coronary artery disease | Beta-blockers | Pharmacy |
| Asthma | Inhaled corticosteroids | Pharmacy |
| Diabetes | Insulin and other glucose lowering agents | Pharmacy |
| Depression | Selective Serotonin Reuptake Inhibitors (SSRIs) | Pharmacy |
| Heart disease and/or diabetes | Statins | Pharmacy |

Questions?

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

Beth.Heston@hca.wa.gov

APPENDIX

IRS Allowed Changes to UMP CDHP

| Chronic Condition: | Preventive Care Covered: | Coverage Available Under: | If Approved, 2022 UMP Coverage Would Be: |
|--------------------|--------------------------|--|---|
| Asthma | Peak Flow Meter | Medical | <ul style="list-style-type: none"> • Deductible is waived • Member only pays coinsurance until their out-of-pocket limit is met |
| Diabetes | Glucometer | Medical and Continuous glucose monitor (CGM) Pharmacy—All other glucometers Medical* or Pharmacy <small>*some specific continuous glucose monitors will be grandfathered</small> | |
| Diabetes | Hemoglobin A1c Testing | Medical | |
| Diabetes | Retinopathy Screening | Medical | |

Changes to UMP CDHP (*cont.*)

| Chronic Condition: | Preventive Care Covered: | Coverage Available Under: | If Approved, 2022 UMP Coverage Would Be: |
|--|--|---------------------------|---|
| Heart Disease | Low-density Lipoprotein (LDL) Testing | Medical | <ul style="list-style-type: none"> • Deductible is waived • Member only pays coinsurance until their out-of-pocket limit is met |
| Hypertension | Blood Pressure Monitor | Medical | |
| Liver Disease and/or Bleeding Disorders | International Normalized Ratio (INR) Testing | Medical | |

Proposed Resolution PEBB 2021-23 UMP CDHP Preventive Care (revised)

Beginning January 1, 2022, the UMP Consumer Directed Health Plan (CDHP) will allow coverage to treat certain chronic conditions, those presented at the July 14, ~~June 30,~~ 2021 PEB Board Meeting, before having to meet the plan deductible.

TAB 4



Chiropractic, Acupuncture, and Massage (CAM) Utilization Summary & Benefit Proposal for Uniform Medical Plan (UMP)

Selena Davis
UMP Senior Account Manager
Employees and Retirees Benefits Division
July 14, 2021

Sara Whitley
UMP Fiscal Information and Data Analyst
Financial Services Division

Resolution PEBB 2021-24

UMP Chiropractic, Acupuncture, and Massage Benefits

Resolved that, effective January 1, 2022, the Uniform Medical Plan (UMP) benefit design, for all Medicare and Non-Medicare plans, of the Chiropractic, Acupuncture, and Massage (CAM) benefits included in prior Board policy decisions and resolutions is rescinded and replaced with the following CAM benefit design:

- Treatment limitations will be as follows:
 - Chiropractic visits are limited to 24 per plan year;
 - Acupuncture visits are limited to 24 per plan year;
 - Massage visits are limited to 24 per plan year;
- Cost-sharing for all UMP plans will be as follows:
 - In-network services will have a copay and neither the services nor the copay will apply toward the deductibles (except for UMP Consumer Directed Health Plan (CDHP) as described below), but the copay will apply toward the annual out-of-pocket maximums;

Resolution PEBB 2021-24

UMP Chiropractic, Acupuncture, and Massage Benefits (*cont.*)

- Out-of-network services will not have copays and will have:
 - a 40%-member coinsurance of the allowed amount for all UMP plans except UMP Plus, which will be a 50%-member coinsurance, applies after the deductible is met and the coinsurance applies to the annual out-of-pocket maximum;
 - no charges above the allowed amount apply toward UMP plan deductibles or the annual out-of-pocket maximum; and
 - coverage only for Chiropractic and Acupuncture services,
- UMP CDHP members need to meet their deductible before the plan will pay any portion of the allowed amount for any claim, for both in-network and out-of-network services; and
- Medicare claims will be processed in accordance with coordination of benefits rules.

This benefit design applies only if approved by both the PEB Board and the SEB Board.

Appendix

Proposed Resolution PEBB 2021-24

UMP Chiropractic, Acupuncture, and Massage Benefits (revised)

Effective January 1, 2022, the Uniform Medical Plan (UMP) benefit design, for ~~both~~ **all** Medicare and Non-Medicare plans, of the Chiropractic, Acupuncture, and Massage (CAM) benefits included in prior Board policy decisions and resolutions is rescinded and replaced with the following CAM benefit design:

- Treatment limitations will be as follows:
 - Chiropractic visits are limited to 24 per plan year;
 - Acupuncture visits are limited to 24 per plan year;
 - Massage visits are limited to 24 per plan year;
- Cost-sharing for all UMP plans will be as follows:
 - In-network services will have a copay and neither the services nor the copay will apply toward the deductibles (except for UMP Consumer Directed Health Plan (CDHP) as described below), but the copay will apply toward the annual out-of-pocket maximums;

Resolution PEBB 2021-24

UMP Chiropractic, Acupuncture, and Massage Benefits (*cont.*)

- Out-of-network services will not have copays and will have:
 - a 40%-member coinsurance of the allowed amount for all UMP plans except UMP Plus, which will be a 50%-member coinsurance, applies after the deductible is met and the coinsurance applies to the annual out-of-pocket maximum;
 - no charges above the allowed amount apply toward UMP plan deductibles or the annual out-of-pocket maximum; and
 - coverage only for Chiropractic and Acupuncture services,
- UMP CDHP members need to meet their deductible before the plan will pay any portion of the allowed amount for any claim, for both in-network and out-of-network services; and
- Medicare claims will be processed in accordance with coordination of benefits rules.

This benefit design applies only if approved by both the PEB Board and the SEB Board.



Chiropractic, Acupuncture, Massage (CAM) Utilization Summary & Benefit Proposal for Uniform Medical Plan (UMP)

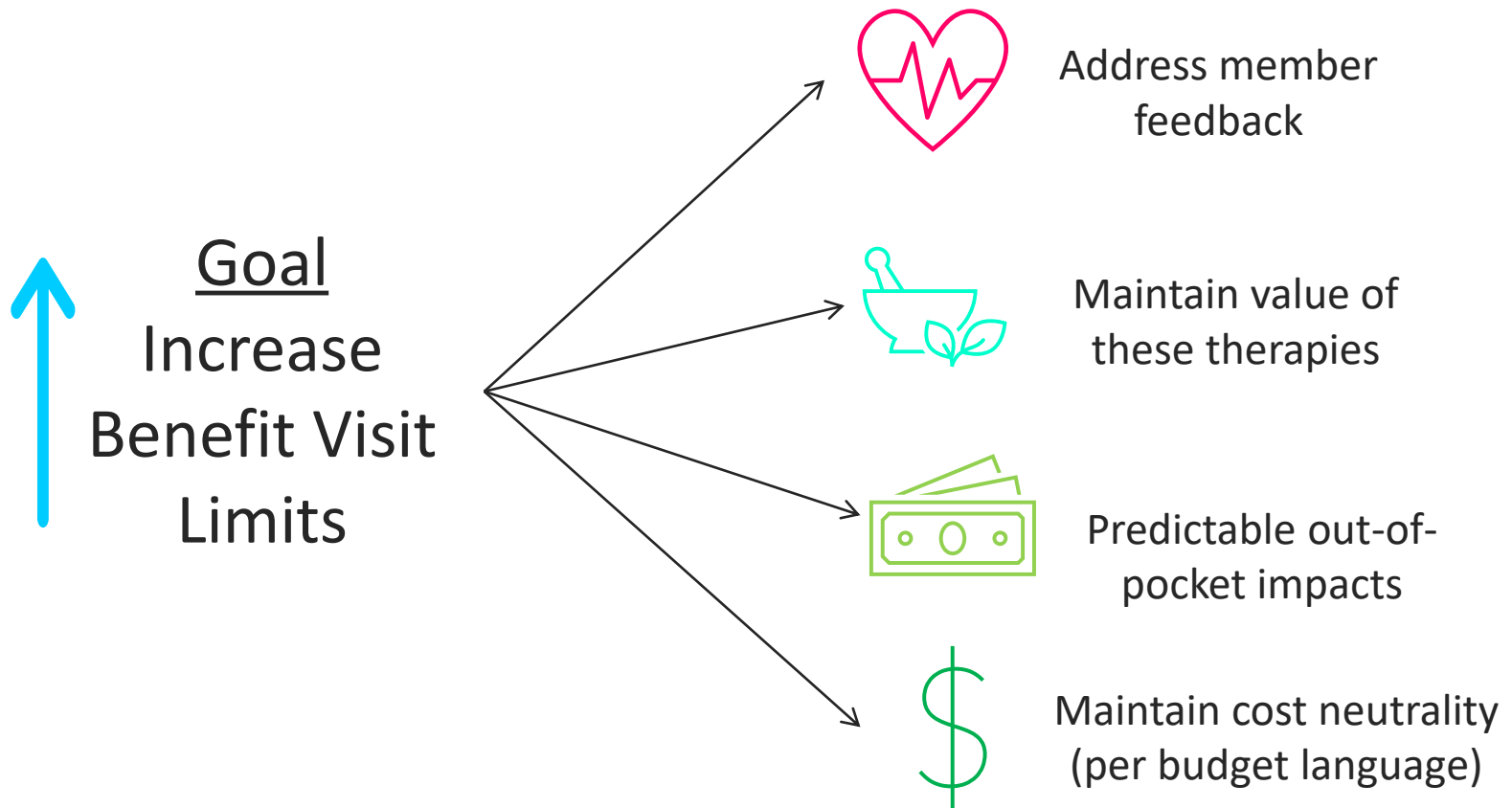
Selena Davis
UMP Senior Account Manager
Employees & Retirees Benefits Division
June 30, 2021

Sara Whitley
Fiscal Information and Data Analyst
Financial Services Division

Motivation for Proposal

- CAM Benefits are included in all PEBB employee medical plan offerings as popular and effective therapies
- Feedback from members over the years has indicated current limits may not meet some individual therapeutic needs
- HCA has explored an alternative approach for increasing UMP visit limits for members to address their requests

Guiding Principles – CAM Benefit Adjustment





Address member feedback – Copay structure increases visit limits across all benefits, allowing for flexibility of utilization based on member preference



Maintain value of these therapies – Increased visit limits provide greater access to members seeking more annual visits



Limit out-of-pocket impacts – Increase in visit limits are balanced by affordable and predictable copay structure



Maintain cost neutrality – Copays* developed to be cost neutral. This proposal safeguards against an increase in costs and avoids future impacts to UMP employee premiums

*Copay does not count toward plan deductible

Current PEBB UMP CAM Benefit Design

| | Current Annual Visit Limit | Coinsurance per Visit* |
|--------------|----------------------------|------------------------|
| Chiropractic | 10 visits | 15% |
| Acupuncture | 16 visits | 15% |
| Massage^ | 16 visits | 15% |

*In-network services: 15% coinsurance for all plans, except UMP Select which is 20% coinsurance

Out-of-network services: 40% coinsurance for all UMP plans, except UMP Plus which is 50% coinsurance

^Massage is an in-network only benefit

- Members pay total allowed amount for services until their deductible is met
- After plan deductible is met, the member pays any applicable coinsurance until the plan out-of-pocket maximum is reached

Proposed UMP CAM Benefit Design

| | Proposed Annual Visit Limit | Copay per Visit* |
|--------------|-----------------------------|------------------|
| Chiropractic | 24 visits | \$15 |
| Acupuncture | 24 visits | \$15 |
| Massage^ | 24 visits | \$15 |

*Copays apply only to in-network services. Out-of-network services: 40%-member coinsurance for all UMP plans except UMP Plus, which is 50%-member coinsurance.

^Massage is an in-network only benefit

- For all UMP plans, except the UMP Consumer Driven Health Plan (CDHP), members pay the copay even if they have not met their deductible
 - For the UMP CDHP, members must first meet their deductible before the copay applies
- Once the out-of-pocket maximum is reached, the member copay no longer applies, and the plan then pays 100%

PEBB UMP Utilization Summary

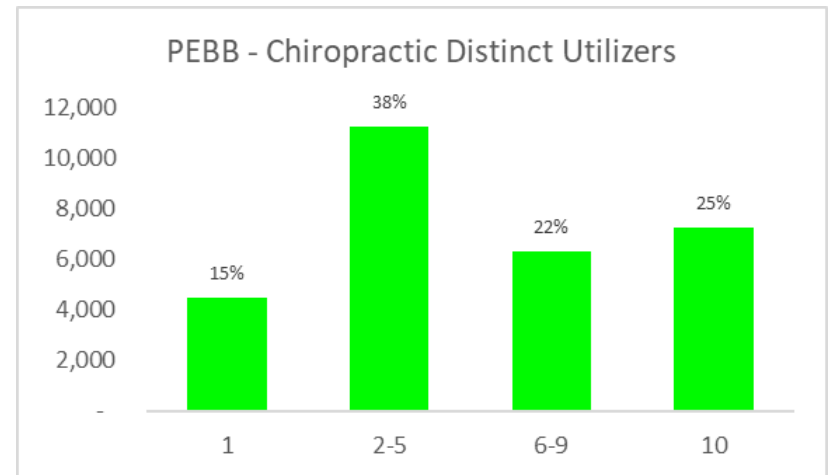
| | Distinct Utilizers of Benefit | Average Visits per Distinct Utilizer | Utilizers at Max Benefit Visit Limit | % Utilizers at Max Benefit Visit Limit |
|---------------------|-------------------------------|--------------------------------------|--------------------------------------|--|
| Chiropractic | 29,345 | 5 | 7,282 | 25% |
| Acupuncture | 6,405 | 7 | 620 | 10% |
| Massage | 21,000 | 7 | 2,269 | 11% |

*PEBB UMP Non-Medicare average utilization, 2017-2019

PEBB UMP Utilization Summary – Chiropractic

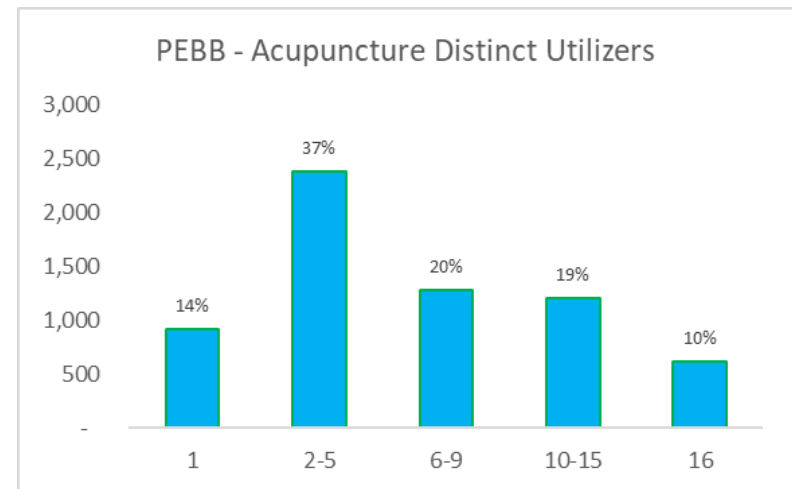
| PEBB - Chiropractic | | |
|---|--------------------|-------------------|
| Average member responsibility per visit: \$13 | | |
| Visits | Distinct Utilizers | % Total Utilizers |
| 1 | 4,488 | 15% |
| 2-5 | 11,253 | 38% |
| 6-9 | 6,322 | 22% |
| 10 | 7,282 | 25% |
| Total | 29,345 | 100% |

PEBB Non-Medicare average utilization, 2017-2019



PEBB UMP Utilization Summary – Acupuncture

| PEBB - Acupuncture | | |
|---|--------------------|-------------------|
| Average member responsibility per visit: \$21 | | |
| Visits | Distinct Utilizers | % Total Utilizers |
| 1 | 915 | 14% |
| 2-5 | 2,382 | 37% |
| 6-9 | 1,279 | 20% |
| 10-15 | 1,208 | 19% |
| 16 | 620 | 10% |
| Total | 6,405 | 100% |

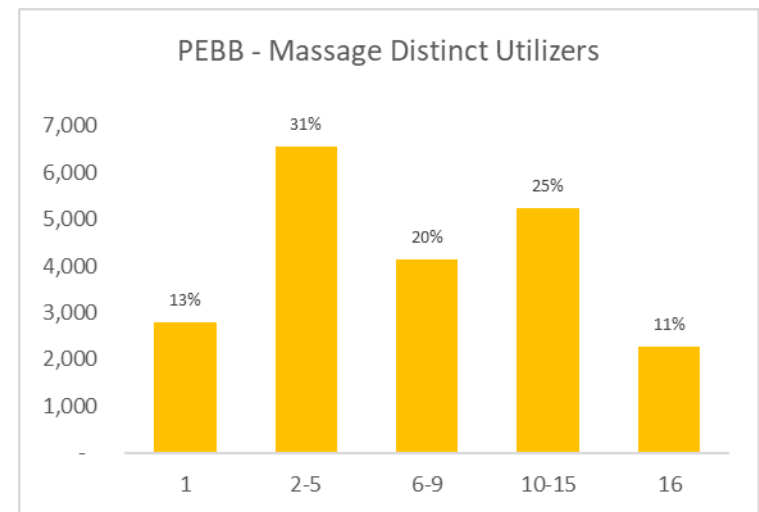


PEBB Non-Medicare average utilization, 2017-2019

PEBB UMP Utilization Summary – Massage

| PEBB - Massage | | |
|---|--------------------|-------------------|
| Average member responsibility per visit: \$16 | | |
| Visits | Distinct Utilizers | % Total Utilizers |
| 1 | 2,798 | 13% |
| 2-5 | 6,547 | 31% |
| 6-9 | 4,145 | 20% |
| 10-15 | 5,242 | 25% |
| 16 | 2,269 | 11% |
| Total | 21,000 | 100% |





PEBB Non-Medicare average utilization, 2017-2019



CAM Benefit Adjustment Proposal

| | Proposed Annual Visit Limit | Copay per Visit* |
|---------------------|-----------------------------|------------------|
| Chiropractic | 24 visits | \$15 |
| Acupuncture | 24 visits | \$15 |
| Massage | 24 visits | \$15 |

*Copays apply only to in-network services. Out-of-network services: 40%-member coinsurance for all UMP plans except UMP Plus, which is 50%-member coinsurance.

-  **Address member feedback**
-  **Maintain value of these therapies**
-  **Limit out-of-pocket impacts**
-  **Maintain cost neutrality in UMP**

Proposed Resolution PEBB 2021-24

UMP Chiropractic, Acupuncture, Massage Benefits

Effective January 1, 2022, the Uniform Medical Plan (UMP) benefit design, for both Medicare and Non-Medicare plans, of the Chiropractic, Acupuncture, and Massage (CAM) benefits included in prior Board policy decisions and resolutions is rescinded and replaced with the following CAM benefit design:

- Treatment limitations will be as follows:
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 - Acupuncture visits are limited to 24 per plan year;
 - Massage visits are limited to 24 per plan year;
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 - In-network services will have a copay and neither the services nor the copay will apply toward the deductibles (except for UMP Consumer Directed Health Plan (CDHP) as described below), but the copay will apply toward the annual out-of-pocket maximums;

Proposed Resolution PEBB 2021-24

UMP Chiropractic, Acupuncture, Massage Benefits (*cont.*)

- Out-of-network services will not have copays and will have:
 - a 40%-member coinsurance of the allowed amount for all UMP plans except UMP Plus, which will be a 50%-member coinsurance, applies after the deductible is met and the coinsurance applies to the annual out-of-pocket maximum;
 - no charges above the allowed amount apply toward UMP plan deductibles or the annual out-of-pocket maximum; and
 - coverage only for Chiropractic and Acupuncture services,
- UMP CDHP members need to meet their deductible before the plan will pay any portion of the allowed amount for any claim, for both in-network and out-of-network services; and
- Medicare claims will be processed in accordance with coordination of benefits rules.

This benefit design applies only if approved by both the PEB Board and the SEB Board.

Questions?

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Appendix

21-23 Operating Budget Language

ESSB 5902 – Section 212

13 (2) Any changes to benefits must be approved by the public
14 employees' benefits board. The board shall not make any changes to
15 benefits without considering a comprehensive analysis of the cost of
16 those changes, and shall not increase benefits unless offsetting cost
17 reductions from other benefit revisions are sufficient to fund the
18 changes. The board shall not make any change in retiree eligibility
19 criteria that reestablishes eligibility for enrollment in PEBB
20 benefits.

TAB 5



Dual Enrollment COBRA Eligibility Resolution

Emily Duchaine, Regulatory Analyst
Policy, Rules, and Compliance Section
Employees and Retirees Benefits Division
July 14, 2021

PEB Board Policy Resolution

PEBB 2021-25

PEBB Continuation
Coverage Eligibility for
Employees' Dependents

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:...

Resolution PEBB 2021-25 PEBB Continuation Coverage Eligibility for Employees' Dependents

Resolved that, if an employee's dependent was auto-disenrolled from PEBB dental because the employee was auto-disenrolled from PEBB benefits to remain in SEBB benefits, the dependent may elect to enroll in PEBB dental. These benefits will be provided for a maximum of 36 months on a self-pay basis.

Next Steps

- Issue guidance to employing agencies on this resolution
- Incorporate resolution into PEBB Program rules

Questions?

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Appendix

Resolution PEBB 2021-04

Resolving Dual Enrollment When An Employee's Only Medical Enrollment Is In SEBB

(Adopted at the April 14, 2021 PEB Board Meeting)

Resolved that, if the employee is enrolled only in PEBB dental, and is also enrolled in SEBB medical, and no action is taken to resolve their dual enrollment, the employee will remain in their SEBB benefits and they will be auto-disenrolled from the PEBB dental plan in which they are enrolled. The employee's enrollments in PEBB life, AD&D, and LTD will remain.

Proposed Resolution PEBB 2021-25

Example #1

Example: Ashley is an employee at the Department of Ecology. She is currently enrolled in PEBB dental as an employee, but she is not enrolled in PEBB medical because she waived.

Ashley's husband Greg is a teacher at Olympia High School. Ashley is enrolled in SEBB medical as a dependent under Greg's account. They have a daughter, Maya, who is enrolled only in PEBB dental.

Ashley does not take any action during OE to resolve her dual enrollment. As a result of PEBB Resolution 2021-04, Ashley is kept in SEBB where she gets her medical and is auto-disenrolled from PEBB dental. Her daughter, Maya, is also auto-disenrolled from PEBB dental.

Proposed Resolution PEBB 2021-25

Example #2

Example: Raymond is a facilities manager at the Department of Commerce. He dropped PEBB medical during fall open enrollment 2020 for the 2021 plan year after he got married and went on his spouse Jennifer's SEBB medical. He is still enrolled in PEBB dental.

His niece, Bella, is Raymond's extended dependent and he is her only legal guardian on the court documents. Bella is enrolled on his PEBB dental as his extended dependent.

Raymond does not take any action during OE to resolve his dual enrollment. As a result of PEBB Resolution 2021-04, Raymond is kept in SEBB where he gets his medical and is auto-disenrolled from PEBB dental. His niece, Bella, is also auto-disenrolled from PEBB dental.

Bella cannot be enrolled in SEBB dental with Raymond because Bella is not an eligible dependent under Jennifer's SEBB account.

Federal COBRA Laws

- Federal COBRA qualified beneficiaries
 - Covered employee, spouse, dependent child
- Federal COBRA qualifying events
 - The death of covered employee; termination or reduction of hours; divorce or legal separation; entitlement to Medicare; dependent child ceases to be a dependent child.

Public Health Services Act (PHSA) COBRA Requirements

- 42 U.S. Code § 300bb–8 – Definitions

- (3) Qualified beneficiary

- (A) In general

- The term “qualified beneficiary” means, with respect to a covered employee under a group health plan, any other individual who, on the day before the qualifying event for that employee, is a beneficiary under the plan—

- (i) as the spouse of the covered employee, or

- (ii) as the dependent child of the employee.

Public Health Services Act (PHSA) COBRA Requirements (*cont.*)

For purposes of this subchapter, the term “qualifying event” means, with respect to any covered employee, any of the following events which, but for the continuation coverage required under this subchapter, would result in the loss of coverage of a qualified beneficiary:

- (1) The death of the covered employee.
- (2) The termination (other than by reason of such employee’s gross misconduct), or reduction of hours, of the covered employee’s employment.
- (3) The divorce or legal separation of the covered employee from the employee’s spouse.
- (4) The covered employee becoming entitled to benefits under title XVIII of the Social Security Act [42 U.S.C. 1395 et seq.].
- (5) A dependent child ceasing to be a dependent child under the generally applicable requirements of the plan.

TAB 6



Washington State
Health Care Authority

PUBLIC EMPLOYEES BENEFITS BOARD

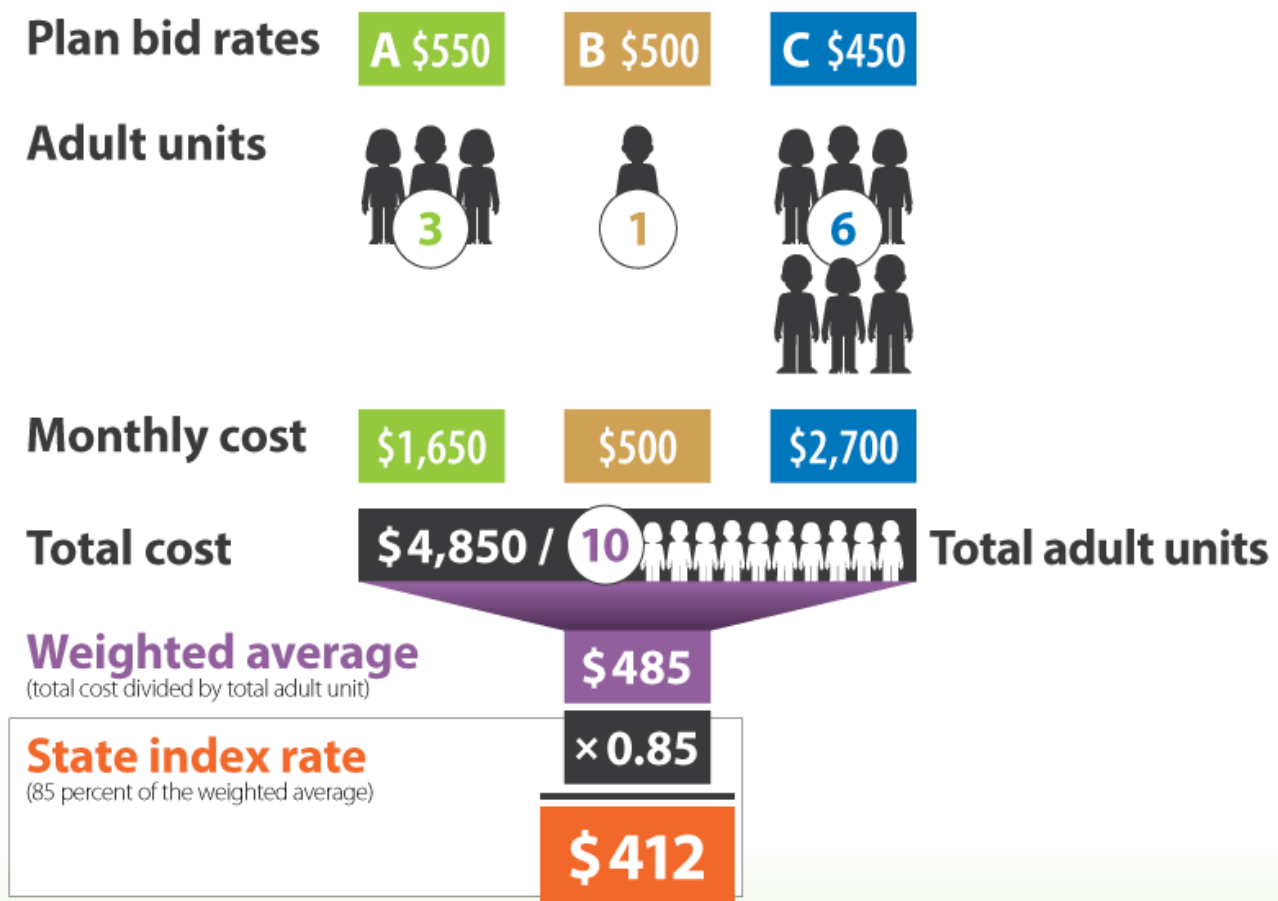
2022 Rates Overview

Tanya Deuel
ERB Finance Manager
Financial Services Division
July 14, 2021

Employee Premiums

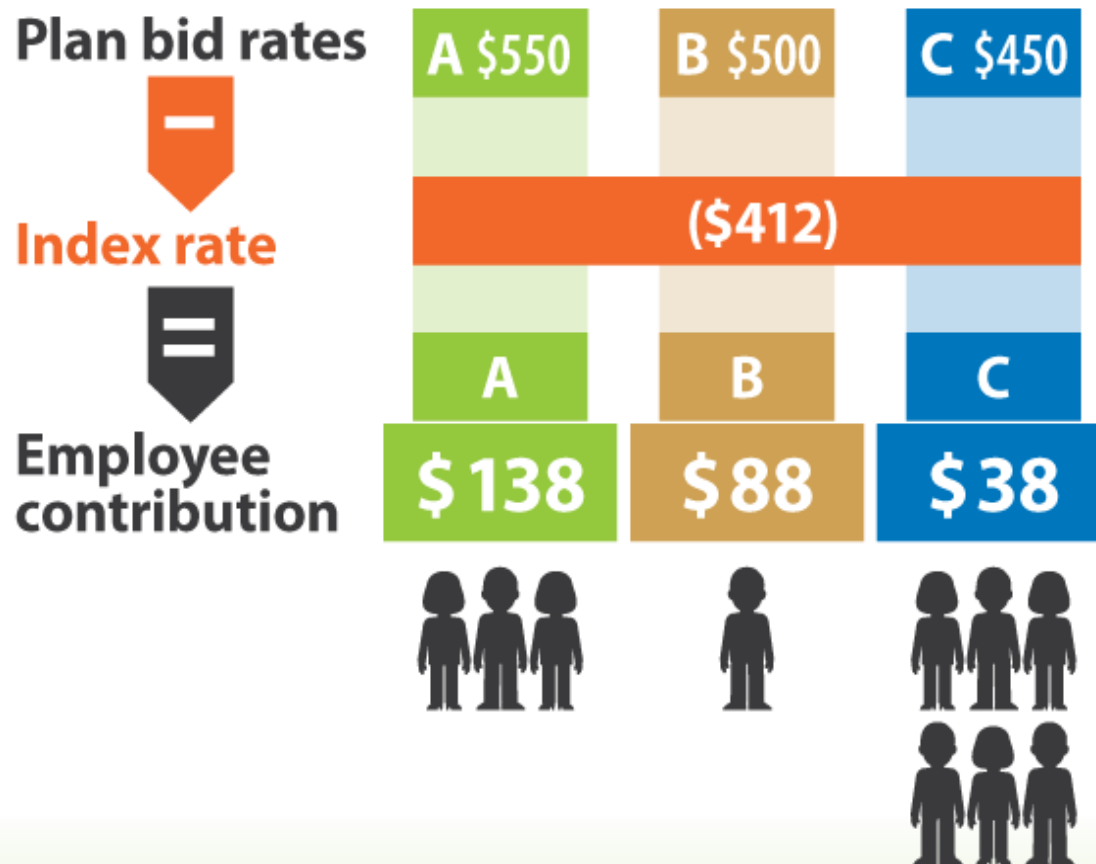
Calculating the State Index Rate

Sample Illustration








Determining Employee Premiums

Sample Illustration



Determining Employee Premiums by Tier

Sample Illustration

| Plan | | A | B | C |
|-----------------------|--|-------|-------|-------|
| Employee contribution | | \$138 | \$88 | \$38 |
| Tiers |  | | | |
| Tier 1 | 1  | \$138 | \$88 | \$38 |
| Tier 2 | 2  +\$10 | \$286 | \$186 | \$86 |
| Tier 3 | 1.75  | \$242 | \$154 | \$67 |
| Tier 4 | 2.75  +\$10 | \$390 | \$252 | \$115 |

*Tiers 3 and 4 do not change when you go from one child to more than one child

Employee / Employer Premium Contributions

| | Proposed 2022 Employee Contribution (Single Subscriber) | Proposed 2022 Employer Contribution (aka State Index Rate) | Proposed 2022 Composite Rate |
|-----------------------|---|--|---------------------------------|
| Kaiser NW Classic | \$159 | \$604 | \$763 |
| Kaiser NW CDHP | \$26 | \$604 | \$630 |
| Kaiser WA Classic | \$204 | \$604 | \$808 |
| Kaiser WA Value | \$113 | \$604 | \$717 |
| Kaiser WA SoundChoice | \$50 | \$604 | \$654 |
| Kaiser WA CDHP | \$24 | \$604 | \$628 |
| UMP Classic | \$110 | \$604 | \$714 |
| UMP Plus | \$78 | \$604 | \$682 |
| UMP Select | \$39 | \$604 | \$643 |
| UMP CDHP | \$24 | \$604 | \$628 |

- Consumer Directed Health Plans' (CDHP) composites include Health Savings Account (HSA) deposits
- Rounded to the nearest dollar
- Composites include the state active reduction of \$1.00 Per Adult Unit Per Member (PAUPM) for the employer group surcharge

Employee Premium Contributions

| | Subscriber | | 2021 to 2022 Change in Subscriber Rate | | Enrollment (PEBB Actives) | |
|-----------------------|------------|---------------|--|-------|---------------------------|-----------------------|
| | 2021 | Proposed 2022 | % | \$ | Subscribers | % of Total Enrollment |
| Kaiser NW Classic | \$159 | \$159 | 0.0% | \$0 | 1,528 | 1% |
| Kaiser NW CDHP | \$25 | \$26 | 4.0% | \$1 | 267 | 0% |
| Kaiser WA Classic | \$189 | \$204 | 7.9% | \$15 | 12,027 | 9% |
| Kaiser WA Value | \$112 | \$113 | 0.9% | \$1 | 13,784 | 10% |
| Kaiser WA SoundChoice | \$55 | \$50 | -9.1% | (\$5) | 4,606 | 3% |
| Kaiser WA CDHP | \$26 | \$24 | -7.7% | (\$2) | 2,747 | 2% |
| UMP Classic | \$105 | \$110 | 4.8% | \$5 | 70,407 | 53% |
| UMP Plus | \$72 | \$78 | 8.3% | \$6 | 15,850 | 12% |
| UMP Select | \$37 | \$39 | 5.4% | \$2 | 1,321 | 1% |
| UMP CDHP | \$25 | \$24 | -4.0% | (\$1) | 11,347 | 8% |

- Rounded to the nearest dollar
- Composites include the state active reduction of \$1.00 PAUPM for the employer group surcharge

2022 Proposed Employee Contributions by Tier

| | Subscriber | Subscriber & Spouse | Subscriber & Child(ren) | Subscriber, Spouse/SRDP*, and Child(ren) |
|---|------------|---------------------|-------------------------|--|
| Kaiser NW Classic | \$159 | \$328 | \$278 | \$447 |
| Kaiser NW CDHP | \$26 | \$62 | \$46 | \$82 |
| Kaiser WA Classic | \$204 | \$418 | \$357 | \$571 |
| Kaiser WA Value | \$113 | \$236 | \$198 | \$321 |
| Kaiser WA SoundChoice | \$50 | \$110 | \$88 | \$148 |
| Kaiser WA CDHP | \$24 | \$58 | \$42 | \$76 |
| UMP Classic | \$110 | \$230 | \$193 | \$313 |
| UMP Plus | \$78 | \$166 | \$137 | \$225 |
| UMP Select | \$39 | \$88 | \$68 | \$117 |
| UMP CDHP | \$24 | \$58 | \$42 | \$76 |
| Subscribers may be subject to the following surcharges | | | | |
| Tobacco Surcharge | \$25 | \$25 | \$25 | \$25 |
| Spousal Surcharge | N/A | \$50 | N/A | \$50 |

- *Subscriber, Spouse/State-Registered Domestic Partner*, and Child(ren) include \$10 spouse charge*
- *Rounded to the nearest dollar*
- *Composites include the state active reduction of \$1.00 PAUPM for the employer group surcharge*

Non-Medicare Retiree Rates

Non-Medicare Retiree Rates by Tier

| | Subscriber | | Subscriber & Spouse | | Subscriber & Child(ren) | | Subscriber, Spouse/SRDP*, and Child(ren) | | 2021 to 2022 Change in Subscriber Rate | |
|---|------------|---------------|---------------------|---------------|-------------------------|---------------|--|---------------|--|------|
| | 2021 | Proposed 2022 | 2021 | Proposed 2022 | 2021 | Proposed 2022 | 2021 | Proposed 2022 | % | \$ |
| Kaiser NW Classic | \$746 | \$768 | \$1,486 | \$1,531 | \$1,301 | \$1,341 | \$2,041 | \$2,104 | 3.0% | \$23 |
| Kaiser NW CDHP | \$619 | \$644 | \$1,226 | \$1,277 | \$1,089 | \$1,133 | \$1,638 | \$1,708 | 4.1% | \$25 |
| Kaiser WA Classic | \$775 | \$813 | \$1,545 | \$1,621 | \$1,353 | \$1,419 | \$2,123 | \$2,228 | 4.9% | \$38 |
| Kaiser WA Value | \$699 | \$722 | \$1,392 | \$1,439 | \$1,219 | \$1,260 | \$1,912 | \$1,976 | 3.3% | \$23 |
| Kaiser WA SoundChoice | \$641 | \$659 | \$1,277 | \$1,313 | \$1,118 | \$1,150 | \$1,754 | \$1,804 | 2.8% | \$18 |
| Kaiser WA CDHP | \$619 | \$641 | \$1,228 | \$1,273 | \$1,090 | \$1,130 | \$1,641 | \$1,703 | 3.6% | \$22 |
| UMP Classic | \$692 | \$719 | \$1,378 | \$1,432 | \$1,206 | \$1,254 | \$1,892 | \$1,968 | 3.9% | \$27 |
| UMP Plus | \$659 | \$687 | \$1,312 | \$1,369 | \$1,149 | \$1,199 | \$1,802 | \$1,881 | 4.3% | \$28 |
| UMP Select | \$623 | \$648 | \$1,241 | \$1,290 | \$1,087 | \$1,130 | \$1,705 | \$1,773 | 3.9% | \$24 |
| UMP CDHP | \$619 | \$639 | \$1,226 | \$1,270 | \$1,089 | \$1,127 | \$1,638 | \$1,700 | 3.3% | \$20 |
| Subscribers may be subject to the following surcharges | | | | | | | | | | |
| Tobacco Surcharge | \$25 | \$25 | \$25 | \$25 | \$25 | \$25 | \$25 | \$25 | | |
| Spousal Surcharge | N/A | N/A | \$50 | \$50 | N/A | N/A | \$50 | \$50 | | |

• Rounded to the nearest dollar

* State-Registered Domestic Partner (SRDP)

Dental, Life and AD&D, and Long-Term Disability

Dental Premiums

| | Subscriber Rate | | 2021 to 2022 Change in Subscriber Rate | |
|--------------------------------|-----------------|----------------|--|---------------|
| | 2021 | 2022 | % | \$ |
| DeltaCare | \$39.53 | \$39.53 | 0.0% | \$0 |
| Uniform Dental Plan | \$48.00 | \$48.64 | 1.3% | \$0.64 |
| Willamette Dental Group | \$44.45 | \$44.45 | 0.0% | \$0 |

- *Premiums are paid 100% by the employer for all tiers*

Life and AD&D, and LTD Premiums

- Basic Life and AD&D, and LTD
 - Employer funded
 - No rate change for 2022
- Supplemental LTD
 - Employee funded
 - New rates per the Board benefit redesign decisions earlier this year
- Supplemental Life
 - Employee funded
 - Rate change for Supplemental Life for 2022

Supplemental Life (Non-Tobacco) Rates

| Age | Employee/Spouse/SRDP Supplemental Life Rates | | Change in Premium | Monthly Premium for \$250,000 Coverage of One Person | |
|-------------|--|-----------|-------------------|--|-----------|
| | 2017-2021 | 2022-2024 | % | 2017-2021 | 2022-2024 |
| Non-Tobacco | | | | | |
| <25 | 0.028 | 0.030 | 7.1% | \$7.00 | \$7.50 |
| 25-29 | 0.031 | 0.033 | 6.5% | \$7.75 | \$8.25 |
| 30-34 | 0.034 | 0.036 | 5.9% | \$8.50 | \$9.00 |
| 35-39 | 0.043 | 0.045 | 4.7% | \$10.75 | \$11.25 |
| 40-44 | 0.064 | 0.067 | 4.7% | \$16.00 | \$16.75 |
| 45-49 | 0.092 | 0.097 | 5.4% | \$23.00 | \$24.25 |
| 50-54 | 0.143 | 0.151 | 5.6% | \$35.75 | \$37.75 |
| 55-59 | 0.268 | 0.282 | 5.2% | \$67.00 | \$70.50 |
| 60-64 | 0.411 | 0.432 | 5.1% | \$102.75 | \$108.00 |
| 65-69 | 0.758 | 0.798 | 5.3% | \$189.50 | \$199.50 |
| 70+ | 1.131 | 1.190 | 5.2% | \$282.75 | \$297.50 |

- Rates are based on age and tobacco use. Premiums increase as you reach each new age bracket.
- The table represents the monthly cost for each \$1,000 of coverage (available in \$10,000 increments)
- State-Registered Domestic Partner (SRDP)

Supplemental Life (Tobacco) Rates

| Age | Employee/Spouse/SRDP Supplemental Life Rates | | Change in Premium | Monthly Premium for \$250,000 Coverage of One Person | |
|----------------|--|-----------|-------------------|--|-----------|
| | 2017-2021 | 2022-2024 | % | 2017-2021 | 2022-2024 |
| Tobacco | | | | | |
| <25 | 0.037 | 0.039 | 5.4% | \$9.25 | \$9.75 |
| 25-29 | 0.043 | 0.046 | 7.0% | \$10.75 | \$11.50 |
| 30-34 | 0.057 | 0.060 | 5.3% | \$14.25 | \$15.00 |
| 35-39 | 0.066 | 0.069 | 4.5% | \$16.50 | \$17.25 |
| 40-44 | 0.073 | 0.077 | 5.5% | \$18.25 | \$19.25 |
| 45-49 | 0.111 | 0.117 | 5.4% | \$27.75 | \$29.25 |
| 50-54 | 0.170 | 0.179 | 5.3% | \$42.50 | \$44.75 |
| 55-59 | 0.317 | 0.334 | 5.4% | \$79.25 | \$83.50 |
| 60-64 | 0.482 | 0.508 | 5.4% | \$120.50 | \$127.00 |
| 65-69 | 0.929 | 0.978 | 5.3% | \$232.25 | \$244.50 |
| 70+ | 1.510 | 1.589 | 5.2% | \$377.50 | \$397.25 |

- Rates are based on age and tobacco use. Premiums increase as you reach each new age bracket.
- The table represents the monthly cost for each \$1,000 of coverage (available in \$10,000 increments)
- State-Registered Domestic Partner (SRDP)

Proposed Resolutions

Proposed Resolution PEBB 2021-26 KPNW Non-Medicare Premium

The PEB Board endorses the Kaiser Foundation Health Plan of the Northwest employee and Non-Medicare retiree premiums.

Proposed Resolution PEBB 2021-27 KPWA Non-Medicare Premium

The PEB Board endorses the Kaiser Foundation Health Plan of Washington employee and Non-Medicare retiree premiums.

Proposed Resolution PEBB 2021-28 UMP Non-Medicare Premium

The PEB Board endorses the Uniform Medical Plan (UMP) employee and Non-Medicare retiree premiums.

Next Steps

We will ask the Board to take action on these premium resolutions at the July 21, 2021 meeting.

Questions?

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TAB 7



Washington State
Health Care Authority

PUBLIC EMPLOYEES BENEFITS BOARD

Benefit Update

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

Martin Thies, Ph.D.

Portfolio Management & Monitoring Section

Employees & Retirees Benefits Division

July 14, 2021

Overview

- Recap of the Benefit
- COVID Impacts
- Federal Leniency
- Design Changes

Benefit Recap

Salary Reduction:

Public employees can select “*before tax*” benefits funded through their voluntary payroll deductions

- Medical Flexible Spending Arrangement (FSA)
 - Employees pay for eligible out-of-pocket medical expenses
 - \$2,750/year for 2021, with annual IRS COLAs
- Dependent Care Assistance Program (DCAP)
 - Employees pay for eligible dependent care expenses
 - \$5,000/year maximum payroll deduction (no COLAs)

FSA/DCAP Savings

| FSA/DCAP: 2-Year Overview of Participation and Impact | | | | | |
|--|---------------------|--------------|--------------|--------------|-------------|
| Plan Year | 2-Year Total | 2020 | | 2021 | |
| Account Type | | FSA | DCAP | FSA | DCAP |
| Total Participants | 35,304 | 14,622 | 2,813 | 15,808 | 2,061 |
| Total Elections | \$73,705,860 | \$25,530,000 | \$12,090,000 | \$26,868,460 | \$9,217,400 |
| Employee Income Tax Savings | \$8,844,705 | \$3,063,600 | \$1,450,800 | \$3,224,215 | \$1,106,090 |
| Employee FICA Savings | \$5,638,510 | \$1,953,050 | \$924,890 | \$2,055,437 | \$705,131 |
| Employer FICA Savings | \$5,638,510 | \$1,953,050 | \$924,890 | \$2,055,437 | \$705,131 |
| TOTAL Tax Benefit: | \$20,121,726 | | | | |

COVID-19 Impact & Response

At Issue: Access to medical & dependent care services

- Elective surgeries and other health services suspended
- People choosing to stay away from medical/dental settings
- Daycare marketplace is hit hard—both supply & demand

Federal Action

- IRS Memo 2020-29 introduces 2020 leniency
 - Limited Open Enrollment (LOE), July 2020
 - Members could:
 - Initiate new 2020 accounts
 - Increase or decrease their annual elections
 - Many thousands of member actions taken

COVID-19 Impact & Response (*cont.*)

Federal Action (*cont.*)

- Consolidated Appropriations Act (December 2020) for 2021:
 - 100% carryover to 2021 of unspent 2020 DCAP funds
 - FSA access without enrolling in COBRA
 - Raised eligibility age for dependent care (from age 12 to 13)
 - Election changes without a Special Open Enrollment Event
- American Rescue Plan Act of 2021 (March 2021):
 - DCAP has had an annual election maximum of \$5,000 for decades
 - For 2021 only, the DCAP limit is increased to:
 - \$10,500
 - \$5,250 for married persons filing separately

Design Changes Coming in 2022

The Limited Purpose FSA

- A 3rd Flexible Spending Arrangement
- Same minimum/maximum elections as Medical FSA
- Can have Medical FSA or a Limited Purpose FSA; cannot have *both in the same plan year*

Available to CDHP* Subscribers

- Additional salary reductions
- Compatible with an HSA
- Encourages greater FSA participation

*Consumer Directed Health Plan

Selected Eligible Expenses

| Which kind of FSA Covers What? | | |
|---|---------------------|-------------|
| Select FSA-eligible Expenses | Limited Purpose FSA | Medical FSA |
| Dental Deductible | ✓ | ✓ |
| OTC Teeth Pain Products | ✓ | ✓ |
| Orthodontia | ✓ | ✓ |
| Dental Reconstruction (includes implants) | ✓ | ✓ |
| Vision Co-Payment | ✓ | ✓ |
| Eye Exams | ✓ | ✓ |
| Contacts/Glasses (includes Rx Sunglasses) | ✓ | ✓ |
| Lasik | ✓ | ✓ |
| Ambulance | | ✓ |
| Wheelchair and repairs | | ✓ |
| Midwife | | ✓ |
| Medical Labs | | ✓ |

Lowering the Minimum Election

- From \$240 to \$120
- Encouraging participation
- Same minimum election for all tax-advantaged account types

Moving to Carryover

A plan sponsor can adopt one of two ways to help participants when they don't spend their entire election:

- A **grace period** of up to 2½ months after the end of the plan year to incur costs and 90 days to claim FSA funds
- A **carryover**, whereby unspent funds (up to \$550) can be carried over and made available for the next plan year

A plan sponsor/employer can offer one or the other, or neither, but not both.

Moving to Carryover (*cont.*)

- Carryover allows participants to shift up to **\$550** to the next plan year, even if they elect the maximum dollar amount, currently \$2,750
- HCA is implementing a *minimum* carryover amount **\$120**—the new minimum election
- Carryover will apply to both the Medical FSA and the Limited Purpose FSA

Carryover Example #1

Cindy leaves \$135 unspent on December 31

- \$135 is over the minimum election of \$120, so the entire amount will carryover whether she enrolls in an FSA for the next year or not
- If she enrolls in a Consumer Directed Health Plan (CDHP) for the subsequent year, the \$135 will carry over to a Limited Purpose FSA
- If she enrolls in any non-CDHP plan, the funds will carry over to a Medical FSA

Carryover Example #2

John leaves \$78 unspent on December 31

- If John enrolls in a Medical FSA or a Limited Purpose FSA for the next year, the \$78 carries over into that FSA
- If John does NOT enroll in either type of FSA, he forfeits the funds because \$78 is under the minimum election of \$120

Carryover Example #3

Betty leaves \$600 unspent on December 31

- \$550 carries over to the next year but Betty forfeits \$50
- Next plan year, if she enrolls in a CDHP, the funds will go to a Limited Purpose FSA
- If she does not enroll in a CDHP, the funds go into a Medical FSA

Carryover: Example Summary

| Plan Year 2022 | | Carryover to Plan Year 2023 | | | |
|---------------------------|-------|---|---|--------------------------------------|--|
| | | NOT enrolled in CDHP | | Enrolled in CDHP | |
| Unspent on December 31 | | Enrolled in Medical or Limited Purpose FSA | NOT enrolled in Medical or Limited Purpose FSA | Enrolled in Limited Purpose FSA | NOT enrolled in Limited Purpose FSA |
| Cindy | \$135 | \$135 Carried Over | \$135 Carried Over | \$135 Carried Over | \$135 Carried Over |
| John | \$78 | \$78 Carried Over | \$78 Forfeited | \$78 Carried Over | \$78 Forfeited |
| Betty | \$600 | \$550 Carried Over \$50 Forfeited | \$550 Carried Over \$50 Forfeited | \$550 Carried Over \$50 Forfeited | \$550 Carried Over \$50 Forfeited |

Timing of the Carryover

- All 2021 medical FSAs will be subject to the grace period
- **This fall**, participants who enroll in 2022 FSA accounts will be subject to a carryover, not a grace period, for their 2022 elections
- The first carryover for PEBB will be January 1, 2023

Letting Subscribers Know

- Multiple communication plans to thoroughly address Carryover and the Limited Purpose FSA
- Issuing a separate mailing to highlight changes
- Working with Outreach & Training to advise the employer side, equipping Benefits Administrators to inform and assist
- Prior to annual open enrollment, an October *For Your Benefit* article will describe the change

Questions?

More Information:

<http://pebb.naviabenefits.com/>

Martin Thies, Ph.D.

Employees & Retirees Benefits Division

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TAB 8



COBRA Subsidy Update

Kat Cook, Benefit Strategy Analyst
Benefit Strategy and Design Section
Employees and Retirees Benefits Division
July 14, 2021

What is the COBRA Subsidy?

- The American Rescue Plan Act of 2021 (ARPA) granted a 100% COBRA Subsidy for certain months
- COBRA Subsidy eligibility criteria:
 - They are federally eligible for COBRA during the subsidy,
AND
 - They lost group health coverage to involuntary termination OR for a reduction in hours,
AND
 - They don't have access to other group health coverage or Medicare.

Subsidy Denials

- Reasons an applicant might be denied:
 - They are eligible for other group coverage or Medicare
 - They are no longer eligible for COBRA (eligibility for continuation coverage from Resolution PEBB 2020-01 does not qualify for the COBRA subsidy)
 - Their termination of employment was voluntary
- A denial letter is sent to any applicant denied coverage, which includes:
 - Reason for denial
 - Appeal rights

Why Would Someone's Subsidy End?

- They met their COBRA end date (eligibility for continuation coverage from Board Resolution PEBB 2020-01 does not qualify for the COBRA subsidy)
- They alerted HCA that they became eligible for other group coverage or Medicare
- The subsidy period ended

2021 COBRA Subsidy Statistics

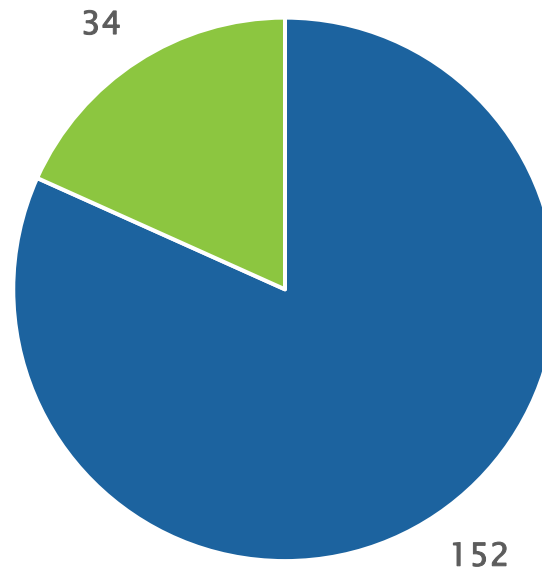
Data Collection Date = 7/02/2021

- 25,675 Notices were sent to current/former public employees and dependents
- 376 PEBB Applicants
 - 186 Approved
 - 190 Denied

2021 COBRA New Enrollees

Data Collection Date = 7/02/2021

COBRA Subsidy Uptake

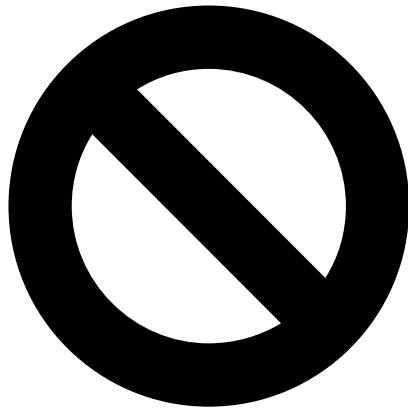


N = 186

■ Newly Enrolled in COBRA

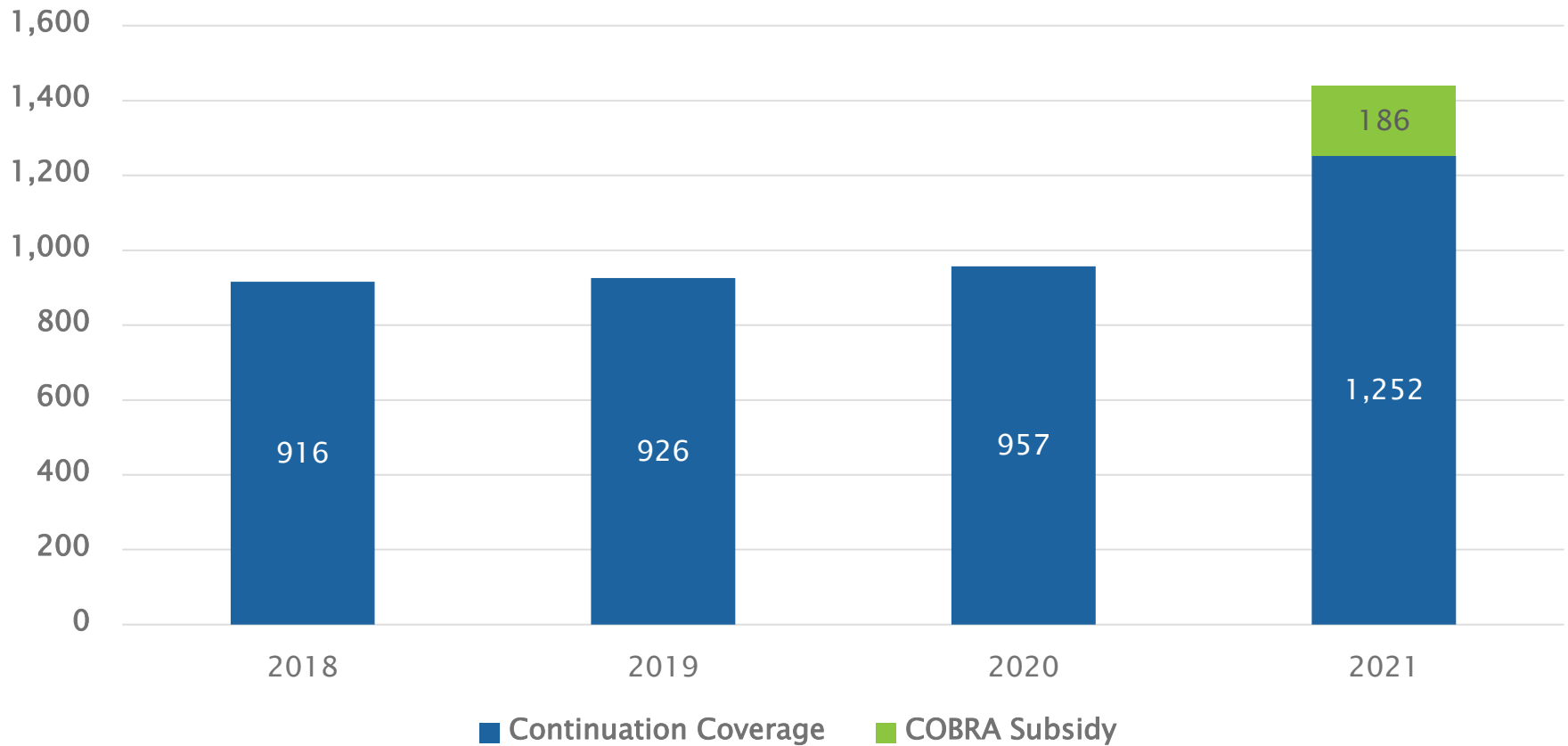
■ Previously Enrolled in COBRA

Retro-coverage on the COBRA Subsidy



No one has elected a retroactive coverage effective date to before the start of the April 1 subsidy period

Continuation Coverage Utilization Trends



Next Steps

- Subsidy End Date: September 30, 2021
- Assistance Eligible Individuals (AEIs) must be notified 15-45 days before their subsidized COBRA expires
- HCA has the notification process automated
- When AEIs are notified of expiring subsidy coverage, HCA also includes information on the Health Benefits Exchange and other options to access health coverage

Questions?

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