

Public Employees Benefits Board

July 20, 2022

Public Employees Benefits Board

July 20, 2022

9:00 a.m. – 11:00 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 20, 2022
9:00 a.m. – 11:00 a.m.**

Subject to Section 5 of the Laws of 2022, Chapter 115, also known as HB 1329, the Board has agreed this meeting will be held via Zoom without a physical location.

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: <ul style="list-style-type: none"> • July 14, 2021 • July 21, 2021 • January 26, 2022 	TAB 3	Sue Birch, Chair	Action
9:15 a.m.	Follow up from July 14, 2022 Meeting		Dave Iseminger, Director ERB Division	Information/ Discussion
9:20 a.m.	2023 PEBB Non-Medicare Rates	TAB 4	Tanya Deuel, ERB Finance Manager Financial Services Division	Action**
9:35 a.m.	Medicare Portfolio Insights	TAB 5	Ellen Wolfhagen, Senior Account Manager, ERB Division	Information/ Discussion
9:55 a.m.	2023 PEB Board Meeting Schedule	TAB 6	Dave Iseminger, Director ERB Division	Information
10:30 a.m.	General Public Comment**			
10:55 a.m.	Closing		Sue Birch, Chair	
11:00 a.m.	Adjourn			

*All Times Approximate

**In addition to the General Public Comment period, the Board Chair will ask for public comment related to each resolution scheduled for action, while the resolution is under consideration, before the Board takes any final action.

The Public Employees Benefits Board will meet Wednesday, July 20, 2022. 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.

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

Materials posted at: <http://www.pebb.hca.wa.gov/board/> by close of business on July 18, 2022.

[Join Zoom Meeting](#)

Join Zoom Meeting

<https://us02web.zoom.us/j/84126245673?pwd=-q-Jcvy-PGUgwPV8UnaJhx4UH6Wdny.1>

Meeting ID: 841 2624 5673

Passcode: 854615

One tap mobile

+12532158782,,84126245673#,,,,*854615# US (Tacoma)

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Passcode: 854615

Find your local number: <https://us02web.zoom.us/u/kdQzy5DKY>

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 PEB Board 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 PEB Board PEBBoard@hca.wa.gov	Benefits Management/Cost Containment
Monica McLemore 10002 Aurora Ave N Seattle WA 98125 V 510-239-7162 PEBBoard@hca.wa.gov	Benefits Management/Cost Containment

PEB Board Members

Name

Representing

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*non-voting members

7/15/22



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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

2022 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 26, 2022 (Board Retreat) 9:00 a.m. – 4:00 p.m.

March 10, 2022 - 9:00 a.m. – 2:00 p.m.

April 14, 2022 - 9:00 a.m. – 2:00 p.m.

May 12, 2022 - 9:00 a.m. – 2:00 p.m.

June 9, 2022 - 9:00 a.m. – 2:00 p.m.

June 30, 2022 – 9:00 a.m. – 2:00 p.m.

July 14, 2022 - 9:00 a.m. – 2:00 p.m.

July 20, 2022 - 9:00 a.m. – 2:00 p.m.

July 27, 2022 - 9:00 a.m. – 2:00 p.m.

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

7/16/21

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: July 16, 2021

TIME: 2:26 PM

WSR 21-15-079

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

Draft
Public Employees Benefits Board
Meeting Minutes

July 14, 2021
Health Care Authority
Sue Crystal Rooms A & B
Olympia, Washington
9:00 a.m. – 2:00 p.m.

The Briefing Book with the 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 Phone

Sue Birch, Chair
John Comerford
Harry Bossi
Elyette Weinstein
Scott Nicholson
Leanne Kunze
Tom MacRobert
Yvonne Tate

PEB Board Counsel

Michael Tunick

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 introductions followed. Due to COVID-19 and the Governor's Proclamation 20-28, today's meeting is via Zoom only.

Meeting Overview

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

Today we highlight Yakima County. Presenters have an image from the Yakima Valley behind them today. Between the PEBB and SEBB Programs, about 9% of the county population is covered in our two commercial books of business. For the Medicaid Program, about 43% of the population of Yakima County is covered. Between PEBB, SEBB, and Medicaid, approximately 52% of the entire county is covered by programs administered by the Health Care Authority. I think that's one of the largest percentages I've reported in our journey across the state this season.

When it comes to unemployment, uninsured, and poverty rates compared to statewide averages, all three of those are higher in Yakima County compared to statewide averages: 6.6% unemployment compared to 5.3% statewide; 13.5% uninsured compared to 6.8% statewide; and the poverty rate is 26% in Yakima County compared to 15% statewide.

Medicaid coverage for Yakima County averages 43% compared to 24% statewide. That is a significantly higher enrollment and use of the Medicaid program. Several pieces impact that number like slightly lower hospital bed availability in that county compared to the state; worse rates of cardiac incidences; slightly higher rates of preventable hospital admissions; and more medical debt collection in Yakima County compared to the statewide average. Medical debt collection in the state is around 6%, but in Yakima County, it is around 11%.

A regional factor that impacts Yakima County is the evolving relationships between Yakima Valley and Virginia Mason. The dynamics of that relationship have changed multiple times, and HCA continues to monitor its impact for our membership.

I will end my opening remarks with the land acknowledgment statement. I acknowledge our meeting is being supported physically in Olympia on the traditional territories of the Coast Salish people. This area was the primary portage way to and from the Puget Sound, and these lands were shared by several tribes, including those we know today as the Squaxin Island Tribe and the Nisqually Tribe. HCA honors and thanks their ancestors and leaders who have been stewards of these lands and waters since time immemorial.

I don't have a specific follow up to the June 30, 2021 Meeting. I just forgot to delete that line from the agenda.

Sue Birch: Thank you, Dave. That is really interesting information about the payer mix and that 52%. I know in some of our very rural frontier counties and regions it's even higher, but that is really significant. I'll also point out that Virginia Mason – CHI Franciscan partnership has implications for that region as well.

2022 Uniform Medical Plan Benefit Resolution

Beth Heston, PEBB Procurement Manager, brought Resolution PEBB 2021-23 back for Board action.

Slide 2 – Reasons for Proposed Change for Uniform Medical Plan.

Slides 3 & 4 – Recommended IRS Allowed Changes to UMP CDHP. There is one small change to the chart on Slide 3 noted in red. After the last meeting, UMP managers pointed out that even though we had it listed as pharmacy changes, it's actually a medical change, as well, because some specific continuous glucose monitors are grandfathered under our medical plan. This change will affect all glucometers.

Sue Birch: Vote - 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.

Elyette Weinstein moved, and Leanne Kunze seconded a motion to adopt.

Dave Iseminger: I do want to highlight the only change was the date reference to reflect the piece of the chart Beth highlighted as a change. We wanted to tie that together. If you literally compare last meeting to this, the date has changed to reflect the chart you just saw.

Voting to Approve: 7

Voting No: 0

Sue Birch: Resolution PEBB 2021-23 passes.

Beth Heston: Slide 6 – IRS Notice 2019-45 Discretionary Preventive Coverages: Under Review for 2023 addresses questions that were raised at the last Board Meeting about what other items were on IRS notice. This list is discretionary preventive coverages. HCA staff will research and report back to the Board during the 2023 procurement season.

Dave Iseminger: For clarity, the 2023 procurement season is the same thing as next Board season.

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

Selena Davis, UMP Senior Account Manager, ERB Division and **Sara Whitley**, UMP Fiscal Information and Data Analyst, Financial Services Division, are asking the Board to take action on the CAM Resolution introduced at the June 30 PEB Board Meeting.

Selena Davis: We have no follow-up questions from the previous meeting, so that takes us straight to our resolution for action.

Dave Iseminger: I have one piece of additional information before moving to a vote. Sara is here to support any financial questions that may come up. It's rare for me to get personal outreach on a resolution after it's been introduced at a Board meeting, but I informed the Board I did receive several inquiries asking if this resolution had already passed.

Sue Birch: I think this is a significant push for more inclusive, complimentary, preventative, nontraditional medical. So, thank you for that information.

Elyette Weinstein: I got an inquiry from a massage therapist because "even though the massage visits are limited to 24 per plan year, for every three visits you need a new treatment code to justify it." For example, sometimes a condition doesn't change,

you've already used that code, so regardless of whether the condition is always there, and you're just keeping it from getting worse, if you've run out of your codes, you don't get the 24 visits. I'm sure staff could clarify this for me because I hadn't thought of this, and I have no idea how it works.

Sue Birch: Thank you, Elyette. I'm not sure that interpretation is accurate, and I'm asking Dave to get further information if he cannot answer that on the spot today.

Dave Iseminger: I can provide a little insight. The important thing when it comes to benefits, but importantly with massage because it has the most prevalence for being able to treat both medical and non-medical conditions and to provide support both in a medical sense and in a non-medical sense, is there does have to be a diagnosis that is being treated. I'm not aware, until you raised this question now, Elyette, that there's a cap on specific diagnosis codes. I do know it's important there is a diagnosis code to show it is treating a medical condition and it's for medical purposes. We can do some follow-up about the administrative aspects, prior authorization, codes, and pieces to ensure the Board's intent, assuming passage of this Resolution, is met. I'd appreciate an opportunity to come back with more detail.

Selena Davis: I would recommend we research and come back to this topic. I don't know of anything related specifically to a diagnosis code, but we can check and get back to you.

Dave Iseminger: Dr. Transue, do you have information that supplements anything Selena or I said?

Emily Transue: I would agree with your understanding, Dave. I think the key part is that the number approved matches the appropriateness of the diagnosis. I would be surprised if it turned out to be three. That's different from my understanding, but it might be if you have this condition, then for that initial course of treatment there would be a certain number of visits. If it's a more complicated underlying problem, it would be longer. If the problem persisted, you might need to redocument. We'll get the details, but I think the goal is to match the need of length of therapy to the medical problem in question for treatment.

Harry Bossi: I'm certainly not an expert in this, but I think it would be helpful to know if Elyette knows what the carrier was because this, of course, applies to UMP, and perhaps the situation she ran into was other than UMP.

Elyette Weinstein: No, it was UMP.

Dave Iseminger: Elyette, I'll reach out to you for more details. It will be helpful for us in our review.

Sue Birch: Let's vote on this resolution. I would like to use the voting process used earlier for the dual-enrollment policy resolution vote, meaning I would not read the full text of the resolution, which is allowed under Robert's Rules. This resolution was distributed to Board Members last meeting, and in advance of this meeting, and published for public view, most recently, on Monday, July 12. Does the Board have any concerns if I don't read the full text? Okay. Hearing none.

Sue Birch: Vote – 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;
- 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.

Yvonne Tate moved, and Leanne Kunze seconded a motion to adopt.

Leanne Kunze: I wanted to share that when speaking with several of the employees covered by our program, and we were looking at utilization, many use these alternative forms for pain management that would otherwise put them in a situation where they would either avoid care or not, due to the lack of being able to afford it because of a deductible, or possibly could be going in where they are being prescribed medications that can be habit forming. We're very excited, from the standpoint of the employees who benefit from this plan, to be able to have greater access to alternatives for pain management, in addition to other ailments, but very pleased with this opportunity to put this forward.

Sue Birch: Thank you, Leanne, for those comments.

Voting to Approve: 7

Voting No: 0

Sue Birch: Resolution PEBB 2021-24 passes.

Dave Iseminger: Sue, I want to add one more piece about the next steps on this resolution. Now that this Board has passed the resolution, the other component for it to go into effect is the SEB Board to take similar action on a comparable resolution. We introduce the comparable resolution at tomorrow's SEB Board meeting, we'll ask them to take action on it at next week's SEB Board meeting. We should know within a week. Unfortunately, your last Board meeting is the day before they consider it, so I, at least, will send an email to the Board with an update on the results of that vote.

Dual Enrollment COBRA Eligibility Resolution

Emily Duchaine, Regulatory Analyst, Policy, Rules, and Compliance Section, ERB Division. Slide 2 – PEB Board Policy Resolution PEBB 2021-25.

Slide 3 – RCW 41.05.065(4) is the applicable statute as you consider this policy.

Slide 4 – Resolution PEBB 2021-25 – PEBB Continuation Coverage Eligibility for Employees' Dependents.

Sue Birch: Vote – 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.

Elyette Weinstein moved, and Scott Nicholson seconded a motion to adopt.

Voting to Approve: 7

Voting No: 0

Sue Birch: Resolution PEBB 2021-25 passes.

Emily Duchaine: Slide 5 – Next Steps.

2022 Rates Overview

Tanya Deuel, ERB Finance Manager, Financial Services Division, introduced the proposed 2022 rates. Historically, this presentation also included our Medicare premiums, however, the Board acted on those premiums at the last Board meeting. Today's presentation is limited to active employees and non-Medicare retirees.

Slide 3 – Calculating the State Index Rate. This slide is an illustrative example of how HCA calculates the state's contribution towards health care. It's defined in the Collective Bargaining Agreement as 85% of the weighted average projected health care costs. HCA negotiates with all of our carriers, as well as ourselves for our self-insured product. We develop our own rates for the UMP and determine what the plan bid rate is going to be for all of our UMP plans.

For simplification in this example, the numbers are made up. There are three plan bid rates listed on the slide. The calculation is: Take the bid rate and multiply by the adult units to get the monthly cost. Add the three monthly cost totals together and divide by the projected enrolled adult units to get a weighted average. Per the Collective Bargaining Agreement, the state will contribute 85% of that weighted average cost. So, take the weighted average cost of \$485, multiply that by 85%, and that's the State Index Rate of \$412. In this example, that would be the state's contribution towards health care for each of the plans.

Slide 4 – Determining Employee Premiums. Take the existing plan bid rates from the previous slide, the plan A, B, and C at the same price points, subtract the state index rate from each of those three plans, regardless of the price of those plans. The state contributes the same amount per plan. The math is the same for all three of those plans.

Slide 5 – Determining Employee Premiums by Tier. Going on step further, we can determine how much each employee will pay based on which tier they choose. To calculate it's the employee contribution for their selected plan, multiplied by the number of subscribers covered. There is a \$10 admin / surcharge. For children, the price is the same regardless of the number of children you are covering.

Slide 6 – Employee / Employer Premium Contributions shows how that state index rate flows into what is being proposed for the employee and employer premiums for 2022. The middle column is HCA's proposed 2022 Employer Contribution or state index rate, which is \$604 for 2022. The proposed 2022 Composite Rate column is the sum of the employee contribution and the state index rate. The Composite Rate (or bid rate) minus the Employer Contribution (or state index rate) = the employee premium.

Scott Nicholson: In the previous slide, you had the tiers by adult units "plus \$10." Where does that come from?

Tanya Deuel: That is an historical surcharge amount. It's \$10. It's been in PEBB for many years before the spousal surcharge established in the state budget. It was a cost of administering spouses on those tiers. This is something we are looking at eliminating in future years, possibly changing the ratios on the tiers, and getting rid of that \$10 spouse charge, as well.

Dave Iseminger: It was a precursor to the modern day \$50 surcharge and, as Tanya said, it's on our to do list. And that work, changing the tier factors and the potential elimination of the plus \$10 requires Board action and is something we'll be analyzing and bringing a recommendation to the Board. Not this board season, but probably in one or two board seasons from now. It has a couple of different moving parts.

Scott Nicholson: Thank you.

John Comerford: If an employee has the Kaiser Northwest CDHP and they are only paying \$26 a month for it, do they get an additional subsidy? A health savings plan or something? No?

Tanya Deuel: There's no additional subsidy, but there is the contribution to the HSA Plan that the state contributes that is included in that total composite rate on the slide. They get, as a single subscriber \$700, and as with any of the other remaining three tiers they get \$1,400 put in that HSA.

John Comerford: So basically, they're paying \$26 a month for single, and they're getting a \$700 annual subsidy.

Tanya Deuel: Contribution toward their health savings.

John Comerford: Thanks.

Tanya Deuel: Slide 7 – Employee Premium Contributions. This slide is looking at the same single subscriber tier from the previous slide. However, it's showing a comparison of the current 2021 premiums for that single subscriber compared to the proposed 2022. The dollar change is in red for clarity and are negative, meaning those premiums are decreasing. When we get to the next slide it will show how that rolls through each tier. The average composite increase on employee premiums is about 2.4% this year.

Slide 8 – 2022 Proposed Employee Contributions by Tier. This slide follows the same math as the previous slide with the tier ratios. Single subscriber on the first column is the 1.0, followed by the subscriber and spouse at 2.0 plus \$10, then the subscriber and children at 1.75 subscriber, and finally subscriber, spouse or state-registered domestic partner, and children at the 2.75, plus \$10.

Slide 10 – Non-Medicare Retiree Rates by Tier. Our non-Medicare retirees are those who retire prior to Medicare eligibility and stay in the active risk pool. These retirees pay the total bid rate and do not receive any direct subsidies towards the cost of their premiums. However, these retirees do benefit from an implicit subsidy. They benefit from community-rated plan premiums in a risk pool that's primarily active employees, and the premium rates are developed to reflect the average cost of the entire risk pool. The key point I want you to take away is our non-Medicare retirees do not receive a direct subsidy. However, they do benefit from lower premiums by being enrolled in the same risk pool as our active population. Typically, in this set of rates, we see between a 2% to 5% average year over year increase. This year we're seeing just under 4% increase.

Slide 12 – Dental Premiums. HCA dental premiums are 100% employer-paid for active employees and retirees pay the rates on this slide. DeltaCare and Willamette Dental Group are both fully insured dental products in a rate guarantee through the end of 2022. The Uniform Dental Plan is a self-insured product where we develop those rates based on claims experience. A third-party administrator (TPA) helps HCA administer our self-insured dental plan, which is also in a rate guarantee.

John Comerford: Is there a mechanism for state employees to sit down with a counselor to decide which medical plan is best for them?

Beth Heston: The Employees and Retirees Benefits (ERB) Division has customer service staff who speak to retirees. The HCA lobby is not currently open to the public due to COVID. We do have the ability for retirees and other employees to make appointments with customer service staff to meet in person and discuss their options. However, we don't generally counsel people. We give them their options. The state also offers retiree counseling through their SHIBA program that's offered through the Office of the Insurance Commissioner, and that is available to retirees, as well, to talk about PEBB, or to talk about things on the Exchange, so they can make informed decisions.

John Comerford: Thank you very much.

Elyette Weinstein: At RPEC, we do have a concern, because we often get complaints, and HCA doesn't see them, about people not getting sufficient counseling. I'm not attacking HCA. Usually what happens is someone retires, and we're told go to your human resources – but we're not always told this. Human resources, in most agencies, focuses on the needs of the employer, not the state employees working there. You go in and they say, "Well, here, we'll process your retirement. Bye." They don't know anything, and they go, "Look, wait. We're understaffed. We're underpaid. We don't have time."

Before you retire, Department of Retirement Systems does have some kind of an event where you can find out about your retirement benefits, and they do so in detail. They leave a tiny little part that goes at 50 miles an hour for people who have never heard this before, what their medical plan options are, and everybody's totally confused. I know that RPEC is looking at doing something about that. And frankly, I went in, and I got counseled by HCA, but most people don't know to do that. When you're going to retire, it's a busy time. I would say the system's broken and it's not HCA's fault at all. But I think the human resources departments in these agencies need to do a better job, but they're not sufficiently funded, so there you go.

Sue Birch: Thank you for those concerns and comments. Dave, I'm going to direct you to consider what sort of follow-up, or solutions we could create, so we'll be back. This will be a follow-up issue. It's not the first time this has been raised about transitions in life, but we will certainly see if we can get any fresh thinking about it. Tanya, back to you for Life and other premium presentations.

Tanya Deuel: Slide 13 – Life and AD&D, and LTD Premiums.

Slide 14 – Supplemental Life (Non-Tobacco) Rates

Slide 15 – Supplemental Life (Tobacco) Rates

Dave Iseminger: I want to highlight for the Board, your authority includes adopting premiums for employees, yet, in this particular instance, we're not going to be teeing up a resolution for you to vote on these new Life and AD&D employee-paid supplemental benefit rates. I want to describe for everyone how you reconcile the two things I just said.

Tanya referenced a five-year portion of a guarantee and a three-year portion of a guarantee. When HCA negotiated and originally brought the benefit design to the Board the summer of 2016, we were bringing you a benefit package that had been negotiated with financials that had accounted for an initial term with MetLife for an eight-year contract. At that time, we were transitioning from our prior vendor to a new vendor, and there had to be a transition of reserve funds from one vendor to the next. While we were negotiating, and even while we were bringing things to the Board, the final accounting of how much money were in the reserves that would transfer was unknown.

The contract envisioned various splits of the eight years between two rates, depending on how much money ultimately transferred. There were three possibilities. It could have been a one year and then seven years rate guarantee combination, it could have been three years and then five, or it could have been five years and then three, with the first number I said in each combination having a lower premium rate for a longer period of time. Fortunately, we had the highest amount of reserves that triggered that third rate guarantee combination, and so we've enjoyed lower rates during this eight-year period for the first five years, and now we're into the final part, where, as originally envisioned, there would be a second level of rates used for the next 3 years. There was always going to be this calculation and this weighing in the rates depending on those reserves.

When the Board adopted the benefit design back in 2016, and I want to be clear, the adoption, at that time, was the embodiment of that rate guarantee. There's not really discretion to reject these rates at this point, because it was the embodiment of the deal and the Board's adoption of the benefit design and rates in the summer of 2016.

Through 2024, we'll begin looking at renewals with the vendor, MetLife. At that time, it will be much like Tanya's discussion on LTD and dental rates where we'll strive to have multiple-year rate guarantees. It will be more piecemeal, and there will be, if there are adjustments, the need for the Board to take action at that time. We don't have anything for you to take action on today because it inherently was part of the original vote by the Board in 2016. At the same time, these are rate changes that are going to be experienced in employees' paychecks, and we wanted to make sure it was brought to the Board's attention. I wanted to give you some context as to why this transition, or this change, happened at this exact point in time, and also why, although typically you vote on employee premiums, in this instance, there is no discretion.

John Comerford: Does MetLife share their actuarial experience with you? For instance, that employees with higher guaranteed issue amounts have higher claims experience?

Tanya Deuel: They do share their experience with us, John, and we do get to review that. We actually did review experience when this term at this point of the contract came up with this increase to confirm this was valid, and it is.

John Comerford: And what's the maximum amount of guaranteed issue life insurance they can get from the state?

Dave Iseminger: It varies by who you are. By that, I mean, for the subscriber, the employee, you can get guaranteed issue of a half-million dollars, and there's a different lower guaranteed issue if you are insuring your spouse. That spouse amount is capped

at 50% of what the subscriber does, or, I believe, it's \$150,000. I'll have to follow up on that exact cap, but it's whichever of those is lower.

John Comerford: Thanks. I just take questions about adverse selection, and the kind of claims experience you have when they max out the policy at \$500,000, and they're over 70. You could see how that compares with the market in general. But that's another day, another time.

Dave Iseminger: When we rebooted the benefit in 2016, I believe we went somewhere from a magnitude of \$2 billion in program coverage that had been elected up to \$8 billion. It was a monstrous increase in coverage because there was so much pent-up demand, and people who had been denied over the years, because you start employment and you don't prioritize life insurance, and then life happens and you might not be able to get life insurance. We had a lot of pent-up demand, and it really changed a lot of people's lives.

HCA is very sensitive that there are a lot of changes happening in state employees' paychecks this January between the long-term care trust costs and the shift to opt-out LTD. Then we have this rate increase of about 5% within life insurance. We're very happy with the medical portfolio. It was really stable. It had several plans going down in cost. We looked to see if there was a way to extend the supplemental Life and AD&D rates that are ending this year for one more year. But as we did the independent actuarial review of the data, it really was necessary, and we are under our contractual obligation to move forward with these rates now with a three year guarantee. I did want the Board to know we tried our best to look for anything we could do for a little longer because we know there are many moving parts to state employee paychecks on January 1.

Tanya Deuel: Slide 16 – Proposed Resolutions. The Board will be voting on these resolutions at the next Board meeting. The Board will adopt one resolution per carrier, not per plan. By adopting the premium resolution for each of the carriers, you are also approving the underlying plan design changes presented by Beth Heston earlier this year.

Slide 17 - Proposed Resolution PEBB 2021-26 KPNW Non-Medicare Premium

Slide 18 - Proposed Resolution PEBB 2021-27 KPWA Non-Medicare Premium

Slide 19 - Proposed Resolution PEBB 2021-28 UMP Non-Medicare Premium

Slide 20 – Next Steps.

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

Marty Thies, Portfolio Management & Monitoring Section, ERB Division. Today's presentation is an update on tax-advantaged accounts offered to PEBB Program subscribers. The updates are effective for plan year 2022 and are authorized HCA's Cafeteria Plan. No action is required by the Board.

Slide 2 – Overview

Slide 3 – Benefit Recap

Slide 4 – FSA/DCAP Savings benefit both household and employer budgets through tax savings. Because the payroll deductions are pre-tax, employees don't pay income tax on the amount of their annual election, nor do they pay FICA taxes on their pre-tax elections, and employers don't either. The table on this slide looks at two years' experience with these accounts. Participation in DCAP from 2020 to 2021 dropped by over 25%, which is related to the COVID-19 impact.

Slides 5 and 6 – COVID-19 Impact & Response. Over the last 15 months, the pandemic had an enormous impact on how, and if, we access health care and dependent care. Many were having difficulty claiming the funds they put aside in flexible spending accounts. They just didn't have the expenses, through no fault of their own. The IRS responded in May of last year issuing a memo allowing subscribers to initiate new accounts and prospectively increase or decrease their payroll deduction within plan limits. HCA provided a one-month limited open enrollment last July for members to take advantage of these leniencies.

With the passage of December's stimulus bill, more leniencies were introduced, which allowed HCA to offer more opportunities to members. For unspent 2020 DCAP funds, HCA instituted a 12-month grace period. HCA is sponsoring three times in 2021 during which account holders can change their annual elections, again, prospectively. The first was in March, the second was last month, and another opportunity in September.

For 2021 only, the American Rescue Plan Act more than doubled the DCAP election to \$10,500. Congress will need to act before the end of the year to make this increased election permanent, otherwise, the DCAP maximum election will revert to \$5,000 in 2022.

Slide 7 – Design Changes Coming in 2022

Slide 8 – Selected Eligible Expenses shows which FSA covers what

Slide 9 – Lowering the Minimum Election

Slides 10 and 11 – Moving to Carryover. Moving from grace period to carryover does not prevent forfeitures. Members will need to do what they can to use their funds.

Slide 12 – Carryover Example #1

Slide 13 – Carryover Example #2

Slide 14 – Carryover Example #3

Slide 15 – Carryover: Example Summary

Slide 16 – Timing of the Carryover

Slide 17 – Letting Subscribers Know

Dave Iseminger: I want to highlight two things for the Board regarding the grace period rule versus the carryover rule. First, why did we ever have the grace period rule? Temporally, there originally were no exceptions to the "use-it-or-lose-it" rule. As time evolved, the IRS evolved and created the grace period rule, and employers either adopted it or they continued the hardline on forfeitures. Several years later, the IRS created the second option, the carryover rule. Some employers began converting from one to the other, and so we've had the grace period for many years because that's what we had adopted at the time, as the modern iteration of flexibility. Here we are taking another step and seeing the virtues of this alternative benefit design which includes a variety of advantages to our members.

Second, I want to highlight what's unique for the PEBB Program, under the Collective Bargaining Agreement, that there is an employer contribution to an FSA account for represented employees who make under a certain salary, as determined on a specific day of the year, and when it happens, that employer contribution is \$250. In those instances, if the employee does not realize that this benefit was for them, they will have additional time to incur expenses because \$250 is over the minimum of \$120 but under the maximum of \$550. In fact, if they didn't realize anything about this benefit and were eligible two years in a row, they would have all \$500 carryover into the third year. It opens up the flexibility for educating members about the new CBA-based benefit that was introduced a year or two ago, giving that additional opportunity for those employees who are making below that salary threshold and represented, to access those funds and the benefits in a way that was the intended goal of the Collective Bargaining Agreement.

Sue Birch: Marty and Dave, I know you both have really been proactive in this space. We appreciate your presentation today, Marty. Dave, thank you for your work with our IRS friends.

COBRA Subsidy Update

Kat Cook, Benefit Strategy Analyst, Benefit Strategy and Design Section, ERB Division. Slide 2 – What is COBRA Subsidy? The American Rescue Plan Act of 2021 (ARPA) was the Covid relief bill passed by the federal government in March. Essentially, the federal government will pay COBRA premiums for eligible individuals, with tax credits for employers. The intent was to help people who lost health coverage during the pandemic regain that coverage.

Slide 3 – Subsidy Denials. If they're no longer in their window for federal COBRA, which is typically 18 months, the PEBB Board Resolution 2020-01 extended continuation coverage benefits until two months after the state of emergency ends, but the subsidy would not apply to that extended period. Federal guidance on the subsidy states that individuals who are enrolled in extended continuation coverage, even with extensions issued by federal regulations, are not eligible for the COBRA premium subsidy, highlighting the COBRA only requirements in subsidy eligibility. Denial letters sent to applicants contain appeal rights, which are handled by HCA, not the individual employers.

Slide 4 – Why Would Someone's Subsidy End?

Slide 5 – 2021 COBRA Subsidy Statistics. If someone's subsidized COBRA ends, that doesn't mean they can't access continuation coverage that they pay for out of pocket.

Slide 6 – 2021 COBRA New Enrollees. Individuals not previously enrolled in COBRA were allowed to enroll in subsidized COBRA during the subsidy period. 152, or 82%, of those who enrolled in the COBRA subsidy were new to PEBB continuation coverage. 64, or 18%, were previously enrolled in PEBB continuation coverage and opted into the subsidy. That's 3% of our total PEBB continuation coverage population prior to the subsidy.

Slide 7 – Retro-coverage on the COBRA Subsidy. PEBB continuation coverage extended election periods can begin either during the extended election period or be

retro enrolled back to the original date coverage was lost. Because of this, American Rescue Plan extended election period recipients were given this option with one caveat. In order to retro enroll, the outstanding balance must be paid by the subscriber in full to unlock the earlier date of coverage. Otherwise, they would be enrolled only in the subsidy period that began April 1, 2021. Thus far, none of our PEBB COBRA subsidy enrollees chose to exercise this option.

Slide 8 – Continuation Coverage Utilization Trends includes both COBRA and COBRA-like continuation coverage authorized by the Board. Our full continuation coverage population is slightly larger than the federally authorized COBRA population due to the board-related extensions on continuation coverage like Resolution PEBB 2020-01 discussed earlier, and others. Continuation coverage trends between 2020 and 2021 are similar within SEBB, with a marked increase in continuation coverage utilization in 2021.

Slide 9 – Next Steps

Sue Birch: Does the plan that they select or that they were carrying over, do they have a choice of that? Like, if it was a CDHP?

Kat Cook: If they are newly enrolled in COBRA, they have a choice of what they're going to select. While they could select the CDHP, it would not be a good rational decision in most cases. Those that weren't in COBRA before can select whatever plan they had the ability to select when they were an employee; but if they were currently enrolled in COBRA, the federal law said they could not get a more expensive plan than they already had. They have to keep the plan they already had in COBRA.

Dave Iseminger: At the beginning of next Board season, we plan to do a wrap of what happened after we're able to do the full postmortem. Regardless of when the subsidy ends, if it gets extended, we do something after the initial election period. We're still in that adjudication process, so we will add that level of insight on plan selection into the future presentation.

Leanne Kunze: I may have misunderstood, so I want to ask a clarifying question with a hypothetical scenario. If somebody left employment involuntarily in February, at the time they could not afford COBRA. At this point, would they still have the opportunity, within that six-month look back window to then go back and get COBRA now that this subsidy is there? Or do we have a responsibility, any employer, to inform people who may have been in a situation where this subsidy wasn't known?

Kat Cook: Let me make sure I understand those questions, Leanne. Your question is if someone had lost coverage prior to the subsidy due to an involuntary termination, would they be able to access subsidized COBRA coverage either during the window, or retro back to their employment loss date? Is that what you're asking me?

Leanne Kunze: Correct.

Kat Cook: Perfect. They would have the option to do either, as long as they were deemed eligible for the subsidy. If they had huge medical expenses in March after they lost their coverage, they could choose to retro back to February 1 when they lost

coverage. They would pay those back premiums, which would then mean that they could then be reimbursed for later medical expenses if they were allowable. Or if they don't want to pay the back premiums because of the cost benefit analysis they did of their expenses between February 1 and April 1, they could start the subsidized coverage April 1 and there would be no financial outlay from them for their premiums.

Leanne Kunze: Okay. Thank you very much.

Kat Cook: I just want to make sure it's clear that they would have to be eligible for the subsidy. They would have had to involuntarily terminated or lost hours.

Leanne Kunze: Correct. Thank you.

Dave Iseminger: Leanne, that's what you saw in Kat's report that we notified 26,000 people, but we've only received like 500 forms back. The net had to be cast wide to ensure those eligible would receive the notice.

Sue Birch: Do you have any information on why, out of the 26,000, we only had 500 respondents? Why people weren't taking us up on it.

Kat Cook: We've been discussing it, but because we're still in process, we don't have firm answers. We have theories but they're not substantiated at this point.

Sue Birch: What are your theories, Kat?

Kat Cook: We cast an incredibly wide net due to federal regulations to make sure we didn't miss folks. The original net was anybody who lost benefits from a certain date forward. People lost benefits for various reasons. They left and got another job, and then they wouldn't be eligible because they have other coverage. They retired and they have retiree coverage. They were fired. Any reason like that would mean that we cast a much broader net than what was probable, but that was better than the alternative of not notifying those that qualified. Not only would that be federally irresponsible, ethically irresponsible.

Sue Birch: Great. Thank you.

Dave Iseminger: Sue, there's that short window for the required notification. We all learned of it in March and had to mail things by the end of May. Even as we tried to, because it's not as typical data element within our system of record, about why somebody loses benefits we have that pitstop over into the employers, but we weren't able to get that employer data element before we had to send the notifications. HCA wasn't able to cull the requirements of our data pool for notification by even a reasonableness check with the employer about who likely might not have met the eligibility requirements. So, some of it is the timing aspect, further exacerbated by the legislation passed in mid-March. A model notice needed to be produced by a trifecta of governmental entities that didn't get produced until late April, early May, with a Memorial Day mailing date. It was better for us to go broad. But then you get, on the backend, 26,000 versus 500.

Public Comment

None.

Next Meeting

July 21, 2021

Starting at 1:00 p.m.

Preview of July 21, 2021 PEB Board Meeting

Dave Iseminger, Director, Employees and Retirees Benefits Division, provided an overview of potential agenda topics for the July 21, 2021 Board Meeting.

Meeting adjourned at 12:47 p.m.

Draft
Public Employees Benefits Board
Meeting Minutes

July 21, 2021
Health Care Authority
Sue Crystal Rooms A & B
Olympia, Washington
1:00 p.m. – 3:15 p.m.

The Briefing Book with the 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

Lou McDermott, Chair Pro Tem
John Comerford
Harry Bossi
Elyette Weinstein
Scott Nicholson
Tom MacRobert
Leanne Kunze
Yvonne Tate

PEB Board Counsel

Michael Tunick

Call to Order

Lou McDermott, HCA Deputy Director, Chaired the meeting in Sue Birch's absence. Lou called the meeting to order at 1:04 p.m. Sufficient members were present to allow a quorum. Board introductions followed. Due to COVID-19 and the Governor's Proclamation 20-28, today's meeting was via Zoom only.

Meeting Overview

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

Today we highlight Franklin, Adams, and Whitman Counties on our tour around Washington. The presenters' Zoom background is an image of Palouse Falls.

About 10% of the population of Franklin County, 10% of Adams County, and about 7% of Whitman County are covered by the PEBB and SEBB Programs. For Medicaid, it's about 16% of Whitman County, 37% of Franklin County, and almost 50% of Adams County. Between the PEBB Program, the SEBB Program, and Medicaid together, the

Health Care Authority covers a third of the residents of Whitman County, about 47% of the residents of Franklin County, and 60% of the residents of Adams County.

Looking at the metrics for unemployment, uninsured, and poverty rates, in comparing each county to statewide averages, almost universally all of the metrics are higher in these three counties compared to the statewide average. For unemployment, Franklin County is slightly higher than the statewide average, Whitman County is at 9%, compared to 5.3%, and Adams County is in the middle, about 1% more than the statewide average. What is starker is the uninsured rate. The statewide average is 6.8%. Whitman County has a lower uninsured rate at 4.4%, but Franklin and Adams County have between two and three times the statewide average of uninsured individuals, about 15% of Franklin County uninsured and almost 20% of Adams County uninsured.

From the poverty metric, the statewide average is 15%, Franklin County has a 20% poverty rate, and Adams and Whitman County each slightly over 30%. We see a lot of variance and higher unemployment, uninsured, poverty rates.

As one might naturally expect, some of the more rural regions have slightly lower access to primary care. But despite that, the region basically has the same statewide average of actually seeing a primary care provider (PCP) by that lower access. That is what our data shows. Franklin County has significantly lower hospital bed availability compared to most parts of the state with 0.3 beds per 1,000 residents compared to the statewide average of 2.3 beds per 1,000 individuals.

In the three-County area, they all have lower rates of cancer diagnosis but higher rates of cardiac diagnoses. In this area, we are always trying to push for value-based payment reforms and arrangements with various entities throughout the state. We have robust discussions with different parts of this region, but the infrastructure isn't quite there yet.

It's interesting to note that as might be expected in rural areas, there is a significant referral pattern of complex cases to multiple areas, both Seattle and Spokane in the state, as well as Oregon. When we get to southeast Washington, there is a referral pattern into Oregon as well as into Idaho. There is a lot of regional relationships for this three-county region.

We are at the end of Board season, and we obviously didn't hit all parts of the state. A suggestion from some stakeholders was, at the beginning of next Board season, do a visual of a couple of metrics for all 39 counties and some nice visuals to wrap up with a full statewide comparison. You will see that at the start of next Board season, materials that ties us together and covers the other parts of the states not covered.

I want to acknowledge our meeting is being supported physically here in Olympia on the traditional territories of the Coast Salish people. This area was the primary portage way to and from the Puget Sound, and these lands were shared by several tribes, including those we know today as the Squaxin Island Tribe and the Nisqually Tribe. The HCA honors and thank their ancestors and leaders who have been stewards of these lands and waters since time immemorial.

Follow Up from July 14, 2021 Meeting

Dave Iseminger, Director, ERB Division. Elyette raised a question regarding information she received about treatment limitations related to massage therapy and a hard limit to each diagnosis code. I believe the specific concern was information that somebody who had a specific diagnosis code was capped at three visits related to that diagnosis code and they would need to have a different diagnosis code to get additional visits under the limit. I'm happy to report back that while that type of dynamic exists in some parts of the commercial insurance world, including some of the other contracts and products Regence administers, however, that is not a feature of the Uniform Medical Plan. There is no such cap related to diagnosis codes. That's why it is so important to understand Regence's role as the TPA of the Uniform Medical Plan, and a distinction they serve various clients, and everybody can have slightly different coverage.

Sue asked for a follow-up on some of the PEB Board correspondence that was received and provided to Board members related to vision benefits. In both of those instances, inaccurate information was provided to the members in different product lines. That information and the claims have been re-adjudicated. They have outreached to the members and customer service training has been provided in each instance. In particular, the one involving the Uniform Medical Plan was a misunderstanding about the age of the individual accessing vision benefits. There are different levels of coverage for pediatric services and the information on the claims adjudication centered on adult coverage instead of pediatric coverage. HCA strives to have our vendors provide the correct answer the first time, and in both of these separate instances, it was inaccurate information, but there have been attempts to both communicate with the members and staff at both of those entities to get the information and training corrected within their Customer Service Call Centers.

2022 Premium Resolutions – Non-Medicare

Tanya Deuel, ERB Finance Manager, brought the 2022 premiums for both employees and non-Medicare retirees to the Board for action. The resolutions are per carrier. Passing the resolutions will adopt each of the plan's premiums under that carrier as well as the plan design

Lou McDermott: Vote – Premium Resolution PEBB 2021-26 – KPNW Non-Medicare Premium

Resolved that, the PEB Board endorses the Kaiser Foundation Health Plan of the Northwest employee and non-Medicare retiree premiums.

Tom MacRobert moved, and Elyette Weinstein seconded a motion to adopt.

Voting to Approve: 7

Voting No: 0

Lou McDermott: Premium Resolution PEBB 2021-26 passes.

Lou McDermott: Vote – Premium Resolution PEBB 2021-27 – KPWA Non-Medicare Premium

Resolved that, the PEB Board endorses the Kaiser Foundation Health Plan of Washington employee and non-Medicare retiree premiums.

Scott Nicholson moved, and Tom MacRobert seconded a motion to adopt.

Voting to Approve: 7

Voting No: 0

Lou McDermott: Premium Resolution PEBB 2021-27 passes.

Lou McDermott: Vote – Premium Resolution PEBB 2021-28 – UMP Non-Medicare Premium

Resolved that, the PEB Board endorses the Uniform Medical Plan (UMP) employee and non-Medicare retiree premiums.

Yvonne Tate moved, and Elyette Weinstein seconded a motion to adopt.

Voting to Approve: 7

Voting No: 0

Lou McDermott: Premium Resolution PEBB 2021-28 passes.

Northwest Prescription Drug Consortium Update

Luke Dearden, Clinical Pharmacist, Clinical Quality and Care Transformation Division. Today's discussion is an update to the Northwest Prescription Drug Consortium and how it will affect UMP's Pharmacy Program, and more specifically, member experience.

Slide 2 – Background

Slide 3 – Consortium Participating Programs

Slide 4 – Overview of Moda's Structure. Moda is ultimately responsible for all functions carried out by UMP's prescription benefit and administers most aspects of UMP's prescription drug benefit in-house. Moda subcontracts with another pharmacy benefit manager (PBM) to carry out behind-the-scenes functions.

Slide 5 – What is Changing? Moda's PBM subcontractor is changing from MedImpact to Navitus. We are optimistic, in addition to their regular services, they will provide enhanced rebate opportunities. An additional note, UMP will obtain access to a real-time enhanced recording feature, which will help us gain better visibility into UMP's prescription drug utilization in a timelier manner. All other functions listed on this slide will remain largely the same.

Slide 6 – How is Member Experience Affected? Nearly all major aspects of the benefit will not be affected. However, there will be a few changes for the member. Each member will receive a new identification card. The ID number itself will not change for the member, but the numbers the pharmacy uses to process claims will change. The member will need to bring this new ID card to the pharmacy upon their first fill in 2022.

David Iseminger: Reissuing ID cards is one of the main reasons we wanted to bring this presentation to the Board. We already need to send out new ID cards this fall, because under federal law, there are additional requirements that must be on insurance cards. We are able to dovetail this change along with the other required changes. I think the new federal changes will help with health literacy about insurance. Specifically, going forward in 2022, insurance cards will include the deductible and out-of-pocket maximum values. Those are three things members will see changed on their new cards.

Luke Dearden: In addition to ID cards, members will see a refreshed Member Dashboard. A couple of disruption analyses will be performed to fully assess member impact; however, we are optimistic that Navitus will actually provide greater access for our members in terms of network pharmacies. Bottom line is members should experience minimal disruption.

Slide 7 – Communications

Slide 8 – Benefits of Navitus. They offer a 100% pass-through business model, which is really important for the consortium and also for UMP. Any discounts or rebates received on drug products will be passed through at 100% to the Plan. Navitus has the underlying framework for numerous clinical programs. One includes a pharmacogenomics program, which would involve optimizing drug therapy based on an individual's genome. Instead of cycling through numerous different medications to find the one that may work the best, this assists with that. Medication adherence: this program is designed to improve and reduce barriers associated with poor medication adherence, especially in the setting of chronic disease states. Medication Therapy Management usually involves comprehensive review of a member's medication profile by a pharmacist with the goal to optimize their medication regimen. It is a proven strategy to both improve health and the member's quality of life as it relates to medications.

Elyette Weinstein: Will this, and if so, how will this new program affect mail-order pharmacies?

Luke Dearden: This will not affect mail-order pharmacy.

David Iseminger: Elyette, just to add onto that, I wanted to assure people we checked into this anticipating that type of question. The mail-order pharmacy, the main facility that the prescriptions are mailed from is in the Northwest, in Portland, Oregon. It is not Washington State, but it is just over the river.

Tom MacRobert: I'm wondering about small town pharmacies. A lot of times that pharmacy is the only one in a small town. Are there situations where that a small-town pharmacy, if it is not one of the national names, gets dropped from the list? People who

live in that area have to now travel quite a way to get their prescriptions filled. I will give you an example. Metaline Falls, and that pharmacy is a local drug combination store, and they now have to travel to Colville to get their prescriptions filled. Are those kinds of scenarios a possibility with this new company?

Luke Dearden: Some pharmacies may be added or removed from the pharmacy network. We do not have a lot of information on what will be removed or what will be added at this time, but that information will certainly be available prior to open enrollment.

David Iseminger: Mail-order options will supplement as well. Tom, there is a lot of movement towards mail-order pharmacy throughout the industry. I know that will be controversial for some parts of our population as well as different parts of the geography of our state, but it is a strong trend in the industry. There is a lot of activity headed towards mail-order pharmacies, in general, as a significant part of business lines for carriers and health systems.

Tom MacRobert: I just wanted to reaffirm the commitment that we talked about at our Board Retreat, which was health equity access. It seems like we need to try and strive, if we are really truly committed, so people don't lose the kind of access they had and have to go through more encumbrances to get the services they need. I am really interested to hear if rural places in the state of Washington have lost their pharmacies because of this changeover.

David Iseminger: As we get more of the analysis, we can bring information back to the Board next season about some of the ultimate impacts.

Tom MacRobert: Okay, thank you.

Elyette Weinstein: I'm not trying to undercut what Tom is saying at all. I will say that during the pandemic the access to online ordering, mail-order pharmacies, helped. I'm just speaking for myself, but I didn't need to go out. I could merely order something online. I think I have made my point.

Long-Term Disability (LTD) Implementation Update

Kimberly Gazard, Contract Manager, ERB Division.

Slides 2 and 3 – Implementation Communication Strategy

Slides 4 and 5 – Implementation Key Messages in Communication

Slide 6 – LTD Elections in PEBB My Account. LTD elections do not currently exist in PEBB My Account. The IT team is currently programming PEBB My Account to include a dedicated section for LTD elections. It is important to note that the ability to make elections for LTD coverage effective January 1 in PEBB My Account will only be available during open enrollment. The best time for employees to reduce or decline coverage online will be during open enrollment.

Slide 7 – Next Board Season

John Comerford: Kimberly, is there an age limit on the voluntary LTD?

Kimberly Gazard: Can you elaborate? What do you mean by an age limit?

John Comerford: Some companies say if you are over 70 years old, you can't enroll, or you can only enroll for a limited time period. Do we have any restrictions on the age and enrollment?

Kimberly Gazard: No.

David Iseminger: I think the main criteria is being an active employee. Age is not an equation in that primary eligibility factor.

John Comerford: But the benefit period is. It is probably down to a year for anyone over age 70. I haven't looked at that closely. I will look at it, though. That would be something I would be curious about. I wonder how much you are going to be talking to them about the tax advantage of them paying for their LTD in terms of it not being taxable to them when they use it. That is a tremendous selling point in the private market.

Kimberly Gazard: I appreciate that feedback. We can certainly include that as a post-tax enhancement or benefit.

PEBB My Account Modernization Project

Jerry Britcher, Chief Information Officer, Enterprise Technology Services Division.
The PEBB Modernization Effort is a project currently underway.

Slide 2 – What is the “PEBB Modernization” Initiative? HCA currently has a very old system to support the PEBB Program and we want to modify the frontend to provide a web-based tool for employer benefit management.

Slide 3 – PAY1 – Back to the Future. This is an example of what we call the current green screen. This has been the interface to the PAY1 system and to PEBB for decades. It was a combination of this and paper. It is being replaced with a modern web screen.

Slide 4 – PEBB My Account Introduces Opportunity for Change

Slide 5 – Continuation Coverage / Retirees

Slide 6 – Many Operational Processes Remain Unchanged

Slide 7 – PEBB Modernization. This slide is not intended to be something you can necessarily read but it's to give you an idea of the new interface. It is a point-and-click type interface, much like any application you would access on the web now. You have tabs you can access for certain functions, and then underneath that is this detail screen where you can enter the information. Each of these fields has data validation checks to make sure that if you type something in wrong that cannot be accepted by the system, it

will not let you proceed until you correct that error. It's a more modern interface as opposed to that green screen.

Slide 8 – The Future of PAY1. Okay, the future of PAY1. PAY1 is our backend system we currently use not the frontend that we are building. PAY1 will remain in place as the accounting system record within HCA. It will continue to do that backend processing of the financial aspects of PEBB. PAY1 will no longer be used by employers for benefit management. We will be using the new PEBB My Account frontend to manage benefits change.

Slide 9 – Estimated Launch – February 2022

Slide 10 – Partnering on Employer Readiness

2022 PEB Board Meeting Schedule & Topics for January 2022 Board Retreat

Dave Iseminger, Director, ERB Division. The 2022 meeting schedule was provided.

At our last meeting there was a request to brainstorm ideas and topics for consideration and inclusion at the January Retreat.

Elyette Weinstein: The question I had is the President signed an Executive Order regarding transparency and drug price costs. Perhaps by the beginning of next year, there might be some indication of any effect this might have on the drug costs of our active and non-active employee plans. I was hoping we might get an update on that. And together with that, I would like an update on the implementation of our Drug Transparency Law in Washington State that is on the books. I know there was a report earlier this year to the public, but it would be good by next January to hear what this Board is doing to perhaps reduce drug prices and how that might affect plan costs.

John Comerford: Do we expect that we will be meeting via Zoom next year or in person? My concern is 9:00 coming from Seattle given the traffic in Tacoma is a big issue.

David Iseminger: I will answer that question as best I can. I don't know what the world will look like in January, but what I can say is eventually we will have a physical space. The underpinnings of the Open Public Meetings Act include the physical space requirement that has been suspended under current circumstances. But at some point, there will be "back to normal" Open Public Meetings Act rules. When that day comes, we are going to continue to offer Zoom as part of our meetings. That way both the public who want to attend in person can come in person, and who wants to attend to via Zoom or whatever platform we are using on that day, can attend remotely. The same will apply for Board members. If it is best for you to attend remotely, you will have that opportunity. And if you prefer to come in person, you will have that opportunity, too.

John Comerford: Thanks, so much. Appreciate it.

Harry Bossi: I had two thoughts. One, we have heard mentioned a few times or questions in the past regarding surveys. Typically, the answer is well, there is the CAP survey. So, my thought was, if there is some CAP survey data that could be available

could be helpful, then that might be a topic for discussion in January. The second thought I had was usually because of the timing, a brief summary of the open enrollment, and this time because of the potential disruption with the pharmacy benefit manager or the pharmacies, it might be a good idea to just touch on that and see how that was after the fact.

Tom MacRobert: I have a couple of requests centered around CAM. One is, and Dave, you and I have talked about this, although you need a referral for massage therapy, I'm wondering what we can do to minimize the amount of paperwork that has to be done to see a massage therapist, in particular. Sometimes, apparently, it is fairly significant. What can we do to make sure people have easy access to these therapies, which we are expanding from 16 and 12 to 24 each? That would be a topic worth discussing.

Secondly, I'm really curious about, for example, how does Regence decide if you are going to be a preferred provider? Have they expanded the number of preferred providers in each county as the population and the number of members have accelerated? I have done a little research on this topic, and I can assure you that some people that are providers are fairly frustrated by all kinds of issues. One is reimbursement. And that is actually a third topic, now that I think about it. For example, when we switch to 24, and we switched the payment from counting as part of our out-of-pocket expenses to a \$15 copay, is the reimbursement schedule for providers going to be changed by Regence? Those are the kind of questions I think we should have a discussion when we meet again in January.

David Iseminger: Thank you very much for that level of detail, Tom. Again, we will take that under advisement as we start to craft the retreat. You are all very helpful. Very helpful questions and topics, Elyette, Harry, Tom, and your question, John.

John Comerford: I don't know where this falls, but I remember Sue talked about being appointed to a committee that she would be involved in dovetailing with the work we are doing. What is the name of the committee that she is serving on and what will their role be as we move forward with our health care?

David Iseminger: John, you are referring to her service on the Health Care Cost Transparency Board. That is something we were looking at definitely having as part of the educational aspect of the retreat. That is another Board that a different part of the Health Care Authority supports. We were going to have some guest stars talk about that work, so that is definitely on our radar.

Elyette Weinstein: I know Senate Bill 5020, which is another drug transparency rule, will still be a bill in consideration during the legislative session. I'm wondering what HCA's position is on that bill. Why it's needed? I mean, this relates again to drug prices, and why? I'm not asking for secret memos here, but if we could at least understand the position and the relationship of that bill to the current law as HCA sees it, that might be extremely helpful as well and give us some insight as to what our role as PEBB members is and what HCA's role is.

Lou McDermott: There should be information online about the Health Care Cost Transparency Board if folks want to do some research. I know we have a task to bring back more on that.

Elyette Weinstein: Yes, I have looked at that.

Public Comment

Fred Yancey: I particularly enjoyed the modernization update. But my question is that I would like to ensure that efforts are made to educate retirees, many of whom are not computer-literate or computer-comfortable if you will. As you move to a paper-free environment, and I applaud that, I think it will be a challenge to many retirees who are not of the computer generation. I just want to make sure I know Benefit Administrators will be trained. But I would make sure that some sort of outreach of training will get addressed to retirees. Thank you for all your efforts this last year.

Next Meeting

January 26, 2022

9:00 a.m. – 4:00 p.m.

David Iseminger: Thanks, Fred. I don't normally respond to public comment. We are not moving towards paper-free. I will say we are moving towards less paper reliance. There will always be, at least in the current plans, the ability to continue to engage with paper. But yes, there will be retiree and employee engagement to train, for lack of a better word, how to use the system.

Yvonne Tate: I was just going to say I wanted to thank the staff for a good program this year. I thought things went really well and I thought the materials you prepared for us were very informative. I want to compliment you guys on a good job.

Scott Nicholson: I wanted to echo the comment that it has been a great session working with you all. Particularly, I was very impressed with the benefit eligibility navigation of those difficult complex dual employment kind of situations where there was eligibility on the PEBB and the SEBB side and walking through those areas. That was very complicated and thank you for spending the time walking us through that.

David Iseminger: I have been reflecting a lot about this Board season and it's been a long six months, but it has been an even longer 15 months for all of us in so many ways. I just wanted to take a moment to culminate and wrap up the Board season and a bit of camaraderie on the success of a variety of different projects and initiatives both the Board and HCA have undergone. There has been quite a lot of resilience, both by the Board and by the team here at HCA that is working on PEBB and SEBB, as well as the Benefits Administrators at school districts, state agencies, and higher education institutions. It is really quite incredible when you stop and reflect.

Some of the big-picture work that happened, alongside a once-in-a-generation, hopefully, pandemic, and the culmination of several large projects. We started off when Elyette mentioned her first meeting was an Emergency Board meeting to come up with some special eligibility rules to be able to support DOH and UW, in particular, in hiring staff back into the workforce in those critical positions as the pandemic was beginning,

as well as extending opportunities for COBRA, which then, we've now recently had COBRA subsidy work from the federal legislation.

There was advocacy for flexibility to the IRS related to FSA and DCAP of benefits. You've had Marty and Leanna in the past year talk about how members were able to access funds that were otherwise going to be forfeited in the hundreds of thousands of dollars that could have been lost, again during a time when every penny counts and by no fault of their own. Those individuals made elections not having any idea what was about to transpire in our world.

We have the eminent changes that Marty highlighted at last week's Board meeting about the redesign and change to the carryover rule for FSA and introducing a limited FSA. And I went back into our records. It is the first major change we've had on that benefit since we introduced it the grace period rule in 2008.

Speaking of unchanged benefits for decades, LTD crossed a major threshold earlier this Board season with the approval by both Boards into an opt-out design for this program. A major change since the benefit started in 1977. That benefit predates me! So very exciting to be able to turn a page in that chapter as we continue work on the basic employer-sponsored LTD benefit. It's an important pivot and change for that particular benefit design.

Our finance team has led us through two very complicated rate negotiation processes, where we are all trying to understand the unique circumstances of what was transpiring, especially last year as we were beginning that rate-setting process.

We knew by prior legislation we would be on a journey together with both Boards about dual enrollment. But none of us knew it was going to be as complicated as it was. I appreciate the comments a few minutes ago about the good job that staff did related to that particular work because it was extraordinarily complex.

The IT development, that project and modernization project Jerry was referring to earlier today, the bulk of that work has been done in a remote world, having that IT development happen alongside the pandemic.

In this program, we introduced two Medicare Advantage Part D plans to retirees, which has given additional nationwide options to retirees after several years of conversation.

We were also able to address some long-standing member requests. We lifted the two-year mandatory enrollment in dental. Now you can enroll for one year at a time as a retiree. We addressed a long-standing request from a variety of retirees creating that one-month deferral rule exception. If you happen to have a transition of coverage that doesn't dovetail perfectly with the start of PEBB retiree benefits, again, something we have been noticing in recent years as a challenge for people losing eligibility, despite what we believed was the spirit all along and getting Board support for that change.

Although we are not quite over the finish line on CAM therapies because the SEB Board has to approve their resolution tomorrow, hopefully, come tomorrow at this time we should be able to say we have also made progress on chiropractic, acupuncture, and the massage benefit limits.

All of this was both Boards having 14 meetings each. The SEB Board is likely to have acted on 35 resolutions in that 15-month period by the end of tomorrow, and the PEB Board acted on 44 resolutions. There is a whole lot of work from just the pieces that I highlighted, and it doesn't really capture it all. Those are the tips of the iceberg for the work that was done. There is a lot of work that goes into each of those and a lot of work that goes unnoticed or doesn't get the limelight in the way that all of those projects and teachers in these programs do. I want to thank the Board, thank everyone here at HCA, stakeholders, state agencies, higher education institutions, school districts, and all of their staff, our members, everyone who has been engaged in these two programs for all the patience, understanding, grief, compassion, and hard work during our really, truly difficult times over these last six months and 15 months.

I don't know what the world is going to look like and where we are going to be six months from now, because who knew where we were going to be six months ago. I just wanted to take a moment to reflect as we are wrapping up the Board season.

Lou McDermott: I do want to thank everybody for this season. It took a lot of resiliency to stay focused and to work on this stuff in the new environment with Zoom. It has been a tough go personally and professionally for a lot of people, but you guys got through the season, you got the rates in, and you got the benefit design changes done. Congratulations to you, staff, and the public who participates in these events. So, thank you all. Dave, I don't think it can be said better than your final statements. I will let you all go, and we will see you next year. I'm very glad I got to be here today with the team for the end of this season. You all have a good day, and good luck with everything.

Meeting adjourned at 2:22 p.m.

Draft
Public Employees Benefits Board Retreat
Meeting Minutes

January 26, 2022
Health Care Authority
Sue Crystal Rooms A & B
Olympia, Washington
9:00 a.m. – 1:30 p.m.

The Briefing Book with the 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 Phone

Sue Birch, Chair
Harry Bossi
Yvonne Tate
Scott Nicholson
Tom MacRobert
John Comerford
Leanne Kunze
Elyette Weinstein

PEB Board Counsel

Michael Tunick

Call to Order

Sue Birch, Chair, called the meeting to order at 9:09 a.m. Sufficient members were present to allow a quorum. Board introductions followed. Due to COVID-19 and the Governor's Proclamation 20-28, today's meeting is via Zoom only.

Meeting Overview

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

Washington's Health Care Cost Transparency Board

AnnaLisa Gellermann, Board Manager, Cost Board & Commissions Policy Division, shared the basics of the Health Care Cost Transparency Board (HCCTB), the problem it is solving, decisions made, and next steps.

Pharmaceutical Initiatives and Transparency

Donna Sullivan, Chief Pharmacy Officer, Health Care Authority, provided information on what we do at HCA, such as we are the state's largest health care purchaser.

Cost Transparency & Value-Based Purchasing Impacts – Panel Discussion

Dr. Emily Transue, HCA's Medical Director, led a panel discussion on cost transparency and value-based purchasing and their impacts. Panel participants were:

- Andrew B. Oliveira, MD, MHA, Senior Executive Medical Director, Population Health, Regence Blue Shield, WA
- Ross Laursen, Vice President, Health Care Economics, Premera Blue Cross
- Avantika Waring, MD, Medical Director for KPWA Diabetes Program and Commercial Business
- Kelly D. George, MD, Medical Director of Financial Health, NW Permanente

The panel discussion included:

1. What efforts have the plans made (if any) to increase transparency around costs for consumers?
 - Point of Care – using self-service tools, patient / provider engagement, train providers to initiate engagement
 - Reach out to patient, direct to high quality care
 - Location of online tools can be difficult for users, access points are critical
 - Better access to know what drugs are covered by individual plans
2. How do transparency efforts fit with the transition to value-based reimbursement arrangements, and what can be done to maximize the intersection of the two?
 - Incentivize patient to use better quality services. Goal = highest quality at lower cost.
 - Provider information to practice transformation
 - Difficult to change daily workflow. Goal is to pay for value versus service.
 - Total concept care agreements are the way to go. They provide as much information as possible to network partners.
 - Culture needs to change. Peer pressure for provider groups to change culture.
3. How do you see the work and information coming out of initiatives like the Cost Transparency Board, drug pricing transparency, and hospital price transparency from the feds impacting consumer, provider, and market behaviors?
 - Every stakeholder makes a difference. Lots of competing directives. Keep transparency pressure on and information fresh. Provide meaningful information to public and members.
 - Social determinants – equity.
 - Kaiser WA – standardized health process. Connect patient to community-based resources. Ask questions. Screening up front. Medication affordability.
 - KPNW – Clinic navigators available to patients with issues (transportation, food, medication, cost issues). Social determinant algorithm.
 - Premera – Social impact program. Collecting information to understand better.

Washington State Demographics

Dave Iseminger, Director, Employees and Retirees Benefits (ERB) Division and **John Partin**, Manager, Benefit Strategy and Design Section, ERB Division provided statistics on residents covered by the Health Care Authority programs, Washington State unemployment, residents without health insurance, and Residents living in poverty.

Cobra Subsidy Final Report

Kat Cook, Benefit Strategy Analyst, Benefit Strategy and Design Section, ERB Division provided information on the COBRA subsidy.

2022 Open Enrollment Summary

Renee Bourbeau, Manager, Benefits Accounts Section, ERB Division and **Stacy Grof-Tisza**, Customer Service Operations Manager, ERB Division shared information on processes and data from the 2022 open enrollment.

PEBB 2022 Enrollment Changes

Beth Heston, PEBB Procurement Manager, ERB Division, provided information on the 2022 enrollment changes.

Long-Term Disability Insurance

Kimberly Gazard, Contract Manager, ERB Division, provided an update on the LTD benefit with examples and 2021 preliminary results.

Benefit Update – Tax-Advantaged Accounts

Martin Thies, Portfolio Management and Monitoring Section provided a recap of the benefit and design change, 2022 enrollment update, and the Collective Bargaining Agreement Flexible Spending Arrangement (FSA).

Dual Enrollment Implementation

Cade Walker, Executive Special Assistant, ERB Division provided background and implementation efforts for dual enrollment updates.

PEBB Modernization Project

Jessica Pratt-McConnel, Strategic Plan Project Manager, ERB Division shared an overview of the project, introduced its functionality, and the project timeline.

2022 Legislative Session & Recent Legislative Reports

Cade Walker, Executive Special Assistant, ERB Division, gave an overview of the start of the 2022 legislative session.

Governor’s Proposed Budget Update – PEBB

Tanya Deuel, ERB Finance Manager, Financial Services Division, provided an update on the Governor’s proposed budget.

Procurement and Benefit Planning Cycles

John Partin, Manager, Benefit Strategy and Design Section, ERB Division shared the Benefit Year 2023 and Benefit Year 2024 procurement cycles.

PEBB Trend Overview

Molly Christie, Fiscal Information Data Analyst, Financial Services Division, shared what medical trend is, what does that trend tell us, what drives that trend, and what trends does HCA track for PEBB?

2022 Board Overview

Dave Iseminger provided a preview of topics for the 2022 Board season. Things to come: rules and policy development; appeal issues; Medicare enrollment process; annual renewal process (RFR); offerings for 2023.

Public Comment

None.

Next Meeting

March 10, 2022

9:00 a.m. – 12:00 p.m.

Meeting adjourned at 3:03 p.m.

TAB 4



2023 Premium Resolutions

Non-Medicare

Tanya Deuel
ERB Finance Manager
Financial Services Division
July 20, 2022

Premium Resolution PEBB 2022-17 KPNW Non-Medicare Premium

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

Premium Resolution PEBB 2022-18 KPWA Non-Medicare Premium

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

Premium Resolution PEBB 2022-19

UMP Non-Medicare Premium

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

Questions?

Tanya Deuel, ERB Finance Manager
Financial Services Division
tanya.deuel@hca.wa.gov

Appendix

Employee & Employer Premium Contributions

	Proposed 2023 Employee Contribution (Single Subscriber)	Proposed 2023 Employer Contribution (aka State Index Rate)	Proposed 2023 Composite Rate
Kaiser NW Classic	\$172	\$665	\$837
Kaiser NW CDHP	\$25	\$665	\$690
Kaiser WA Classic	\$167	\$665	\$832
Kaiser WA Value	\$94	\$665	\$759
Kaiser WA SoundChoice	\$46	\$665	\$711
Kaiser WA CDHP	\$25	\$665	\$690
UMP Classic	\$135	\$665	\$800
UMP Plus	\$97	\$665	\$762
UMP Select	\$59	\$665	\$724
UMP CDHP	\$29	\$665	\$694

- 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		2022 to 2023 Change in Subscriber Rate		Enrollment (PEBB Actives)	
	2022	Proposed 2023	%	\$	Subscribers	% of Total Enrollment
Kaiser NW Classic	\$159	\$172	8.2%	\$13	1,478	1.1%
Kaiser NW CDHP	\$26	\$25	-3.8%	(\$1)	301	0.2%
Kaiser WA Classic	\$204	\$167	-18.1%	(\$37)	10,947	8.1%
Kaiser WA Value	\$113	\$94	-16.8%	(\$19)	11,786	8.8%
Kaiser WA SoundChoice	\$50	\$46	-8.0%	(\$4)	5,296	3.9%
Kaiser WA CDHP	\$24	\$25	4.2%	\$1	2,582	1.9%
UMP Classic	\$110	\$135	22.7%	\$25	71,142	52.9%
UMP Plus	\$78	\$97	24.4%	\$19	15,212	11.3%
UMP Select	\$39	\$59	51.3%	\$20	3,957	2.9%
UMP CDHP	\$24	\$29	20.8%	\$5	11,716	8.7%

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

Employee Contributions by Tier

	Subscriber	Subscriber & Spouse/SRDP*	Subscriber & Child(ren)	Subscriber, Spouse/SRDP*, and Child(ren)
Kaiser NW Classic	\$172	\$354	\$301	\$483
Kaiser NW CDHP	\$25	\$60	\$44	\$79
Kaiser WA Classic	\$167	\$344	\$292	\$469
Kaiser WA Value	\$94	\$198	\$165	\$269
Kaiser WA SoundChoice	\$46	\$102	\$81	\$137
Kaiser WA CDHP	\$25	\$60	\$44	\$79
UMP Classic	\$135	\$280	\$236	\$381
UMP Plus	\$97	\$204	\$170	\$277
UMP Select	\$59	\$128	\$103	\$172
UMP CDHP	\$29	\$68	\$51	\$90
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/SRDP*		Subscriber & Child(ren)		Subscriber, Spouse/SRDP*, and Child(ren)		2022 to 2023 Change in Subscriber Rate	
	2022	Proposed 2023	2022	Proposed 2023	2022	Proposed 2023	2022	Proposed 2023	%	\$
Kaiser NW Classic	\$768	\$842	\$1,531	\$1,679	\$1,341	\$1,469	\$2,104	\$2,306	9.6%	\$74
Kaiser NW CDHP	\$644	\$700	\$1,277	\$1,394	\$1,133	\$1,235	\$1,708	\$1,871	8.8%	\$57
Kaiser WA Classic	\$813	\$837	\$1,621	\$1,668	\$1,419	\$1,460	\$2,228	\$2,292	2.9%	\$23
Kaiser WA Value	\$722	\$764	\$1,439	\$1,523	\$1,260	\$1,333	\$1,976	\$2,093	5.8%	\$42
Kaiser WA SoundChoice	\$659	\$716	\$1,313	\$1,426	\$1,150	\$1,249	\$1,804	\$1,959	8.6%	\$56
Kaiser WA CDHP	\$641	\$700	\$1,273	\$1,393	\$1,130	\$1,234	\$1,703	\$1,869	9.1%	\$58
UMP Classic	\$719	\$805	\$1,432	\$1,606	\$1,254	\$1,406	\$1,968	\$2,206	12.1%	\$87
UMP Plus	\$687	\$767	\$1,369	\$1,529	\$1,199	\$1,338	\$1,881	\$2,100	11.6%	\$80
UMP Select	\$648	\$729	\$1,290	\$1,453	\$1,130	\$1,272	\$1,773	\$1,996	12.6%	\$81
UMP CDHP	\$639	\$704	\$1,270	\$1,402	\$1,127	\$1,242	\$1,700	\$1,882	10.3%	\$66
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)

TAB 5



Medicare Portfolio Insights

Ellen Wolfhagen
Senior Account Manager
Employees and Retirees Benefits Division
July 20, 2022

Overview

- Uniform Medical Plan (UMP) and UnitedHealthcare (UHC) specific comparisons
 - Providers
 - Pharmacies
- Premium and out-of-pocket costs

Overlap between UMP and UHC PEBB Plans

- Provider networks
- Pharmacy networks
- Pharmacy transition process

UMP and UHC Providers

- ~97% of UMP providers are also currently treating UHC patients
- ~2% of UMP providers have no claims on file with UHC
- Less than 0.25% of UMP providers say they will not treat UHC patients, or they are providers outside the UnitedHearing network (for hearing aids)

Pharmacy Networks

Top Outlets	UMP	UHC
Walgreens	8,825	8,834
Walmart	4,468	4,468
RiteAid	2,393	2,431
Publix Supermarkets	1,221	1,221
Kroger Company	1,206	1,206
Costco	555	555

Premium and Out-of-pocket Questions

State Pension System Benefits: PERS

Pension Plan	Average Monthly Amount	Median Monthly Amount
PERS 1 37,080 DRS Retirees	\$2,407	\$2,191
PERS 2 57,945 DRS Retirees	\$2,082	\$1,679
PERS 3 (Employer Contribution Only) 6,710 DRS Retirees	\$1,124	\$889

Source: Washington Department of Retirement Systems, June 30, 2021 pension valuation

State Pension System Benefits: TERS

Pension Plan	Average Monthly Amount	Median Monthly Amount
TERS 1 27,519 DRS retirees	\$2,447	\$2,273
TERS 2 6,228 DRS retirees	\$2,335	\$2,218
TERS 3 (Employer Contribution Only) 16,197 DRS retirees	\$1,440	\$1,387

Source: Washington Department of Retirements Systems, June 30, 2021 pension valuation

State Pension System Benefits: SERS

Pension Plan	Average Monthly Amount	Median Monthly Amount
SERS 2 11,401 DRS Retirees	\$1,035	\$808
SERS 3 (Employer Contribution Only) 11,784 DRS Retirees	\$574	\$435

Source: Washington Department of Retirement Systems, June 30, 2021 pension valuation

Premium versus Out-of-pocket

- Some PEBB Program retirees express a preference to pay more in monthly premium than paying more at the time they receive services
- The majority of services have *the same or higher* coverage under the UHC PEBB Complete Plan compared to UMP Classic Medicare
- UHC's premiums can be lower because of risk-adjusted federal subsidies that are not available to UMP Classic Medicare

Questions?

Ellen Wolfhagen, Senior Account Manager
Employees and Retirees Benefits Division

Ellen.Wolfhagen@hca.wa.gov

TAB 6



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