

# Public Employees Benefits Board Meeting

July 15, 2020

## Public Employees Benefits Board

July 15, 2020

1:00 p.m. – 4:15 p.m.

### Attendance by Telephone Only

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

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**TAB 1**

## AGENDA

**Public Employees Benefits Board**  
**July 15, 2020**  
**1:00 p.m. – 4:15 p.m.**

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

To attend telephonically:

**Call-in Number: 1-866-374-5136**  
**Conference ID: 95587891**

[Join Skype Meeting](#)  
**(Visual Only)**

1:00* p.m.	<b>Welcome &amp; Introductions</b>		Sue Birch, Chair	
1:05 p.m.	<b>Meeting Overview</b>		Dave Iseminger, Director Employees & Retirees Benefits (ERB) Division	Information/ Discussion
1:10 p.m.	<b>Approval of April 2, 2020 Meeting Minutes</b>	TAB 3	Sue Birch, Chair	Action
1:15 p.m.	<b>Follow Up From June 17 Meeting</b>		Dave Iseminger, Director ERB Division	Information/ Discussion
1:20 p.m.	<b>PEB Board By-Laws Update</b>	TAB 4	Dave Iseminger, Director ERB Division	Action
1:30 p.m.	<b>2021 PEBB Medicare Portfolio and Rates Resolutions</b>	TAB 5	Tanya Deuel, ERB Finance Manager Financial Services Division  Sara Whitley, Financial Services Division  Ellen Wolfhagen, Senior Account Manager, ERB Division	Action
2:15 p.m.	<b>2021 Rates Overview</b>	TAB 6	Tanya Deuel, ERB Finance Manager, Financial Services Division	Information/ Discussion
2:45 p.m.	<b>2020 UMP Preferred Drug List</b>	TAB 7	Ryan Pistoressi, PharmD, MS Assistant Chief Pharmacy Officer Clinical Quality and Care Transformati Division	Information/ Discussion
3:05 p.m.	<b>SmartHealth</b>	TAB 8	Jenny Switzer, UMP Account Manager, ERB Division	Information/ Discussion

3:25 p.m.	<b>Supplemental Long-Term Disability (LTD) Benefit Options</b>	TAB 9	Jean Bui, Manager, Portfolio Management & Monitoring Section Marcia Peterson, Manager, Benefits Strategy & Design Section	Information/ Discussion
3:50 p.m.	<b>2021 PEB Board Meeting Schedule</b>	TAB 10	Dave Iseminger, Director ERB Division	Information/ Discussion
3:55 p.m.	<b>Public Comment</b>			
4:15 p.m.	<b>Adjourn</b>			

**\*All Times Approximate**

The Public Employees Benefits Board will meet telephonically on Wednesday, July 15, 2020. Due to COVID-19 and [Governor's Proclamation 20-28](#), Board Members and the public will only be able to attend this meeting via telephone.

The Board will consider all matters on the agenda plus any other emergency COVID-19 items that develop after publication of this agenda.

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

Direct e-mail to: [board@hca.wa.gov](mailto:board@hca.wa.gov).

Materials posted at: <http://www.pebb.hca.wa.gov/board/> by close of business on July 13, 2020, or as soon as possible in the event of additional COVID-19 matters materialize before the meeting convenes.

## PEB Board Members

Name	Representing
Sue Birch, Director Health Care Authority 626 8 <sup>th</sup> Ave SE PO Box 42713 Olympia WA 98504-2713 V 360-725-2104 <a href="mailto:sue.birch@hca.wa.gov">sue.birch@hca.wa.gov</a>	Chair
Leanne Kunze, Executive Director Washington Federation of State Employees 1212 Jefferson Street, Suite 300 Olympia WA 98501 V 800-562-6002 <a href="mailto:leanne.kunze@hca.wa.gov">leanne.kunze@hca.wa.gov</a>	State Employees
Elyette Weinstein 5000 Orvas CT SE Olympia WA 98501-4765 V 360-705-8388 <a href="mailto:elyette.weinstein@hca.wa.gov">elyette.weinstein@hca.wa.gov</a>	State Retirees
Tom MacRobert 4527 Waldrick RD SE Olympia WA 98501 V 360-264-4450 <a href="mailto:tom.macrobert@hca.wa.gov">tom.macrobert@hca.wa.gov</a>	K-12 Retirees
Tim Barclay 9624 NE 182 <sup>nd</sup> CT, D Bothell WA 98011 V 206-819-5588 <a href="mailto:tim.barclay@hca.wa.gov">tim.barclay@hca.wa.gov</a>	Benefits Management/Cost Containment

## PEB Board Members

Name	Representing
Yvonne Tate 1407 169 <sup>th</sup> PL NE Bellevue WA 98008 V 425-417-4416 <a href="mailto:yvonne.tate@hca.wa.gov">yvonne.tate@hca.wa.gov</a>	Benefits Management/Cost Containment
John Comerford* 121 Vine ST Unit 1205 Seattle WA 98121 V 206-625-3200 <a href="mailto:John.comerford@hca.wa.gov">John.comerford@hca.wa.gov</a>	Benefits Management/Cost Containment
Harry Bossi 19619 23 <sup>rd</sup> DR SE Bothell WA 98012 V 360-689-9275 <a href="mailto:harry.bossi@hca.wa.gov">harry.bossi@hca.wa.gov</a>	Benefits Management/Cost Containment
<b>Legal Counsel</b> Michael Tunick, Assistant Attorney General 7141 Cleanwater Dr SW PO Box 40124 Olympia WA 98504-0124 V 360-586-6495 <a href="mailto:MichaelT4@atg.wa.gov">MichaelT4@atg.wa.gov</a>	

\*non-voting member

5/22/20



Washington State Health Care Authority  
*Public Employees Benefits Board*

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360-725-0856 • TTY 711 • FAX 360-586-9551 • [www.pebb.hca.wa.gov](http://www.pebb.hca.wa.gov)

**PEBB MEETING SCHEDULE**

**2020 Public Employees Benefits Board Meeting Schedule**

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

January 30, 2020 (Board Retreat) 9:00 a.m. – 3:00 p.m.

March 18, 2020 - Noon – 5:00 p.m.

April 15, 2020 - Noon – 5:00 p.m.

May 28, 2020 - Noon – 5:00 p.m.

June 17, 2020 - Noon – 5:00 p.m.

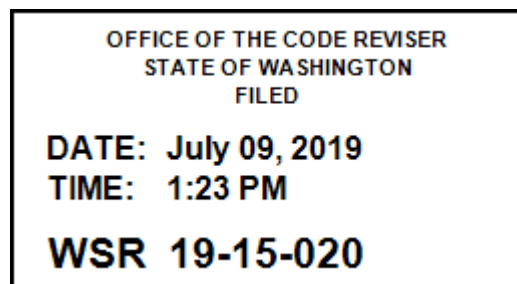
July 15, 2020 - Noon – 5:00 p.m.

July 22, 2020 - Noon – 5:00 p.m.

July 29, 2020 - Noon – 5:00 p.m.

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

7/2/19





**TAB 2**

## PEB BOARD BY-LAWS

### **ARTICLE I**

#### **The Board and its Members**

1. **Board Function**—The Public Employee 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 for State employees and school district employees.
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 Members**—Until there are no less than twelve thousand school district employee subscribers enrolled with the authority for health care coverage, there shall be two non-voting Members of the Board. One non-voting Member shall be the Member who is appointed to represent an association of school employees. The second non-voting Member shall be designated by the Chair from the four Members appointed because of experience in health benefit management and cost containment.
5. **Privileges of Non-Voting Members**—Non-voting Members 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 for adoption by the Board. 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 10 days 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. Minutes summarizing the significant action of the Board shall be taken by a member of the HCA staff during the Board meeting, and an audio recording (or other generally-accepted) electronic recording shall also be made. The audio recording shall be reduced to a verbatim transcript within 30 days of the meeting and shall be made available to the public. The audio tapes shall be retained for six (6) months. After six (6) months, the written record shall become the permanent record. Summary minutes shall be provided to the Board for review and adoption at the next 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 Member may attend a meeting in person or, by special arrangement and advance notice to the Chair, A Member may attend a meeting 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 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 Member of the Board may endorse or oppose an issue purporting to represent the Board or the opinion of the Board on the 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.
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 [RONR]. 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—Board Members are subject to the requirements of the Ethics in Public Service Act, Chapter 42.52 RCW.

## **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.

**TAB 3**

**Public Employees Benefits Board Special Meeting**  
**Meeting Minutes**

**Draft**

April 2, 2020  
Health Care Authority  
Meeting Held Telephonically  
Olympia, Washington  
1:00 p.m. – 2:00 p.m.

**Members Present:**

Lou McDermott, Chair Pro-Tem  
Tom MacRobert  
Leanne Kunze  
Elyette Weinstein  
Tim Barclay  
Harry Bossi  
John Comerford

**Members Absent:**

Yvonne Tate

**PEB Board Counsel:**

Michael Tunick, Assistant Attorney General

**Call to Order**

**Lou McDermott, Chair Pro-Tem**, called the meeting to order at 1:00 p.m. Due to COVID-19 and the Governor's Proclamation 20-28, today we're meeting telephonically. This is a special meeting to address only those topics that need Board attention now due to the COVID-19 pandemic and its impact on the PEBB Program.

Chair Pro-Tem McDermott introduced our newest Board Member, Leanne Kunze, appointed to replace Greg Devereux, who retired earlier this year. Leanne is the Executive Director of the Washington Federation of State Employees.

Board self-introductions followed.

**Meeting Overview**

**David Iseminger**, Director, Employees and Retirees Benefits Division, provided an overview of today's Special PEB Board Meeting. The purpose of today's meeting is to take immediate action on three resolutions related to COVID-19. I also want to share

what the Health Care Authority and our carriers have been up to since the beginning of the COVID-19 pandemic.

HCA, using contacts with distributors and manufacturers, secured between 200 and 250 ventilators for distribution and use in our state. In our own storage of emergency equipment, we gave our personal protective equipment (PPE) to the Department of Health (DOH) to distribute as they saw fit.

HCA purchased and distributed over 900 Zoom licenses for use in rural areas, or areas where there is less infrastructure, to leverage and encourage telehealth to reduce physical appointment encounters.

After the Governor issued a proclamation suspending elective procedures in both medical and dental settings, HCA worked to release disaster relief funding to rural and community hospitals impacted by the sudden cancellation of elective procedures.

HCA's call centers, particularly those that support the Medicaid portfolio, are supporting the Health Benefit Exchange with their extended special open enrollment related to COVID-19 allowing the uninsured access to enroll in coverage in the individual market on the exchange.

Due to the influx of unemployment claims, HCA is looking to see if our Call Center staff could assist our sister agency, the Employment Security Department, in processing and working through the influx of unemployment claims.

On the commercial side, HCA is coordinating with the Insurance Commissioner's Office as they worked on emergency orders. HCA is lifting prescription "too soon" refills so members can get their prescriptions filled sooner.

HCA has been working with the carriers related to the cancellation of elective surgeries, and expanding telehealth and telemedicine.

HCA's SmartHealth vendor, Limeade, is taking their platform and creating activity tiles for access by parts of the Medicaid population and those filing unemployment claims. Activity tiles could be behavioral health resources, mental health first aid, promoting virtual job fairs, information about food bank locations, how to access food, and directing people to online resources about COVID-19 for DOH and ESD. They removed tiles like, "Take a Walking Meeting with Your Colleagues" and "Visit a State Park" since many people are teleworking and state parks are closed. Instead, the shift is to promote telehealth, stress and anxiety, ways to exercise while home, mental health, first aid training, and a behavioral health focus given the nature of the pandemic.

HCA, as a whole, has been very committed to the Stay Home Stay Healthy campaign. Over 90% of our staff are teleworking. My Employees and Retirees Benefits Division went from 10% of our workforce having some aspects of telework, to nine calendar days later, 100% of our staff was teleworking 100%, with the exception of a few hours here and there for something that had to be done in the building. Even our Call Center is teleworking. A lot has changed in the last month.



HCA has been lobbying the IRS for various changes. The IRS did issue guidance after the Insurance Commissioner's request to clarify that high deductible health plans can have first dollar coverage for COVID-19 testing and treatment.

We've asked the IRS about changing some Medical Flexible Spending Account and Dependent Care Assistance Program deadlines. Certain parts of those only the IRS can change. Flexibility that HCA can provide is changing the deadline for submitting reimbursement claims for 2019 elections. But only the IRS can change the incurred by date.

HCA has been working with state agencies on the maintenance eligibility rule if hours are cut. We've been working with higher education, in particular, about faculty regarding working part-time or quarter to quarter. The rules are complicated.

After non-emergency dental procedures were halted for two months, Delta Dental created a grant program and an advanced payment program for dentists to help ease the financial hardships they're facing, as so many of their services are suddenly unavailable.

Kaiser Washington and Delta Dental have been working together with school districts to provide assistance with their lunch program, in particular, schools that have a high population of kids who are eligible for free lunches. They're also providing toothbrushes, toothpaste, coloring books, and other items.

In the SEBB Program, we planned a special open enrollment opportunity with Standard Insurance for May 2020, much like we had in the PEBB Program last year. We have delayed that to align now with the Fall annual open enrollment.

### **Eligibility & Enrollment Policy Development - COVID-19 Resolutions**

**Rob Parkman**, Policy and Rules Coordinator, Policy, Rules and Compliance Section, Employees and Retirees Benefits Division. Slide 2 – Introduction of Proposed Resolutions. I will introduce three proposed resolutions addressing issues with the current COVID-19 situation. Our goal today is to introduce and have you take action on these resolutions.

Proposed Resolution PEBB 2020-01 – COVID-19 Continuation Coverage Eligibility. This resolution will effectively add two months to eligibility for continuation coverage after the Governor's state of emergency ends. The use of the term "continuation coverage" is purposeful, because it is a defined term within PEBB rules, and includes all the different provisions through which coverage can be continued.

**Dave Iseminger:** Shortly after the Governor issued the proclamation prohibiting elective and non-urgent services in medical and dental, we began hearing from both PEBB and SEBB Program members on continuation coverage, administered by HCA, indicating their COBRA coverage ends at the end of March and they had services planned they couldn't get anymore. They didn't want to go to the Exchange for coverage because they had already met their deductible for the year. The ask was for HCA to consider extending their maximum COBRA coverage time. Because this is coverage on a self-pay basis, this would give an option to those continuation coverage members, both COBRA, LWOP, and any other form of continuation coverage.

So members wouldn't have to reboot their accumulators if they went to other coverage, we are recommending an extension of coverage up to two months after the emergency is over. Once that prohibition on elective procedures is lifted, we anticipate a high demand for services and recommend giving additional time rather than just through the emergency itself.

**Rob Parkman:** I will go through multiple hypothetical examples to help explain the resolutions.

Slide 4 – COVID-19 Continuation Coverage Eligibility – Example #1. If the emergency period ends April 30, 2020, and the subscriber's continuation coverage ends March 31, 2020, the subscriber's continuation coverage may be extended through the emergency period, and for two months post the emergency period, ending June 30, 2020.

The time diagram at the bottom of Slide 4 explains when the proclamation begins and walks you through to the end of the extension period when the emergency ends.

In this example, our subscriber, instead of ending on March 31, would take advantage of the two months past the end of the emergency. Their end of eligibility would now be on June 30, 2020.

Slide 5 – COVID-19 Continuation Coverage Eligibility – Example #2. In this example, the emergency period ended April 30, 2020 and the subscriber's continuation coverage ends May 30, 2020, but may be extended to June 30, 2020 because the subscriber's continuation coverage ended following the end of the emergency period and before the end of the two-month extension period. The diagram at the bottom of the page walks you through the process. Because the timing is within that two-month window, they will get an additional month, with eligibility ending June 30, 2020, the end of the extension period.

Slide 6 – COVID-19 Continuation Coverage Eligibility – Example #3. If the emergency period ends April 30, 2020 and the subscriber's continuation coverage ends June 30, 2020, no extension will be given because the subscriber's continuation coverage ends the last day of the two-month period following the emergency period. The diagram at the bottom of the page walks you through the timing. The two-month extension and of the subscriber's coverage will end on June 30, 2020.

**Lou McDermott:** Slide 7 - Resolution for vote.

### **Resolution PEBB 2020-01 - COVID-19 Continuation Coverage Eligibility.**

**Resolved that**, beginning February 29, 2020, the date that Governor Inslee declared a state of emergency in Proclamation 20-05, the maximum period of continuation coverage is extended until two months after the date the Governor terminates the state of emergency.

Tom MacRobert moved and Leanne Kunze seconded a motion to adopt.

**John Comerford:** How do we stand financially? Are we able to support this with our existing budget?

**Dave Iseminger:** The nature of this is impacting continuation coverage, which is solely on a self-pay basis. There is a substantially higher premium contribution for the full cost of the coverage that's associated. But in the aggregate for the system, there aren't concerns from our Financial Services Division that the potential additional incremental months added to this would put us in a precarious or negative overall financial position.

**John Comerford:** We have legislative approval to do this, to take this action?

**Dave Iseminger:** Yes. We have been in consultation with at least one of our legislative staffers, as well as our OFM partners, about who has authority to do what, and the three resolutions that we brought to you today are within this Board's authority.

**Tim Barclay:** The way this is written, if somebody's coverage terminated on February 29, would they be eligible for this extension?

**Rob Parkman:** I would say yes.

**Dave Iseminger:** I agree with you.

**Tim Barclay:** That seems inconsistent with the intent and the purpose. It seems like this should read March 1, instead of February 29.

**Dave Iseminger:** Tim, can you share a little bit more about your concern related to February 29 versus March 1?

**Tim Barclay:** It seems like the reason we're doing this is because after the end of February, some people had things scheduled and had their treatments disrupted, which makes perfect sense. But for someone whose coverage is terminating February 29, it seems like if only people whose coverage would expire after February 29, where the logic makes any sense to extend the coverage.

**Dave Iseminger:** Tim, we did have conversations internally about the difference between the two days. Because there are so many actions by both the state agencies and state government, we've generally been trying to align things to the first day the Governor declared an emergency. The prevailing attitude was to try to align things to the exact day of the Governor's order. Though the scenario that prompted this originally was people concerned about losing coverage at the end of March.

**Lou McDermott:** Tim, there are a lot of other actions being taken by other agencies and within HCA. We're trying to avoid the scenarios like 15 and a half, you get a learner's permit; at 16 you get a driver's license; at 18 you can watch rated R movies; at 21, you can buy a beer. We wanted to get away from all these separate dates. Keying everything back to the Governor's declaration is something we're all trying to do. We don't think there'll be a substantive difference between 29 and 30 on this policy.

**Dave Iseminger:** The other piece is the first COVID-19 death was on February 29, which is also the day the Governor declared an emergency. As we have learned more about the experience, it's widely believed that the COVID virus was spreading before February 29, the date of the first death. It's possible there were individuals being

treated for COVID and would benefit from extended coverage that would reach into services they received in March as well.

**Tim Barclay:** Okay, good enough for me.

**Harry Bossi:** I agree with Tim. I think the answer to the question that was originally asked probably should have been no, but I don't disagree with the logic. It seems to me that if COBRA would have ended on February 29, it would have ended on February 29. Of course, I'm sympathetic and understanding of those who might have been diagnosed earlier, for example, with COVID-19 or any other diseased state. But their coverage would have ended on February 29 and not extending into March. So while I agree, I don't want to be a bad guy, so to speak. I'll certainly go along with the majority, but I do think the coverage should have ended on February 29, to be technically correct. Thanks.

**Elyette Weinstein:** I side with the staff for the following reasons. I know the following statement applies to the by-laws, but I think in general, this Board, as it's expressed in the by-laws, Article V, stands to construe our rules and write them in a way that preserves the health, safety, and welfare of the people affected by these rules. I think in the spirit of the by-laws, we need to construe this in the way the staff does.

**Dave Iseminger:** John Comerford, we note your support.

Voting to Approve: 6

Voting No: 0

**Lou McDermott:** Resolution PEBB 2020-01 passes.

**Rob Parkman:** Slide 8 - Proposed Resolution PEBB 2020-02 - COVID-19 and Enrollment Timelines. This resolution will effectively add 30 days after the state of emergency has ended to enroll in continuation or retiree coverage. It further authorizes HCA to extend other enrollment deadlines, as needed, during the state of emergency.

Continuation coverage has the same meaning as the last resolution. I have two examples that support this resolution.

**Dave Iseminger:** As this Board is well aware, in all aspects of coverage, enrollment is currently paper-based. Both employers and individuals raised concerns because some people only had access to forms on the internet at the public library, which are now closed. In the middle of the month, our own agency, along with the Department of Retirement Systems (DRS) and many other parts of state agencies, closed lobby services for in-person services. If you were coming in to get a form, you couldn't get in the building. We realized there were implications of being paper-based and being able to submit documentation to enroll. That was the genesis for this particular resolution, to create some relief from the paper enrollment and enrollment deadlines. It is specific to retirees in COBRA continuation coverage because there's more flexibility there than the employee situation.

Employees have 31 days as a new hire to elect benefits. If we go beyond that 31-day period, it gets into IRS rules that would prevent premiums being taken as a pretax deduction on payroll checks. So unless, and until, the IRS does something about that, our recommendation is to limit this to the continuation coverage retiree self-pay type population.

The last piece is asking this Board to agree with the general premise that there are times where the paperwork deadlines and the enrollment deadlines are going to make sense to move given the evolving environment. The reality is things are changing so fast every day.

The concept for the third resolution coming up began less than 80 hours ago, and we are now before the Board with a resolution for you to take action. Things are moving so quickly there isn't enough time to wait a week, or to set up another meeting. We're asking the Board to have some trust in HCA during the state of emergency. If there is something HCA can do with some of the enrollment deadlines to be able to give some relief, we ask the Board to give the agency the authority to do that, in this particular instance.

**Rob Parkman:** Slide 9 – COVID-19 and Enrollment Timelines - Example #1. If an employee's last day to enroll in continuation coverage was April 30, 2020, and the state of emergency terminated on May 15, 2020, the enrollment period for that subscriber will be increased to June 14, 2020, taking advantage of the 30-day extension.

Slide 10 – COVID-19 and Enrollment Timelines - Example #2. If an employee's last day to enroll in continuation coverage was May 31, 2020, and the state of emergency terminated on May 15, 2020, the enrollment period for that subscriber would not change. The deadline would remain May 30, 2020.

**Lou McDermott:** Slide 11 – Resolution for vote.

**Resolution PEBB 2020-02 - COVID-19 and Enrollment Timelines.**

**Resolved that,** beginning February 29, 2020, the date that Governor Inslee declared a state of emergency in Proclamation 20-05, any enrollment timelines established for continuation coverage and retiree subscribers will be extended to 30 days past the date the Governor terminates the state of emergency.

The Health Care Authority is authorized, during the state of the emergency as described above, to extend the deadline further, and extend any other enrollment deadlines, as needed to meet the needs of the state and PEBB Program subscribers.

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

Voting to Approve: 6

Voting No: 0

**Lou McDermott:** Resolution PEBB 2020-02 passes.

**Rob Parkman:** Slide 12 - Proposed Resolution PEBB 2020-03 - COVID-19 Related Eligibility for Newly Hired or Rehired State Employees. This resolution will support state agencies, which again is a defined term in rule that also includes higher education institutions. This resolution would support state agencies to hire or rehire employees into critical positions to respond to the COVID-19 emergency. It also authorizes HCA to include additional position types to the list, as needed, during the state of emergency. Once eligibility is gained under this policy, the other PEBB Program enrollment and eligibility rules will apply. No supplemental coverage is offered under this eligibility.

**Dave Iseminger:** I recognize there is a lot in this resolution. First, it is unusual to have a retro effective date, even of one day. But if we were to make a recommendation otherwise, then anybody hired yesterday would have challenges. In our opinion, it would be problematic to have a policy that leaves off the first day of the month when we're asking this Board to take action today, and everybody else hired in the month of April would be treated differently from those hired yesterday.

We considered going further back in time, but the genesis of this resolution on Monday was conversations with the Department of Retirement Systems (DRS) and the Office of Financial Management about the potential for lifting limitations on the retiree rehire restrictions. In the DRS context, for example, if you take the early retirement factors, you're prohibited from coming back to work until after you're 65. Or if you're being rehired, you have to keep track of your hours and not go over 867, or a variety of different things change. DRS's retiree rehire restrictions were lifted by a Governor's proclamation that was signed on March 31. We did not feel it was appropriate to go further back in time than April 1.

The next piece is the selection of the eight-hour rule and the recommendation to set eight-hours as the minimum hours of work to get eligibility. This would leverage the fact that our employers in the PEBB Program already have a familiarity with eligibility and eight hours. Eight hours is how someone maintains eligibility once they gain eligibility in the PEBB system. This resolution creates a temporary establishing of eligibility using a similar framework that employers are already familiar with.

In conversations with OFM, they were comfortable with this in this circumstance, narrowed to these types of positions that are important to incentivize into the workforce during this emergency, the low threshold of eligibility was sustainable, and the "right thing to do" in this particular instance. There is an appreciation that this comes with the employer contribution, but it is an important piece of the state's overall response. There were conversations about the appropriate place for this action to take place, though it's determined that within the statutory authority the Board could take this action, and it would be appreciated for HCA to work with the Board to take this action rather than take other possible avenues. This is a creation of a temporary eligibility prong.

HCA carved out the supplemental benefits from being included. There was a particular concern, especially in the LTD benefit, about the impact it could have to the long-term rates, the plan structure, and viability if we were to include supplemental LTD here. The concern about rate stability and plan viability long term were some of the reasons why the supplemental coverages are not included under this temporary eligibility prong.

Similar to the last resolution, second paragraph, we ask the Board to authorize the agency to be able to refine this list. We've already had questions in the last 12 hours about National Guard individuals, once they are activated. Their relationship with the PEBB Program is complicated. We need to evaluate that before we respond. As new positions are identified that are not on the list, HCA is asking for your support during this emergency that we can consult with OFM, as we do on many of these big issues, and then have the authority to expand this list as is minimally necessary to achieve the goals of responding to the COVID-19 emergency.

The Department of Health (DOH) and the University of Washington (UW) are asking for support in being able to incentivize and bring people back into the workforce at places like Harbor View, DOH for public health officials, and other parts of the UW system that have their employees accessing PEBB benefits. This is also drawing from specific employer areas of need.

**Rob Parkman:** Slide 13 – COVID-19 Related Eligibility for Newly Hired or Rehired State Employees – Example #1. If a state employee was rehired by a state agency as a nurse to respond to the COVID-19 emergency on April 27, 2020, and they work at least eight hours in that month, their PEBB benefits would start as of April 1, 2020.

Slide 14 – COVID-19 Related Eligibility for Newly Hired or Rehired State Employees – Example #2. If a state employee was hired by a state agency as a sanitation worker at a medical facility to respond to the COVID-19 emergency on May 16, 2020, and they work at least eight hours in that month, their PEBB benefits would start as of May 1, 2020.

**John Comerford:** Can the rehired employee waive PEBB coverage if they have other coverage?

**Dave Iseminger:** Yes. Anybody who gains eligibility for benefits always has, as part of their initial 31-day election period, the option of waiving benefits, so long as they are not waiving benefits to be uninsured. They have to meet the general qualification to waive benefits. Having other insurance would allow them to waive.

**John Comerford:** And that's an HCA mandated issue?

**Dave Iseminger:** It's part of the historical policies passed by the PEB Board.

**Dave Iseminger:** I want to highlight the retro effective date issue. Typically, in all of PEBB rules, benefits are effective the first of the next month. This is an exception to that. The reason behind that is, the health care professionals and first responders directly interacting with individuals, may themselves then contract COVID-19. If they sign up for work and in their first shift of eight hours and end up getting infected and hospitalized, we wanted to make sure individuals that have instances of health care needs related to COVID incidents are able to get them covered in that month.

If someone works an eight-hour shift on April 2, and they themselves need to be taken care of in a hospital setting, having coverage begin May 1 would do no good in that instance. In this particular circumstance, the benefits would be retroactive to the first of the month. That's the policy reason for this recommendation.

**Lou McDermott:** Slide 15 - Resolution for vote.

### **Resolution PEBB 2020-03 – COVID-19 Related Eligibility for Newly Hired or Rehired State Employees**

**Resolved that,** beginning April 1, 2020, and through the last day of the month in which the Governor terminates the COVID-19 state of emergency declared in Proclamation 20-05, an employee hired or rehired by a state agency to respond to the COVID-19 emergency in the following position types, first responders (firefighters, police, EMTs, public safety personnel, etc.), health care professionals (doctors, nurses, pharmacists, behavioral health specialists, etc.), any position worked in medical facilities (health care professionals, lab technicians, administrative staff, sanitation workers, etc.), public health officials and any COVID-19 research positions, is eligible for the employer contribution toward PEBB benefits in any month they work a minimum of eight hours. If the employee becomes eligible under this temporary criteria for establishing eligibility, PEBB coverage will begin the first day of the month in which the employee becomes eligible. PEBB benefits for this resolution includes the following: medical, dental, basic life, basic AD&D, and basic LTD.

The Health Care Authority is authorized during the state of emergency to include additional position types to the list above, as needed, to meet the needs of the state and PEBB Program subscribers.

Once the COVID-19 state of emergency is terminated, the temporary criteria for establishing eligibility ends, and the standard PEBB benefits and maintenance eligibility rules apply.

Tom MacRobert moved and Harry Bossi seconded a motion adopt.

**Tim Barclay:** What are the standard termination rules? So, hypothetically, we have somebody who comes in, they're a retired nurse. They come out of retirement to help with this crisis. They work into May, things start to get better. The Governor calls off the state of emergency May 30. They stop working. When does their coverage end?

**Dave Iseminger:** Tim, in your scenario, if the emergency ends on May 15, and the employee, a hypothetical nurse, has their last shift on May 15, the benefits would end on May 31. They end at the end of the month when eligibility ends. But that individual would be able to maintain eligibility under the standard maintenance eight-hour rule in June, July, and every other month, if they stayed on the payroll and worked eight hours. Otherwise, on May 31, their PEBB coverage would end, and they would be able to, if they're eligible for PEBB retiree insurance, enroll in PEBB retiree insurance, or come out of deferral status in PEBB retiree insurance, or they may even be eligible for COBRA at that point. But the standard window for their normal eligibility would end at the end of the month in which they cease being in pay status for fewer than eight hours.

**Tim Barclay:** I just want to be clear, that in my hypothetical, let's suppose this person's last day of work is May 29. The state of emergency ends May 30. They are diagnosed with COVID-19 on June 2. Do they have a coverage option for sure?



**Dave Iseminger:** Through the PEBB Program, at least as it stands now, they would at least have a COBRA option.

**Tim Barclay:** I just want to make sure they were not going to be left out cold with nothing, because that wouldn't be right. We'd want to extend this eligibility an extra month, if in fact that could happen, because that would be completely wrong.

**Dave Iseminger:** They would at least have COBRA. We can still evaluate if there are other pieces that might be an option.

**Tim Barclay:** It would be reasonable to me to extend this a month. I'm sure you don't want to change the motion now, but I would just throw that out there. It would seem very reasonable to me to extend coverage a month for people who are very much temporary and exposing themselves to this.

**Dave Iseminger:** The other thing to remember, Tim, is that the individual, to maintain benefits in the month of June, has to be in pay status for eight hours. They don't actually have to work eight hours. Under the maintenance rules, it's about pay status. There could be options where an employer learns that an individual who was pinch hitting, puts them on pay status to maintain benefits. That would also be within the employer's flexibility. That's two things off the top of my head. We can continue thinking about this as well. I appreciate that context.

**Leanne Kunze:** I am in full support of this. I think anything we can all be doing to demonstrate the collective action that needs to be taken for the public health, if we have folks in retirement who have the skill set that would be beneficial to flattening the curve, then we should be doing everything we can to incent that. I definitely support this.

**Elyette Weinstein:** I've seen situations where, if you leave it up to the employer to keep the employee in pay status, not all employers are created equal, nor are all managers. Certain managers favor certain employees and will put them in pay status. But an employee who may not be their favorite, they won't. To leave this up to the employer, I'm not very comfortable. I represent the Retired Public Employees Council (RPEC), so I would rather have it be a more neutral decision maker. Not all presidents and not all managers are created the same. The other thing I'm concerned about is the incubation period for this disease is a problem. That's why I also support setting them up.

**Dave Iseminger:** I appreciate that, Elyette. A couple of other pieces to remember. That eight hour piece, to try to respond to the question at hand about adding an extra month, we can certainly dig into this more. Another piece that comes to mind, it's very likely the individual in Tim's hypothetical would also potentially have a workers' compensation claim. There's the possibility of L&I, there's the possibility of COBRA, there's the possibility of employer flexibility with the eight-hour maintenance rule. HCA can certainly continue to evaluate this particular instance. But right now, these questions, totally valid, are about when the emergency ends. None of us have a crystal ball, but that's not soon. This gets the ball started on the front end, retro to yesterday, and we can continue talking about the end of the emergency, as well. I would hope the Board would be able to take action on this piece to get the ball rolling, retro to

yesterday, as we sort out and see if there's anything else to bring to you, or within existing authorities, to potentially address the endpoint raised by Tim and Elyette.

Voting to Approve: 6

Voting No: 0

**Lou McDermott:** Resolution PEBB 2020-03 passes.

**Public Comment**

There was no public comment.

**Next Meeting**

April 15, 2020

12:00 p.m. – 3:30 p.m.

**Dave Iseminger** shared possible agenda items for the next Board Meeting.

Meeting adjourned at 2:04 p.m.

**TAB 4**



# PEB Board By-Laws Update

David Iseminger, Director  
Employees and Retirees Benefits Division  
July 15, 2020

# Why Update the By-laws?

- Board composition in statute changed
- Align agenda posting and minutes process to current law and practices
- Technical updates

# PEB Board Action Required

- Making a change to the By-laws, Article VI(1) requires a two-thirds majority vote of the Board to amend
- Action on the proposed amendments in the Appendix scheduled for a vote today
  - Suggest a single motion to approve all changes as proposed, unless there is a specific provision the Board wants to consider in isolation

# Feedback

- One minor grammatical change in Article I, Section 1 made since the June meeting

# Appendix



## 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 ~~district employees-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 Members~~s~~—~~Until there are no less than twelve thousand school district employee subscribers enrolled with the authority for health care coverage,~~ There shall be ~~two non-voting Members of the Board.~~ one non-voting Member ~~shall be the Member who is~~ appointed by the Governor to represent

**ARTICLE I**  
***The Board and its Members (cont.)***

~~an association of school employees. The second non-voting Member shall be designated by the Chair from the four Members appointed~~ because of their experience in health benefit management and cost containment.

5. Privileges of Non-Voting Members—~~The n~~on-voting Members ~~s~~ 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 ~~for adoption by the Board~~. 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.

**ARTICLE IV**  
**Board Meetings (cont.)**

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 ~~10 days~~ 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. ~~Minutes summarizing the significant action of the Board shall be taken by a member of the HCA staff during the Board meeting, and~~ An audio recording (or other generally-accepted electronic recording) shall ~~also~~ be made of the meeting. ~~The audio recording shall be reduced to a verbatim transcript within 30 days of the meeting and shall be made available to the public. The audio tapes shall be retained for six (6) months. After six (6) months, the written record shall become the permanent record. 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 the next a subsequent Board meeting.

## **ARTICLE IV** **Board Meetings (cont.)**

1. 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.

## ARTICLE V Meeting Procedures (cont.)

3. Teleconference Permitted— A Board Member may attend a meeting in person or, by special arrangement and advance notice to the Chair, ~~A Member may attend a meeting~~ 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.

## ARTICLE V Meeting Procedures (cont.)

6. Representing the Board's Position on an Issue—No Board Member ~~of the Board~~ may endorse or oppose an issue purporting to represent the Board or the opinion of the Board on ~~an~~the 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 ~~[RONR]~~. 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.



## **ARTICLE V** **Meeting Procedures (cont.)**

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.

# Questions?

David Iseminger, Director  
Employees and Retirees Benefits Division

[David.Iseminger@hca.wa.gov](mailto:David.Iseminger@hca.wa.gov)

**TAB 5**



# 2021 PEBB Medicare Portfolio and Rate Resolutions

Tanya Deuel  
Financial Services Division  
July 15, 2020

Sara Whitley  
Financial Services Division

Ellen Wolfhagen  
Employees & Retirees Benefits  
Division

# PEBB Medicare Portfolio

## Kaiser WA and Kaiser NW Medicare

- Kaiser WA – Medicare Advantage (MA) and Original Medicare COB plans
- Kaiser NW – SeniorAdvantage (MA)
- Creditable drug coverage

## Uniform Medical Plan (UMP) Classic Medicare

- Self-insured coordination of benefits (COB) plan
- Original Medicare FFS pays primary on medical claims, UMP pays secondary
- Creditable drug coverage, UMP pays primary on pharmacy claims

## New for 2021 UnitedHealthcare (UHC) MA-PD National PPO

- Employer group Medicare Advantage plus Prescription Drug (Part D) coverage (MA-PD)
- National PPO network of providers, no difference in cost share for in-/out-of-network care
- Lower premiums and out-of-pocket costs
- No enrollment restrictions or additional costs for retirees with pre-existing conditions

## Premera Medicare Supplement Plans F & G

- Supplemental (Medi-gap) plans for Medicare eligible enrollees (retired or disabled)
- Helps enrollees fill the “gaps” in Original Medicare
- Does not include drug coverage

# History of Medicare Advantage

- Medicare Advantage = Medicare Part C
  - Covers all of Medicare Part A (Hospital) and Medicare Part B (Medical)
  - Managed Care → Quality of care, cost containment
- Medicare Part C began as HMO plan options only; As plans evolved, PPO options became available
- National plans have evolved to offer additional provider access to enrollees

# PEBB Medicare Portfolio Development

- Prescription drug costs in UMP Classic Medicare represent ~60% of total plan cost, trend increases over time
  - Specialty drug spend (protected drug classes)
  - Historical increases in premiums
- Utilized purchasing power to procure new high-value, sustainable Medicare plans that maximize federal resources and stabilize member premiums
  - UMP Classic cannot obtain the same federal resources because it is a self-insured plan offering

# Characteristics of UMP Classic Medicare

- Self-insured plan offering – total plan costs borne by the employer
  - Management of benefit design
- Coordination of Benefits (COB) with Original Medicare (Medicare Fee-for-Service)
  - Medical Claims: Original Medicare pays primary, UMP pays secondary
  - Pharmacy Claims: UMP pays primary (no COB)

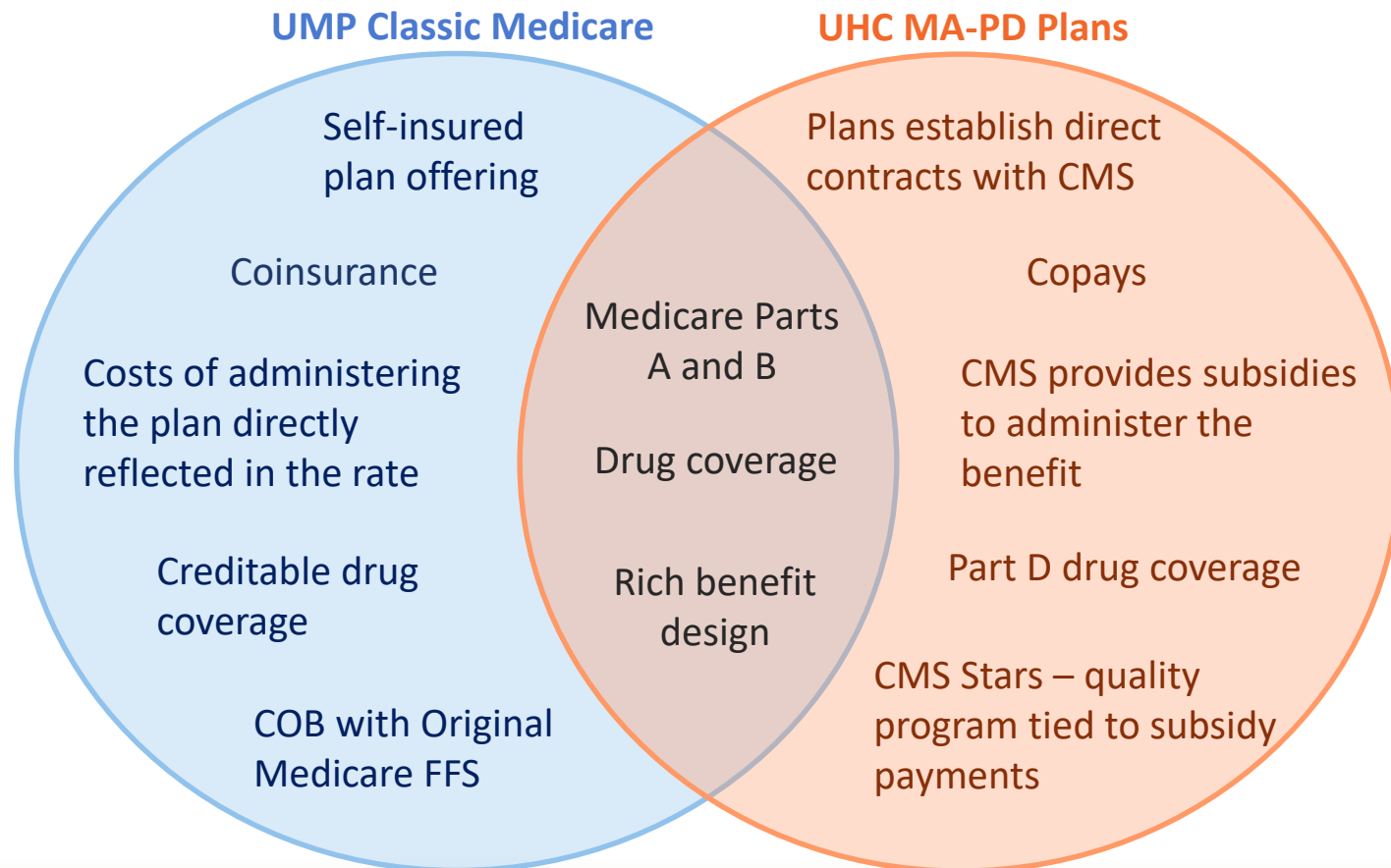


# Original Medicare COB with UMP Classic

In this example, the provider's charge is \$150.

<b>Benefit calculation</b>	<b>Amount</b>
Provider's billed charge	\$150
Medicare allowed amount	\$100
Medicare pays	\$80 (80% of \$100)
<b>Remaining amount</b>	<b>\$20</b>
UMP Classic allowed amount	\$100
UMP Classic normal benefit	\$85 (85% of \$100)
UMP Classic pays	\$20
<b>You pay</b>	<b>\$0</b>

# UMP Classic Medicare & UHC MA-PD structure



## June 17 – Follow Up

- Structure of UMP Classic Medicare and MA-PD plans is different
  - Makes direct cost comparisons difficult and unreliable
  - Individual needs and circumstances drive plan selection
- Provider access identical
  - Any provider a retiree is currently seeing in UMP is “in-network” for the MA-PD plans

## June 17 – Follow up (*cont.*)

- United Healthcare (UHC) MA-PD plan cost shares are copays, which add predictability to a retiree's out-of-pocket costs
  - UMP Classic Medicare coinsurance could add uncertainty to unexpected treatment costs
- MA-PD plans' National PPO structure provides no difference in cost share for in-/out-of-network providers
- Overall, both UMP Classic Medicare and UHC MA-PD plans provide rich benefit designs that protect retirees from extreme costs related to unpredictable care

# June 17 – Follow up (*cont.*)

## Illustrative scenario

Medicare Eligible Retiree Cancer Diagnosis in January 90-day Episode of Care	
Primary care	5 office visits
Specialty Care	4 office visits
Inpatient hospital stay	3 days
Chemotherapy infusions	6 infusions
Specialty Chemo maintenance drugs	90 day supply

- As requested, we will try to estimate member costs for this scenario for UMP and the MA-PD plans

# Illustrative Comparison

		Estimated retiree responsibility		
		UMP Classic Medicare*	UHC MA-PD PEBB Complete	UHC MA-PD PEBB Balance
2021 Monthly Premium (3 months)		\$336.30 x 3 = <b>\$1,009.90</b>	\$156.81 x 3 = <b>\$470.43</b>	\$132.93 x 3 = <b>\$398.79</b>
Medical Benefit Deductible		\$250	\$0	\$0
Primary care	5 office visits	\$0	\$0	\$15/visit = \$75
Specialty care	4 office visits	\$0	\$0	\$15/visit = \$60
Inpatient hospital	3 days	\$0	\$0	\$500/admission
Chemotherapy Infusions	3 infusions	\$0	\$0	\$0
Specialty Tier – Oral Chemo maintenance drug	90 day supply	\$225	\$300	\$300
<b>Estimated Total Medical</b>		\$250	\$0	\$635
<b>Estimated Total Pharmacy</b>		\$225	\$300	\$300
<b>Estimated Total Out-of-Pocket Cost</b>		<b>\$1,485</b>	<b>\$770</b>	<b>\$1,334</b>

\*Cost shares included are based on assumptions regarding Medicare Allowed amounts and application of COB with UMP for services included in this scenario. All projected out-of-pocket costs are estimated values and should not be considered exact.

# Additional Follow Up Topics

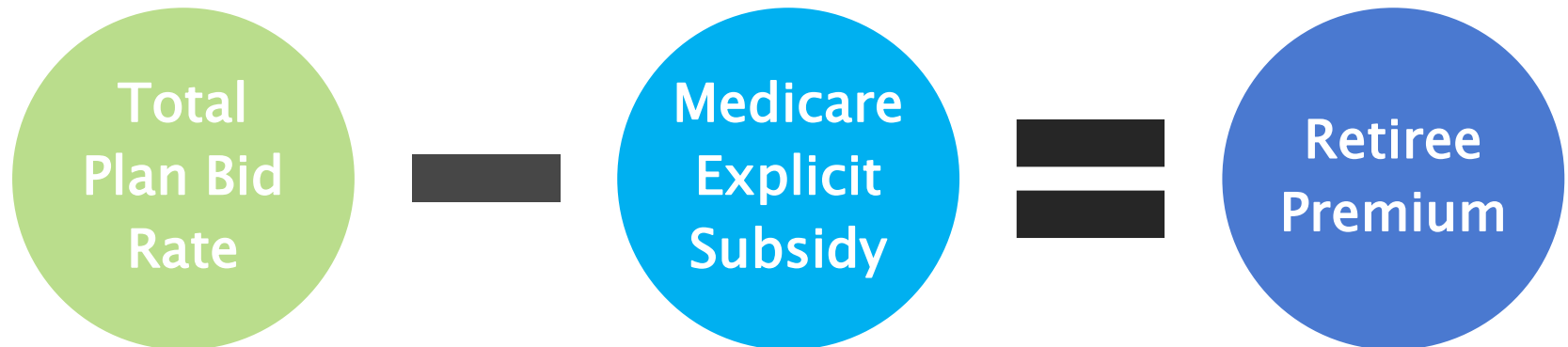
- There are no enrollment restrictions or additional costs for retirees who enroll with pre-existing conditions
- Customer service concerns – performance guarantees and reporting
- UHC Part D Appeals

# 2021 Medicare Rates

(as initially presented June 17, 2020)



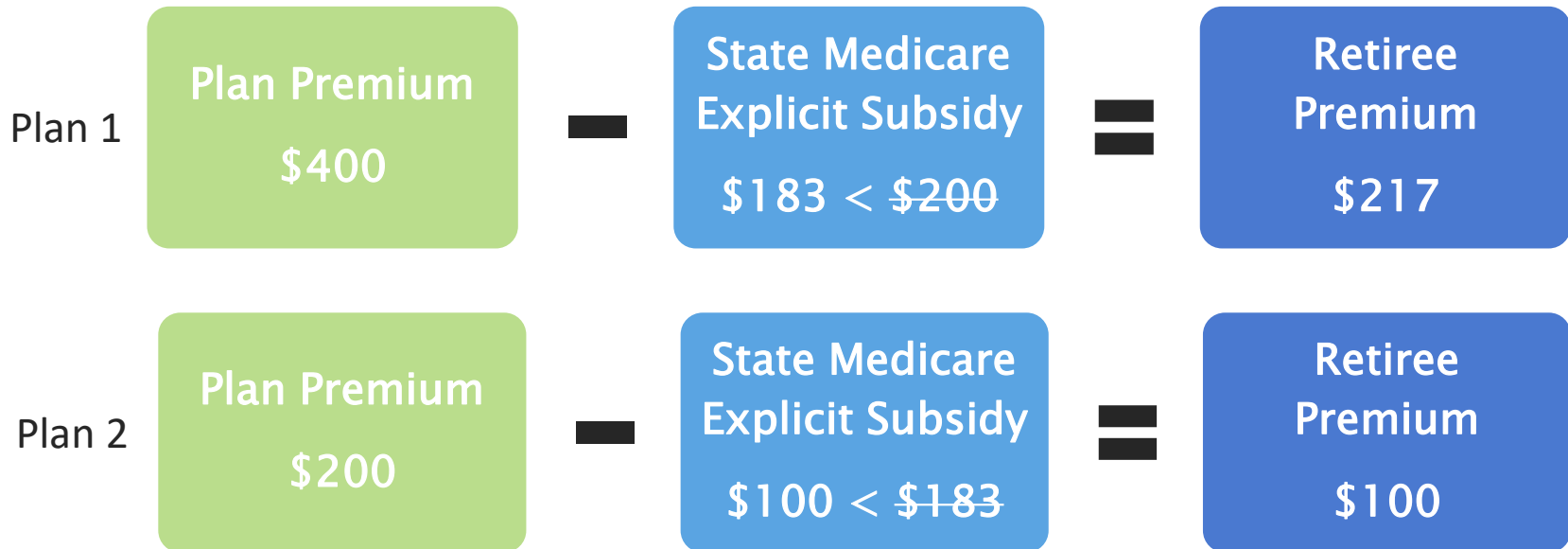
# Retiree Premium Calculation



Note: 2021 Medicare Explicit Subsidy is proposed to be set at \$183 or 50% of the premium, whichever is less.

# State Medicare Explicit Subsidy - Illustration

Proposed 2021 State Medicare Explicit Subsidy = \$183 or 50% of the premium, whichever is less



# Medicare Retiree Rates

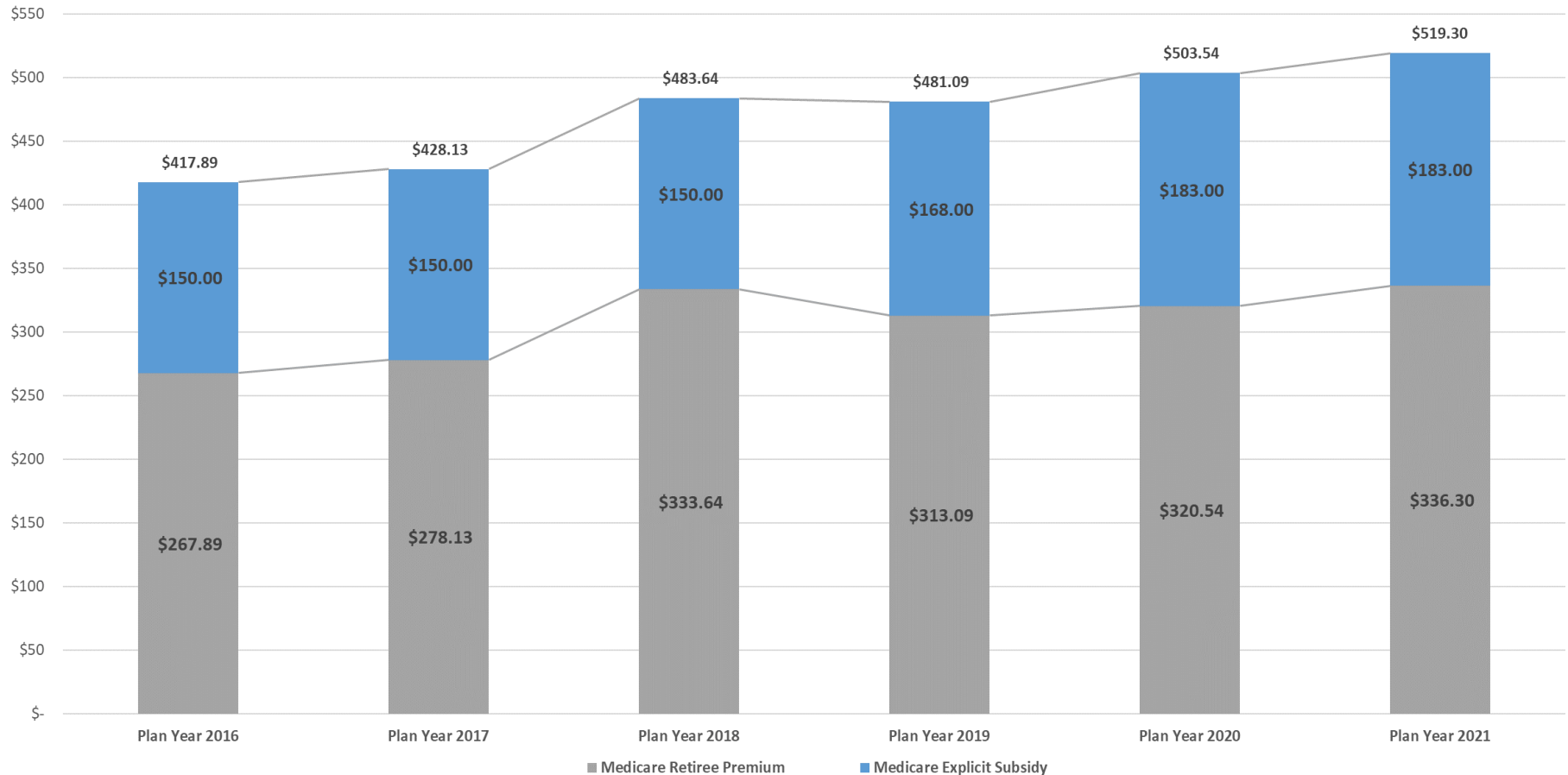
	Single Subscriber Premium (after Explicit Subsidy)	Medicare Explicit Subsidy	Composite
Kaiser NW Senior Advantage	\$174.41	\$168.85	\$343.26
Kaiser WA Medicare Advantage & Classic	\$177.10	\$171.54	\$348.64
UMP Classic Medicare	\$336.30	\$183.00	\$519.30
UnitedHealthcare (MA-PD) PEBB Complete	\$156.81	\$151.24	\$308.05
UnitedHealthcare (MA-PD) PEBB Balance	\$132.93	\$127.36	\$260.29
Premera Medicare Supplement Plan F Retired	\$116.68	\$111.12	\$227.80
Premera Medicare Supplement Plan F Disabled	\$200.34	\$183.00	\$383.34
Premera Medicare Supplement Plan G Retired	\$99.92	\$94.35	\$194.27
Premera Medicare Supplement Plan G Disabled	\$165.96	\$160.40	\$326.36

*Note: Plan year 2021 State Medicare Explicit Subsidy is set at \$183 or 50% of premium, whichever is less.*

# Medicare Retiree Premiums

	Single Subscriber Premium (after Explicit Subsidy)		2020 to 2021 Change in Subscriber Premium	
	2020	2021	%	\$
Kaiser NW Senior Advantage	\$173.91	\$174.41	0.3%	\$0.50
Kaiser WA Medicare Advantage & Classic	\$174.55	\$177.10	1.5%	\$2.55
UMP Classic Medicare	\$320.54	\$336.30	4.9%	\$15.76
UnitedHealthcare (MA-PD) PEBB Complete	NA	\$156.81	NA	NA
UnitedHealthcare (MA-PD) PEBB Balance	NA	\$132.93	NA	NA
Premera Medicare Supplement Plan F Retired	\$112.84	\$116.68	3.4%	\$3.84
Premera Medicare Supplement Plan F Disabled	\$188.47	\$200.34	6.3%	\$11.87
Premera Medicare Supplement Plan G Retired	\$97.56	\$99.92	2.4%	\$2.36
Premera Medicare Supplement Plan G Disabled	\$162.31	\$165.96	2.2%	\$3.65

# Impact of State Medicare Explicit Subsidy UMP Classic Medicare



# Medicare Premium Resolutions

# Premium Resolution PEBB 2020-08 Medicare Subsidy

**Resolved that**, the PEB Board endorses the calendar year 2021 monthly Medicare Explicit Subsidy of \$183 or 50% of premium, whichever is less.

# Premium Resolution PEBB 2020-09 KPNW Medicare Premium

**Resolved that,** the PEB Board endorses the Kaiser Foundation Health Plan of the Northwest Medicare plan premiums.



# Premium Resolution PEBB 2020-10 KPWA Medicare Premiums

**Resolved that,** the PEB Board endorses the Kaiser Foundation Health Plan of Washington Medicare plan premiums.

# Premium Resolution PEBB 2020-11 UMP Medicare Premium

**Resolved that,** the PEB Board endorses the Uniform Medical Plan (UMP) Medicare plan premiums.

# Premium Resolution PEBB 2020-12 UHC Medicare Premiums

**Resolved that**, the PEB Board authorizes the UnitedHealthcare Medicare Advantage plus Prescription Drug (MA-PD) plan premiums.

# Premium Resolution PEBB 2020-13

## Premera Medicare Premiums

**Resolved that,** the PEB Board endorses the Premera Medicare Supplement plan premiums.

# Questions?

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# Appendix

# Scenario: UMP Classic Medicare – Original Medicare FFS COB with UMP Classic

		Primary Payer	Secondary Payer	
		Original Medicare FFS	UMP Classic Medicare	Estimated* Retiree responsibility
2021 Monthly Premium (3 months)			\$336.30 x 3 = <b>\$1,009.90</b>	\$1,009.90
Medical Benefit Deductible			\$250	\$250
Primary Care	5 office visits	20%	15%	\$0
Specialty Care	4 office visits	20%	15%	\$0
Inpatient hospital stay	3 days	\$1,408 Medicare Part A deductible	\$200/day	\$0
Chemotherapy Infusions	3 infusions	20%	15%	\$0
Specialty tier – Oral Chemo maintenance drugs	90 day supply	Not covered	\$225	\$225
		Total Medical		\$250
		Total Pharmacy		\$225
		Estimated total out-of-pocket cost		\$1,485

\*Cost shares included are based on assumptions regarding Medicare Allowed amounts, and application of COB with UMP for services included in this scenario. All projected out-of-pocket costs are estimated values and should not be considered exact.

FFS: Fee-for-service  
COB: Coordination of Benefits

UMP Classic	Kaiser NW Senior Advantage	Kaiser WA Medicare Advantage
-------------	----------------------------	------------------------------

UHC Medicare Advantage plus Rx (MA-PD) PEBB Complete	UHC Medicare Advantage plus Rx (MA-PD) PEBB Balance
--	---

2020 Medical Benefit Design - Highlights*			
Medical Deductible	\$250	\$0	\$0
Max Medical Benefit Out-of-Pocket	\$2,500	\$1,500	\$2,500
IP Services & IP Mental Health Cost Share	\$200/day (per admission)	\$500/admission**	\$200/day (per admission)
OP Services	15%***	\$50	\$200
OP Mental Health Care	15%	\$30/individual, \$15/group	\$0
PCP Office Visit	15%	\$30	\$20
Specialty Care	15%	\$30	\$20
Urgent Care	15%	\$35 office, \$50 ER	\$20
ER Copay	\$75 + 15%	\$50	\$65

Medical Benefit Design - Highlights*	
\$0	\$0
\$500	\$2,000
\$0	\$500/admission
\$0	\$500/admission
\$0	\$15 group/\$30 individual
\$0	\$15
\$0	\$30
\$15	\$15
\$65	\$65

Supplemental Benefits			
Chiropractic Care	10 visits	\$30/visit, 12 visits	\$20/visit, no limit
Acupuncture	16 visits	N/A	\$20/visit, 8 visits
Massage Therapy	16 visits	N/A	\$20/visit, 10 visits
Routine Vision Exams and Hardware^	\$0 exam, \$150 hardware	\$30 exam, \$150 hardware	\$20 exam, \$150 hardware
Routine Hearing Exams and Hearing Aids	\$0 exam \$800 plan coverage maximum^^	\$30 exam \$800 plan coverage maximum^^	\$20 exam \$800 plan coverage maximum^^
Gym Membership	N/A	Silver and Fit, \$0	Silver and Fit, \$0

Supplemental Benefits	
\$0, 20 combined visits	\$15, 20 combined visits
\$0, 30 visits	\$15, 30 visits
\$0 exam annually, \$300 hardware	\$0 exam annually, \$300 hardware
\$0 annual exam, \$2500 hardware/5yrs	\$0 annual exam, \$2500 hardware/5yrs
SilverSneakers, \$0	SilverSneakers, \$0

Enhanced Supplemental Benefits			
Naturopathy	15%, unlimited	\$30/visit	\$20/visit, 3 visits/year
Counseling Services	15%	\$30/visit, SUD/BH	\$0, SUD
OTC Drug Benefit	-	-	-
Post-Discharge Meals	-	-	-
Wigs for Chemotherapy	\$100 lifetime	\$100 lifetime	-
Worldwide Travel	-	20% Medicare Allowed amt, \$1000 MOOP	\$20 UC/\$65 ER

Enhanced Supplemental Benefits	
\$30 copay, no visit limit	\$30 copay, no visit limit
5 "Quit-for-Life" Tobacco Cessation scheduled counseling visits, unlimited calls to a Specialist	5 "Quit-for-Life" Tobacco Cessation scheduled counseling visits, unlimited calls to a Specialist
\$40 allowance/quarter	\$40 allowance/quarter
\$0/meal, 84 meals	\$0/meal, 84 meals
\$100 annually	\$100 annually
\$15 UC visit/\$65 ER visit, medical and Rx claims paid	\$15 UC visit/\$65 ER visit, medical and Rx claims paid

Pharmacy Benefit Highlights^^^			
Pharmacy Deductible	\$100	\$0	\$0
Max Pharmacy Benefit OOP	\$2,000	No OOP Limit	No OOP Limit
Value Tier (UMP only)	5% or \$10/\$20/\$30 (30/60/90 day supply)	N/A	N/A
Tier 1 - Generic	10% or \$25/\$50/\$75	\$20/\$40 (30/60 day supply)	\$20/\$40 (30/60 day supply)
Tier 2 - Preferred Brand Name	30% or \$75/\$150/\$225	\$40/\$80	\$40/\$80
Tier 3 - Non-Preferred Brand Name	N/A	N/A	50% or \$250/\$750
Specialty	Tier 1: 10%/\$25 Tier 2: 30%/\$75	N/A	N/A

Part D Benefit - Highlights	
Pharmacy Deductible	\$0 Tier 1, \$100 Tiers 2,3,4
Max Pharmacy Benefit Out-of-Pocket	\$2,000
Part D Benefit Tiers	Member Cost Share by Tier
Tier 1 - Generic	10%, \$25 max
Tier 2 - Preferred Brand	30%, \$47 max
Preferred Insulin Brands	5%, \$10 max (not subject to deductible)
Tier 3 - Non-Preferred Brand	50%
Tier 4 - Specialty	50%, \$100 max

\*Not inclusive of entire benefit package  
 \*\* Kaiser NW IP Mental Health - 190 day lifetime maximum  
 \*\*\*Percentages represent member coinsurance

^Vision hardware benefit every two years  
 ^^Hardware benefit every three years  
 ^^Current Medicare offerings provide Creditable Drug Coverage. Eligible drugs are covered by the plan, not under Medicare Part D.



**TAB 6**



Washington State  
Health Care Authority

PUBLIC EMPLOYEES BENEFITS BOARD

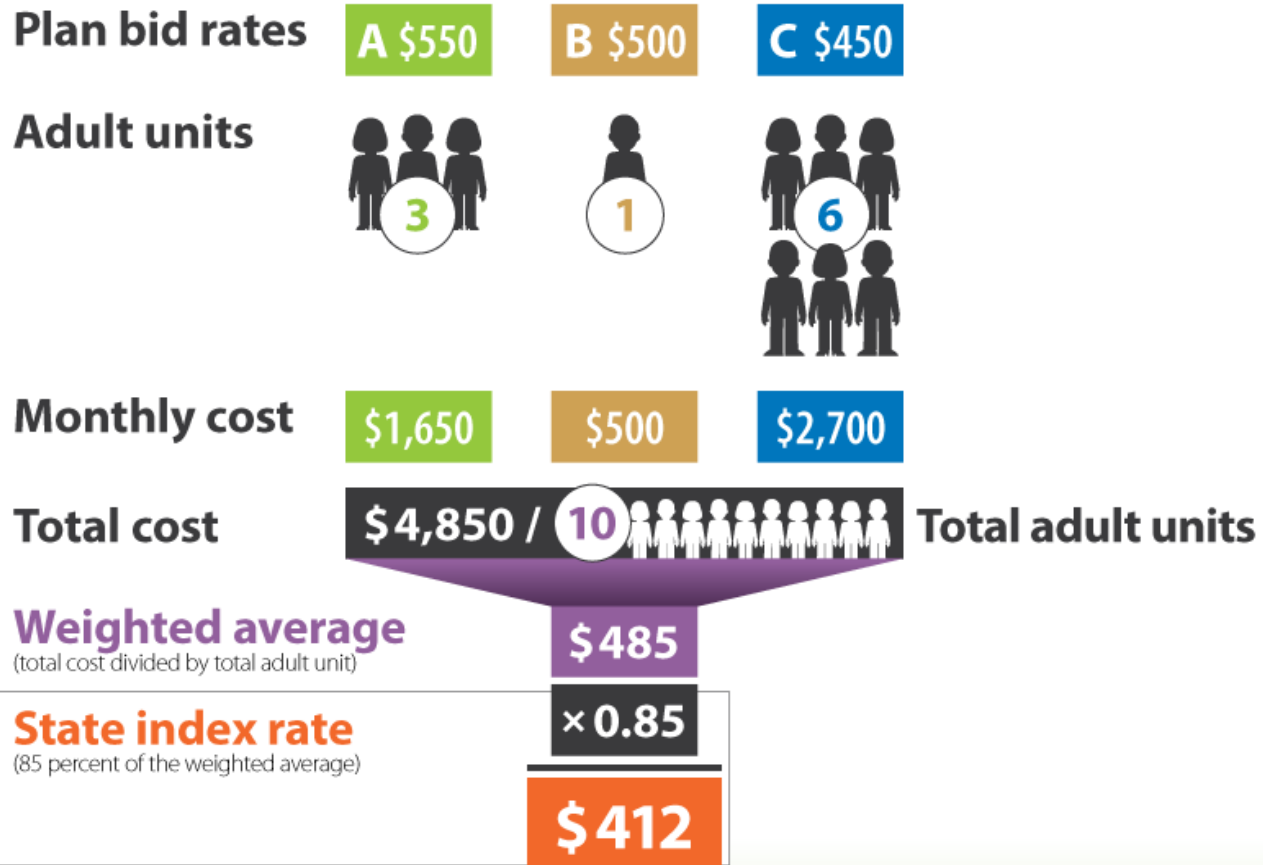
# 2021 Rates Overview

Tanya Deuel, ERB Finance Manager  
Financial Services Division  
July 15, 2020

# Employee Premiums

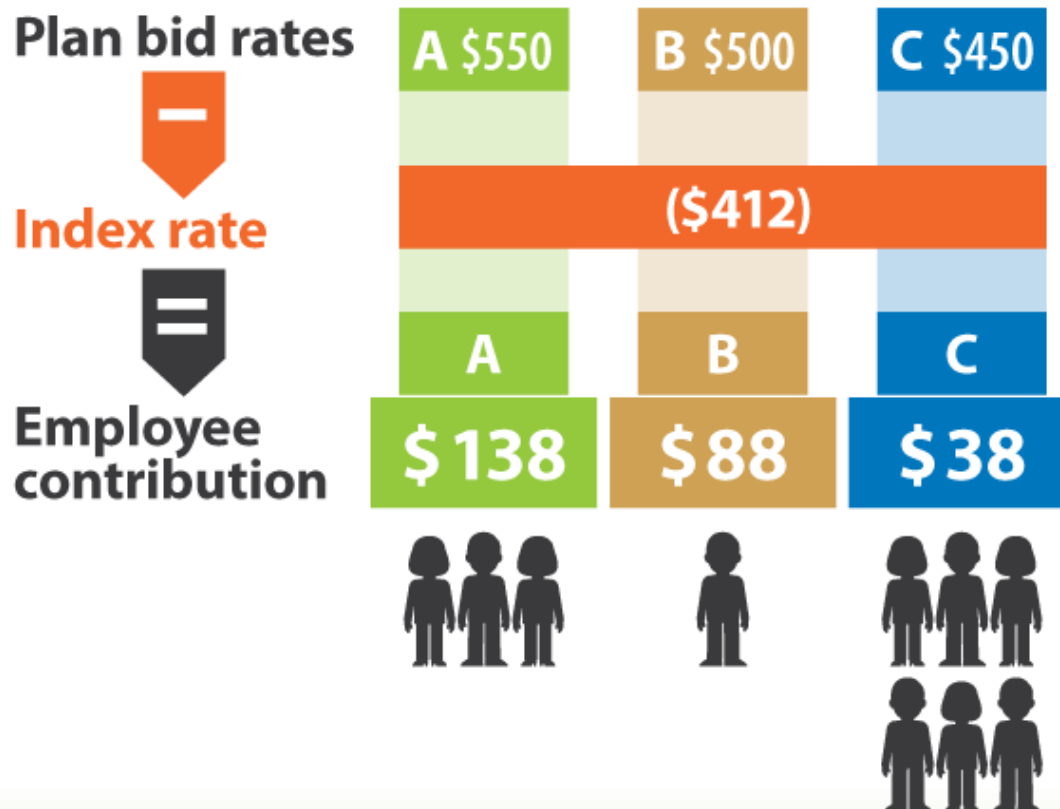
# Calculating the State Index Rate

## Sample Illustration








# Determining Employee Premiums

## Sample Illustration



# Determining Employee Premiums by Tier

## Sample Illustration

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

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

# Employee / Employer Premium Contributions

	Proposed 2021 Employee Contribution (Single Subscriber)	Proposed 2021 Employer Contribution (aka State Index Rate)	Proposed 2021 Composite Rate
Kaiser NW Classic	\$159	\$581	\$740
Kaiser NW CDHP	\$43	\$581	\$624
Kaiser WA Classic	\$189	\$581	\$770
Kaiser WA Value	\$112	\$581	\$693
Kaiser WA SoundChoice	\$55	\$581	\$636
Kaiser WA CDHP	\$26	\$581	\$607
UMP Classic	\$105	\$581	\$686
UMP Plus	\$72	\$581	\$653
UMP Select	\$37	\$581	\$618
UMP CDHP	\$25	\$581	\$606

- 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 Contributions by Tier

	Subscriber		Subscriber & Spouse		Subscriber & Child(ren)		Subscriber, Spouse/SRDP*, and Child(ren)		2020 to 2021 Change in Subscriber Rate	
	2020	Proposed 2021	2020	Proposed 2021	2020	Proposed 2021	2020	Proposed 2021	%	\$
Kaiser NW Classic	\$140	\$159	\$290	\$328	\$245	\$278	\$395	\$447	13.6%	\$19
Kaiser NW CDHP	\$25	\$43	\$60	\$96	\$44	\$75	\$79	\$128	72.0%	\$18
Kaiser WA Classic	\$176	\$189	\$362	\$388	\$308	\$331	\$494	\$530	7.4%	\$13
Kaiser WA Value	\$100	\$112	\$210	\$234	\$175	\$196	\$285	\$318	12.0%	\$12
Kaiser WA SoundChoice	\$42	\$55	\$94	\$120	\$74	\$96	\$126	\$161	31.0%	\$13
Kaiser WA CDHP	\$27	\$26	\$64	\$62	\$47	\$46	\$84	\$82	-3.7%	-\$1
UMP Classic	\$104	\$105	\$218	\$220	\$182	\$184	\$296	\$299	1.0%	\$1
UMP Plus	\$69	\$72	\$148	\$154	\$121	\$126	\$200	\$208	4.3%	\$3
UMP Select	N/A	\$37	N/A	\$84	N/A	\$65	N/A	\$112	N/A	N/A
UMP CDHP	\$25	\$25	\$60	\$60	\$44	\$44	\$79	\$79	0.0%	\$0
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		

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



# Non-Medicare Retiree Rates

# Non-Medicare Retiree Rates by Tier

	Subscriber		Subscriber & Spouse		Subscriber & Child(ren)		Subscriber, Spouse/SRDP*, and Child(ren)		2020 to 2021 Change in Subscriber Rate	
	2020	Proposed 2021	2020	Proposed 2021	2020	Proposed 2021	2020	Proposed 2021	%	\$
Kaiser NW Classic	\$716	\$746	\$1,426	\$1,486	\$1,249	\$1,301	\$1,959	\$2,041	4.2%	\$30
Kaiser NW CDHP	\$609	\$637	\$1,207	\$1,263	\$1,072	\$1,121	\$1,612	\$1,688	4.6%	\$28
Kaiser WA Classic	\$752	\$775	\$1,499	\$1,545	\$1,312	\$1,353	\$2,060	\$2,123	3.1%	\$23
Kaiser WA Value	\$676	\$699	\$1,346	\$1,392	\$1,179	\$1,219	\$1,849	\$1,912	3.4%	\$23
Kaiser WA SoundChoice	\$618	\$641	\$1,232	\$1,277	\$1,079	\$1,118	\$1,692	\$1,754	3.7%	\$23
Kaiser WA CDHP	\$610	\$619	\$1,210	\$1,228	\$1,075	\$1,090	\$1,616	\$1,641	1.5%	\$9
UMP Classic	\$680	\$692	\$1,354	\$1,378	\$1,186	\$1,206	\$1,860	\$1,892	1.8%	\$12
UMP Plus	\$645	\$659	\$1,285	\$1,312	\$1,125	\$1,149	\$1,765	\$1,802	2.1%	\$14
UMP Select	N/A	\$623	N/A	\$1,241	N/A	\$1,087	N/A	\$1,705	N/A	N/A
UMP CDHP	\$608	\$619	\$1,206	\$1,226	\$1,072	\$1,089	\$1,611	\$1,638	1.7%	\$10
Subscribers may be subject to the following surcharges										
Tobacco Surcharge	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25		
Spousal Surcharge	N/A	N/A	\$50	\$50	N/A	N/A	\$50	\$50		

- Rounded to the nearest dollar
- State-Registered Domestic Partner (SRDP)

# Dental, Life, and Long-Term Disability

# Dental Premiums

	Subscriber Rate	
	2020	2021
	<b>Uniform Dental Plan</b>	\$47.01
<b>DeltaCare</b>	\$39.53	\$39.53
<b>Willamette Dental Group</b>	\$44.45	\$44.45

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

# Life, AD&D, and LTD Premiums

- Basic Life, AD&D, and LTD
  - Employer funded
  - No rate change for 2021
- Optional Life and LTD
  - Employee funded
  - No rate change for 2021

# Proposed Premium Resolutions

# Proposed Premium Resolution PEBB 2020-14 Non-Medicare Premium

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

# Proposed Premium Resolution PEBB 2020-15

## Non-Medicare Premium

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



# Proposed Premium Resolution PEBB 2020-16

## Non-Medicare Premium

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

## Next Steps

We will ask the Board to take action on these premium resolutions at the July 22, 2020 meeting.

# Questions?

Tanya Deuel, ERB Finance Manager  
Financial Services Division  
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**TAB 7**



# 2020 Uniform Medical Plan Preferred Drug List

Ryan Pistoresi, PharmD, MS  
Assistant Chief Pharmacy Officer  
Clinical Quality and Care Transformation  
July 15, 2020

# UMP Formulary Update from January Retreat

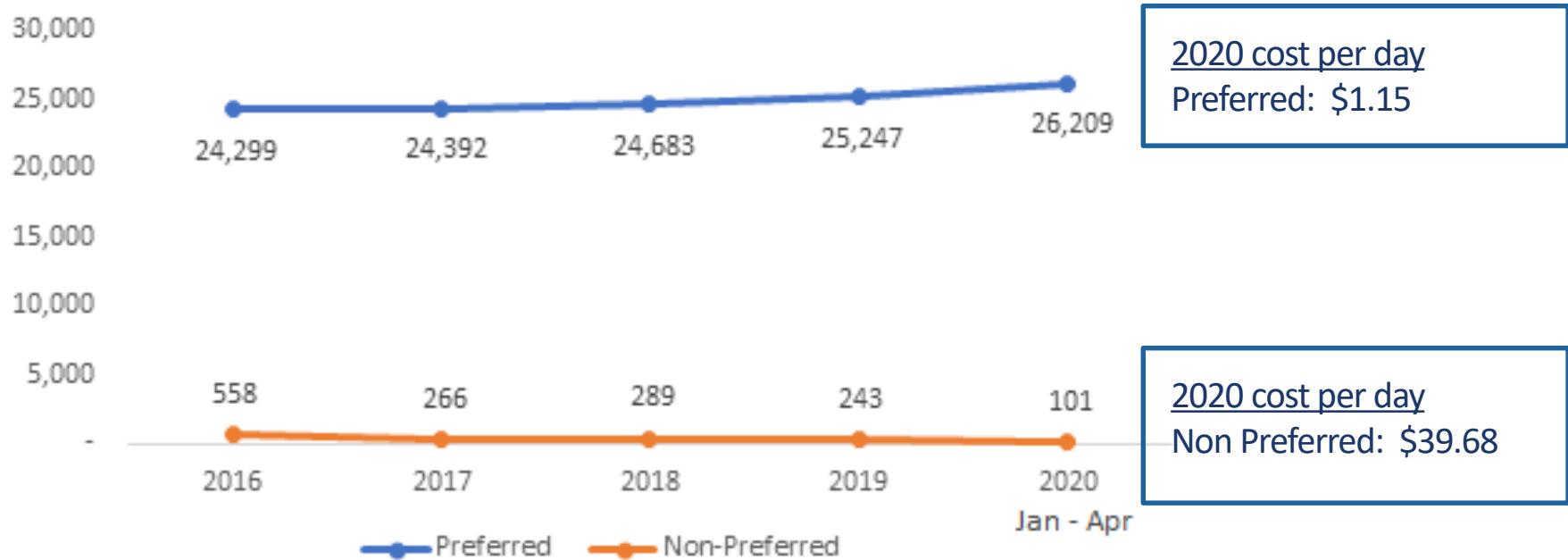
- Member communication plan for Open Enrollment
- Refill-protected drug classes
- Customer Service statistics during Open Enrollment
- Exception requests during Open Enrollment
- Too early to present any comprehensive results

# Ongoing Pharmacy Management

- 2020 UMP Prescription Drug List (PDL) is part of ongoing pharmacy management
- Drug classes are regularly reviewed by Washington State Pharmacy and Therapeutics (P&T) and Moda P&T committees
- Clinical policies are updated regularly to ensure appropriate use of prescription drugs
- 2020 UMP PDL helps direct members to highest-value drugs on PDL while allowing access to non-covered drugs

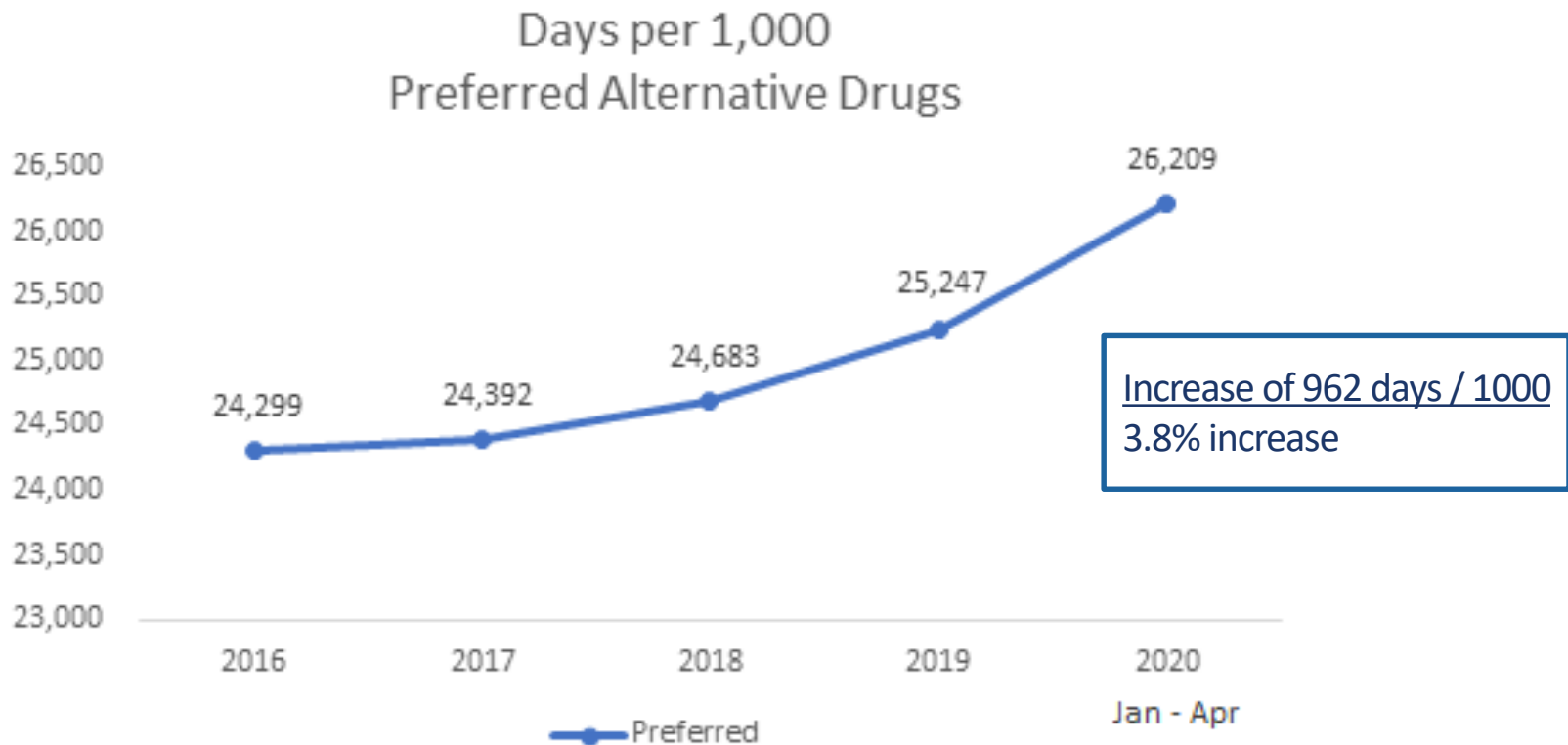
# Preferred Drugs vs. Non-Preferred Drugs

Days per 1,000  
Preferred Alternatives/Non-Preferred Drugs



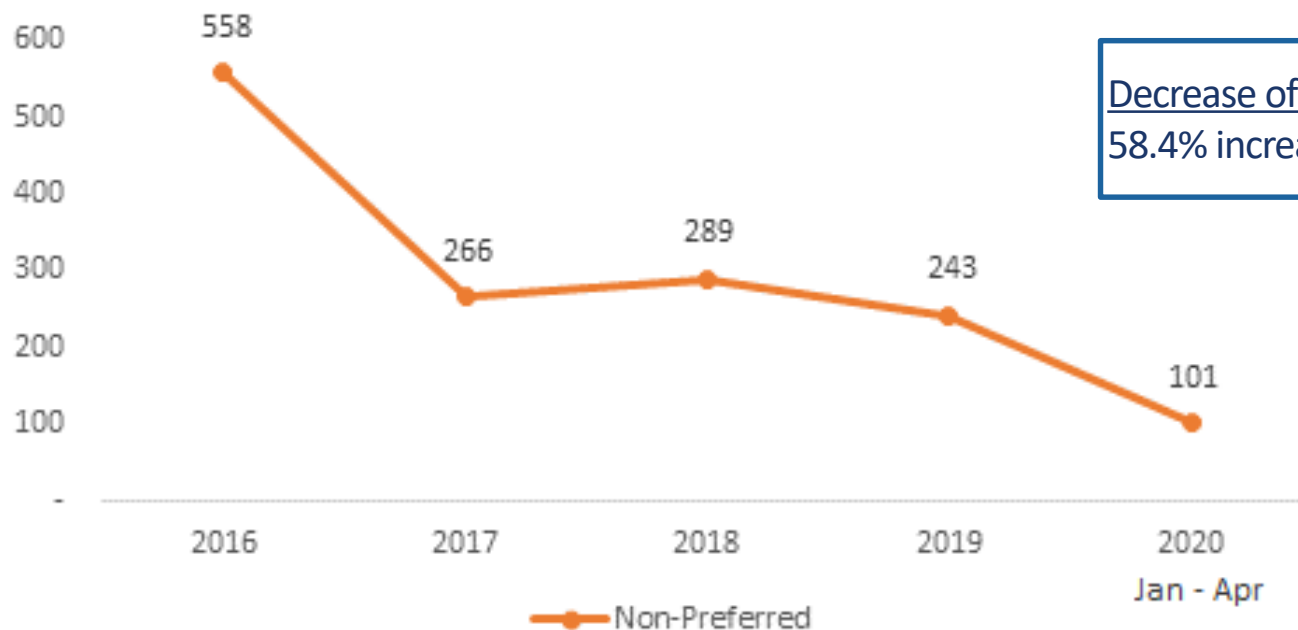


# Preferred Drugs vs. Non-Preferred Drugs (*cont.*)



# Preferred Drugs vs. Non-Preferred Drugs (*cont.*)

Days per 1,000  
Non-Preferred Drugs



# When Non-covered Drugs are Requested

- Members requesting coverage of a non-covered prescription drug will receive one of two outcomes:
  - Request is Approved
    - Member is unable to use appropriate formulary alternatives, and requested non-covered drug is covered at Tier 2.
  - Request is Denied
    - Preferred alternatives are available to the member. Member receives a list of alternatives to discuss with their prescriber. Alternatives are similar in efficacy and safety but are more cost effective compared to the non-covered drug.
      - Member can switch to PDL alternative
      - Member can appeal determination
      - Member can obtain the medication using the WPDP/OPDP discount card

# Exception Requests

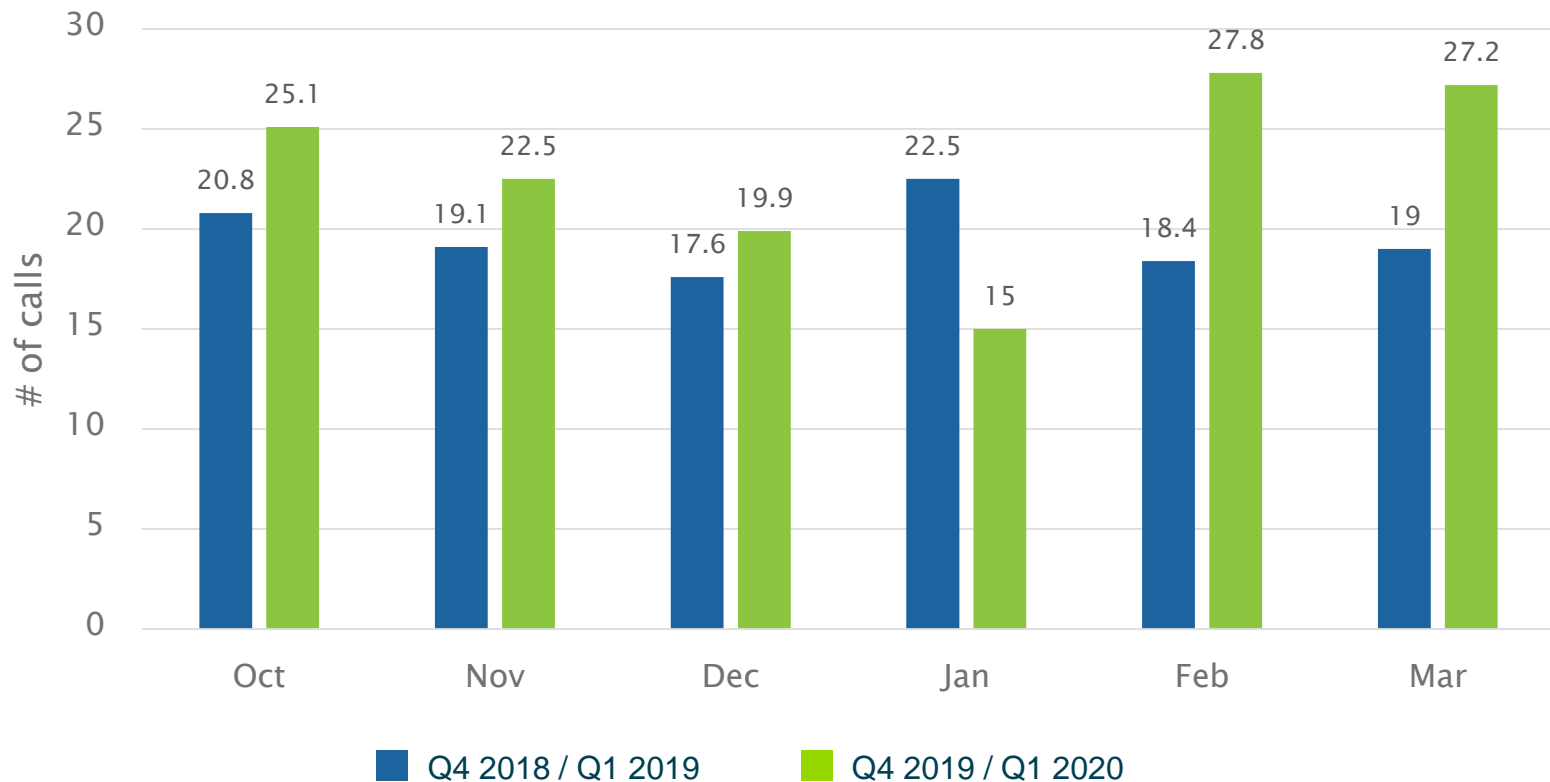
Determination	2019 Preferred Drug List Tier 3 Drugs	2020 Preferred Drug List Non-covered Drugs
Approvals	129 (29%)	1,988 (44%)
Denials	320 (71%)	2,505 (56%)
<b>Total</b>	<b>449</b>	<b>4,493</b>

- Already, over 1,800 more members are now getting the same drug they always used at a lower monthly out of pocket costs
- Members with denials are currently evaluating other drug options that have similar efficacy and safety, but are more cost effective

# 2020 PDL Exception Requests: Top Requested Drugs

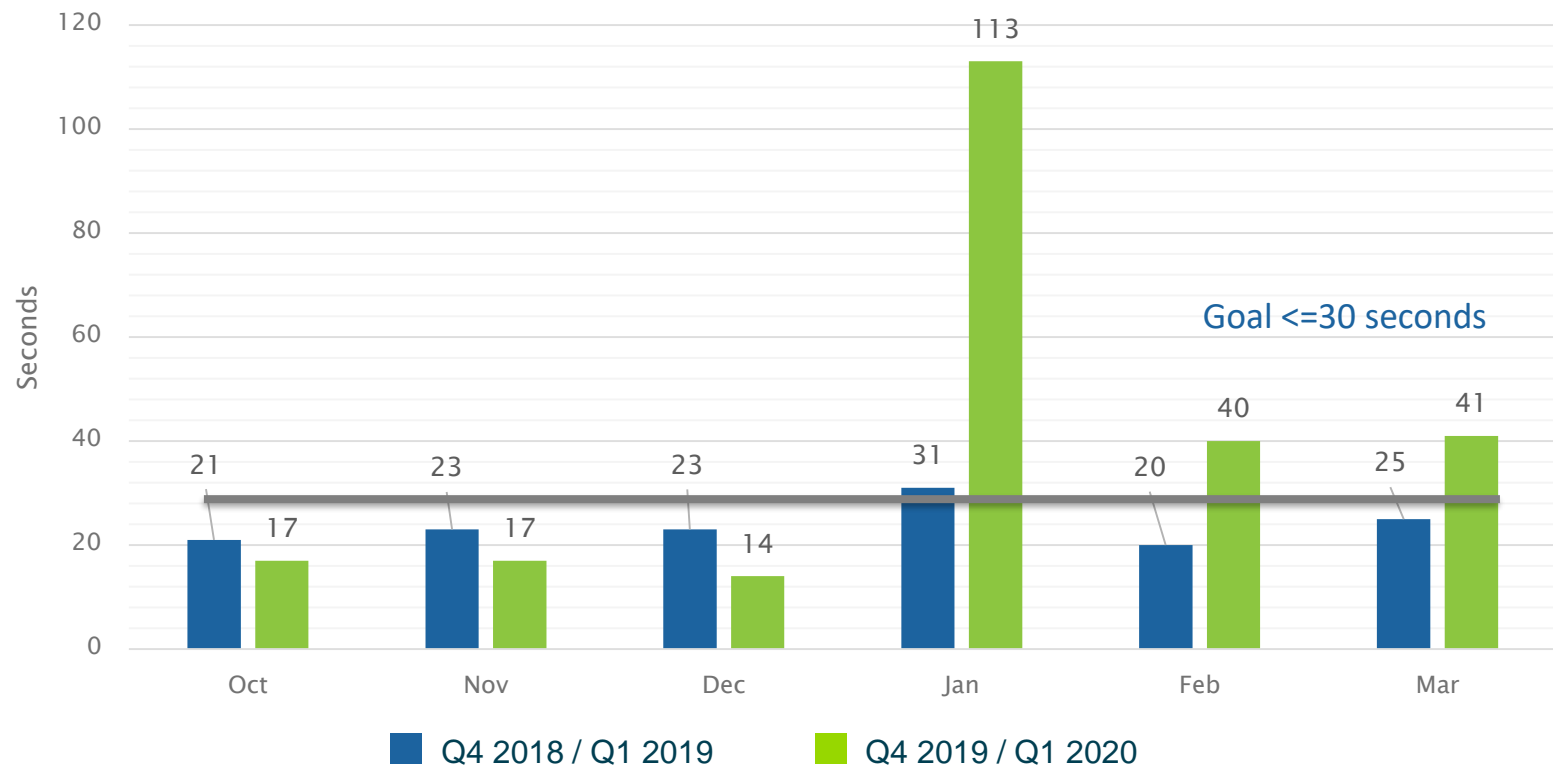
2020 Preferred Drug List – Non-covered Drug	Condition
Trulicity	Diabetes
Mybetriq	Overactive bladder
Ozempic	Diabetes
Xiidra	Dry eyes
Xarelto	Anticoagulant
Xifaxan	Irritable bowel syndrome or Liver disease
Premarin	Menopausal symptoms or Hormone replacement
Lumigan	Glaucoma
Aimovig Autoinjector	Migraine prevention
Dupixent	Asthma or Atopic dermatitis
Synthroid	Thyroid disease

# Customer Service Calls per 1,000 Members (2018 - 2020)

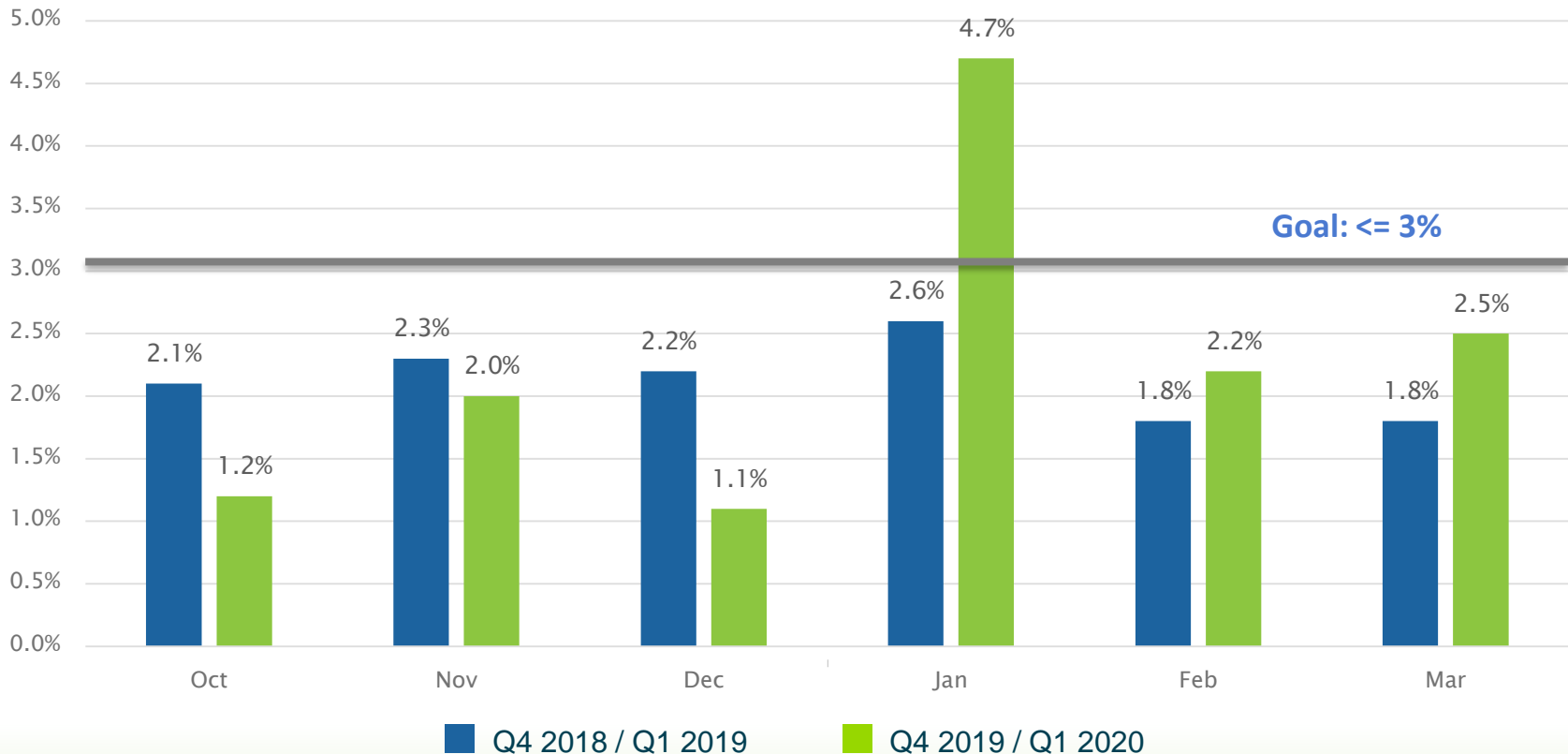


Q4 2018 / Q1 2019 includes PEBB only  
Q4 2019 / Q1 2020 includes PEBB and SEBB

# Customer Service Wait Time Average (2018 - 2020)



# Customer Service Abandonment (2018 - 2020)





# COVID-19 Impact

- Postponed prior authorizations for maintenance drugs
  - Postponed the expiration date for authorization that would have expired in March, April, and May for 3 months
    - **Example:** Authorization that would have expired on March 31 was extended through July 31
    - 2,802 members received extensions
- Allowed early refills to reduce trips to pharmacies
  - Activated emergency preparedness protocols to allow pharmacies to override refill too soon denials at point of sale
    - Utilization management and opioid limitation edits, such as Prior Authorization, Step Therapy, and Quantity Limits still apply

# Future Analyses

- Current and ongoing analyses
  - Longitudinal analysis of member experiences
  - Cost and savings analyses
  - Change in drug use within drug classes
- What other information are you interested in receiving?

# Questions?

Ryan Pistoiresi, PharmD, MS  
Assistant Chief Pharmacy Officer  
Clinical Quality and Care Transformation  
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**TAB 8**



Washington State  
Health Care Authority

PUBLIC EMPLOYEES BENEFITS BOARD

Smart [  ] Health

Marcia Peterson, Manager  
Benefit Strategy & Design Section  
Employees and Retirees Benefits Division  
July 15, 2020

Jenny Switzer, UMP Account Manager  
Portfolio, Management & Monitoring Section  
Employees and Retirees Benefits Division

# Objectives

- SmartHealth Overview
- 2019 SmartHealth Participation
- Statewide Well-being Assessment Results
- 2020 SmartHealth Updates and Promotions

# What is SmartHealth?

SmartHealth is Washington State's voluntary and confidential wellness program that focuses on employee health and well-being. The Health Care Authority (HCA) has contracted with a vendor, Limeade, to administer and provide the SmartHealth Program.

- Online & mobile-friendly wellness program that supports and rewards employees as they work towards improving their well-being
- Customized activities based on self-reported information
- Earn rewards such as gift cards and deductible or HSA incentives

# Incentive Eligibility

The following subscribers can qualify for SmartHealth wellness incentives:

- Employees enrolled in PEBB medical coverage
- Retirees not enrolled in Medicare Part A and Part B
- PEBB Continuation Coverage (COBRA) subscribers not enrolled in Medicare Part A and Part B
- PEBB Continuation Coverage (Unpaid Leave) subscribers

Spouses enrolled in PEBB medical coverage and employees waiving PEBB medical coverage have access to SmartHealth, but cannot earn wellness incentives

Retirees who defer PEBB medical coverage do not have access to SmartHealth



# Incentives



Smart [  ] Health

Have fun. Earn rewards.  
**BE YOUR BEST!**



**\$125**  
Wellness  
Incentive

+



**\$25**  
Amazon.com  
gift card

# Incentive Levels



# SmartHealth Incentive Details


## Program Incentive Deadline

- \$25 Amazon.com gift card
  - December 31, 2020
- \$125 wellness incentive
  - November 30, 2020 if enrolled in PEBB Program prior to October 1
    - Deadline in previous years was September 30
  - December 31, 2020 if enrolled on or after October 1

# 2019 Participation

- 165,839 eligible members
- 74,988 members registered
- 2,818 spouses registered
- 4,823 retirees registered

# Most Viewed Activities in 2019




COMPLETE! ✓

Learn About a Great New Benefit

0 0 200 pts

This activity card features a photograph of a person's hands typing on a laptop keyboard next to a bowl of fresh vegetables. A green 'COMPLETE!' badge with a checkmark is in the top right corner. Below the image, the title 'Learn About a Great New Benefit' is displayed. At the bottom, there are icons for a comment bubble and a person, both with a '0' next to them, and the text '200 pts' in red.

16,605 unique views




Track 5,000 Daily Steps

0 0 100 pts/wk

This activity card features a close-up photograph of a person's feet wearing colorful sneakers on a paved path. Below the image, the title 'Track 5,000 Daily Steps' is displayed. At the bottom, there are icons for a comment bubble and a person, both with a '0' next to them, and the text '100 pts/wk' in red.

11,632 unique views



COMPLETE! ✓

VIDEO: SmartHealth Stories

0 0 100 pts

This activity card features a photograph of a man in a light blue shirt speaking to a group of people outdoors. A green 'COMPLETE!' badge with a checkmark is in the top right corner. Below the image, the title 'VIDEO: SmartHealth Stories' is displayed. At the bottom, there are icons for a comment bubble and a person, both with a '0' next to them, and the text '100 pts' in red.

10,666 unique views

SmartHealth featured 398 unique activities for members in 2019

# Statewide Well-being Assessment

The Well-being Assessment (WBA) results highlight areas of strength, opportunities for improvement, and serves as a guide to assess and improve personal, population, and organizational health and well-being. These are available to organizations for their individual populations and as a statewide assessment report.

## 2019 Top Scoring Areas

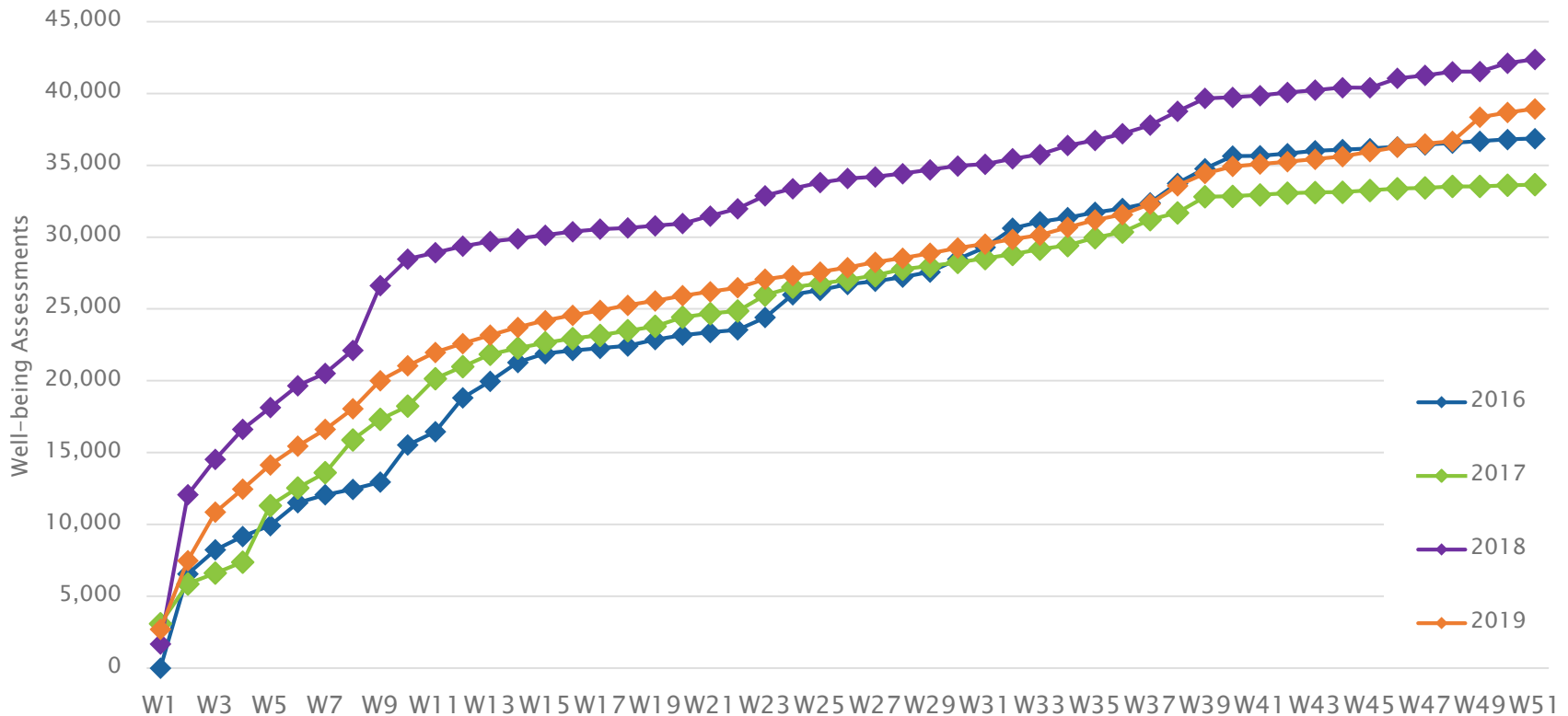
- Smoke-Free Living
- Drinking Moderately
- Self-Care

## 2019 Areas of Opportunity

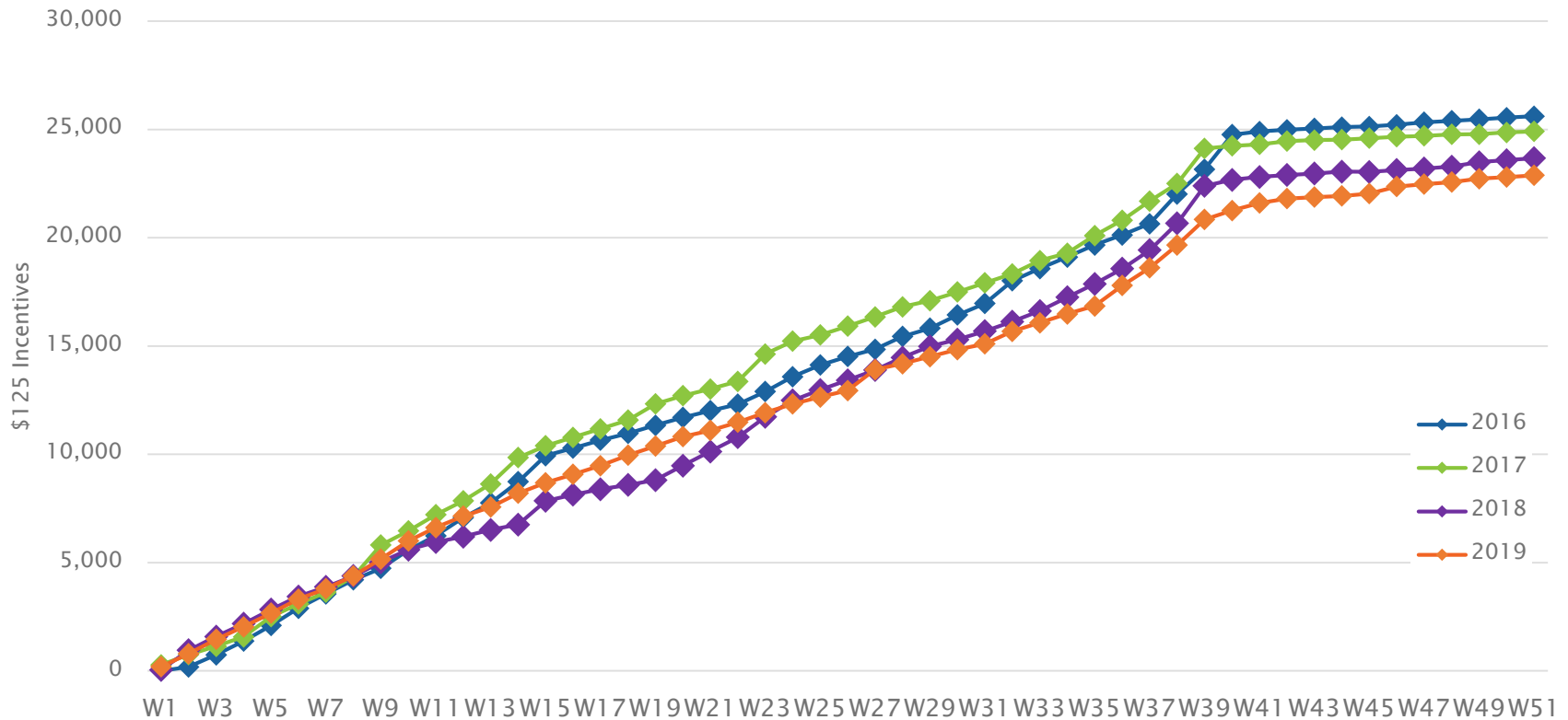
- Healthy Weight
- Sleep
- Back Health

PEBB Program areas of opportunity were very similar to Limeade's overall customer population

# Well-being Assessment Trends 2016, 2017, 2018, and 2019

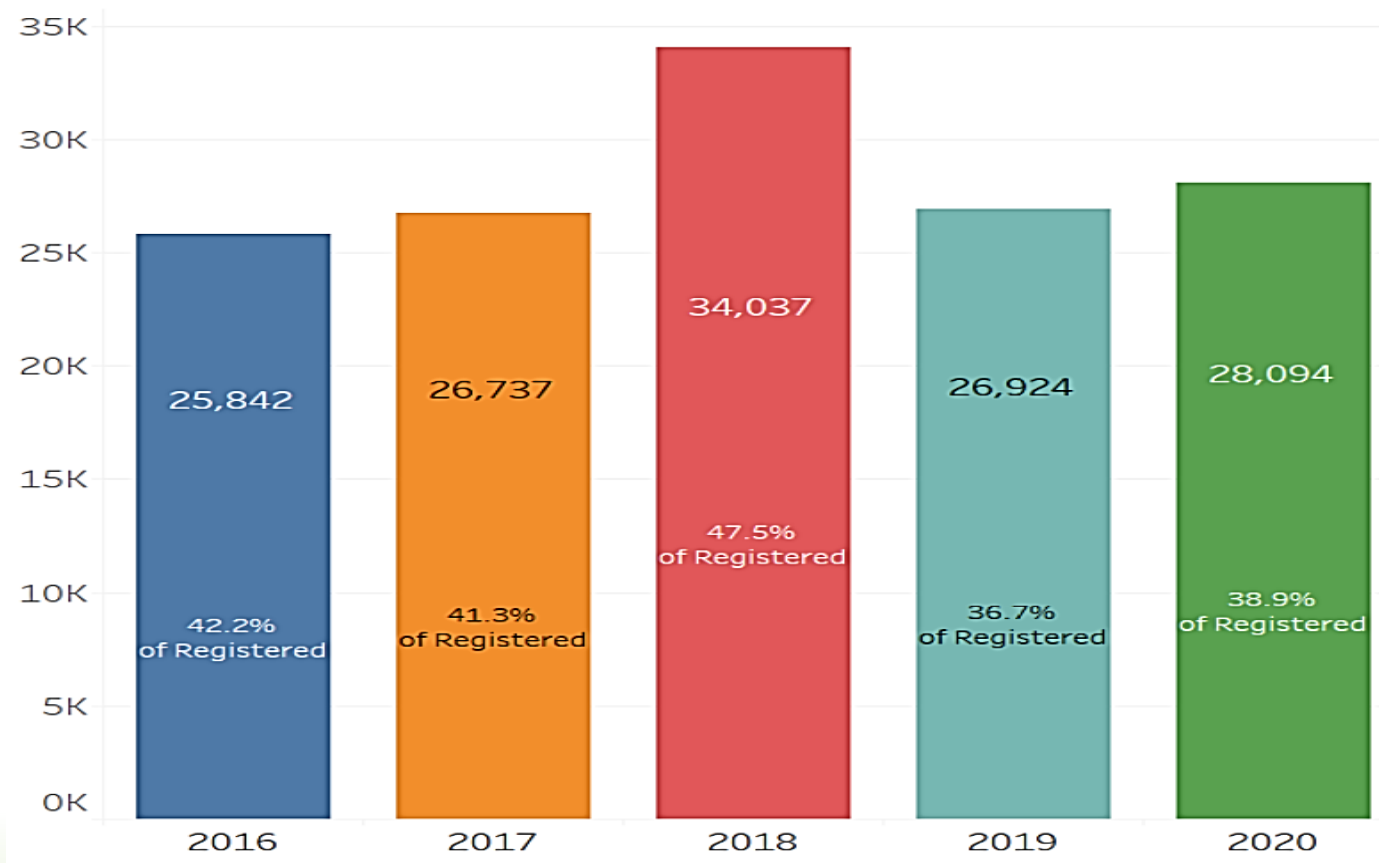


# \$125 Incentive Trends 2016, 2017, 2018, and 2019

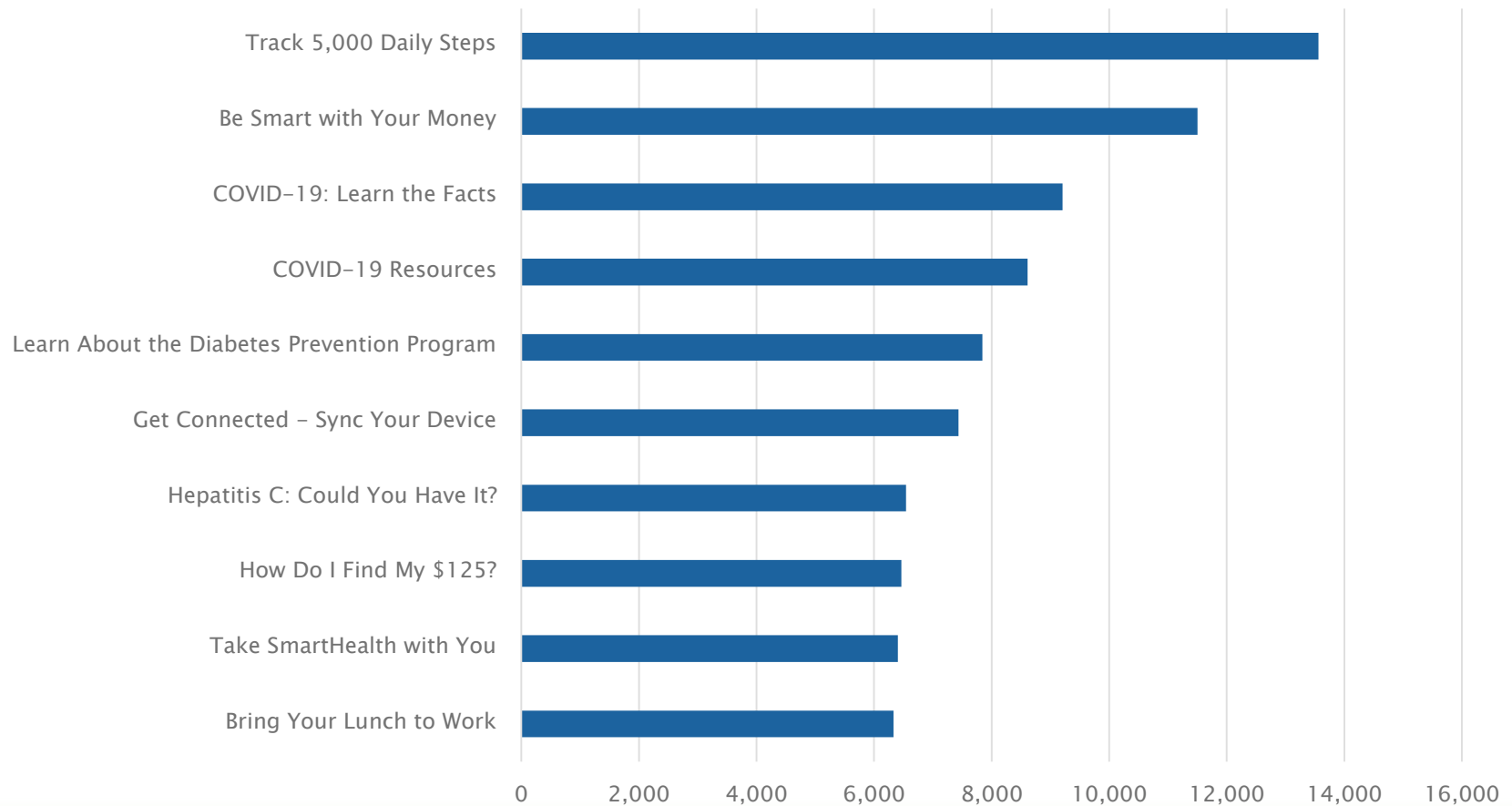




# 2020 WBA Percentage of Completions Same Period Previous Years



# 2020 Most Viewed Activities



# COVID-19 Crisis Response Activities



COVID-19: Learn the Facts About Coronavirus

0 0

50 pts



Craft a Success Space at Home

0 0

50 pts



Showing Care in a Crisis

0 0

100 pts



Social Distancing? Stay Connected with Co-workers

0 0

25 pts/wk



UMP Virtual Access to Care  
Virtual Access to Care

0 0

100 pts



COVID-19 Resources: Plan, Prepare, Respond

0 0

100 pts



Parent's Guide to Dealing With COVID

0 0

100 pts



Working Remotely? Keep Stepping It Up Together

0 0

200 pts

20 activities created to address health and wellness issues related to the COVID-19 pandemic with more being created each month to address needs.

# User Feedback on COVID-19 Activities

“Good information, less frightening when you have the facts.”

“Shared with my daughter who just had a new baby!”

“Seems less scary when you have a handle on the facts and what to expect.”

“Good information. I appreciate the links with factual information. So bottom line—wash your hands, don’t touch your face, and stay home if you’re sick.”

# Questions?

Jenny Switzer, UMP Account Manager  
Portfolio Management & Monitoring Section  
Employees and Retirees Benefits Division

[wawellness@hca.wa.gov](mailto:wawellness@hca.wa.gov)

**TAB 9**



# Supplemental Long-Term Disability (LTD) Benefit Options

Jean Bui, Manager  
Portfolio Management & Monitoring Section  
Employees & Retirees Benefits Division  
July 15, 2020

Marcia Peterson, Manager  
Benefits Strategy & Design Section  
Employees & Retirees Benefits Division

# Overview

- Basic Long-Term Disability (LTD) benefit is inadequate to cover needs of PEBB Program subscribers
- Low likelihood of improving the Basic LTD benefit soon
  - No additional funding received for 2019-2021 Biennium
  - Significant fiscal challenges through fiscal year 2023
- Supplemental benefit available but only 34% of subscribers have enrolled (similar to industry experience)
- How to increase the percentage who enroll in supplemental?



# Three Types of Group Disability Coverage

## Short-term covers an employee's salary

- During a short-term disability
- Prevents the employee from being able to work *their usual job*
- Includes events such as a pregnancy, accidental injuries, and illnesses
- Replaced by the Washington State Paid Family and Medical Leave Program -12 weeks off with pay

## Long-term covers an employee's salary

- During a longer-term disability
- Employee is unable to perform *with reasonable continuity* the duties of their job
- Sickness, injury, or pregnancy during the benefit waiting period and the first 24 months for which LTD benefits are paid

# Three Types of Group Disability Coverage (*cont.*)

## Social Security Administration

- Inability to engage in **any substantial gainful activity**
- Any medically determinable physical or mental impairment
- Expected to result in death or to last for at least 12 months

These three types of disability benefits, along with an employee's sick leave and vacation leave, comprise a form of income protection for employees facing a disability making them unable to work

# Nationwide Disability Facts

- 1 in 4 people now age 20 will experience a disability during their career\*
- Only about 20% of people have disability insurance\*\*
- Approximately 50% of adults could not cover their salary for three months \*\*\*
- 40% of adults don't have enough cash on hand to cover a \$400 emergency expense\*\*\*

\* Social Security Administration

\*\* LIMRA, 2019

\*\*\* Federal Reserve Board, 2018

# Factors in Whether to Select Disability Insurance

- Product is not well understood
  - Do not understand what is considered a disability
  - Product descriptions aren't relatable enough
- Unlikely to understand the incidence of disability
- LTD products are often complex and hard to understand
  - Likely to default to no choice at all, especially if the value is questionable; or
  - Relies on the employer selection as their default option. In the case of the PEBB Program, that would be the Basic benefit of a \$240 maximum monthly benefit.

Source: Delbase, 2012

# Current PEBB Program LTD Benefit

## Basic

Covers 60% of the first \$400 of monthly income

\$50 up to a maximum benefit of \$240/month

100% *Employer* paid benefit

## Supplemental

Covers up to 60% of the first \$10,000 of monthly income

\$50 up to a maximum benefit of \$6,000/month

100% *Employee* paid benefit

# Comparison from 1977 to 2020

- The PEBB Basic LTD benefit has not changed since 1977.
  - In 1977 the median household income in the US was \$13,570 compared to \$74,073 in Washington State in 2018.
- While household income has increased 445% during the last 43 years, the Basic LTD benefit has not changed.
- Only 34% of PEBB Program subscribers have enrolled in the supplemental LTD benefit. This means the majority of employees are faced with a salary of \$240/month when they experience an unexpected disability that prevents them from working.

# Options to Improve Disability Coverage for PEBB Program Subscribers

- Continue to request funding for increasing the Basic benefit to a maximum monthly benefit of \$1,500
  - Estimated annual cost to the state for the PEBB Program = ~\$12.8 Million
- Increase percentage who select the Supplemental benefit
  - Improve communication regarding the value (for new hires)
  - Offered a one-time enrollment period in March 2019 for the Supplemental plan
    - We went from 28% to 34% participation – similar to industry experience
- Use automatic enrollment with option to opt-out of the benefit
  - New hires
  - Existing PEBB Program subscribers who are not enrolled in supplemental LTD

# Proposing an Opt-Out Benefit for LTD Supplemental

- Unlikely to get additional funding to improve the Basic benefit
- Improving communications regarding this benefit doesn't tend to result in significant increases in enrollment
- Opt-out benefit is proposed as a way to increase enrollment in supplemental benefit and ensure more subscribers have more comprehensive coverage



# Automatic Enrollment with Opt-Out

- Behavioral economics studies how people make decisions
  - Policy-makers use behavioral economics to design programs to nudge people toward making good choices
  - One way is to automatically enroll people in a benefit or program, but give them the option to opt-out
  - Has been shown to increase the percentage of people who take advantage of their employer benefits
  - People tend to stick with the default option

## Automatic Enrollment with Opt-Out (*cont.*)

- Could mirror a similar approach recently used by Department of Retirement Systems (DRS) to encourage newly hired full-time state employees to take advantage of the state's Deferred Compensation Program (DCP)
  - 30 days after being hired, employees receive a notification letter re: DCP enrollment and they have 30 days to opt-out
  - DRS has maintained a 90% retention rate since implementing this auto enrollment approach in 2017

# Possible Opt-Out Supplemental LTD (Existing Employees)

- Starting January 1, 2022
- All PEBB Program subscribers *who have not already enrolled* in Supplemental LTD coverage would receive a letter in fall 2021 letting them know they are being auto-enrolled in Supplemental LTD
- Subscribers could opt-out, but would be subject to evidence of insurability if they choose to re-enroll later
- First payroll deduction in January 2022

# Possible Opt-Out Supplemental LTD (New Hires)

- Newly hired PEBB Program subscribers **would be automatically enrolled**
- New hires would receive a letter letting them know they have their 31-day new hire period to opt-out
  - Coverage would be effective the first calendar day of the following month
    - Similar to all other benefits election
- Subscribers could opt-out, but would be subject to evidence of insurability if they choose to re-enroll later

# Discussion

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**TAB 10**



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## PEB BOARD MEETING SCHEDULE

### 2021 Public Employees Benefits (PEB) Board Meeting Schedule

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

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

March 17, 2021 - Noon – 5:00 p.m.

April 14, 2021 - Noon – 5:00 p.m.

May 12, 2021 - Noon – 5:00 p.m.

June 9, 2021 - Noon – 5:00 p.m.

June 30, 2020 – Noon – 5:00 p.m.

July 14, 2021 - Noon – 5:00 p.m.

July 21, 2021 - Noon – 5:00 p.m.

July 28, 2021 - Noon – 5:00 p.m.

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

6/12/20