

# **School Employees Benefits Board Retreat**

**January 27, 2022**

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## School Employees Benefits Board

January 27, 2022

9:00 a.m. – 3:30 p.m.

### Attendance by Zoom Only

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

## Table of Contents

Meeting Agenda .....	1-1
Member List.....	1-2
Meeting Schedule 2022 .....	1-3
SEB Board By-Laws .....	2-1
Washington Health Care Cost Transparency Board.....	3-1
Pharmaceuticals Initiatives and Transparency .....	4-1
Cost Transparency and Value-Based Purchasing Impacts Panel Discussion .....	5-1
Washington Demographics.....	6-1
COBRA Subsidy Update.....	7-1
Open Enrollment Update .....	8-1
2022 Open Enrollment Summary	
SEBB 2022 Enrollment Changes	
Long-Term Disability (LTD)	
Benefit Update: Tax-Advantaged Accounts	
Dual Enrollment Implementation	
2022 Legislative Session and Recent Legislative Reports .....	9-1
Governor’s Proposed Budget Update - SEBB .....	10-1
Procurement and Benefit Planning Cycles .....	11-1
Optional Benefits Survey .....	12-1
SEBB Financial Overview.....	13-1

**TAB 1**

**School Employees Benefits Board  
January 27, 2022  
9:00 a.m. – 3:30 p.m.**

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

**TO JOIN ZOOM MEETING – SEE INFORMATION BELOW**

9:00 a.m.*	<b>Welcome and Introductions</b>		Lou McDermott, Chair	
9:05 a.m.	<b>Meeting Overview</b>		Dave Iseminger, Director Employees & Retirees Benefits (ERB) Division	Information
9:10 a.m.	<b>Washington Health Care Cost Transparency Board</b>	TAB 3	AnnaLisa Gellermann, Manager Cost Board & Commission Policy Division	Information/ Discussion
9:55 a.m.	<b>Pharmaceuticals Initiatives and Transparency</b>	TAB 4	Donna Sullivan, PharmD, MS Chief Pharmacy Officer Clinical Quality & Care Transformation (CQCT)	Information/ Discussion
10:30 a.m.	<b>Break</b>			Information/ Discussion
10:40 a.m.	<b>Cost Transparency and Value- Based Purchasing Impacts Panel Discussion</b>	TAB 5	Panel Moderator: Dr. Emily Transue, HCA Medical Director  Andrew Oliveira, MD, MHA Senior Executive Medical Director Regence Blue Shield, WA  Ross Laursen, Vice President Health Care Economics Premera Blue Cross  Avantika Waring, MD Medical Director KPWA Diabetes Program and Commercial Business  Kelly George, MD Medical Director of Financial Health NW Permanente	Information/ Discussion
11:40 a.m.	<b>Working Lunch</b>  • <b>Washington Demographics</b>	TAB 6	Dave Iseminger, Director, ERB  John Partin, Manager Benefits Strategy & Design Section ERB Division	Information/ Discussion

12:10 p.m.	<b>COBRA Subsidy Update</b>	TAB 7	Kat Cook, Benefit Strategy Analyst Benefits Strategy & Design Section ERB Division	Information/ Discussion
12:30 p.m.	<b>Open Enrollment Update</b> <ul style="list-style-type: none"> <li>• <b>2022 Open Enrollment Summary</b></li> <li>• <b>SEBB 2022 Enrollment Changes</b></li> <li>• <b>Long-Term Disability (LTD)</b></li> <li>• <b>Benefit Update: Tax-Advantaged Accounts</b></li> <li>• <b>Dual Enrollment Implementation</b></li> </ul>	TAB 8	Renee Bourbeau, Manager Stacy Grof-Tisza, Customer Service Operations Manager Benefits Accounts Section ERB Division  Lauren Johnston, Senior Account Manager Portfolio Management & Monitoring Section, ERB Division  Kimberly Gazard, Contract Manager Portfolio Management & Monitoring Section, ERB Division  Marty Thies, Unit Manager Portfolio Management & Monitoring Section, ERB Division  Cade Walker, Special Executive Assistant, ERB Division	Information/ Discussion
1:00 p.m.	<b>Break</b>			
1:10 p.m.	<b>2022 Legislative Session &amp; Recent Legislative Reports</b>	TAB 9	Cade Walker, Special Executive Assistant, ERB Division	Information/ Discussion
1:30 p.m.	<b>Governor's Proposed Budget Update - SEBB</b>	TAB 10	Tanya Deuel, ERB Finance Manager Financial Services Division	Information/ Discussion
1:55 p.m.	<b>Procurement and Benefit Planning Cycles</b>	TAB 11	John Partin, Manager Benefits Strategy & Design Section ERB Division	Information/ Discussion
2:10 p.m.	<b>Optional Benefits Survey</b>	TAB 12	Cade Walker, Special Executive Assistant, ERB Division	Information/ Discussion
2:25 p.m.	<b>SEBB Financial Overview</b>	TAB 13	Tanya Deuel, ERB Finance Manager Financial Services Division	Information/ Discussion
2:55 p.m.	<b>2022 Board Preview</b>		Dave Iseminger, Director ERB Division	Information/ Discussion
3:05 p.m.	<b>Public Comment</b>			
3:20 p.m.	<b>Closing</b>		Lou McDermott, Chair	
3:30 p.m.	<b>Adjourn</b>			

\*All Times Approximate

The School Employees Benefits Board will meet Thursday, January 27, 2022, for their annual Board Retreat. Due to COVID-19 and out of an abundance of caution, all Board Members and attendees will attend this meeting virtually.

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

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

To provide public comment by email, direct e-mail to: [board@hca.wa.gov](mailto:board@hca.wa.gov).

Materials posted at: <http://www.pebb.hca.wa.gov/board/> by close of business on January 24, 2022.

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[Join Zoom Meeting](#)

<https://zoom.us/j/95103551025?pwd=NUF2eVZEZ0g0b1NQYUcxNjEzYTZDZz09>

Meeting ID: 951 0355 1025

Passcode: 088866

One tap mobile

+12532158782,,95103551025#,,, \*088866# US (Tacoma)

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+1 346 248 7799 US (Houston)

+1 301 715 8592 US (Washington DC)

+1 312 626 6799 US (Chicago)

+1 929 205 6099 US (New York)

Meeting ID: 951 0355 1025

Passcode: 088866

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

## SEB Board Members

Name	Representing
Lou McDermott, Deputy Director Health Care Authority 626 8 <sup>th</sup> Ave SE PO Box 42720 Olympia, WA 98504-2720 V 360-725-0891 <a href="mailto:louis.mcdermott@hca.wa.gov">louis.mcdermott@hca.wa.gov</a>	Chair
Kerry Schaefer 1405 N 10 <sup>th</sup> ST Tacoma, WA 98403 C 253-227-3439 <a href="mailto:SEBBoard@hca.wa.gov">SEBBoard@hca.wa.gov</a>	Employee Health Benefits Policy and Administration
Pete Cutler 7605 Ostrich DR SE Olympia, WA 98513 C 360-789-2787 <a href="mailto:SEBBoard@hca.wa.gov">SEBBoard@hca.wa.gov</a>	Employee Health Benefits Policy and Administration
Dawna Hansen-Murray 9932 Jackson ST Yelm, WA 98597 C 360-790-4961 <a href="mailto:SEBBoard@hca.wa.gov">SEBBoard@hca.wa.gov</a>	Classified Employees
Dan Gossett 603 Veralene Way SW Everett, WA 98203 C 425-737-2983 <a href="mailto:SEBBoard@hca.wa.gov">SEBBoard@hca.wa.gov</a>	Certificated Employees

## SEB Board Members

### Name

### Representing

Pamela Kruse  
6440 Lake Saint Clair DR SE  
Olympia, WA 98513  
V 360-790-0995  
[SEBBoard@hca.wa.gov](mailto:SEBBoard@hca.wa.gov)

Certificated Employees

Terri House  
Marysville School District  
4220 80<sup>th</sup> ST NE  
Marysville, WA 98270  
V 360-965-0010  
[SEBBoard@hca.wa.gov](mailto:SEBBoard@hca.wa.gov)

Classified Employees

Amy McGuire  
Knox 111 Administrative Center  
111 Bethel Street NE  
Olympia, WA 98506  
V 360-596-6187  
[SEBBoard@hca.wa.gov](mailto:SEBBoard@hca.wa.gov)

Employee Health Benefits Policy  
and Administration  
(WASBO)

Alison Poulsen  
12515 South Hangman Valley RD  
Valleyford, WA 99036  
C 509-499-0482  
[SEBBoard@hca.wa.gov](mailto:SEBBoard@hca.wa.gov)

Employee Health Benefits Policy  
and Administration

### Legal Counsel

Katy Hatfield, Assistant Attorney General  
7141 Cleanwater Dr SW  
PO Box 40124  
Olympia, WA 98504-0124  
V 360-586-6561  
[Katy.Hatfield@atg.wa.gov](mailto:Katy.Hatfield@atg.wa.gov)

1/21/22





STATE OF WASHINGTON  
**HEALTH CARE AUTHORITY**

626 8th Avenue SE • PO Box 45502 • Olympia, Washington 98504-5502

**SEB BOARD MEETING SCHEDULE**

**2022 School Employees Benefits (SEB) Board Meeting Schedule**

The SEB 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, 2022 - 9:00 a.m. – 4:00 p.m.

March 3, 2022 - 9:00 a.m. – 2:00 p.m.

April 7, 2022 - 9:00 p.m. – 2:00 – p.m.

May 5, 2022 - 9:00 a.m. – 2:00 p.m.

June 2, 2022 - 9:00 a.m. – 2:00 p.m.

June 23, 2022 - 9:00 a.m. – 2:00 p.m.

July 7, 2022 - 9:00 a.m. – 2:00 p.m.

July 21 2022 - 9:00 a.m. – 2:00 p.m.

July 28, 2022 - 9:00 a.m. – 2:00 p.m.

\*Meeting times are tentative

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

7/16/21

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

DATE: July 16, 2021

TIME: 2:29 PM

WSR 21-15-080

**TAB 2**

## SCHOOL EMPLOYEES BENEFITS BOARD BY-LAWS

### ARTICLE I

#### *The Board and Its Members*

1. Board Function—The School Employees Benefits Board (hereinafter “the SEBB” or “Board”) is created pursuant to RCW 41.05.740 within the Health Care Authority; the SEBB’s function is to design and approve insurance benefit plans for school district, educational service district, and charter school employees, and to establish eligibility criteria for participation in insurance benefit plans.
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 41.05.740. A Board member whose term has expired but whose successor has not been appointed by the Governor may continue to serve until replaced.
4. Board Composition—The composition of the nine-member Board shall be in accordance with RCW 41.05.740. All nine members may participate in discussions, make and second motions, and vote on motions.
5. 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 Director or his or her designee shall serve as Chair of the Board and shall conduct meetings of the Board. The Chair shall have all powers and duties conferred by law and the Board’s By-laws. If the regular Chair cannot attend a regular or special meeting, the Health Care Authority Director may designate another person to serve as temporary Chair for that meeting. A temporary Chair designated for a single meeting has all of the rights and responsibilities of the regular Chair.
2. Vice Chair of the Board—In December 2017, and each January beginning in 2019, the Board shall select from among its members a Vice Chair. If the Vice Chair position becomes vacant for any reason, the Board shall select a new Vice Chair for the remainder of the year. The Vice Chair shall preside at any regular or special meeting of the Board in the absence of a regular or temporary Chair.

### 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 shall be conducted in accordance with the Open Public Meetings Act, Chapter 42.30 RCW, but the Board may enter into an executive session as permitted by the Open Public Meetings Act.
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 24 hours prior to the meeting date or as otherwise required by the Open Public Meetings Act. Agendas may be sent by electronic mail and shall also be posted on the HCA website. An audio recording (or other generally-accepted electronic recording) shall be made of each meeting. HCA staff will provide minutes summarizing each meeting from the audio recording. Summary minutes shall be provided to the Board for review and adoption at a subsequent Board meeting.
6. Attendance—Board members shall inform the Chair with as much notice as possible if unable to attend a scheduled Board meeting. Board staff preparing the minutes shall record the attendance of Board members in the minutes.

**ARTICLE V**  
**Meeting Procedures**

1. Quorum—Five voting members of the Board shall constitute a quorum for the transaction of business. No final action may be taken in the absence of a quorum. The Chair may declare a meeting adjourned in the absence of a quorum necessary to transact business.
2. Order of Business—The order of business shall be determined by the agenda.
3. Teleconference Permitted—A Board member may attend a meeting in person or, by special arrangement and advance notice to the Chair, by telephone conference call or video conference when in-person attendance is impracticable.

4. Public Testimony—The Board actively seeks input from the public at large, from enrollees served by the SEBB Program, and from other interested parties. Time is reserved for public testimony at each regular meeting, generally at the end of the agenda. At the direction of the Chair, public testimony at Board meetings may also occur in conjunction with a public hearing or during the Board’s consideration of a specific agenda item. The Chair has authority to limit the time for public testimony, including the time allotted to each speaker, depending on the time available and the number of persons wishing to speak.
5. Motions and Resolutions—All actions of the Board shall be expressed by motion or resolution. No motion or resolution shall have effect unless passed by the affirmative votes of a majority of the Board members present and eligible to vote, or in the case of a proposed amendment to the By-laws, a 2/3 majority of the Board .
6. Representing the Board’s Position on an Issue—No Board member may endorse or oppose an issue purporting to represent the Board or the opinion of the Board on 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 temporary Chair designated by the Health Care Authority Director from voting.
8. 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.
9. 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 Newly Revised. Board staff shall ensure a copy of *Robert’s Rules* is available at all Board meetings.
10. 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 VI**  
**Amendments to the By-Laws and Rules of Construction**

1. Two-thirds majority required to amend—The SEBB 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**




Washington State  
Health Care Authority

SCHOOL EMPLOYEES BENEFITS BOARD

# Washington's Health Care Cost Transparency Board

AnnaLisa Gellermann  
Board Manager  
Health Care Authority  
January 27, 2022



# Agenda

- Basics of the Health Care Cost Transparency Board (HCCTB)
- The problem we are solving
- Decisions made and next steps



# What is a Cost Growth Benchmark?

## What is a cost growth benchmark?

- A health care cost growth benchmark is a per annum rate-of-growth benchmark for health care costs for a given state

## Why pursue a cost growth benchmark?

- To curb health care spending growth

# Cost Benchmark Purpose

- Increase affordability for the people of Washington through lowering the growth of health care costs to a sustainable rate
- Board identified considerations include:
  - Quality
  - Access
  - Spending on health-related social needs

# Board Structure

- **The HCCTB is made up of 14 members**
  - Representation from purchasers, large and small businesses, local and state government, University of Washington, and others
- **Two advisory committees support the HCCTB:**
  - Health Care Providers and Carriers
  - Data Issues

# Health Care Cost Transparency Board Members

- Sue Birch, Director, HCA (chair)
- Lois Cook, Owner/Operator, America's Phone Guys
- John Doyle, CFO, Starr Ranch Growers
- Bianca Frogner, PhD, Director of Center for Health Workforce Studies, UW
- Sonja Kellen, Senior Director, Global Health and Wellness, Microsoft
- Pam MacEwan, CEO, WAHBE
- Molly Nollette, Deputy Commissioner for Rates and Forms, OIC
- Mark Siegel, Director of Employee Benefits, Costco
- Margaret Stanley
- Kim Wallace, Medical Administrator, L&I
- Carol Wilmes, Director of Member Pooling Programs, Association of WA Cities
- Edwin Wong, PhD, Research Associate Professor, UW
- Laura Kate Zaichkin, Director of Health Plan Performance, SEIU 775 Benefits Group
- Jody Joyce, CEO, Unity Care NW (Advisory Committee Representative, non-voting member)

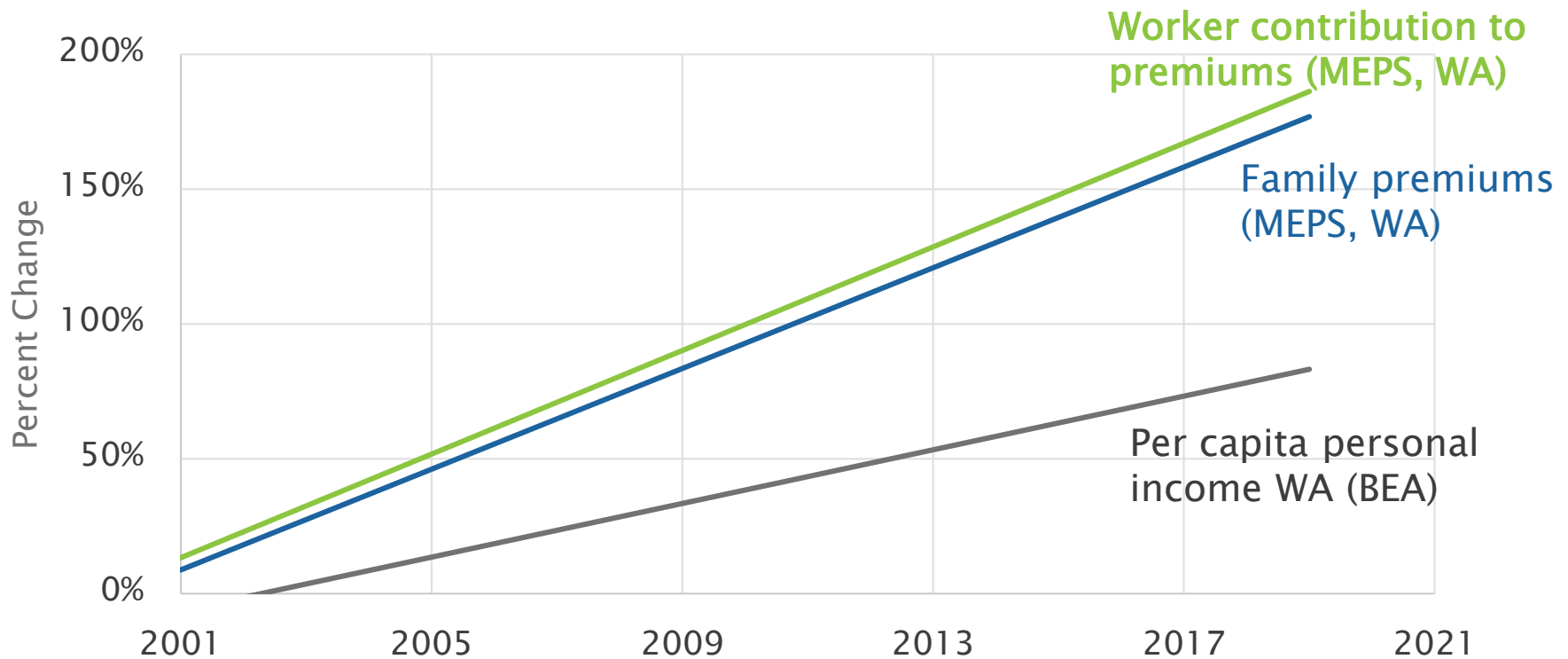
# The Problem of High Cost

- We spend too much
  - In 2017, the U.S. spent 17.9% of gross domestic product (GDP) on health care services and Switzerland, the country with the second highest share, spent only 12%
  - Nationally in 2019, total health spending was \$1.4 trillion
  - Government (federal, state, and local) represents roughly 45% of total spending

# The Problem of Growing Cost

Percentage growth	Economic Indicator	Time Period
4.0%	Per capita cost	2017–2018
2.6%	GDP	Quarter 4 of 2018
3.38%	Nominal wage growth	December 2018
<b>6.2%</b>	<b>Health services spending</b>	<b>2019</b>

# The Problem of Growing Cost (*cont.*)



Graphs are linear trendlines of the data

Sources: AHRG's Medical Expenditure Survey, Tables D.1 and D.2 for 2001-2019 and Bureau of Economic Analysis

# The Problem of Growing Cost (*cont.*)

- The average share of U.S. household budgets devoted to health care increased from 5.2% to 8.2% over 30 years
- Middle class families' spending on health care increased 25% since 2007
- In 2017, roughly 7% of insured adults and 28% of uninsured adults said they delayed or did not receive medical care due to cost



# Legislative Charge for the HCCTB: House Bill 2457 (2020)

- Establish a health care cost growth benchmark/target percentage to limit growth
- Annually collect payer spending data
- Determine **total health care expenditures annually** and trends in growth
- Analyze Washington-specific cost drivers
- Provide annual reports and recommendations to the Legislature

# HCCTB Decision: Sources for Total Health Care Expenditures

- Medicare
- Medicaid
- Medicare and Medicaid “duals”
- Commercial (fully insured and self-insured)
- L&I’s worker’s compensation (state fund)
- Department of Corrections

# HCCTB Decision: Cost Benchmark

- 70% historic median wage and 30% potential gross state product (PGSP)
- Initial period of 5 years
- Assess impacts annually
- Consider change under “extraordinary circumstances”

Years	Target
2022	3.2%
2023	3.2%
2024	3.0%
2025	3.0%
2026	2.8%

# Cost Benchmarks in Participating States

	5-Year Average (2010-2014)	10-Year Average (2005-2014)	20-Year Average (1995-2014)	Cost Growth Benchmark
Massachusetts	3.0%	4.7%	5.1%	3.6% for 2013-2017 3.1% for 2018-2022
Delaware	5.1%	5.7%	5.6%	3.8% for 2019 3.5% for 2020 3.25% for 2021 3.0% for 2022-2023
Rhode Island	2.6%	3.7%	5.3%	3.2% for 2019-2022
Oregon	5.3%	5.9%	5.7%	3.4% for 2021-2025 3.0% for 2026-2030
Connecticut	2.4%	3.9%	4.8%	3.4% for 2021 3.2% for 2020 2.9% for 2023-2025
<b>Washington</b>	<b>4.1%</b>	<b>5.8%</b>	<b>6.7%</b>	<b>3.2% for 2022-2023</b> <b>3.0% for 2023-2025</b> <b>2.8% for 2026</b>

Source: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group  
National Health Expenditure Data: National Health Expenditures by State of Residence, June 2017

# Peterson-Milbank Program for Sustainable Health Care Costs

- Goal to advance state-based efforts to make health care more affordable
- States selected for participation are Connecticut, Nevada, New Jersey, Oregon, and Washington
- Grant includes:
  - Technical assistance on benchmark and cost-driver analysis through Bailit Health
  - Assistance for IT/data development
  - Organized interstate cooperation and education

# How Could This Data Be Used?

- Highlight variance for purchasers and policymakers
- Create a common expectation
- Access data insights that can help purchasers shape their benefits and sourcing strategies
  - Identify high-performing providers
  - Identify opportunities for improvement
  - Strategically structure network and benefit design to encourage high-value care

# Upcoming Board/Advisory Activities

- Annual data collection design and implementation
- Report to the Legislature
  - Benchmark baseline: 2022
  - Performance against the benchmark: 2023
- Board review of current cost-related initiatives
- Policy recommendations on general cost mitigation strategies
- Analysis of specific cost drivers

# Questions?

AnnaLisa Gellermann, HCCT Board Manager  
[annalisa.gellermann@hca.wa.gov](mailto:annalisa.gellermann@hca.wa.gov)

Board Website:

<https://www.hca.wa.gov/about-hca/health-care-cost-transparency-board>



# Appendix

# Advisory Committee of Health Care Providers and Carriers

Name	Title	Place of Business
Patricia Auerbach	Market Chief Medical Officer	United Healthcare
Mark Barnhart	Chief Executive Officer	Proliance Surgeons, Inc., P.S.
Bob Crittenden	Physician and Consultant	Empire Health Foundation
Bill Ely	Vice President of Actuarial Services	Kaiser Permanente
Paul Fishman	Professor, Dept. of Health Services	University of Washington
Jodi Joyce	Chief Executive Officer	Unity Care NW
Louise Kaplan	Associate Professor, Vancouver	WSU College of Nursing
Stacy Kessel	Chief Finance and Strategy Officer	Community Health Plan of Washington
Ross Laursen	Vice President of Healthcare Economics	Premera Blue Cross
Todd Lovshin	Vice President and WA State Executive	PacificSource Health Plans
Vicki Lowe	Executive Director	American Indian Health Commission
Mike Marsh	President and Chief Executive Officer	Overlake Hospital and Medical Center
Natalia Martinez-Kohler	Vice President of Finance and CFO	MultiCare Behavioral Health
Megan McIntyre	Pharmacy Director, Business Services	Virginia Mason
Mika Sinanan	Surgeon and Medical Director	UW Medical Center
Dorothy Teeter	Consultant	Teeter Health Strategies
Wes Waters	Chief Financial Officer	Molina HealthCare of Washington

# Advisory Committee on Data Issues

Name	Title	Place of Business
Megan Atkinson	Chief Financial Officer	Health Care Authority
Amanda Avalos	Deputy, Enterprise Analytics, Research, and Reporting	Health Care Authority
Allison Bailey	Executive Director, Revenue Strategy and Analysis	MultiCare Health System
Jonathan Bennett	Vice President, Data Analytics, and IT Services	Washington State Hospital Association
Purav Bhatt	Regional VP Operations, Management, and Innovation	OptumCare Washington
Bruce Brazier	Administrative Services Director	Peninsula Community Health Services
Jason Brown	Budget Assistant	Office of Financial Management
Jerome Dugan	Assistant Professor, Department of Health Services	University of Washington
Leah Hole-Marshall	General Counsel and Chief Strategist	Health Benefit Exchange
Scott Juergens	Division Director, Payer Analytics and Economics	Virginia Mason Franciscan Health
Lichiou Lee	Chief Actuary	Office of the Insurance Commissioner
Josh Liao	Medical Director of Payment Strategy	University of Washington
Dave Mancuso	Director, Research and Data Analysis Division	DSHS, Research and Data Analysis
Ana Morales	National Director, APM Program	United Healthcare
Thea Mounts	Senior Forecast Coordinator	Office of Financial Management
Hunter Plumer	Senior Consultant	HealthTrends
Mark Pregler	Director, Data Management and Analytics	Washington Health Alliance
Julie Sylvester	Senior Consultant, Contracting and Payer Relations	University of Washington Medicine

**TAB 4**



# Pharmaceutical Initiatives and Transparency

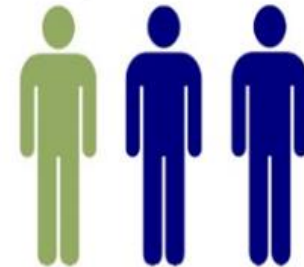
Donna L. Sullivan, PharmD, MS  
Chief Pharmacy Officer  
Health Care Authority  
January 27, 2022

# What We Do at HCA

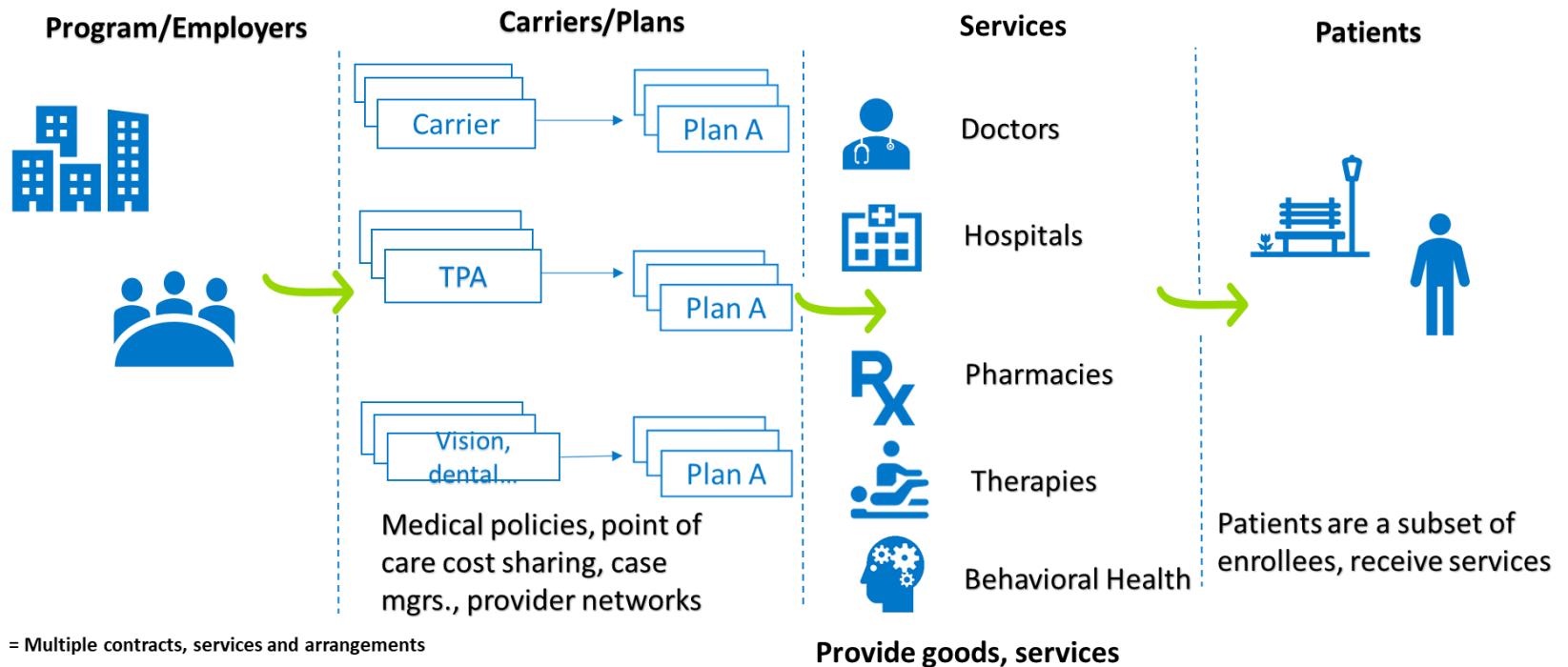
State's largest health care purchaser:

- Medicaid (Apple Health)
  - 1.9 million people
- Public Employees Benefits
  - 380,000 people
- School Employees Benefits
  - 265,000 people

We purchase care for 1  
in 3 non-Medicare  
Washington residents  
with an annual spend  
over \$14B, \$2.5B is  
drug costs



# Simplified-US Healthcare System Overview



# Simplified Pharmacy Distribution/Purchasing Overview

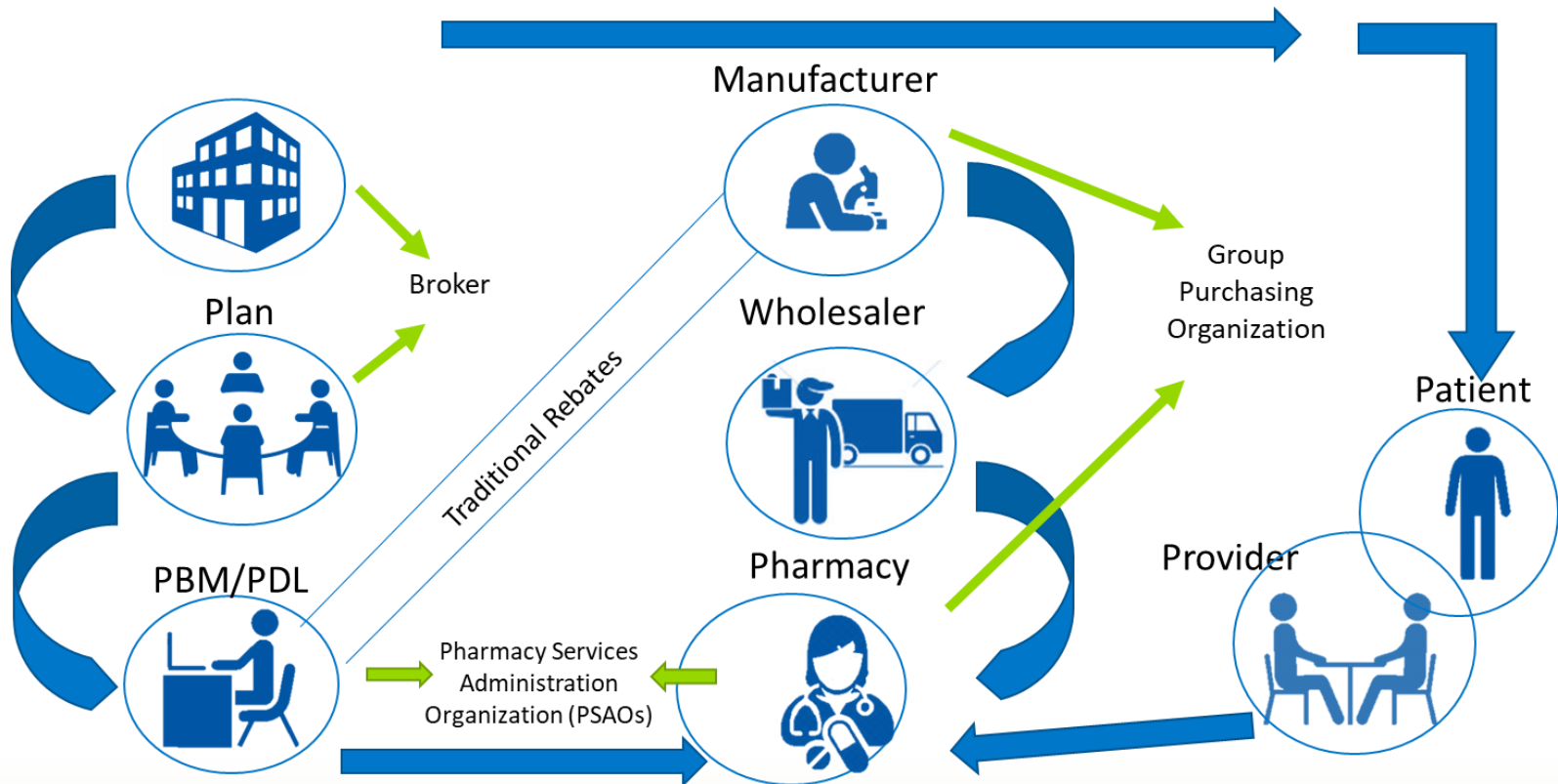
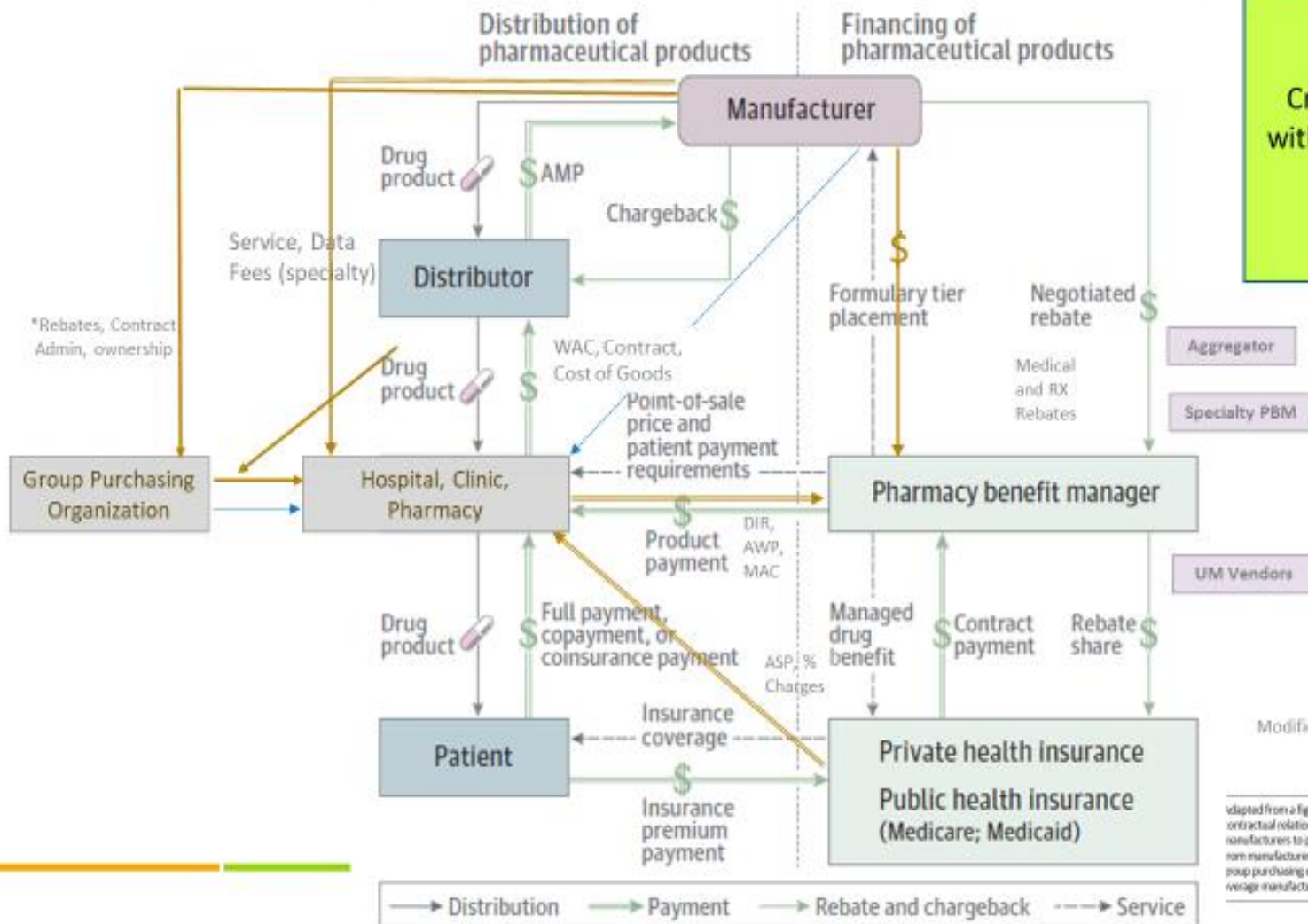




Figure. Flow of Pharmaceutical Funds, Products, and Services



Creating transparency within this pricing design is a challenge.

Modified MM 1/2021

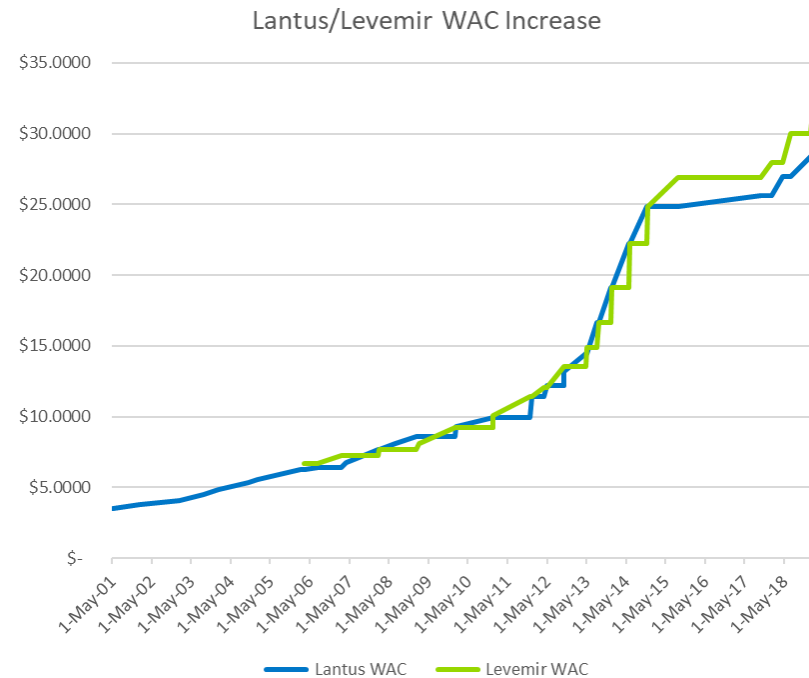
Adapted from a figure by the Congressional Budget Office. Services represent contractual relationships between entities. Rebates are payments from manufacturers to pharmaceutical benefit managers. Chargebacks are payments from manufacturers to distributors. Retailers include pharmacies, hospitals, group purchasing organizations, and mail-order programs. AMP indicates average manufacturer price; WAC, wholesale acquisition cost.

# All Types of Payers Purchase Drugs

- Public, private, and uninsured purchase drugs from the same drug distribution system (i.e., manufacturer to wholesaler to pharmacy)
- Federal laws regulate how federal programs reimburse for drugs based off pricing benchmarks, using percentages off prices that manufacturers set
- Manufacturers can set prices high enough to ensure revenue from payers, to compensate for discounts required under federal programs (Medicaid)

# Price Increases

- As manufacturers determine the WAC (wholesale acquisition cost) they'd like to charge; the impacts are felt throughout the system, especially if there are no other comparable drugs
- No control over price  
Purchasers can only negotiate rebates and manage utilization
- 258 drugs (NDCs) had a price increase in July 2021 ranging from a 1% increase to a 908% increase



# Current Major Initiatives...

- Prescription Drug Consortium
- Drug Price Transparency Program
- Total Cost of Insulin Work Group
- SB 5203 - Lowering the cost of insulin and generic drugs for all WA residents through arrangements with a GPO, manufacturer, Pharmacy Benefit Manager (PBM), wholesaler, or other states
- SB 5195 - Exploring a group purchasing arrangement for opioid reversal medication

# Working Strategies: The NW Drug Purchasing Consortium

- An inter-state agreement between the states of Oregon and Washington designed to meet the pharmacy program needs of public and private entities
- Overseen by WPDP and OPDP, it offers services including:
  - PBM services (network management, rebating, claims payment, billing and reconciliation)
  - GPO Program (managed via a national GPO, aggressive class of trade pricing, integration with PBM services where applicable, regular market checks)
  - A discount card program (discount card offers individual consumers pricing comparable to participating groups under the NW Consortium)
- There is a legislative requirement for state purchasers to participate in the Consortium unless they are receiving a better price
- Participation in the Consortium is available for other states and organizations



# Drug Price Transparency Program

## Reporting Entities

### Carriers

- 17 of 19 carriers submitted successfully

### PBMs

- 19 of 24 PBMs submitted successfully

### PSAOs

- 0 of 6 PSAOs have reported

### Manufacturers

- 1,237 covered drug reports and 263 new drug reports

## Enforcement

Enforcement process designed and may begin early 2022

## Annual report due January 1, 2022

### Will include:

- Changes to drug spending and health plan premiums 2017–2019
- Underpaid pharmacy appeals 2018–2019
- Reported price increases 2019–2021

# HB 2662: Total Cost of Insulin Workgroup

## Workgroup Directive

Review strategies to reduce the cost of and the total expenditures on insulin in WA, including:

- State agency becoming a wholesaler
- State agency becoming a pharmacy benefit manager
- Purchasing drugs directly from other states or in coordination with other states

## Status

### Identifying workgroup members

- Expect Governor appointments soon

### First meeting planned for March 2022

- Will form sub-groups after this meeting

**Governor's budget and agency request legislation to restore funding and adjust timelines**

# SB 5203: Generic drug & insulin purchasing

## Directive

Lower the cost of insulin for all WA residents

Via arrangements with a GPO, manufacturer, PBM, wholesaler, or pharmacy

## Status

**Contracted with the Center for Evidence-Based Medicine at Oregon Health and Science University (OHSU) for:**

- Stakeholder engagement
- Market research (including a survey sent to stakeholders)
- Identify approaches, levers, and options
- Draft report
- Data analytics



# SB 5195: Naloxone

## Directive

## Status

**Provide training and technical assistance to providers**

**Educational materials have been drafted**

- Input received from the Department of Health and the Addictions Drug and Alcohol Institute (ADAI)

**Pay for naloxone for uninsured WA residents**

**Anticipated start date: January 1, 2022**

**Establish a bulk purchasing and distribution program for opioid overdose reversal medication**

- Currently working with OHSU to explore options
- Stakeholder engagement
- **Will provide legislature with costs to implement once a plan is finalized**

# Questions?

Donna L. Sullivan, Chief Pharmacy Officer  
Clinical Quality & Care Transformation Division

[Donna.Sullivan@hca.wa.gov](mailto:Donna.Sullivan@hca.wa.gov)

**TAB 5**



# Cost Transparency & Value-Based Purchasing Impacts Panel Discussion

Emily Transue, MD  
HCA Medical Director  
Panel Moderator  
January 27, 2022

# Andrew B. Oliveira, MD, MHA

*Senior Executive Medical Director,  
Population Health, Regence Blue Shield, WA*

Dr. Oliveira received his medical degree from the University of California, at San Francisco School of Medicine. Drew completed his residency at Swedish Hospital Medical Center. He is board certified in Family Medicine and practiced the full spectrum of family medicine including obstetrics for two decades.

His practice began at the Sea Mar Community Health Center in Seattle, a multi-lingual, low-income practice setting. He then transitioned to Valley Medical Center in Renton, WA where he ran a Family Medicine Residency and practiced for 18 years as the residency program director. He received his Masters in Healthcare Administration from the University of Washington in 2001. Drew spent 13 years prior to Regence with a national carrier spanning the spectrum of traditional medical director roles (PA, UM, Network) through National Accounts sales, marketing, and product development.

For the Regence/Asuris plans, Drew is responsible for the clinical consulting group across the four-state region (executive medical directors, nurses, pharmacist support), provider collaboration in the WA market, population health management design and oversight, and cost stewardship for the health plans at the market level.

# Ross Laursen

*Vice President, Health Care Economics, Premera Blue Cross*

Ross Laursen leads several teams that provide actuarial and analytic support for Premera's provider management and network development activities. Ross provides strategic leadership on emerging health care topics and trends, including architecture and negotiation of value-based payment initiatives.

Ross joined Premera in 2005. Prior to that he was a Principal & Consulting Actuary, specializing in health care, with the consulting firm Milliman for twelve years.

Ross is a Fellow of the Society of Actuaries (FSA) and a Member of the American Academy of Actuaries (MAAA). He holds a Bachelor of Science in Mathematics from Pacific Lutheran University.

# Avantika Waring, MD

*Medical Director for KPWA Diabetes Program and Commercial Business*

Dr. Waring joined the Washington Permanente Medical Group (WPMG) in 2016 as an endocrinology physician at Kaiser Permanente's Capitol Hill campus. Avantika currently serves as both the medical director for KPWA's Diabetes Program and the medical director for Commercial Business.

In her clinical role, Avantika works with primary care teams across the state to help optimize diabetes care. Her general endocrine practice is based in Capitol Hill.

Avantika earned her undergraduate degree from Northwestern University and Doctor of Medicine from the University of Pennsylvania, and fellowship at the University of California San Francisco. Although she grew up in New Jersey, she considers herself a West Coaster. Avantika lives in Seattle with her husband and three boys.

# Kelly D. George, MD

*Medical Director of Financial Health, NW Permanente*

Kelly George, MD, is an Internal Medicine Physician practicing in her hometown of Portland, Oregon. She has been with NW Permanente since completing her residency training in 2014. After spending the first 6 years of her career as a primary care physician, she has narrowed her practice to focus primarily on diabetes.

In addition to her clinical role, she serves as the Medical Director for Financial Health which encompasses documentation and coding, revenue cycle, risk adjustment, and member financial health and cost transparency. Dr. George firmly believes that when physicians initiate conversations with their patients about cost, it leads to an improved ability to co-create a practical and successful treatment plan.



# Questions?

Dr. Emily Transue  
HCA Medical Director  
[Emily.transue@hca.wa.gov](mailto:Emily.transue@hca.wa.gov)

**TAB 6**



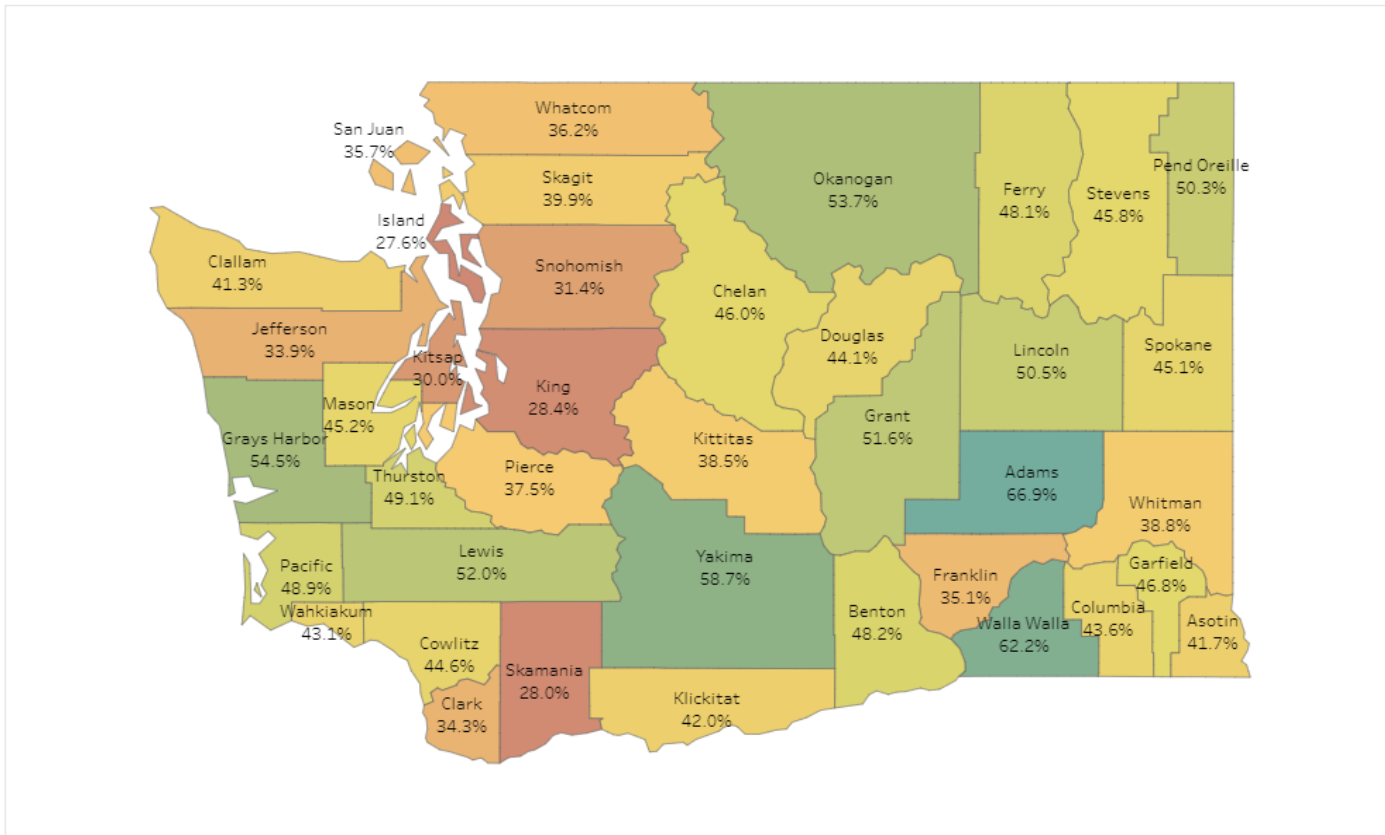
# Washington State Demographics

Dave Iseminger, Director  
Employees and Retirees Benefits Division  
January 26, 2022

John Partin, Manager  
Benefit Strategy and Design Section  
ERB Division

# Residents Covered by HCA Programs

HCA Covered Members by County



- Over 2 million residents access health care programs administered by the Health Care Authority

**% HCA Covered Members:** Percent of total county residents covered by products offered/administered by the Health Care Authority (i.e., Medicaid, PEBB, and SEBB).

**Medicaid Eligible Clients:** Medicaid clients who are eligible for the month as of November 2021.

**PEBB Members:** Distinct count of members enrolled PEBA medical, dental, life, or LTD benefits as of November 2021.

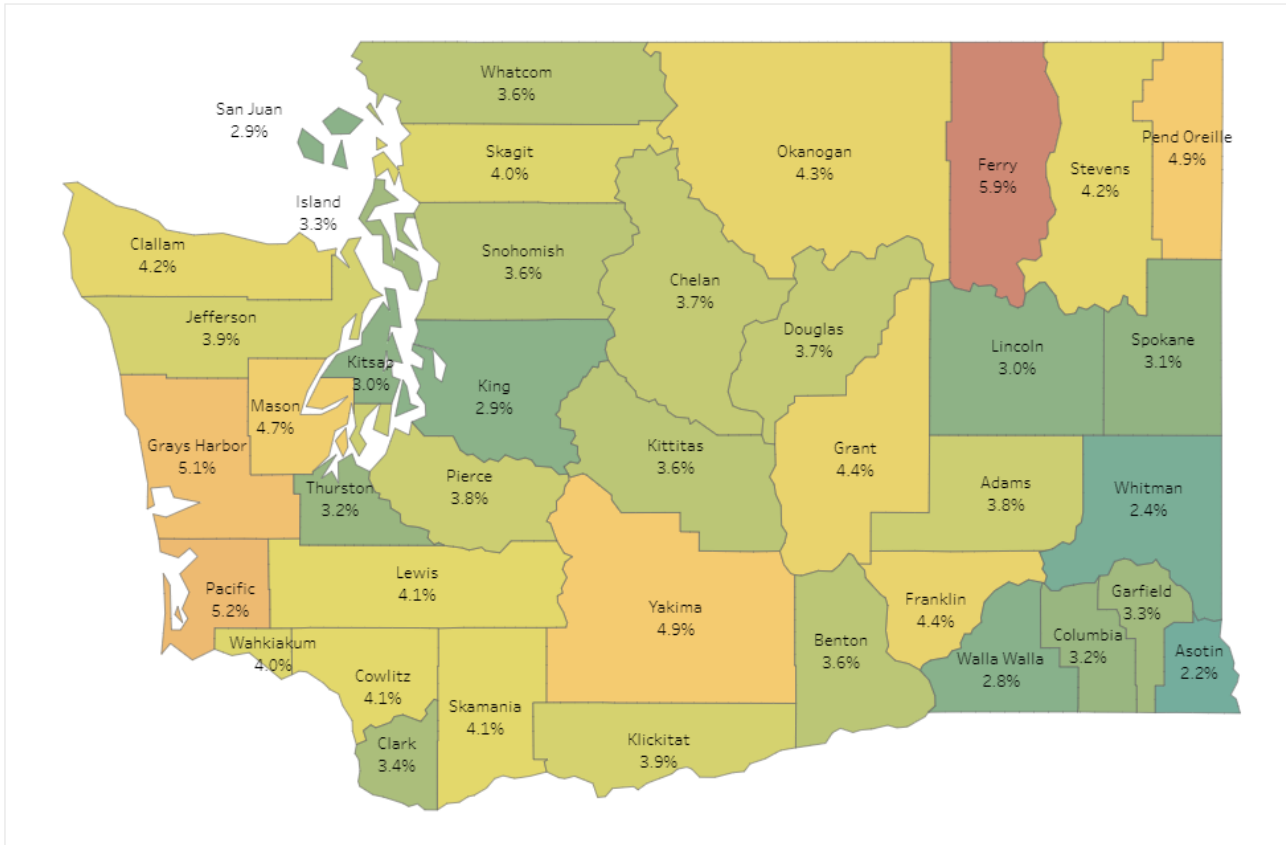
**SEBB Members:** Distinct count of members enrolled SEBB medical, dental, vision, life, or LTD benefits as of November 2021.

% HCA Covered Membe...



# Washington State Unemployment

## Unemployment by County



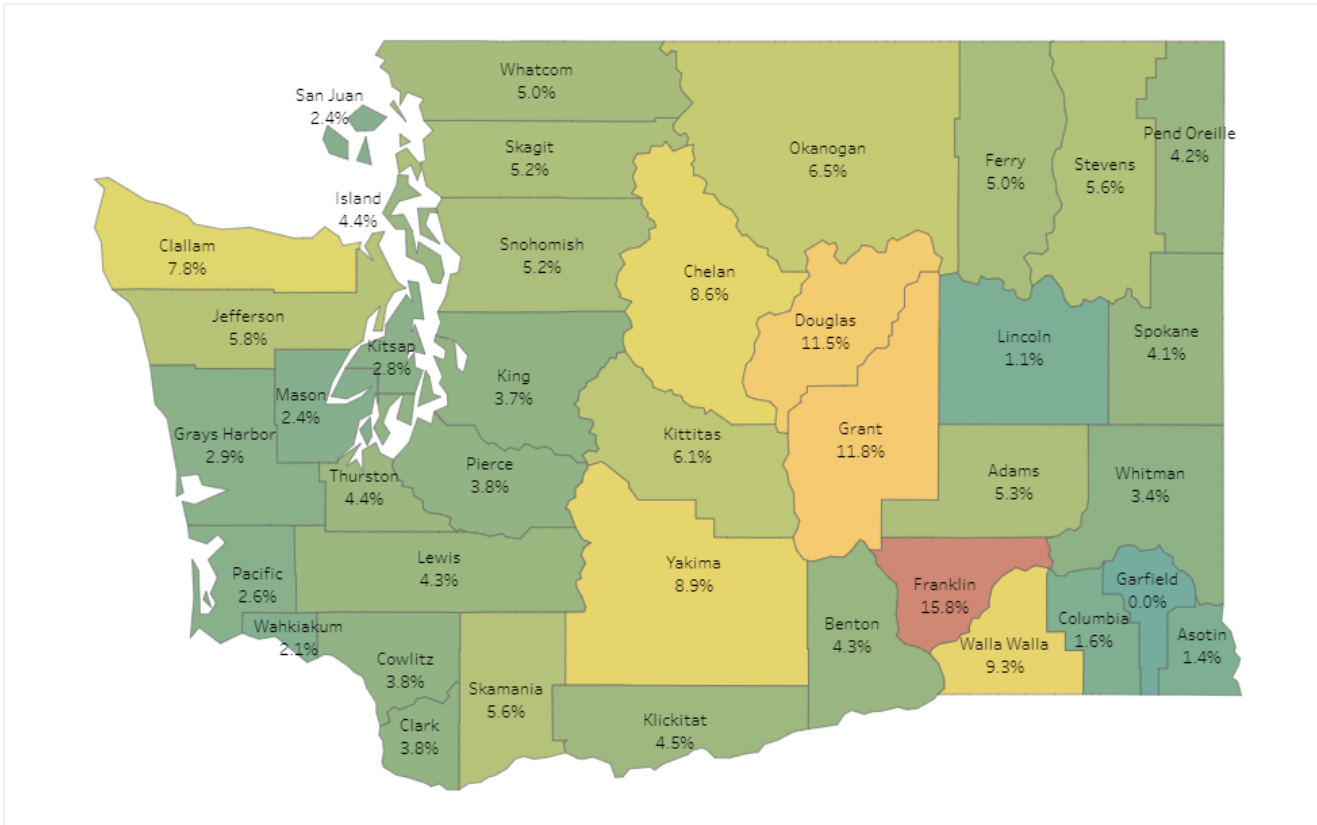
- Unemployment, while low, is higher than US average
- Apparent impact of retiree populations in some counties

Data Source: Employment Security Department monthly employment statistics by county for November 2021.



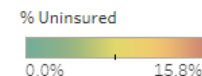
# Residents Without Health Insurance

Uninsured by County



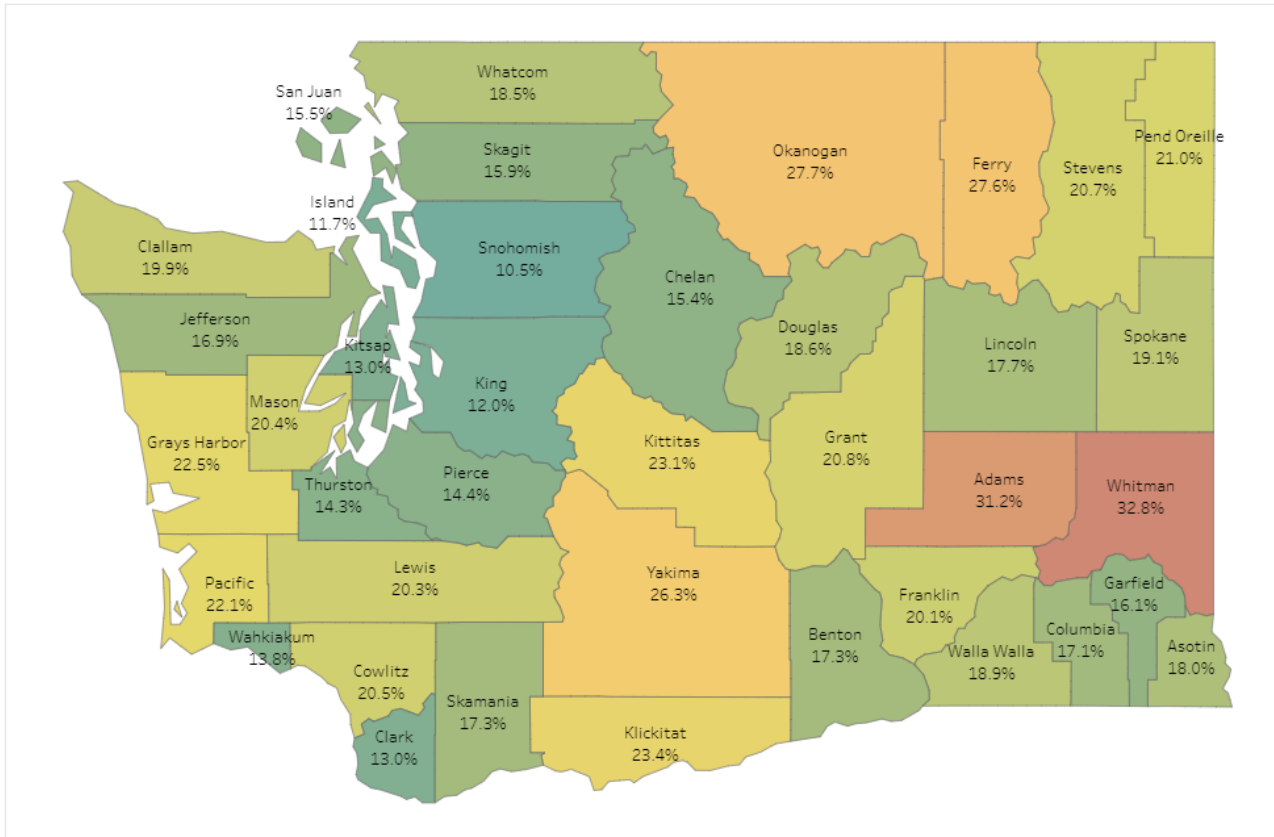
- Uninsured rates are lower than US average
- Low cost of insurance (expressed as percent of median incomes)

Data Source: Office of Financial Management county uninsured estimates, tracked internally, for October 2021.



# Residents Living in Poverty

Washington Residents, by County, Living in Poverty

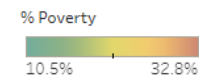


- Poverty rates are essentially at the US average
- Notable variations Eastern vs. Western Washington

Data Source: Department of Health, County Social Determinants of Health.

Percent of Washington residents, by county, living at or below 125% of the Federal Poverty Level over the 2013 - 2017, 5-Year Period.

<https://www.doh.wa.gov/DataandStatisticalReports/WashingtonTrackingNetworkWTN/SocialDeterminantsofHealth/CountyDashboard>



# Questions?

John Partin, Manager  
Benefit Strategy and Design Section  
Employees and Retirees Benefits Division  
[john.partin@hca.wa.gov](mailto:john.partin@hca.wa.gov)



**TAB 7**



# COBRA Subsidy Final Report

Kat Cook, Benefit Strategy Analyst  
Benefit Strategy and Design Section  
Employees and Retirees Benefits Division  
January 27, 2022

# What was the COBRA Subsidy?

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

# Subsidy Denials

- Reasons an applicant was denied the subsidy:
  - Eligible for other group coverage or Medicare
  - No longer eligible for COBRA (eligibility for continuation coverage from Resolution SEBB 2020-07 does not qualify for the COBRA subsidy)
  - Termination of employment was voluntary
- A denial letter was sent to any applicant denied coverage, it included:
  - Reason for denial
  - Appeal rights

# Why Did a Member's Subsidy End?

- They met their COBRA end date (eligibility for continuation coverage from Board Resolution SEBB 2020-07 does not qualify for the COBRA subsidy)
- They alerted HCA that they became eligible for other group coverage or Medicare
- The subsidy period ended

# 2021 COBRA Subsidy Statistics

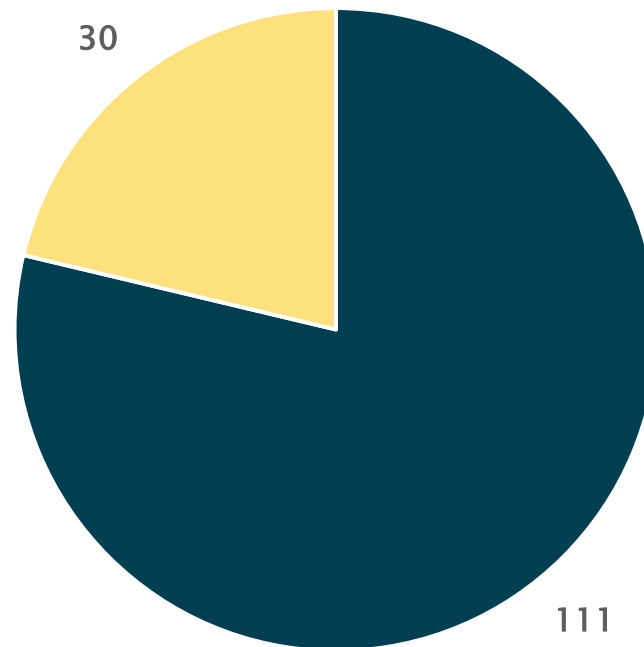
- 31,901 Notices sent to potentially eligible current/former school employees and dependents
- 343 Applications from current/former school employees
  - 141 Approved
  - 202 Denied

# Subsidy Appeals

- 12 total appeals in SEBB Program
- 6 appeals affirmed
- Most common reason for appeal – termination believed to be involuntary by applicant, but there was no supporting data in HCA documentation

# 2021 COBRA New Enrollees

## COBRA Subsidy Uptake

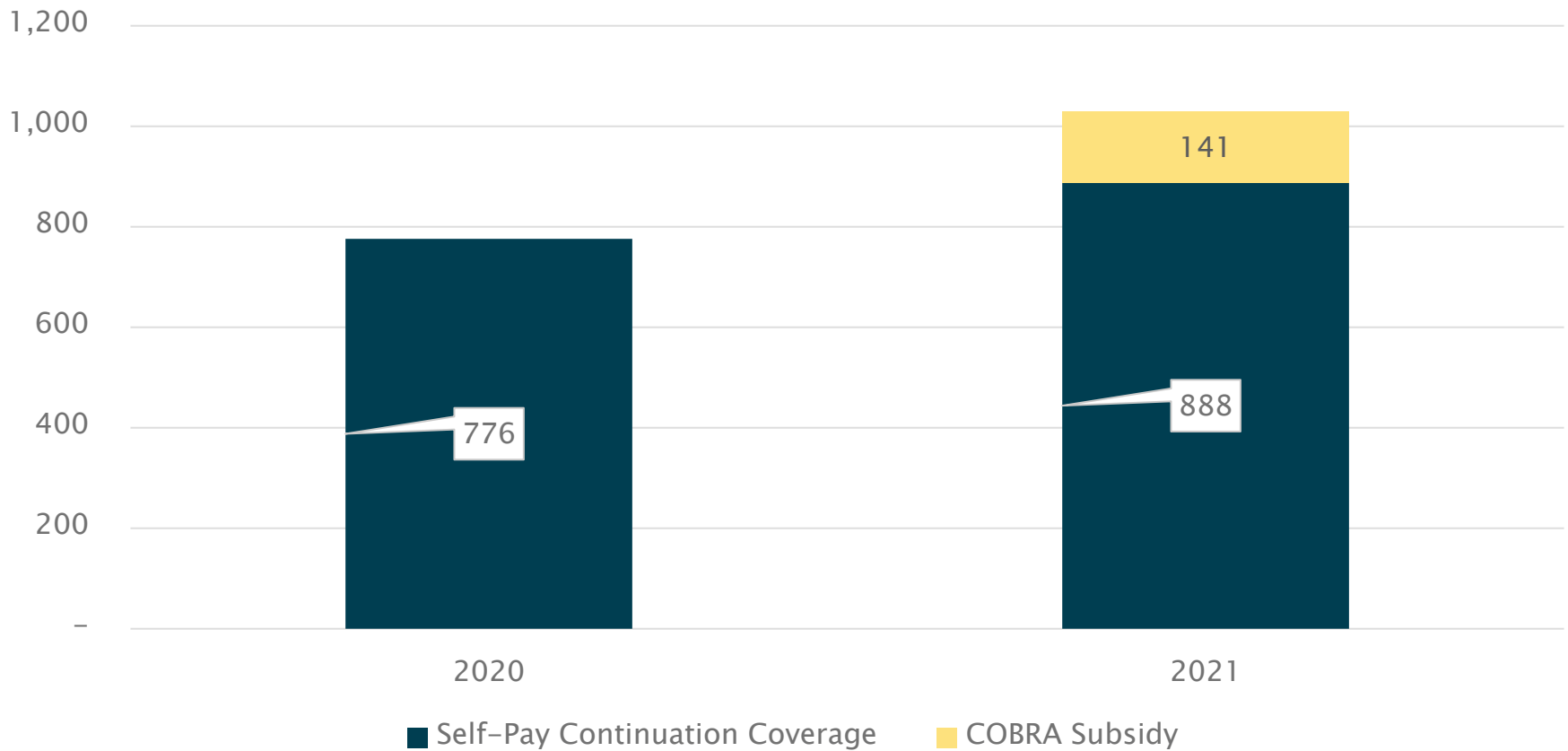


N=141

■ Newly Enrolled in COBRA    ■ Previously Enrolled in COBRA



# Continuation Coverage Utilization Trends



# Takeaways

- Subsidy ended September 30, 2021
- No indication about another subsidy at this time
- 113 Subsidy recipients remained in continuation coverage after the subsidy ended

# Questions?

Kat Cook, Benefit Strategy Analyst  
Benefit Strategy and Design Section  
Employees and Retirees Benefits Division  
[kat.cook@hca.wa.gov](mailto:kat.cook@hca.wa.gov)

**TAB 8**



# 2022 Open Enrollment Summary

Renee Bourbeau, Manager  
Benefits Accounts Section  
Employees & Retirees Benefits Division  
January 27, 2022

Stacy Grof-Tisza, Operations Manager  
Customer Service Unit  
Benefits Accounts Section  
Employees & Retirees Benefits Division

# Outreach and Training (O&T)

- A critical component of the coordinating work with School Districts' Benefits Administrators is with Outreach and Training (O&T)
- The team supports over 700 PEBB agencies' and SEBB organizations' payroll and benefit offices
- Since the agencies and organizations act as the first line of customer service for their employees, O&T staff provide training to the staff of these entities regarding program plan options, covered benefits, eligibility, rules, and enrollment processes
- When staff in these Organizations come across issues or need additional assistance, they reach out to O&T:
  - Through a dedicated 1-800 toll free line
  - And/or a secure online correspondence tool called "FUZE"

## Outreach and Training (*cont.*)

- Once debriefing and post open enrollment work is completed, kick off activities for the next open enrollment begin
- Work on strategies and process improvements. Examples:
  - Significant spike in FUZE inquiries in fall 2020 and longer response time from O&T to Benefits Administrators' inquiries
    - Requested more staff and the Governor's budget supported hiring four additional staff last year
  - Attended quarterly meetings with School District representatives to get feedback on improvements
    - Based on feedback, we shared an outline of the GovDelivery messaging ahead of our open enrollment distribution to them

# Open Enrollment Readiness

- Outreach and Training works with other HCA divisions on open enrollment year round
- Yearly pre-open enrollment activity examples:
  - Prepare communications to add in newsletters and letters
  - Pre-open enrollment webinars' topics and schedules
  - GovDelivery messaging to forward to the Organizations at open enrollment
  - Secure vendors' locations and schedules for the in-person benefits fairs (when available)



## Open Enrollment Readiness *(cont.)*

- Continue work on the Virtual Benefits Fairs (VBF)
- VBF is an online website created with the same goal in mind as an in-person benefits fair. Some VBF features:
  - Members can **learn about their benefits** from their home
  - Available anytime day or night and can be accessed via a computer, tablet, or smartphone
  - Some carriers provide direct interactive webinars, pre-recorded webinars, and teleconferences to share plan-specific information
  - Direct access to ALEX and links to SEBB *My Account*
- No in-person fairs: VBF was a great alternative

# Open Enrollment Readiness (*cont.*)

- ALEX: Interactive, online benefits advisor. Helps employees:
  - Learn about their SEBB benefits
  - Guides them through choosing medical, dental, and vision plans
  - Accessible 24 hours a day/7 days a week
  - Accessible via other mobile devices
- Ramp up activities closer to open enrollment
  - Provide webinars and recorded presentations to Benefits Administrators
  - Discuss SEBB *My Account* functionality, upcoming open enrollment, and updates on new initiatives
  - Post the recorded webinars on the employer site for the Benefits Administrators' reference

## Open Enrollment Highlights: October 25-November 23

- SEBB *My Account* (SMA) unavailable between midnight and 8:41 a.m., the intended last day of open enrollment (November 22)
- 2,500 subscribers logged into SMA but were unable to make election changes
- Employees with email addresses on file received targeted messaging
- Extended open enrollment through end of Tuesday, November 23
- Benefits Administrators and labor partners were alerted of extension, also posted on our website, and through social media

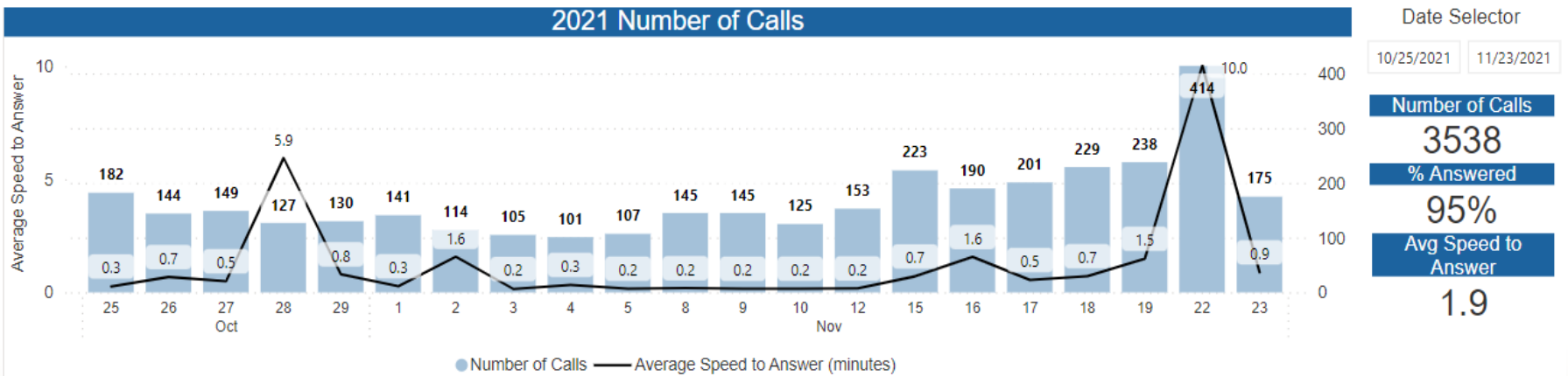
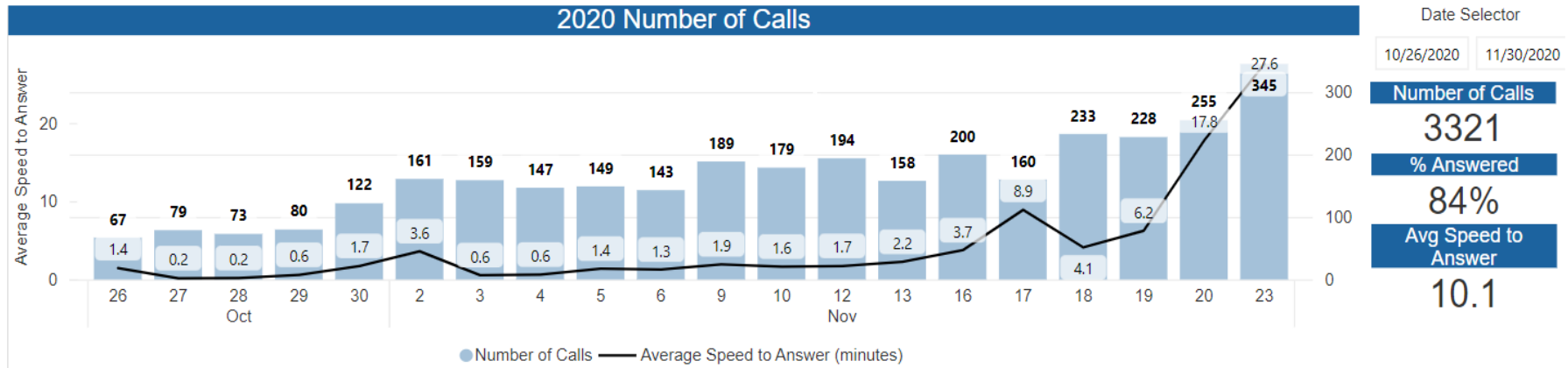
## Open Enrollment Highlights: October 25-November 23 *(cont.)*

- Additional staff in Outreach and Training:
  - Helped with more timely FUZE responses and calls
  - Last year, the response time to Benefits Administrators FUZE correspondence was 6-9 days compared to a 4-day average this year
  - Helped Benefits Administrators resolve employees' issues more timely
- 10 GovDelivery email messages were distributed to payroll and benefits offices to forward to their employees

# Open Enrollment Contact Center

- Available October 22 through November 23
- Monday through Friday, 8 a.m. - 5 p.m.
- Assist with technical support with SEBB *My Account* navigation such as:
  - Walking users through uploading documents
  - Explaining how to print or save their elections
  - Troubleshooting login issues
  - Directing callers to the HCA website for additional open enrollment information
  - Callers with eligibility questions were directed back to their Benefits Administrators for assistance

# Contact Center Dashboard



# Questions?

Renee Bourbeau  
Benefits Accounts Section Manager  
Employees and Retirees Benefits Division  
[Renee.Bourbeau@hca.wa.gov](mailto:Renee.Bourbeau@hca.wa.gov)

Stacy Grof-Tisza  
Customer Service Operations Manager  
Employees and Retirees Benefits Division  
[Stacy.Grof-tisza@hca.wa.gov](mailto:Stacy.Grof-tisza@hca.wa.gov)



# 2022 Enrollment Changes

Lauren Johnston  
Senior Account Manager  
Employees and Retirees Benefits Division  
January 27, 2022

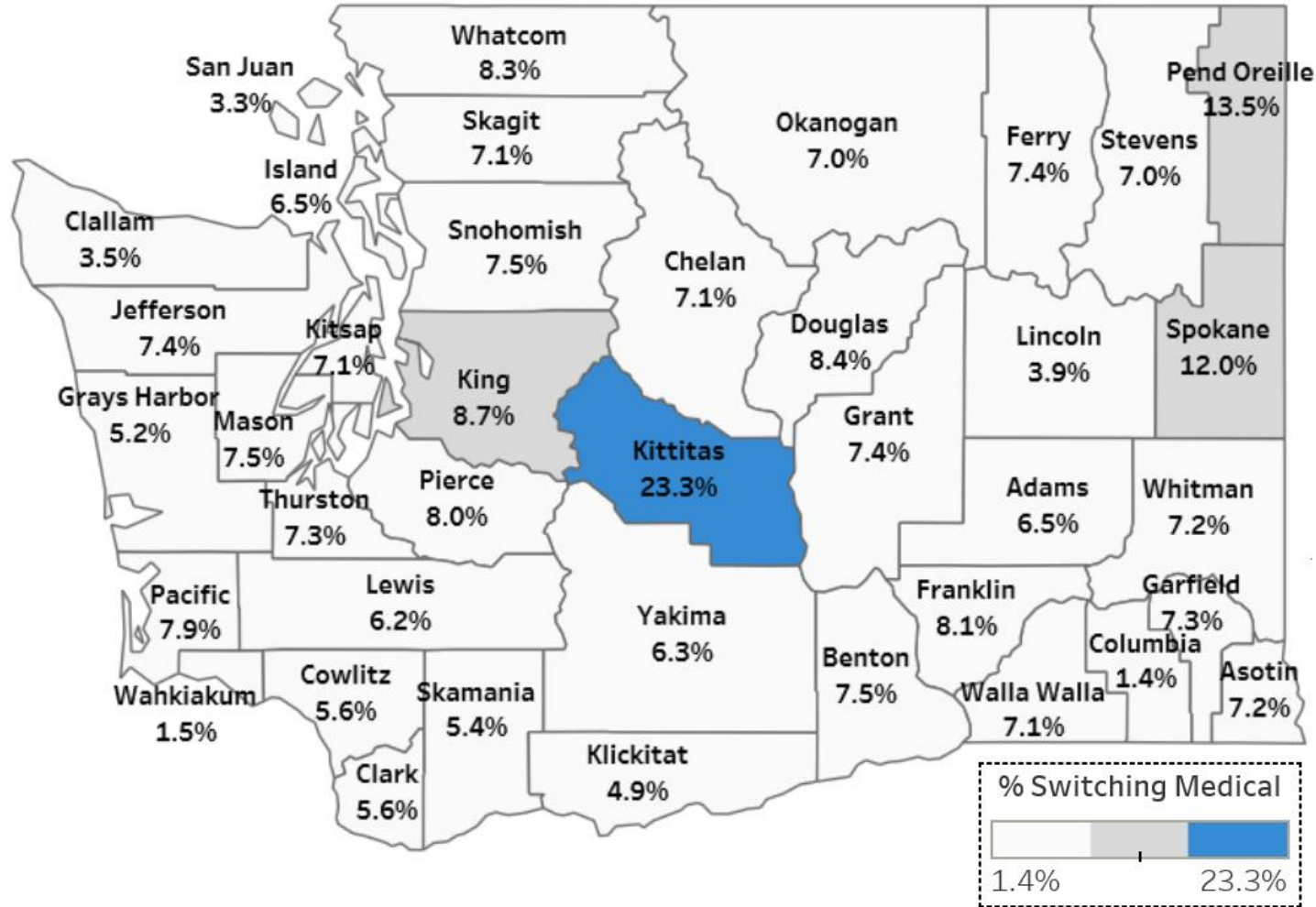


# SEBB Enrollment Net Changes 2021-2022

Carrier	2021	2022	Change	% Change	% of Total
Kaiser NW 1	1,529	1,593	64	4.2%	0.6%
Kaiser NW 2	3,784	3,751	(33)	-0.9%	1.4%
Kaiser NW 3	4,278	4,227	(51)	-1.2%	1.6%
Kaiser WA Core 1	4,075	3,996	(79)	-1.9%	1.5%
Kaiser WA Core 2	19,891	18,979	(912)	-4.6%	7.1%
Kaiser WA Core 3	4,415	3,958	(457)	-10.4%	1.5%
Kaiser WA Options 1	6,799	6,481	(318)	-4.7%	2.4%
Kaiser WA Options 2	11,423	10,536	(887)	-7.8%	3.9%
Kaiser WA Options 3	14,824	13,536	(1,288)	-8.7%	5.1%
Kaiser WA Sound Choice	28,274	27,566	(708)	-2.5%	10.3%
Premera High PPO	28,981	29,540	559	1.9%	11.1%
Premera Peak Care EPO	1,611	1,638	27	1.7%	0.6%
Premera Standard PPO	34,206	34,571	365	1.1%	12.9%
UMP Achieve 1	33,175	34,293	1,118	3.4%	12.8%
UMP Achieve 1	45,126	48,480	3,354	7.4%	18.2%
UMP Plus - Puget Sound High Value Network	4,229	5,085	856	20.2%	1.9%
UMP Plus - UW Medicine Accountable Care Network	4,245	4,703	458	10.8%	1.8%
UMP High Deductible	13,076	14,074	998	7.6%	5.3%
<b>Total Members</b>	<b>263,941</b>	<b>267,007</b>	<b>3,066</b>	<b>1.2%</b>	<b>100.0%</b>

Data through January 5, 2022

# SEBB Switching by County



# Switching by Deductible Levels

## Deductible Groupings

### \$125/250

KP NW 3  
 KP WA Core 3  
 KP WA Opt 3  
 KP WA SoundChoice  
 UMP Achieve 2  
 UMP ACP - PSHVN  
 UMP ACP - UW Med

### \$750

KP NW 2  
 KP WA Core 2  
 KP WA Opt 2  
 Premera High PPO  
 Premera Peak Care  
 UMP Achieve 1

### \$1250/1400

KP NW 1  
 KP WA Core 1  
 KP WA Opt 1  
 Premera Standard PPO  
 UMP High Deductable

New Plan Deductible	Old Plan Deductible			Total
	125/250	750	1250	
125/250	952	2,088	717	3,757
750	1,145	935	1,198	3,278
1250	457	1,338	411	2,206
Total	2,554	4,361	2,326	9,241

# Questions?

Lauren Johnston, Senior Account Manager  
Employees and Retirees Benefits Division

[Lauren.johnston@hca.wa.gov](mailto:Lauren.johnston@hca.wa.gov)



# Long-Term Disability Insurance (LTD)

Kimberly Gazard, Contract Manager  
Employees and Retirees Benefits (ERB) Division  
January 27, 2022

# Employee-Paid Long-Term Disability (LTD) Enrollment Procedures Reminders

- A school employee who becomes eligible for the employer contribution towards SEBB benefits on or after January 1, 2022 must make an election (reducing or declining coverage) during the benefit election period. If the school employee fails to timely elect coverage, the school employee will be defaulted into employee-paid LTD without Evidence of Insurability (EOI).
- After January 1, 2022, a school employee at any time may elect to reduce employee-paid LTD to the 50% coverage plan without EOI or fully decline employee-paid LTD. The effective date of the change in coverage will be the first day of the month following the date the employer receives the required election.

# Employee-Paid Long-Term Disability (LTD) Enrollment Procedures Reminders (*cont.*)

- Any school employee who declines employee-paid LTD insurance will remain enrolled in employer-paid LTD insurance.
- A school employee who seeks to increase coverage from the 50% coverage plan to the 60% coverage plan, or access previously declined employee-paid LTD, will be subject to EOI. The effective date of the change in coverage will be the day of the month the contracted vendor approves the required form.

# Resolution SEBB 2021-11

## Example #1

Ashley is a 41-year-old current paraprofessional on SEBB benefits, making \$31,000 annually, who did not previously enroll in supplemental LTD in the SEBB Program. During the fall 2021 enrollment period set by HCA, Ashley does not convey an election to decline employee-paid LTD insurance under the new LTD enrollment process.

What LTD benefits does Ashley have effective January 1, 2022?  
Ashley is automatically enrolled in employee-paid LTD at the 60% coverage level.



## Resolution SEBB 2021-11 Example #1 (*cont.*)

On January 31, 2022, Ashley sees a deduction of \$8.26 for LTD insurance on the January pay stub and calls the school district to ask about the deduction. After learning more information, on January 31, 2022, Ashley submits an election request to decline employee paid LTD insurance.

What is the effective date of the requested change in employee-paid LTD insurance? **February 1, 2022**

Will Ashley receive a refund of the \$8.26 premium for January 2022 coverage? **No, the change in coverage is prospective.**

# Resolution SEBB 2021-11

## Example #2

Shawn is a newly hired paraeducator on January 15, 2022 and determined to be eligible for the employer contribution for benefits that same day. For employee-paid LTD, Shawn submits an election on February 12 to enroll at the 50% coverage level.

What is the last day Shawn could submit a timely election? **February 15, 2022**

When will all SEBB benefits, including employee-paid LTD benefits, start?  
**February 1, 2022**

Will the SEBB Organization have any LTD premium to return to Shawn? **It depends on the SEBB Organization's payroll timelines, but the same processes could be used that already exist for premiums associated with the SEBB medical plan default enrollment.**

# Resolution SEBB 2021-11

## Example #3

Jamie is a new teacher hired, begins working, and is determined to be eligible for the employer contribution for benefits on September 2, 2022. The first day of the district's school year is September 7. For employee-paid LTD, Jamie submits an election on October 1 declining employee-paid LTD insurance.

What is the last day Jamie could submit a timely election? **October 3, 2022**

When will all SEBB benefits, including employee-paid LTD benefits, start?  
**September 2, 2022**

Will the SEBB Organization have any LTD premium to return to Jamie? **It depends on the SEBB Organization's payroll timelines, but the same processes could be used that already exist for premiums associated with the SEBB medical plan default enrollment.**

# LTD 2021 Open Enrollment Preliminary Results

	Prior to OE	After OE
60% Coverage	32,437	105,017
50% Coverage	N/A	14,327
Declined employee-paid (employer-paid only)	114,418	27,627
Total subscribers	146,855	146,971

Data as of January 2022

# Questions?

Kimberly Gazard, Contract Manager  
Employees and Retirees Benefits (ERB) Division

[kimberly.gazard@hca.wa.gov](mailto:kimberly.gazard@hca.wa.gov)



# Benefit Update: Tax-Advantaged Accounts

Martin Thies, Ph.D.  
Portfolio Management & Monitoring Section  
Employees and Retirees Benefits Division  
January 27, 2022

# Overview

- Recap of the Benefit and Design Changes
- 2022 Enrollment Update

# Benefit Recap

## Salary Reduction:

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

- Medical Flexible Spending Arrangement (FSA)
  - Employees pay for eligible out-of-pocket medical expenses
  - \$2,750/year for 2022, with annual IRS COLAs
- Dependent Care Assistance Program (DCAP)
  - Employees pay for eligible dependent care expenses
  - \$5,000/year maximum payroll deduction (no COLAs)



# 2021-2022 FSA/DCAP Savings

<b>FSA/DCAP: 2-Year Overview of Participation and Impact</b>						
<b>2-Year Totals</b>		<b># of Accounts, 2021</b>		<b># of Accounts, 2022</b>		
		<b>Medical FSA</b>	<b>DCAP</b>	<b>Medical FSA</b>	<b>DCAP</b>	<b>LP FSA</b>
<b>Participants</b>	<b>19,860</b>	9,652	1,081	9,337	1,264	129
<b>Elections</b>	<b>\$43,095,356</b>	\$16,230,000	\$4,860,000	\$16,364,655	\$5,451,016	\$189,685
<b>Employee Income Tax Saved</b>	<b>\$5,171,443</b>	\$1,947,600	\$583,200	\$1,963,759	\$654,122	\$22,762
<b>Employee FICA Saved</b>	<b>\$3,296,795</b>	\$1,241,595	\$371,790	\$1,251,896	\$417,003	\$14,511
<b>Employer FICA Saved</b>	<b>\$3,296,795</b>	\$1,241,595	\$371,790	\$1,251,896	\$417,003	\$14,511
<b>TOTAL Tax Benefit</b>	<b>\$11,765,032</b>					

- SEBB Program employees save millions in taxes each year
- SEBB Program employers save millions as well

# 2022 Design Changes

- Lowered the minimum election by 50%
  - From \$240 to \$120 annually
- Transitioned to Carryover
  - This ends the grace period feature
  - Carryover allows up to \$580 in unspent funds from the previous plan year to be used in the subsequent plan year

# Carryover Timing

- 2021 medical FSAs are under the grace period  
2021 enrollees with unspent funds have until March 15 to incur new expenses
- 2022 FSA accounts will be subject to the carryover *and will not have a grace period*
- **January 1, 2023: The first carryover for SEBB**

# 2022 Design Changes

- Added the Limited Purpose FSA
  - Same minimum, maximum elections
  - Can have Medical FSA or a Limited Purpose FSA but *cannot have both in the same plan year*
- Available to UMP High Deductible subscribers
  - Additional salary reductions
  - Compatible with an HSA

# Selected Eligible Expenses

Which Kind of FSA Covers What?		
Selected FSA-eligible Expenses	Limited Purpose FSA	Medical FSA
Orthodontia	✓	✓
Deductible for dental plan	✓	✓
OTC Teeth Pain Products	✓	✓
Eye Exams	✓	✓
Contacts and Eye Glasses	✓	✓
Lasik	✓	✓
Vision Co-Payment	✓	✓
Prescription Sunglasses	✓	✓
SUD Treatment		✓
Ambulance		✓
Wheelchair and repairs		✓
Hip Replacement		✓
Midwife		✓
Medical Lab		✓

# Limited Purpose FSA Enrollment

Type of Account	# of Accounts	% of Accounts	Total Annual Elections	AVG Election
Medical FSA	9,337	87.0%	\$16,364,655	\$1,753
Limited Purpose FSA	129	1.2%	\$189,685	\$1,470
DCAP	1,264	11.8%	\$5,451,016	\$4,313
<b>TOTAL</b>	<b>10,730</b>	<b>100.0%</b>	<b>\$22,005,356</b>	<b>\$2,051</b>

UMP High Deductible	
Active 2022 Subscribers	5,532
Limited Purpose FSAs	129
Participation	2.3%

# Next Steps

- Increase awareness of the Limited Purpose FSA through communications directed toward high deductible plan enrollees
- Raise enrollment as the retreat of COVID-19 allows health care environments to stabilize
- Procurement in 2022 for go-live January 1, 2024

# Questions?

More Information:

<https://sebb.naviabenefits.com/>

Martin Thies, Ph.D.

Employees & Retirees Benefits Division

[martin.thies@hca.wa.gov](mailto:martin.thies@hca.wa.gov)





# Dual Enrollment Implementation

Cade Walker, Executive Special Assistant  
Employees & Retirees Benefits (ERB) Division  
January 27, 2022



# Background

- SEB and PEB Boards both prohibit dual enrollment within respective programs
- ESSB 6189 – School employees’ benefits board – coverage eligibility
- SB 5322 (2021) – clarifying the prohibition of dual enrollment across PEBB and SEBB Programs
- Implementation by January 1, 2022
- SEB Board Resolutions 2021-02 through 2021-09
- Prohibition applies to dual enrollments in medical, dental, and vision
  - LTD, life, and AD&D dual enrollment not prohibited



# Implementation Efforts

- Workgroup formed to coordinate efforts to define dual enrollment prohibition process
- Two-phased approach:
  - 2022 Open Enrollment Period
    - Initial “clean up” process for PEBB-SEBB dual enrollments
  - Ongoing dual enrollment prohibition
    - Post-OE process
- Primary emphases:
  - Communications
  - Default process

# 2022 Open Enrollment Period Clean-up

- Identified dual enrolled members using Pay1 data from PEBB and SEBB Programs
  - Prior to OE, approximately 4,000 dual enrolled accounts were identified, which consisted of approximately 7,500 total members
- Defaulting logic determined based on SEB/PEB Board resolutions
  - ~25 scenarios identified for each program



# Guidelines/Principles for Resolving Dual Enrollments

- Look at where the employee and/or their dependent(s) get their medical
- Determine whether they are enrolled as an employee or as a dependent
- If enrolled as an employee in both programs or as a dependent in both programs, determine the length of time they have been receiving benefits in each program
- If necessary, auto-enroll the employee and/or their dependent(s) in dental (and if in SEBB benefits, in vision)
- Respect the default requirements for each program
- Avoid creating a gap in coverage



# 2022 Open Enrollment Period Clean-up

- Member communications:
  - PEBB & SEBB OE materials updated to explain new dual enrollment prohibition rules
  - October 2021: Letter mailed to dual enrolled subscriber/member on both PEBB & SEBB accounts
  - November 2021: Reminder letter mailed to unresolved accounts
  - December 2021: Default notice sent to accounts that did not get resolved during OE
    - Appeal rights included

## 2022 Open Enrollment Period Clean-up (*cont.*)

- SEBB Organization communications:
  - FAQs posted to Benefit Administrators' (BA) website; sent via GovDelivery
  - New dual enrollment rules highlighted during O&T trainings
  - GovDelivery messages sent prior and during OE to BAs reminding them about dual enrollment
  - List of dual enrolled members provided to SEBB Organizations via SEBB *My Account*

## 2022 Open Enrollment Period Clean-up (*cont.*)

- During OE, approximately 2,000 accounts / 5,000 members proactively resolved their dual enrollment
- Defaults:
  - 2,098 accounts defaulted (no action to resolve their dual enrollment during OE)
    - 2,509 members
  - 1,040 accounts were defaulted to PEBB
    - 1,433 members
  - 1,058 accounts were defaulted to SEBB
    - 1,076 members
- 4 appeals as of 1/19/22





# Post 2022 Dual Enrollment Prohibition

- Due to system limitations, it is not currently possible to prohibit dual enrollments in real time
  - Pay1 report will be periodically run to identify new dual enrollments
- Process for dual enrollment resolution currently being developed by workgroup



# Questions?

Cade Walker, Executive Special Assistant  
Employees and Retirees Benefits Division

[cade.walker@hca.wa.gov](mailto:cade.walker@hca.wa.gov)

**TAB 9**



# 2022 Legislative Session & Recent Legislative Reports

Cade Walker, Executive Special Assistant  
Employees and Retirees Benefits (ERB) Division  
January 27, 2022

# Number of 2021 Bills Analyzed by ERB Division

	ERB Lead	ERB Support	
High Priority	14	41	55
Low Priority	17	89	106
	31	130	161

Hearings (High Priority Only)	74
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# Recent Legislative Reports

- SEBB Waivers (2020 ESSB 6189)
  - Variable funding rate scenarios revealed differing cost impacts to districts based on their district-specific waiver rates when compared to the overall waiver rate for the SEBB Program
  - Districts with lower-than-average waiver rates would experience increased costs, whereas districts with higher than-average waiver rates would have decreased costs
  - No saving to the overall cost of benefits

# Recent Legislative Reports (*cont.*)

- Retirees (2021 ESSB 5092)
  - Identified approximately 52,000 retirees that could be eligible for a “second bite at the apple”
    - 55% TRS/SERS plan enrollees; 43% PERS plan enrollees
  - Cost if all came back to PEBB retiree coverage would be ~\$160M annually

## Recent Legislative Reports (*cont.*)

- JLARC – SEBB Coverage (2020 ESSB 6189)
  - Under SEBB, 77% of school employees were eligible for health benefits, increasing from 68% eligible during 2018-19
  - Between 2018-19 and 2019-2020 school years, the number of full-time employees increased, while the number of part-time employees decreased
  - Ongoing collection of similar eligibility and cost data would require changes to OSPI and HCA reporting requirements



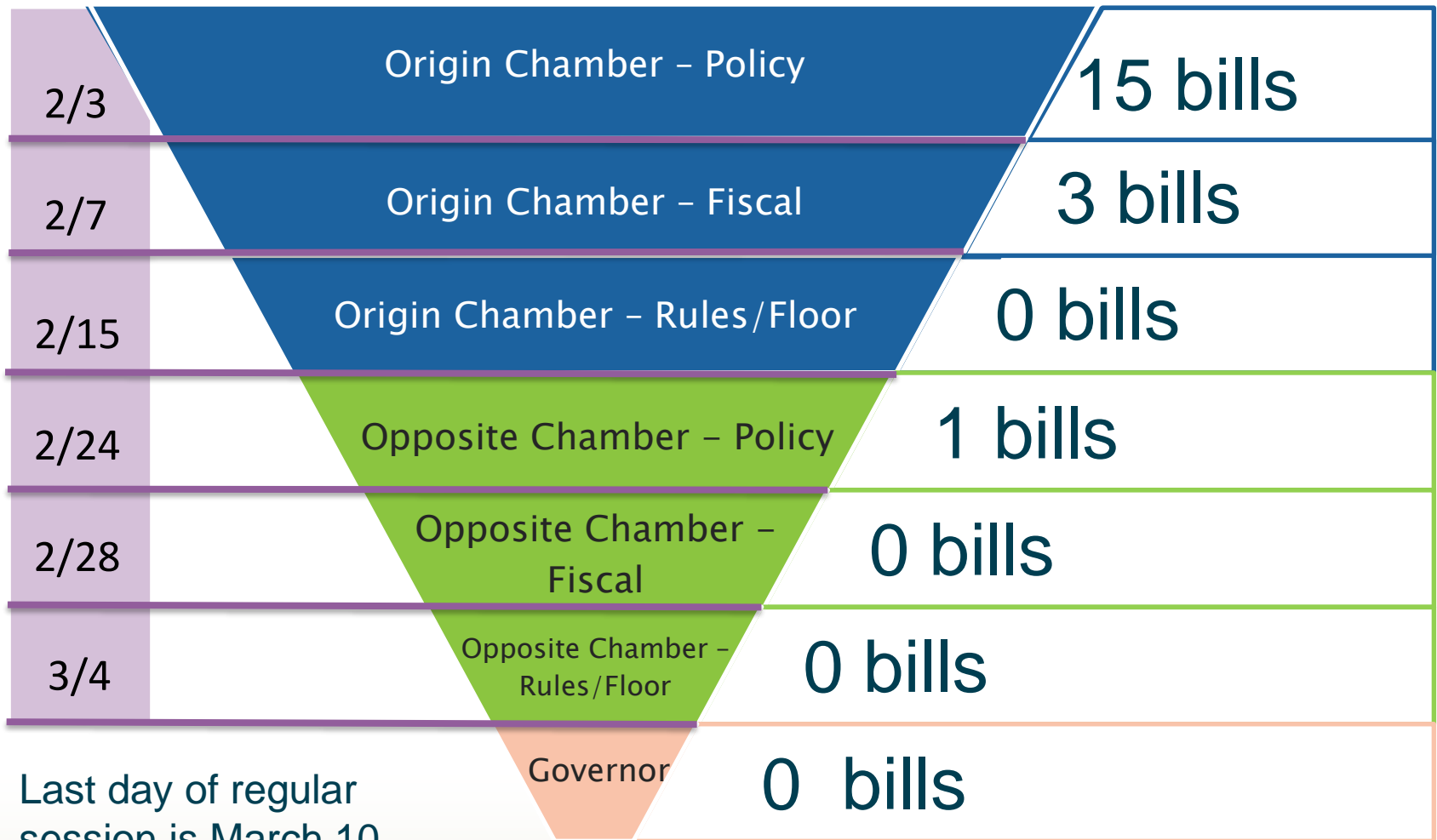
# Number of 2022 Bills Analyzed by ERB Division

	ERB Lead	ERB Support	
High Priority	18	6	24
Low Priority	9	47	56
	27	53	80

Hearings (High Priority Only)	3
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As of 1/19/22

# 2022 Legislative Session – ERB High Lead Bills





## Agency Requested Legislation

- SB 5718 – Concerning insurance benefits for retired or disabled school employees
- Proposed change to the risk pool which retirees who were not yet eligible for Medicare would be eligible to enroll in retiree benefits
- Legislation withdrawn from consideration during this year's legislative session

# Topical Areas of Introduced Legislation

## PEBB/SEBB Programs

- HB 1052 (2021) – Performance guarantees
  - Reintroduced and already passed to Senate
- 1757/5562 – ESD employee health care

## Retirees

- 1911/5700 – Plan 2 members/insurance
  - Plan 2 members included in definition of “separated employee” in RCW 41.05.011

# Topical Areas of Introduced Legislation (*cont.*)

## Rx

- 1713/5610 – Rx drug cost sharing

## Durable Medical Equipment (DME)

- 1854 – Hearing instruments coverage

## Insurance

- 1688 – Out-of-network charges
- 5704 – ARNP reimbursement rate



# Topical Areas of Introduced Legislation (*cont.*)

## Medical Services

- 1688/5618 – Biomarker testing
- 1939 – Colonoscopy coverage
- 1730/5647 – Fertility services
- 5702 – Donor breast milk coverage



# Questions?

Cade Walker, Executive Special Assistant  
Employees and Retirees Benefits Division

[cade.walker@hca.wa.gov](mailto:cade.walker@hca.wa.gov)

**TAB 10**





# Governor's Proposed Budget Update SEBB

Tanya Deuel  
ERB Finance Manager  
Financial Services Division  
January 27, 2021

# SEBB Funding Rate

- \$968 Funding Rate (2021-2022 School Year) *Unchanged*
- \$1,026 Funding Rate (2022-2023 School Year)
  - Per eligible employee per month
  - Adequate to maintain current level of benefits

# 2022 Supplemental Budget Funded Decision Packages

Title	FTE	Dollar
<p><b>Staffing</b> Funding for staffing is requested to address customer service responsiveness and program complexity within Portfolio Management.</p>	4.5 FTE	\$604K
<p><b>Procurement Resources</b> Funds are requested to maintain, enhance, and replace contracts with the SEBB Program.</p>	NA	\$1.4M

# 2022 Supplemental Budget Funded Decision Packages

Title	FTE	Dollar
<p><b>Mental Health Parity</b> Funding to complete an analysis of mental health benefits in the Uniform Medical Plan and implement necessary changes to comply with federal requirements.</p>	NA	\$350K
<p><b>IT Maintenance and Operations</b> FTEs to support basic maintenance and operations, and capacity for future enhancements to the SEBB <i>My Account</i> system.</p>	5 FTE	\$971K

# Questions?

Tanya Deuel, ERB Finance Manager  
Financial Services Division  
[Tanya.Deuel@hca.wa.gov](mailto:Tanya.Deuel@hca.wa.gov)

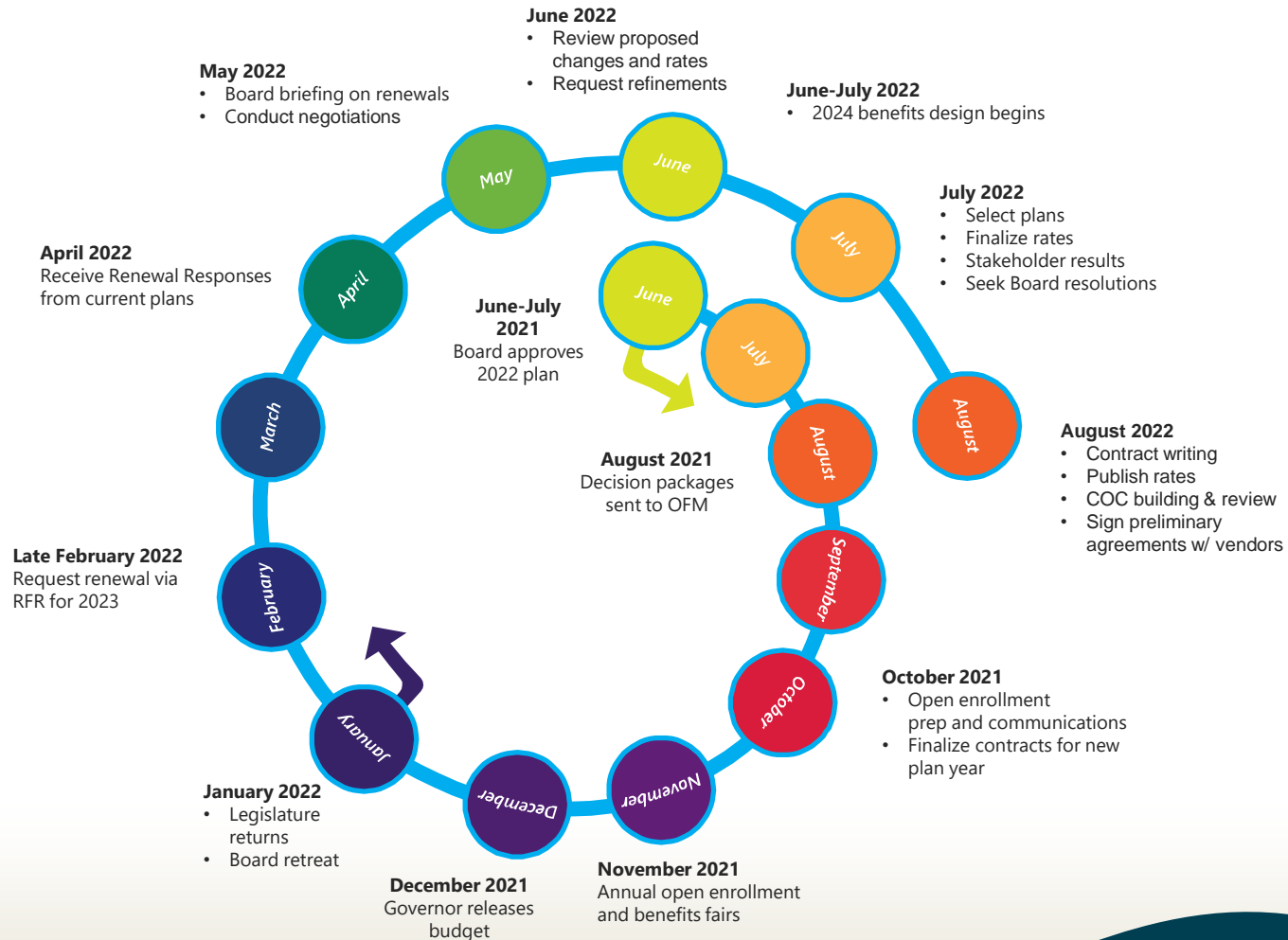
**TAB 11**



# Procurement and Benefit Planning Cycles

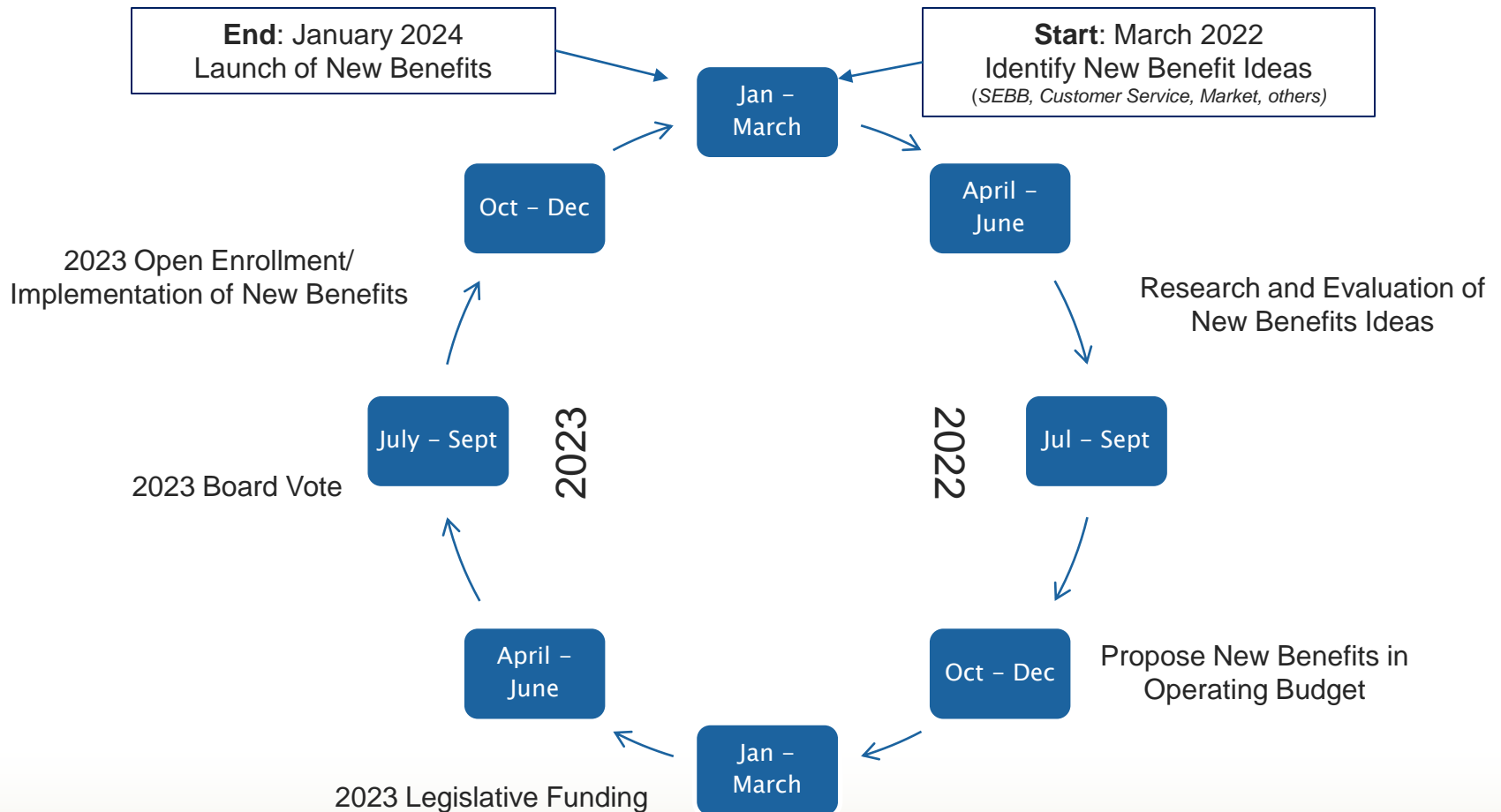
John Partin, Manager  
Benefit Strategy and Design Section  
Employees and Retirees Benefits Division  
January 27, 2022

# SEBB Procurement Cycle for Benefit Year 2023





# SEBB Benefit Planning Cycle for Benefit Year 2024



# Questions?

John Partin, Manager  
Benefit Strategy and Design Section  
Employees and Retirees Benefits Division  
[john.partin@hca.wa.gov](mailto:john.partin@hca.wa.gov)

**TAB 12**



# Optional Benefits

Cade Walker, Executive Special Assistant  
Employees and Retirees Benefits (ERB) Division  
January 27, 2022

# Overview

- Review of HB 2458
- Timeline
- Recap of 2021 optional benefits survey results
- 2020-2021 Comparison
- Plan for engaging with districts on optional benefits

# HB 2458 (2020)

- Prohibits school districts from offering *any form* of basic or optional benefits that compete with benefits offered by SEBB or under the authority of HCA.
- Delineates optional benefits school districts may offer if not otherwise offered by SEBB and authorizes SEBB to study and offer (subject to funding) the same delineated benefits. Benefits must be voluntary and employee-paid (school district VEBA may continue to be funded by employers).
- Requires school districts, carriers, and HCA to work together to modify, remove, or discontinue any district-based benefit that competes with SEBB/HCA offered benefit.

# HB 2458 (2020)

- Delineated benefits:
  - Emergency transportation;
  - Identity protection;
  - Legal aid;
  - Long-term care insurance;
  - Noncommercial personal automobile insurance;
  - Personal homeowner's or renter's insurance;
  - Pet insurance;
  - Specific disease, illness-triggered, hospital confinement, or other fixed payment insurance;
  - Travel insurance; and
  - Voluntary employees' beneficiary association (VEBA) accounts.
- The SEB Board has the authority to study and offer but is not required to do either.

# Annual Timeline

- November/December: School districts are required to report optional benefits by December 1 of each year
  - Survey for reporting optional benefits to go out November 1, one month in advance of due date
  - Delayed survey response deadline due to open enrollment
- January/February: Results presented at SEB Board Retreat for consultation purposes
  - Trends
  - Identify competing benefits
- February – August: Engage with school districts and carriers to modify or remove competing components of benefit or end the district-based offering



# December 2021 Optional Benefits Survey Results

- 143 of 295 SEBB Organizations submitted responses
  - 56 districts reported no optional benefits offered
- 350 optional benefits reported
- 11 different benefit types (not including “other”)
- 6 SEBB Organizations reported at least one benefit that likely compete with SEB Board/HCA offerings:
  - 2 - Disability
  - 2 - Life insurance
  - 3 - AD&D
  - 1 - DCAP

# December 2020 Optional Benefits Survey Results

- 184 of 304 SEBB Organizations submitted responses
- 464 optional benefits reported
- 10 different benefit types (not including “other”)
- 26 SEBB Organizations reported at least one benefit that likely compete with SEB Board/HCA offerings:
  - 18 - Disability
  - 7 - Life insurance
  - 6 - AD&D
  - 3 - DCAP

# December 2021 Optional Benefits Survey Results

## School Districts benefits reported:

- 89 – VEBA
- 43 – Annuity
- 41 – EAP
- 19 – Legal
- 17 – Cancer/Intensive Care
- 17 – Long-term care
- 13 – Gym memberships
- 9 – Identity protection
- 7 – Pet insurance
- 4 – Emergency transportation

# Plan for Engaging with School Districts

- Get more info on the long-term care plans offered by school districts
- 6 school districts offer a potentially competing benefit
- E-mail to be sent to whomever submitted the survey on behalf of a district to let them know that the district may be offering a competing benefit and that we will be working with them to resolve the conflict



# Questions?

Cade Walker, Executive Special Assistant  
Employees and Retirees Benefits Division

[cade.walker@hca.wa.gov](mailto:cade.walker@hca.wa.gov)



**TAB 13**



# SEBB Financial Overview

Tanya Deuel  
ERB Finance Manger  
Financial Services Division  
January 27, 2022

# SEBB Projection Model Overview

- Excel-based tool used to estimate future balances of all SEBB-related funds
- Incorporates assumptions on benefits cost trends, rates, enrollment, surplus/deficit position, reserves, outstanding claims (IBNP\*), etc.
- Updated each quarter of the two-year budget cycle (Versions 1.0 – 8.0) based on historical experience
- Used for all program financing including budgeting, procurement, collective bargaining, and to establish the funding rate (accounting and financial reporting done separately)

\*IBNP = Incurred but not paid



# SEBB Finance Terms

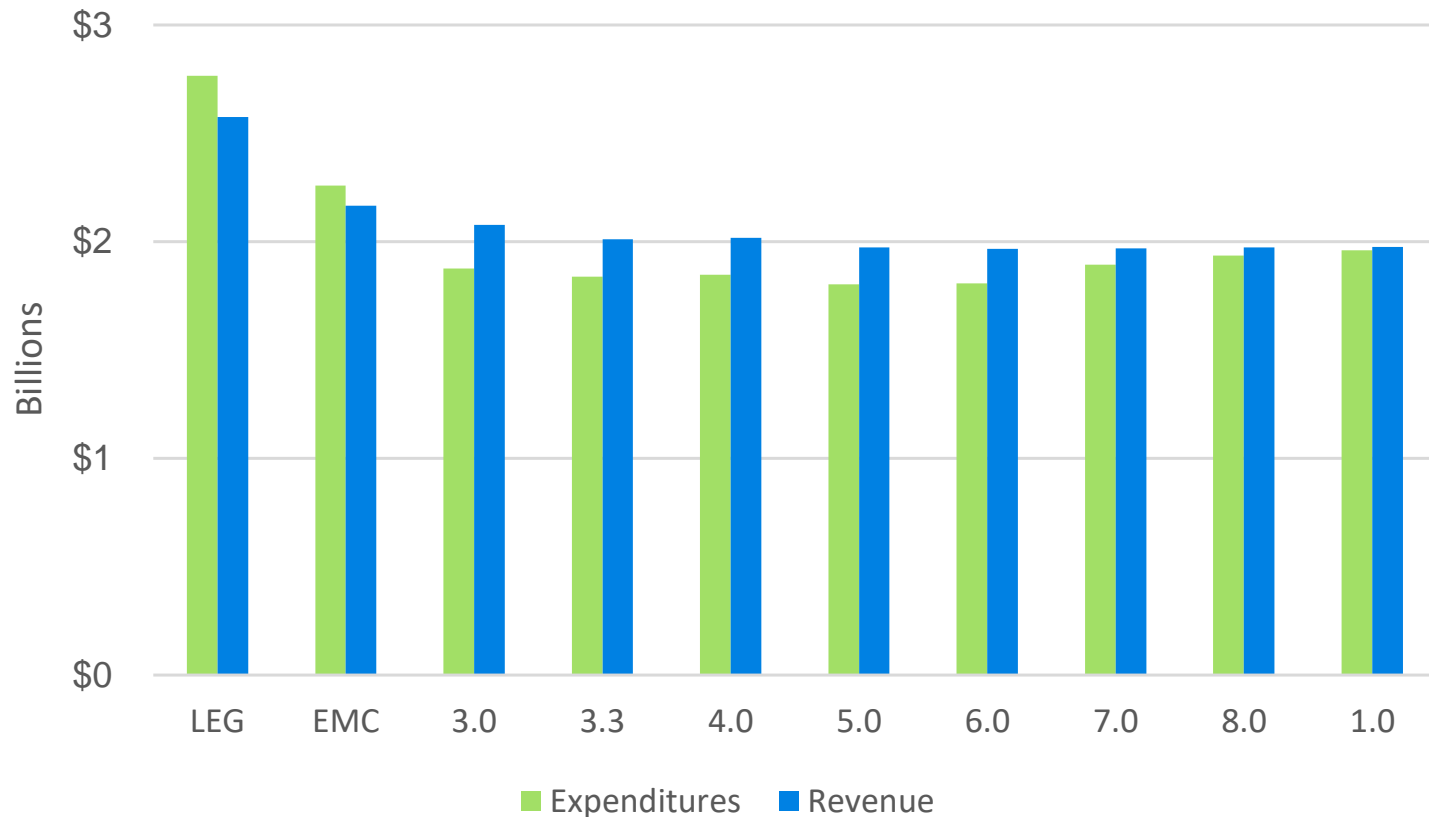
**Employer medical contribution (EMC)** - The amount of money that SEBB Organizations pay towards medical benefits for all SEBB-eligible employees, as agreed upon through collective bargaining; equal to 85% of the bid rate for Uniform Medical Plan Achieve 2

**Incurred but not paid (IBNP)** - An estimate of the amount of unpaid claim dollars for past claims that have not yet been paid by the insurer

**Net funding rate** - The projected cost of benefits exclusive of adjustments for any surplus/deficit position

**Premium stabilization reserves (PSR)** - Legislatively mandated funding reserve for self-insured medical and dental plans

# Historical Funding Position 2021-23

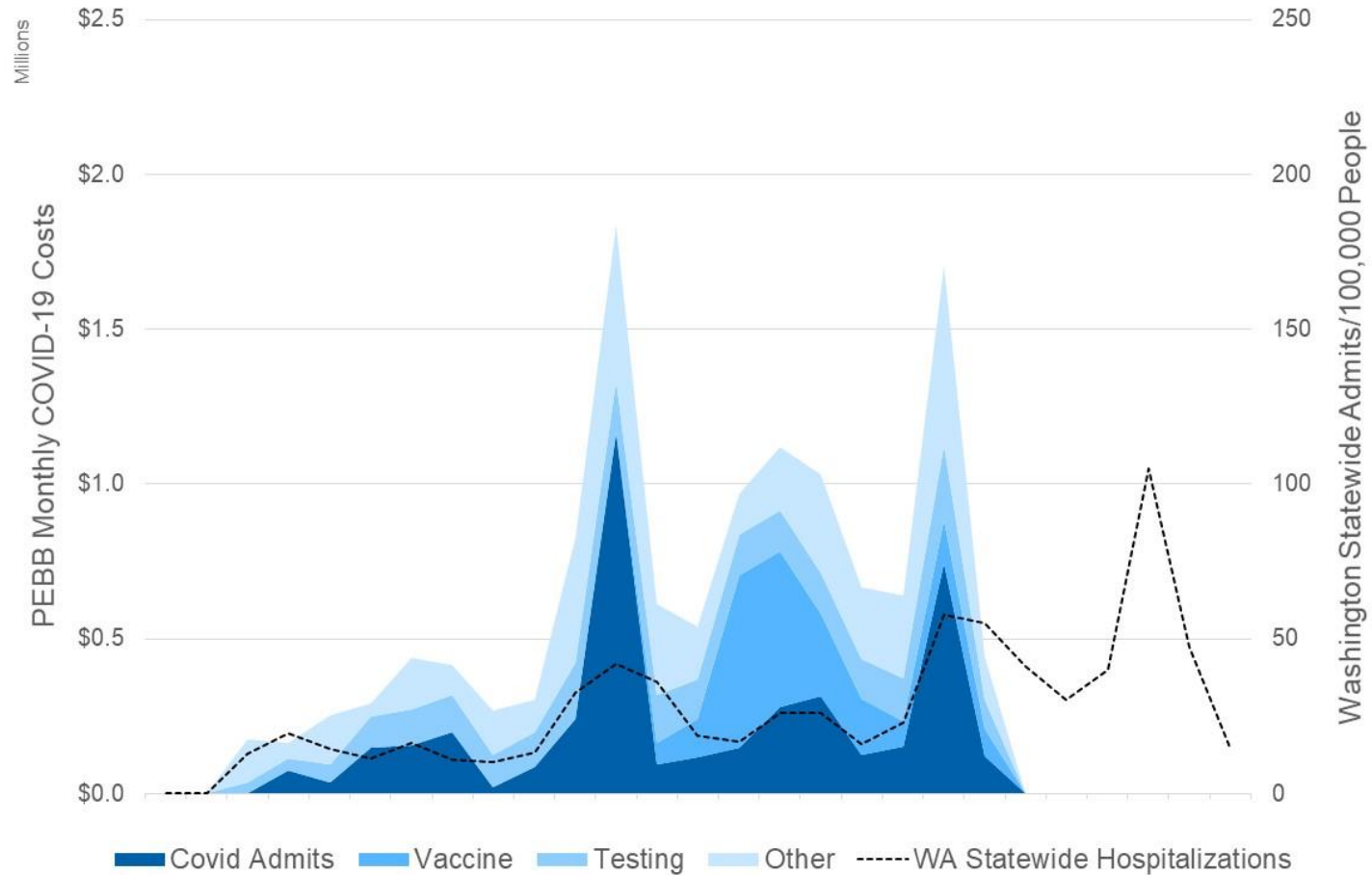


# Experience

- Both projections and actual experience continue to be volatile
  - New program with new population
  - COVID-19
- Expect volatility to continue until stable baseline experience

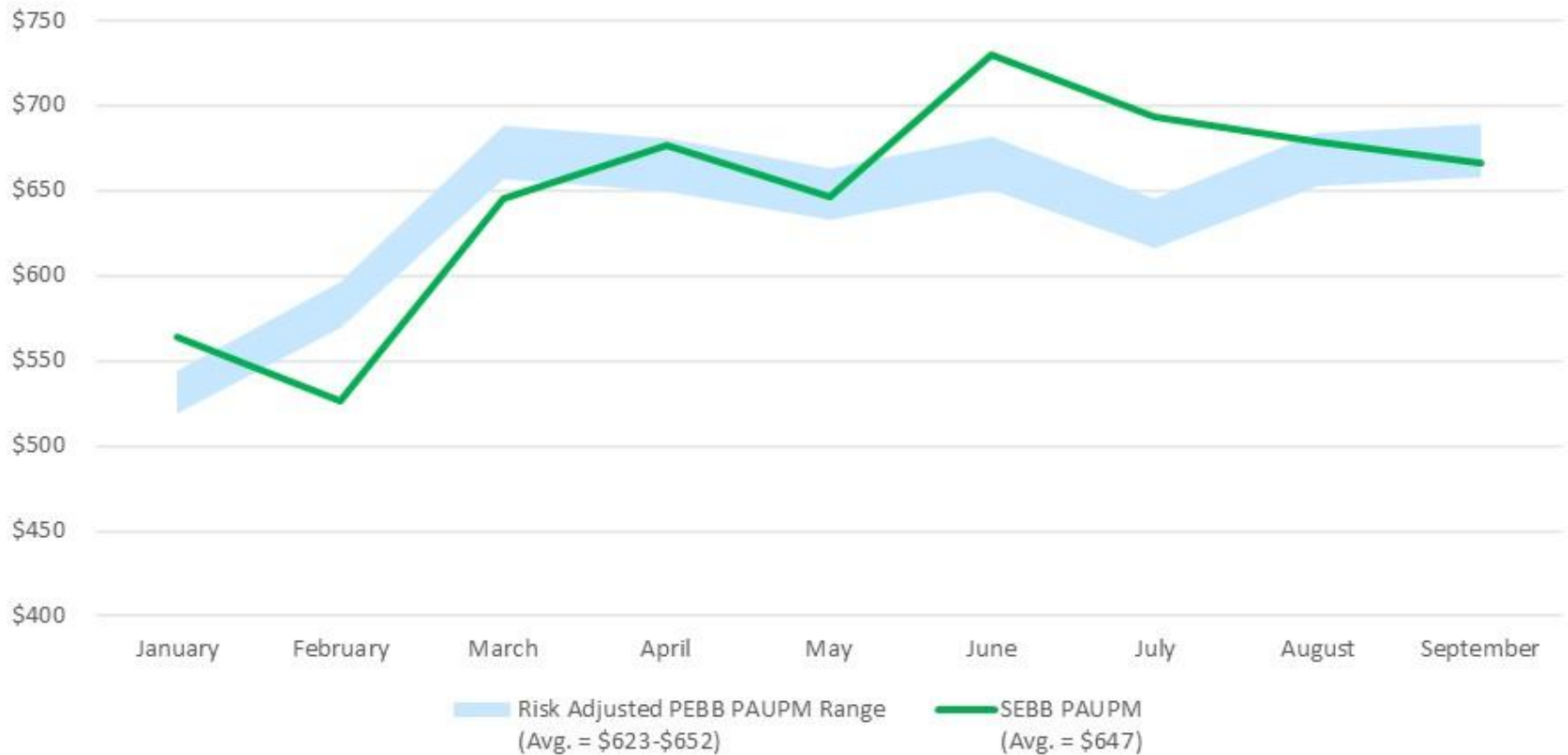
# COVID

SEBB UMP COVID-19 Costs



# SEBB vs PEBB

2021 SEBB UMP Achieve 2 vs. PEBB UMP Classic  
*Risk Adjusted Range*



PAUPM = Per Adult Unit Per Month

# Current Financial Position

REVENUE	FY22	FY23	Biennial Total
K-12 Revenue	1,686,884,288	1,774,374,656	3,461,258,944
K-12 Employee Contribution	168,641,025	186,875,814	355,516,839
Surcharge Revenue	3,473,784	3,515,267	6,989,051
Other Self Pay Premiums (COBRA, LWOP)	11,431,288	12,793,390	24,224,677
Investment Income	3,000,000	3,000,000	6,000,000
<b>TOTAL REVENUE</b>	<b>\$1,873,430,384</b>	<b>\$1,980,559,127</b>	<b>\$3,853,989,511</b>

EXPENDITURES	FY22	FY23	Biennial Total
Fully-Insured Medical Premiums	967,495,700	1,015,482,461	1,982,978,162
Self-Insured Medical Claims, HSA Contribution & TPA	622,038,684	645,342,231	1,267,380,916
Fully-Insured Dental Premiums	33,028,775	33,716,920	66,745,695
Self-Insured Dental Claims & TPA	121,354,856	124,655,217	246,010,073
Vision Premiums	18,374,223	18,145,769	36,519,993
Basic Life	6,859,078	6,879,756	13,738,834
Basic LTD Premiums	3,639,470	3,648,355	7,287,825
Other Expenditures			
K-12 Remittance	150,772,381	136,548,787	287,321,168
HCA Agency Administration (excluding TPA)	9,151,070	7,651,087	16,802,158
Misc*	4,333,489	4,345,000	8,678,489
<b>TOTAL EXPENDITURES</b>	<b>\$1,937,047,728</b>	<b>\$1,996,415,584</b>	<b>\$3,933,463,312</b>

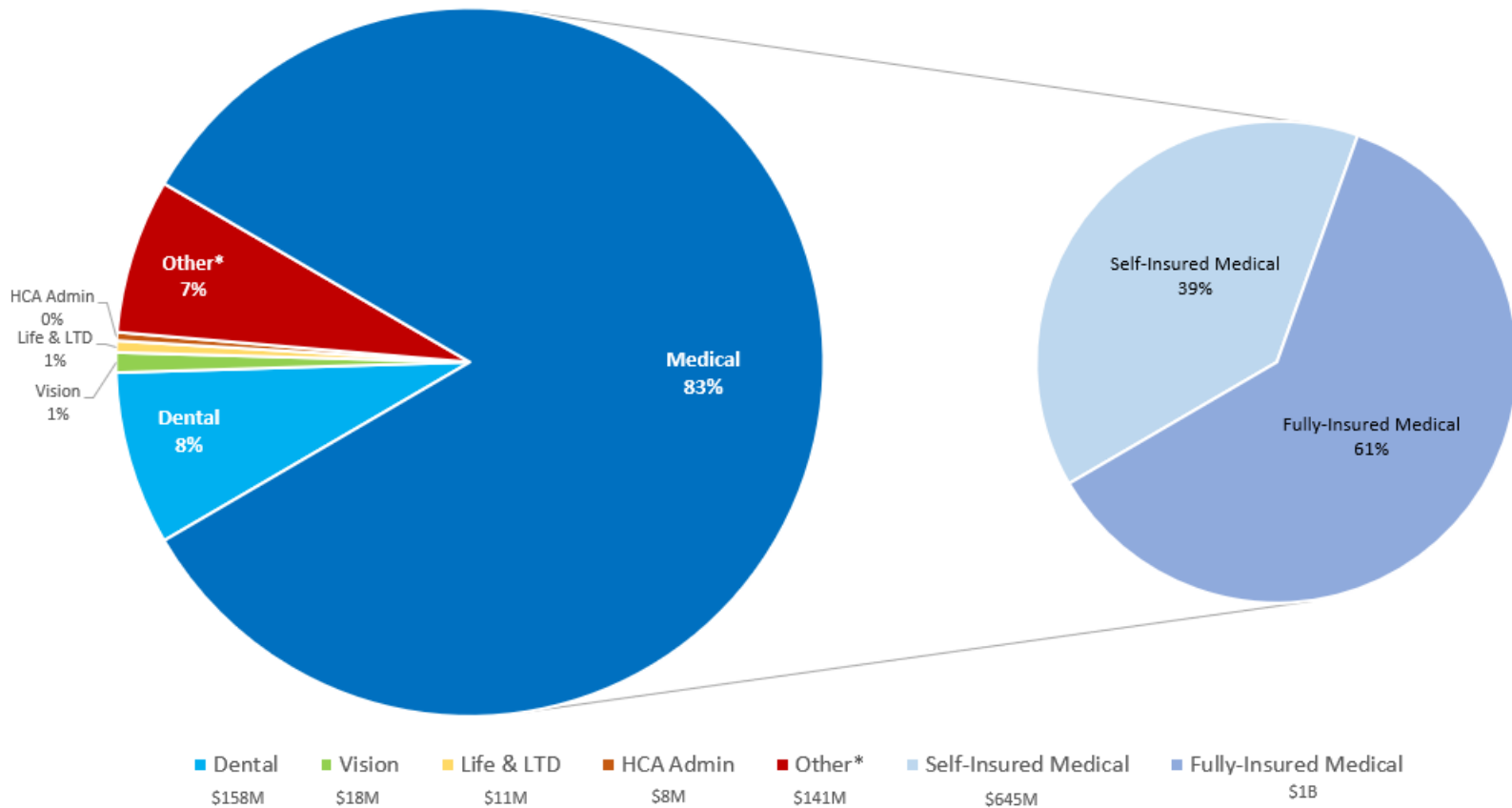
## SURPLUS (DEFICIT) POSITION

Beginning SEBB Fund Balance	\$153,259,584
Other Financial Activity	(16,586,975)
Premium Stabilization Reserve Adjustments	6,620,052
Excess/(Deficit) of Revenues over Expenditures	(79,473,801)
<b>Ending Fiscal Year Fund Balance</b>	<b>\$63,818,860</b>
Target Premium Stabilization Reserve	(49,936,062)
<b>Ending Surplus (Deficit)</b>	<b>\$13,882,797</b>

Notes (1) This exhibit reflects reported expenses and claims experience through September 2021.

\* Misc examples include fees, open enrollment and litigation

# Spending Breakdown FY22



\*Other is primarily K12 Remittance

# Loan and Repayment Status

- The SEBB Program received two separate General Fund-State loans for a total of \$38.7M (plus interest)
  - The Legislature adopted a three-year repayment schedule, with final payment due FY2022
    - First payment of ~\$7.9M has been paid
    - Second payment of ~\$16M has been paid
    - Third and final payment of ~\$16M will be made by June 30, 2022



# Questions?

Tanya Deuel, ERB Finance Manger  
Financial Services Division  
[tanya.deuel@hca.wa.gov](mailto:tanya.deuel@hca.wa.gov)