Washington State Health Care Authority

Public Employees Benefits Board

May 22, 2013

Washington State Health Care Authority

Public Employees Benefits Board Meeting

May 22, 2013
1:00 p.m. – 3:00 p.m.

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

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Washington State Health Care Authority

AGENDA

Public Employees Benefits Board

May 22, 2013
1:00 p.m. – 3:00 p.m.

Health Care Authority
Cherry Street Plaza
Sue Crystal Rooms A & B
626 8th Avenue SE
Olympia, WA 98501

Conference call-dial in: 1-888-450-5996, Participant Passcode: 546026

1:00 p.m.	**Welcome and Introductions**	Dorothy Teeter	
1:10 p.m.	**Approval July 25, 2012 Minutes**	Dorothy Teeter	Action
1:20 p.m.	**Budget Update**	Annette Meyer	Information
1:30 p.m.	**Open Enrollment Debrief Affordable Care Act**	Mary Fliss	Information
1:40 p.m.	**Annual Rule Making Recommendations**	Mary Fliss Barbara Scott	Information
1:55 p.m.	**Proposed UMP Prescription Drug Benefit Change**	Donna Sullivan	Information
2:15 p.m.	**PEBB Health Management Program Update**	Scott Pritchard	Information
2:35 p.m.	**Legislative Update**	Lou McDermott	Information
2:45 p.m.	**Public Comment**		
3:00 p.m.	**Adjourn**		

The Public Employees Benefits Board will meet May 22, 2013, at the Health Care Authority, Sue Crystal Rooms A & B, 626 8th Avenue SE, Olympia, WA. The Board will consider all matters on the agenda plus any items that may normally come before them.

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

Direct email to: board@hca.wa.gov

Materials posted at: http://www.pebb.hca.wa.gov/board/

Washington State Health Care Authority

PEB Board Members

Name	Representing
Dorothy Teeter, Director Health Care Authority 626 8th Ave SE PO Box 42713 Olympia WA 98504-2713 V 360-725-1523 dorothy.teeter@hca.wa.gov	Chair
Greg Devereux, Executive Director Washington Federation of State Employees 1212 Jefferson Street, Suite 300 Olympia WA 98501 V 360-352-7603 greg@wfse.org	State Employees
Vacant*	K-12
Gwen Rench 3420 E Huron Seattle WA 98122 V 206-324-2786 gwenrench@covad.net	State Retirees
Lee Ann Prielipp 29322 6th Ave SW Federal Way WA 98023 V 253-839-9753 leeannwa@comcast.net	K-12 Retirees
Vacant	Benefits Management/Cost Containment

PEB Board Members

Name	Representing
Yvonne Tate Human Resources City of Bellevue PO Box 90012 Bellevue WA 98009-9012 V 425-452-4066 ytate@ci.bellevue.wa.us	Benefits Management/Cost Containment
Marilyn Guthrie 4515 NE 71st ST Seattle WA 98115-6109 V 206-913-4757 mguthrie@qliance.com	Benefits Management/Cost Containment
Harry Bossi* 3707 Santis Loop SE Lacey WA 98503 V 360-689-9275 hbossi@comcast.net	Benefits Management/Cost Containment

Legal Counsel
Melissa Burke-Cain, Assistant Attorney General
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Olympia WA 98504-0109
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*non-voting members

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Public Employees Benefits Board
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2013 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 8th Avenue SE, Olympia, WA 98501. The meetings begin at 1:00 p.m., unless otherwise noted below.

January 9, 2013 (Board Retreat) 9:00 a.m. – 3:00 p.m.

March 20, 2013

April 17, 2013

May 22, 2013

June 26, 2013

July 10, 2013

July 17, 2013

July 24, 2013

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

Washington State Health Care Authority

2014 PROCUREMENT KEY MILESTONES

April 25: Request for Renewals Issued

May 22: Board Meeting: Overview of Rule Making Policies

May 24: Proposals Due

June 26: Executive Session/Board Meeting

- Procurement Snapshot
- Rule Making Briefing and Policy Resolution Vote

July 10: Board Meeting: Recommended Resolutions

July 17 or 24: Board Meeting: Resolution Votes

- Plan Design
- Employee Premiums
- Medicare Explicit Subsidy
- Eligibility Policies

5/15/13

Washington State Health Care Authority

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 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.

Washington State Health Care Authority

Public Employees Benefits Board
Meeting Minutes

*D*R*A*F*T*

July 25, 2012
Health Care Authority, Sue Crystal Rooms A & B
Olympia, Washington
1:00 p.m.

Members Present:
Doug Porter
Greg Devereux
Lee Ann Prielipp
Gwen Rench
Yvonne Tate
Harry Bossi
Melissa Burke-Cain

Members by Phone:
Marilyn Guthrie

Members Absent:
Phil Karlberg
Eva Santos

Call to Order
Doug Porter, Chair, called the meeting to order at 1:00 p.m. Sufficient members were present to allow a quorum. Board and audience self-introductions followed.

Approval of July 11, 2012 PEBB Meeting Minutes
It was moved and seconded to approve the July 11, 2012 PEB Board meeting minutes with one correction. The sentence indicating there were no changes to non-Medicare retiree premiums was removed. That was an incorrect statement. Corrected minutes approved by unanimous vote.

Annual Rule Making
Mary Fliss, HCA: Mary gave an update on the Wellness Program Policy proposal. Changes needed to implement a premium incentive as part of the benefit design were considered. This policy proposal was presented at the June 27 PEB Board meeting, requiring wellness activities to be completed by June 30 each year. HCA knew Labor would be discussing wellness at their meetings in July. Due to the outcome of those discussions, the Wellness Premium Incentive Program that was developed will not be

adopted. Therefore, the policy vote regarding the June 30 deadline is no longer needed. We will move forward with the standard rule making proposals presented at the July 11 meeting. The approved amendments and rules will be published in the Washington State Register in August. A public hearing will be conducted in September with adoption of the final rules, effective January 2013.

Board members can be notified of the final rules by subscribing to the list PEBB-RULE-MAKING-NOTICE on the HCA Listserv.

Lou McDermott, HCA: Lou shared with the Board our commitment to work on the wellness program for 2014. We will work with Labor and other stakeholders to come up with a meaningful program. In the meantime, our goal is to make enhancements to the current wellness program and provide better communication regarding that program.

Melissa Burke-Cain, ATG: Melissa discussed the process for voting. There needs to be a motion and a second to put the resolutions on the floor. There needs to be time for discussion before each vote. The Board Chair has a vote and usually votes last.

Doug Porter, HCA: There was no request for public comment.

PEBB 2013 Procurement Vote

Procurement Resolution 1: Resolved that the PEB Board endorses the Uniform Medical Plan (UMP) Classic, Consumer Directed Health Plan (CDHP), and Medicare Plan Design.

Moved. Seconded. Approved.
Voting to Approve: 5
Voting No: 0

Gwen Rench: Yes
Greg Devereux: Yes
Yvonne Tate: Yes
Lee Ann Prielipp: Yes
Marilyn Guthrie: Yes
Doug Porter: No Vote

Procurement Resolution 2: Resolved that the PEB Board endorses the Group Health Classic (GHC), Value, CDHP, and Medicare Plan Design.

Greg Devereux: Greg felt both Group Health and Kaiser could be more competitive by not making changes in either the deductible or copay. They have access to reserves and could absorb those costs. It would have been nice to have them come in the same as the UMP design. Greg will be voting no for both Resolution 2 and Resolution 3.
Lee Ann Prielipp: Lee Ann agreed with Greg. It is difficult in the Medicare world with people on fixed incomes to make the changes. This is something we should be looking at for the future, but for now, Lee Ann's vote is no.

Moved. Seconded. Approved.
Voting to Approve: 4
Voting No: 2

Gwen Rench: Yes
Greg Devereux: No
Yvonne Tate: Yes
Lee Ann Prielipp: No
Marilyn Guthrie: Yes
Doug Porter: Yes

Procurement Resolution 3: Resolved that the PEB Board endorses the Kaiser Classic, CDHP, and Medicare Plan Design.

Moved. Seconded. Approved.
Voting to Approve: 4
Voting No: 2

Gwen Rench: Yes
Greg Devereux: No
Yvonne Tate: Yes
Lee Ann Prielipp: No
Marilyn Guthrie: Yes
Doug Porter: Yes

Procurement Resolution 4: Resolved that the PEB Board endorses the UMP Classic and CDHP employee premiums.

Moved. Seconded. Approved.
Voting to Approve: 6
Voting No: 0

Gwen Rench: Yes
Greg Devereux: Yes
Yvonne Tate: Yes
Lee Ann Prielipp: Yes
Marilyn Guthrie: Yes
Doug Porter: Yes

Procurement Resolution 5: Resolved that the PEB Board endorses the GHC Classic, Value, and CDHP employee premiums.

Greg Devereux: Under both Resolution 5 and 6, Group Health and Kaiser could have done more to be competitive with UMP. UMP has done a superb job this year. Greg will be voting no.

Lee Ann Prielipp: Lee Ann will be voting no for similar reasons.

Gwen Rench: Gwen has concerns about the premium increases, but for facilitating movement, she will vote yes.

Moved. Seconded. Approved.
Voting to Approve: 4
Voting No: 2

Gwen Rench: Yes
Greg Devereux: No
Yvonne Tate: Yes
Lee Ann Prielipp: No
Marilyn Guthrie: Yes
Doug Porter: Yes

Procurement Resolution 6: Resolved that the PEB Board endorses the Kaiser Classic and CDHP employee premiums.

Moved. Seconded. Approved.
Voting to Approve: 4
Voting No: 2

Gwen Rench: Yes
Greg Devereux: No
Yvonne Tate: Yes
Lee Ann Prielipp: No
Marilyn Guthrie: Yes
Doug Porter: Yes

Procurement Resolution 7: Resolved that the PEB Board endorses the maximum $150 Employer Medicare Contribution set forth in the legislative budget appropriation.

Moved. Seconded. Approved.
Voting to Approve: 6
Voting No: 0

Gwen Rench: Yes
Greg Devereux: Yes
Yvonne Tate: Yes
Lee Ann Prielipp: Yes
Marilyn Guthrie: Yes
Doug Porter: Yes

Doug Porter, HCA: Doug echoes Greg's comments. UMP participation in this year's procurement was remarkable and it sets a high bar for the other plans to try and add value in the process. Thanks to the staff, they did a great job.

2013 PEB Board Schedule

Doug Porter, HCA: The October 2012 PEB Board meeting is canceled. The next scheduled Board meeting is the Retreat on January 9, 2013. The meeting schedule for 2013 is behind Tab 6.

The meeting was adjourned at 1:25 p.m.

Washington State Health Care Authority

2013-2015 Biennial Budget Proposals

	Governor		Senate		House	
	14	15	14	15	14	15
Funding Rate (FY)	$782	$791	$779	$782	$782	$791
Mcr Ret Subsidy (CY)	$150	$150	$150 [1]	$150 [1]	$150	$150
Mcr Ret Subsidy (CY)	N/A	N/A	$100 [2]	$110 [2]	N/A	N/A
K-12 Remittance (SY)	$66.22	$71.76	$60.17	$61.00	$64.40	$70.39
Smoker Surcharge (FY)	N/A	N/A	$25	$25	N/A	N/A

FY = State fiscal year
CY = Calendar year
SY = School year

[1] $150 per person for those who retired with at least 20 years of service and who receive a monthly retirement allowance that does not exceed $80 per year of retirement service credit. (At 20 years of service, this would be $1,600 per month.)

[2] If the retiree does not qualify for the subsidy described above, the subsidy would be up to $100 pmpm in CY 2014 & $110 pmpm in CY 2015.

Washington State Health Care Authority

2013 Open Enrollment Summary & ACA Implementation Updates

Mary Fliss
Deputy Director
Public Employees Benefits Division
May 22, 2013

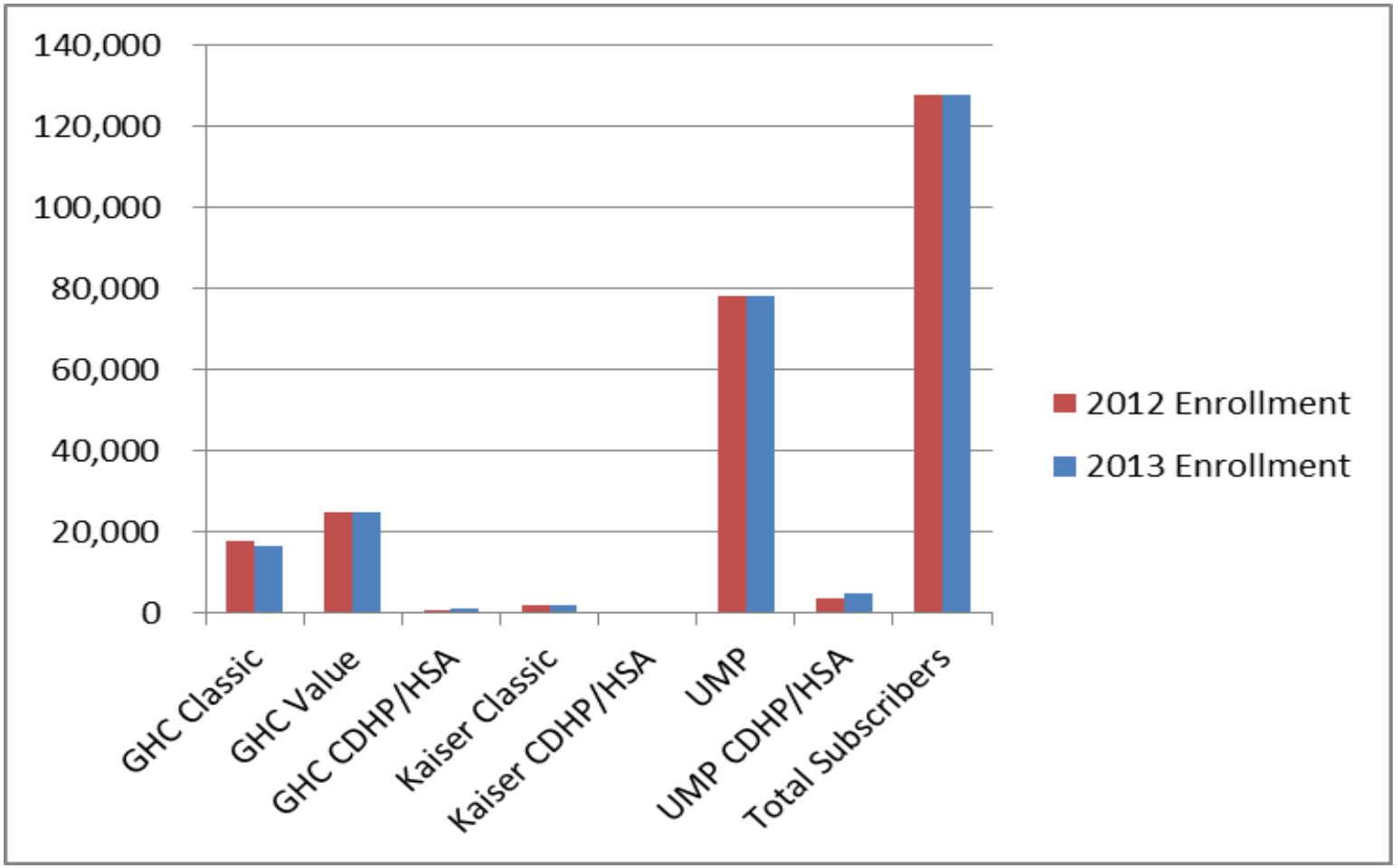
Open Enrollment 2013 Initiatives

- Summary of Benefits and Coverage (SBC) Implementation
  - Affordable Care Act requirement
  - Provided a more standardized comparison tool of medical plan benefits
  - Joint effort between PEBB and medical carriers
- Benefit Fair Improvements
  - Scheduling
  - Locations
  - Medicare video presentation
- Email subscription service
  - Promoted paperless delivery of PEBB newsletters to members

Open Enrollment 2013 Results

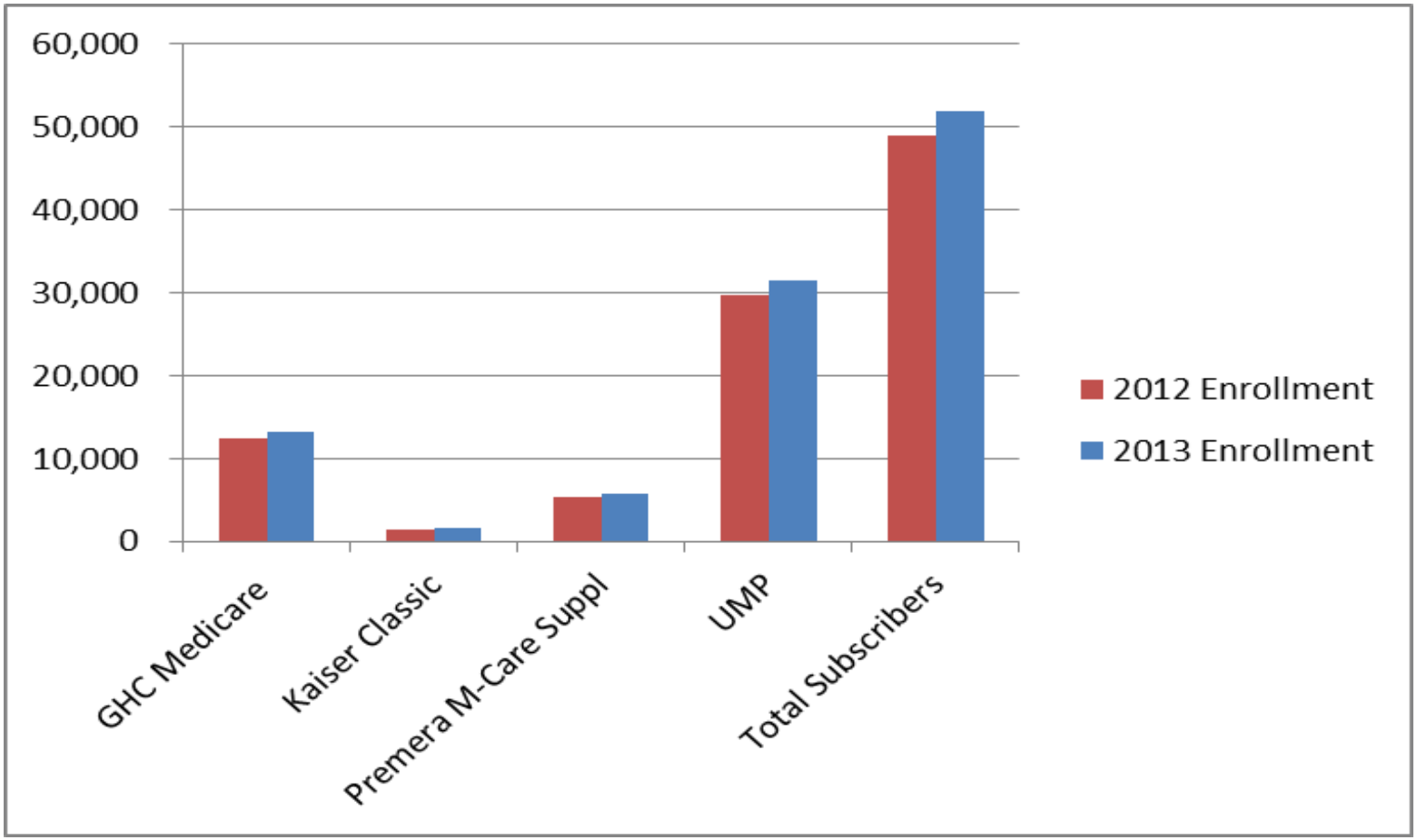
- Timely Board votes and all insurance contracts signed prior to Open Enrollment.
- Positive member survey results.
- For Open Enrollment, PEBB sent 20 ListServ messages to personnel/payroll staff to forward to their employees.
- 18% increase in subscribers signed up for the email subscription service.

Employees and Non-Medicare Retirees (Jan. 2012 and Jan. 2013 subscriber counts)



Washington State Health Care Authority

Medicare-Enrolled Retirees
(Jan. 2012 and Jan. 2013 subscriber counts)



Washington State Health Care Authority

	PEBB Enrollment Changes 2012 to 2013					
	Health Plan	Jan-12	Jan-13	Change		Percent of Total Subscribers
				No. of Subscribers	% Changed	
Employees/Non-Medicare Retirees	GHC Classic	17,901	16,726	(1,175)	-7%	13%
	GHC Value	24,891	24,711	(180)	-1%	19%
	GHC CDHP/HSA	989	1,080	91	9%	1%
	Kaiser Classic	2,150	2,009	(141)	-7%	2%
	Kaiser CDHP/HSA	62	114	52	84%	0%
	UMP	78,131	78,098	(33)	0%	61%
	UMP CDHP/HSA	3,512	4,787	1,275	36%	4%
	Total Subscribers	127,636	127,525	(111)	0%	100%
Medicare Retirees	GHC Medicare	12,375	13,132	757	6%	25%
	Kaiser Classic	1,434	1,509	75	5%	3%
	Premera M-Care Suppl	5,397	5,764	367	7%	11%
	UMP	29,634	31,306	1,672	6%	61%
	Total Subscribers	48,840	51,711	2,871	6%	100%

ACA Implementation Updates

- Eligibility
  - Completed Employer Shared Responsibility (Play or Pay) analysis of proposed regulations.
  - Submitted comments to federal agencies.
  - Working with Department of Enterprise Services (DES) on annual IRS reporting requirements. DES will help consolidate "hours of service" data from 8 payroll systems.
- Fees
  - Patient Centered Outcomes Research Fee
  - Transitional Re-insurance Assessment
- Benefit Changes
  - Information will be provided at next PEB Board meeting

Questions?

Mary Fliss, Deputy Director
Public Employees Benefits Division
Mary.Fliss@hca.wa.gov
360-725-0822

Washington State Health Care Authority

Annual Rule Making

Mary Fliss
Deputy Director
PEB Division
May 22, 2013

Barb Scott
Policy and Rules Manager
PEB Division
May 22, 2013

Purpose of this briefing

To review the policy proposals we will ask you to take action on during the next PEB Board meeting.

Policy Proposal - Retiree Deferral

Recommended Policy:

- A non-Medicare retiree may defer PEBB retiree coverage at or after retirement if continuously enrolled in coverage offered through an American Health Benefit Exchange.
- Non-Medicare retirees who defer enrollment while enrolled in Exchange coverage will have a one-time opportunity to return to PEBB coverage.

Policy Proposal - Agency Error Correction

Recommended Policy:

- If an employing agency fails to enroll an employee in benefits:
  - Retroactive Medical and Dental enrollment will not exceed three months.
  - Recourse will be provided in accordance with each situation.

Policy Proposal – Higher Education Disability Retirements

Recommended Policy:

- Allow employees who are awarded a retroactive disability retirement under a Higher Education Retirement Plan by the appropriate authority to:
  - Enroll retroactive to date of retirement; or
  - Prospective enrollment with a gap between the retirement date and coverage enrollment date.

Policy Proposal – Blind Vendor Licensees

Recommended Policy:

- A licensee is not eligible to participate in PEBB retiree insurance when he or she ends participation in the Business Enterprises Program.
- The licensee may continue enrollment in PEBB medical on a self-pay basis under COBRA.

Policy Proposal - Stepchildren

Recommended Policy:

- A stepchild's relationship to a subscriber (and eligibility as a PEBB dependent) ends on the same date the subscriber's legal relationship with the spouse or domestic partner ends through divorce, annulment, dissolution, termination, or death.

Next Steps

- Next PEB Board meeting:
  - Ask the Board to take action on today's policy recommendations and brief the Board on the annual rule making.
- September:
  - Publish proposed amendments and new rules in the Washington State Register and conduct a public hearing.
- October:
  - HCA will adopt final rules.
- January:
  - Final rules effective January 1, 2014.

Questions?

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DRAFT Policy Proposal for 2013 Annual Rule Making

RETIREE DEFERRAL ALLOWED FOR AMERICAN HEALTH BENEFIT EXCHANGE (EXCHANGE) ENROLLMENT?

Proposed Policy:

In addition to the current policy, a non-Medicare retiree may defer PEBB retiree coverage at or after retirement if continuously enrolled in coverage offered through an American Health Benefit Exchange (Exchange).

A non-Medicare retiree who defers enrollment while enrolled in Exchange coverage will have a one-time opportunity to enroll in a PEBB health plan by submitting the appropriate forms and evidence of continuous enrollment in Exchange coverage to the PEBB Program:

- During annual open enrollment. PEBB health plan coverage begins January 1st of the following year; or
- No later than 60 days after Exchange medical ends. PEBB health plan coverage begins the first day of the month after Exchange medical ends.

Current Policy:

Retirees who are continuously enrolled in a PEBB or Washington State K-12 school district sponsored medical plan as a dependent may defer enrollment in a PEBB retiree health plan. The retiree may return from deferral per WAC 182-12-200.

Retirees who are continuously enrolled in other comprehensive medical coverage (including comprehensive employer-sponsored medical as an employee or dependent, a federal retiree plan as a retiree or dependent, or Medicare Parts A and B and a Medicaid program that provides creditable coverage), may defer enrollment in a PEBB health plan at or after retirement. The retiree may return from deferral per WAC 182-12-205(3).

Justification:

- Exchange coverage will be comparable to other types of coverage which allow a retiree to defer PEBB coverage.
- A non-Medicare retiree may be eligible for subsidized premiums through an Exchange; premiums may be less than premiums for PEBB retiree coverage.
- A non-Medicare retiree's deferral of PEBB coverage positively affects the non-Medicare/active employee risk pool.
- A one-time opportunity to return from deferral limits the risk of adverse selection returns.
- Operationally consistent; aligns with return from deferral rules for PEBB retirees who defer coverage when enrolled as a federal retiree or dependent of a federal retiree.

DRAFT Policy Proposal for 2013 Annual Rule Making

CORRECTION OF EMPLOYEE BENEFIT ACCOUNTS WHEN AGENCY ERROR

Proposed Policy:

If an employing agency fails to provide notice of benefits eligibility to an employee, fails to enroll an employee who regains eligibility for the employer contribution, or fails to accurately enroll an eligible employee, retro medical and dental enrollment will not exceed three months.

If an employing agency fails to enroll an employee as required (an employee fails to elect benefits within 31 days, or an employer fails to enroll the employee as requested) and the employee is enrolled as a PEBB dependent, the employee will remain enrolled in medical as a dependent (assumed waived), and will be enrolled as a subscriber in the dental plan they have been enrolled in as a dependent.

Current Policy:

- Statute directs PEBB insurance coverage to begin on the first day of the month following the date when eligibility for benefits is established.
- If an employing agency fails to enroll an employee, PEBB rules require retroactive enrollment in medical and dental insurance coverage as elected by the employee, retro to the point of eligibility, in agreement with statute.
- If an employee fails to return enrollment forms within 31 days of becoming eligible, the employer defaults the employee's medical and dental coverage to UMP and UDP.
- Waiver of medical enrollment must occur within 31 days after becoming eligible.

Justification:

- Statute (RCW 41.05.065(4)(h)) describes normal enrollment situations; it does not address error correction.
- In practice, retroactive error correction conflicts with our rule prohibiting dual enrollment when complying with federal law that prohibits retroactive disenrollment (prohibited rescission).
- It is not operationally feasible to administer retroactive enrollment and claims processing for long-ago errors.
- Retroactive enrollment rules sometimes result in enrollment to coverage that results in unintended or negative consequences to employee, especially for long-ago errors.
- Vendor contracts require life insurance and long-term disability elections to be effective at the initial point of eligibility; effective dates remain as is.
- Recourse for employees due to eligibility determination or enrollment errors, and penalties to agencies for failing to correctly determine employee eligibility and enroll to coverage, will be addressed separate from this policy decision.

DRAFT Policy Proposal for 2013 Annual Rule Making

Higher Education Disability Retirements

Proposed Policy:

Allow employees who are awarded a retroactive disability retirement under a Higher Education Retirement Plan (HERP) by the appropriate higher education authority to:

- Enroll retroactive to date of retirement; or
- Prospective enrollment with a gap between the retirement date and coverage enrollment date.

Current Policy:

Not allowed to enroll in PEBB retiree insurance coverage.

Justification:

- The current rule allows eligibility when the Department of Retirement Systems (DRS) makes a formal determination of retroactive eligibility. The rule allows for a gap in coverage if the member chooses prospective (from the determination date) enrollment instead of retroactive enrollment.
- This rule was originally enacted (1/1/2005) to allow eligibility for a class of individuals not for individual eligibility.
- The rule is now interpreted in a way that allows employees who are awarded a retroactive disability retirement by DRS to be eligible for retiree coverage.
- Given similar circumstances (awarded a retroactive disability retirement), it seems that employees participating in a HERP should receive the same opportunities as employees participating in a DRS administered retirement plan like Public Employees' Retirement System (PERS).

DRAFT Policy Proposal for 2013 Annual Rule Making

Blind Vendor Retiree Eligibility

Proposed Policy:

An individual licensee or vendor who ends participation in the Business Enterprises Program maintained by the Department of Services for the Blind is not eligible to participate in PEBB retiree insurance.

An individual licensee or vendor may continue enrollment in PEBB medical on a self-pay basis under COBRA.

Current Policy:

PEBB rules are silent on blind vendor eligibility to participate in PEBB retiree insurance.

Justification:

These vendors are not included in the RCW[i] that describes other non-employees eligible to participate in PEBB retiree insurance and receive the explicit subsidy provided under RCW 41.05.085.

In 2002 the legislature[ii] directed the PEB Board to offer health insurance to blind licensees actively operating a facility and participating in the Business Enterprises Program maintained by the Department of Services for the Blind. Statute requires coverage that is the same or similar to what is offered to state employees.

Currently 16 vendors participate in the Business Enterprises Program and two of the vendors are enrolled in PEBB medical coverage.

Participation is voluntary, so enrollment is at the option of each individual licensee or vendor under rules established by the Board. To date, the Board has established the following rules:

- Blind vendors are not included in the definition of employee in statute, so in PEBB eligibility rules, they are included as a group of eligible nonemployees.
- Blind vendors may only participate in medical coverage.
- Vendors who do not enroll when they are first eligible are allowed to enroll during an annual open enrollment period, or effective the first day of the month following a loss of other medical coverage.
- The dependent eligibility for blind vendors is the same as dependent eligibility for employees.
- The Department of Services for the Blind is responsible for notifying eligible vendors in advance of the date they are eligible to apply for enrollment.

Cost incurred by the state for vendors (excluding cost for family enrollment) is paid from the Business Enterprises Revolving Account[iii]. The cost for family coverage is "the sole responsibility of the individual blind vendors."

Issue this policy is to resolve: The rule is silent on eligibility for participation in PEBB retiree insurance. For clarity, the Program recommends that the PEB Board affirm the current policy.

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[i] RCW 41.05.080 describes individuals that may participate in retiree insurance (e.g. survivors)
[ii] PEB Board directed to offer health insurance to blind licensees RCW 41.05.225
[iii] Business Enterprises Revolving account authorized in RCW 74.18.230

DRAFT Policy Proposal for 2013 Annual Rule Making

STEPCHILD ELIGIBILITY

Proposed Policy:

A stepchild's relationship to a subscriber (and eligibility as a PEBB dependent) ends on the same date the subscriber's legal relationship with the spouse or domestic partner ends through divorce, annulment, dissolution, termination, or death.

- A stepchild is eligible for COBRA or PEBB continuation coverage.
- In the case of death of the parent (spouse or domestic partner of PEBB subscriber), a legal relationship with stepparent can establish PEBB eligibility (adoption, extended dependent).

Current Policy:

- Stepchildren are eligible for PEBB benefits as dependents (WAC 182-12-260(3)).

Justification:

- Proposed policy aligns with historic operational standards and PEBB legal team opinion.
- Stepchildren are eligible dependents for health care coverage through Affordable Care Act (IRC 152(f)(1)). IRS clarifies that through a common-law definition, status as a stepchild ends when the legal relationship that created stepchild status ends.

DRAFT Policy Proposal for 2013 Annual Rule Making

Wellness Program

Proposed Policy:

For each plan year, set June 30 as the deadline for all non-Medicare subscribers to complete a Health Risk Assessment (HRA), select a primary care provider (PCP), and start a wellness incentive activity to be eligible for the incentive program to be effective January of the following year.

Current Policy:

None

Justification:

- Operational Requirement: June 30 provides a tight, but adequate, timeline for identifying the number of subscribers who may qualify for an incentive for purposes of:
  - Rate modeling;
  - Account management including eligibility file transmission and appeal/dispute processing;
  - Communication systems.
- Aligns with industry standard

Washington State Health Care Authority

2014 Ancillary Charge PEB Board May 22, 2013

Donna L. Sullivan, PharmD, MS
Special Assistant
Prescription Drug Program

Ancillary Charge (AC)

- Recommend removing AC in 2014
- Define Ancillary Charge and its original purpose
- Why Remove AC?
- Member Impact

Ancillary Charge (AC) - Definition

- Implemented in 2006 to discourage members from buying brand name drugs that have generic equivalents
- Only applies to Tier 3 brand name drugs that have a generic "equivalent"
- Plan pays what it would have paid for generic, member pays the cost difference between generic and brand

Why Remove AC?

- 2012—member prescription cost share same at retail and mail order
- Cost share structure encourages use of generic drugs
- AC confusing to members
- 2014—AC must apply to CDHP Member deductible & OOP max

Member Impact

- In 2012, 6,000 members paid the ancillary charge on 27,000 prescriptions
- In 2014, average member OOP costs for those 27,000 prescriptions will decrease approximately 20%
- Annual Member Savings $388,000

Questions?

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Washington State Health Care Authority

2014 Ancillary Charge - Appendix
PEB Board
May 22, 2013

Donna L. Sullivan, PharmD, MS
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Prescription Drug Program

Distribution of Ancillary Charge Across UMP Plans in 2012

Plan	Unique Members with AC	Total Claims (Avg = 4 / Mbr)	% Member Share of Total Drug Cost	Average Member Cost Per Claim	Estimated Annual Cost to Plan Cost to discontinue AC
UMP Classic – Non Medicare	3,506	15,494	69.3%	$47.10	$206,923
UMP Classic – Medicare	2,643	11,286	70.5%	$55.24	$178,369
UMP CDHP	72	308	79%	$25.43	$2,875
All UMP Plans	6,153	27,088	69.8%	$50.49	$388,167

Most Common Drugs with Ancillary Charge

Drug	Unique Members	Total Claims with AC (Claim / Mbr)	Average Member Share w/AC	Average Member Share w/o AC	Annual Member Savings
Synthroid	2,279	11,342 (5)	$25.35	$16.12	$104,774
Levoxyl	1,387	6,894 (5)	$14.57	$10.38	$28,870
Lipitor	574	1,109 (2)	$122.73	$119.66	$3,399
Coumadin	222	1,067 (5)	$78.50	$43.05	$37,828
Lexapro	92	172 (2)	$128.26	$87.47	$7,017
Plavix	39	75 (2)	$268.05	$158.74	$8,199
Wellbutrin XL	30	98 (3)	$437.06	$254.64	$17,878
Effexor XR	25	149 (6)	$276.61	$154.11	$18,252
Lamictal	12	58 (5)	$538.83	$274.38	$15,338
Keppra	8	45 (6)	$576.65	$316.51	$11,706
All drugs	**6,153**	**27,088 (4)**	**$50.49**	**$36.16**	**$388,167**

UMP Classic Pharmacy Benefit Structure

	2012/2013 (90 Day Supply)	**Recommended 2014** (90 Day Supply)
Value Tier	High Value Generics 5% (No Deductible)	High Value Generics 5% (No Deductible)
Tier 1	Select Generics 10% (No Deductible)	Select Generics 10% (No Deductible)
Tier 2	Preferred Drugs 30%	Preferred Drugs 30%
Tier 3	Non-Preferred Drugs 50% Ancillary Charge applies to brand with generic equivalent	Non-Preferred Drugs 50%

UMP CDHP Pharmacy Benefit

2012/2013	Recommended 2014
100% until deductible is met	100% until deductible is met
15% once deductible is met up to annual out of pocket maximum	15% once deductible is met up to annual out of pocket maximum
Ancillary charge applies to brands with generic equivalent; Ancillary charge does not count toward deductible or annual out of pocket maximum	*No Ancillary charge**

**If Ancillary Charge applied to brands with generic equivalent, the Ancillary charge will have to count toward deductible and annual out of pocket maximum.*

Questions?

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Washington State Health Care Authority

2014 Health Management PEB Board May 22, 2013

Scott Pritchard
Health Management
Public Employees Benefits Division

Population Health Management

A comprehensive approach to improving the health of employees and their families.

Population Health Management Goals

Measurably:

- Improve the health of the population
- Increase the number of healthy hours worked (presenteeism)
- Contribute to mitigating the cost trend

Health Management Strategy

Engage members in activities and programs that:

- Keep healthy people healthy
- Reduce health risks for those at risk
- Assist those with a chronic condition to effectively manage the condition

Health Management Programs Considered for 2014

Diabetes **Prevention** Program

Diabetes **Control** Program

Weight Management

Health Management Program (Recommended)

Diabetes **Prevention** Program

Who is Eligible?

- UMP, Group Health, Kaiser*
- Non-Medicare adults, subscribers, and dependents
- Employees are primary population due to engagement method

Engagement Method and Risk Reduction

- Worksite testing event or diagnosis of prediabetes
- Blood sugar (100-125) or A1c (5.7-6.4)
- Sixteen 1-hour classes: lifestyle change to reduce body weight 5-7%

Outcome

- Reduce the conversion of those with prediabetes to diabetes
- Research: Conversion rate to diabetes is reduced 58%

*Kaiser - Covers testing event and offers similar coaching program.

Health Management Program (Recommended)

Diabetes **Control** Program

Who is Eligible?

- UMP only (Group Health and Kaiser have internal programs)
- Non-Medicare adults, subscribers, and dependents

Engagement Method

- Identification through claims or at onsite testing event
- Diagnosis of diabetes required

Improving Condition Management

- Quarterly consult with specifically AADE accredited pharmacist

Outcome

- Improved blood sugar control
- Also: LDL cholesterol, blood pressure, weight

Health Management Programs (More Research Needed)

Weight Management

- Self-pay contract for 2014 (Weight Watchers)
- Researching if/how to implement a subsidy
- Comprehensive Strategy: Researching multiple approaches and delivery methods so members will have options

Health Management
Washington Wellness

Washington Wellness

Works directly with the 85 state agencies and higher education institutions with 50 or more employees to develop effective wellness programs that measurably improve the health and productivity of employees

- Increase Physical Activity
- Improve Food Selection
- Tobacco Free Living
- Promote Appropriate Use of Preventive Care

Questions?

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DPCA Programs for WA PEBB in 2014—How Program Will be Deployed

Diabetes Prevention Program			
Which Plans Will Offer Program?	**Which Risk Groups?**	**How Will Participants Be Recruited?**	**How will program be delivered?**
UMP Classic **UMP CDHP** **Group Health Classic & Value** **Group Health CDHP**	• Non-Medicare Adults including subscribers and adult dependents. • Primary target audience is employees. • Pre-Medicare retirees are included in this risk pool.	• Worksite testing events. • All employees are invited by wellness coordinator to event via email with link to online pre-screening tool. If member is at risk, he/she can schedule test time during event. • DPCA/WA Wellness will schedule 40 test visits in 2014. • Members who test positive for prediabetes will be referred to the program. • Members who test positive for diabetes will be referred to their PCP and to DCP program. • Members who have a diagnosis of pre-diabetes in claims will be recruited via letter and telephone by DPCA	• DPP is a health coaching program of 1-hour weekly sessions for 16 weeks. • Members can receive services at local YMCA or other DPP provider. • DPP provider can come to the workplace for lunch and learn. • Online version of DPP available June 2014. • Proven program approved by CDC.
Kaiser Value Plan **Kaiser CDHP**	Same risk pool as above.	Same except Kaiser will only cover lab test at event.	Kaiser offers DPP equivalent program at its facilities.

Diabetes Control Program			
Which Plans Will Offer Program?	**Which Risk Groups?**	**How Will Participants Be Recruited?**	**How will program be delivered?**
UMP Classic **UMP CDHP**	• Non-Medicare Adults age 18 and older. • If the program is successful for non-Medicare members, it will likely be offered to Medicare members in 2015.	• UMP members with diagnosis of diabetes in claims data will be recruited via letter and telephone by DPCA. • Diabetic members can also call to register. Need diagnosis from physician. • The program will be promoted at the worksite, on UMP's website, welcome packets and other appropriate channels.	• Safeway pharmacists provide a quarterly consultation with members, typically when they refill their meds. • Safeway uses private room for consultation. • All 150 Safeways will be operational by January 2014. • DPCA uses Asheville model for program.

Washington State Health Care Authority

Legislative Update

Lou McDermott
Director
Public Employees Benefits Division
May 22, 2013

Legislative Update

- ESSB 5811 – An act relating to employee wellness programs.
- ESSB 5905 – An act relating to modifying employee eligibility for health insurance benefits consistent with the employer shared responsibility provisions of the patient protection and Affordable Care Act.

Questions?

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