

Public Employees Benefits Board

July 17, 2013

Public Employees Benefits Board Meeting

July 17, 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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AGENDA

Public Employees Benefits Board

July 17, 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	
1:05 p.m.	Approval July 10, 2013 Minutes	TAB 3	Dorothy Teeter	Action
1:10 p.m.	PEBB Procurement Resolutions 1-8 with Public Comment	TAB 4	Dorothy Teeter	Action
2:00 p.m.	2014 PEB Board Meeting Schedule	TAB 5	Lou McDermott	Information
2:10 p.m.	Public Comment			
2:30 p.m.	Adjourn			

The Public Employees Benefits Board will meet Wednesday, July 17, 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/>

PEB Board Members

Name	Representing
Dorothy Teeter, Director Health Care Authority 626 8 th 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 6 th Ave SW Federal Way WA 98023 V 253-839-9753 leeannwa@comcast.net	K-12 Retirees
Susan Lucas, Assistant Commissioner Chief Financial Officer Budget, Performance, and Research Division Employment Security Department PO BOX 46000 Olympia, WA 98504-6000 V 360-902-9423 slucas@esd.wa.gov	Benefits Management/Cost Containment

PEB Board Members

Name

Representing

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Benefits Management/Cost Containment

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Benefits Management/Cost Containment

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*non-voting members



Washington State Health Care Authority
Public Employees Benefits Board

P.O. Box 42713 • Olympia, Washington 98504-2713
360-725-0856 • TTY 711 • FAX 360-586-9551 • www.pebb.hca.wa.gov

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

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: September 06, 2012

TIME: 11:43 AM

WSR 12-19-010

2014 PROCUREMENT KEY MILESTONE DATES

- 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
 - Eligibility and Policy Briefs
- July 10: Board Meeting: Recommended Resolutions
- Plan Design
 - Employee Premiums
 - Medicare Explicit Subsidy
- July 17 or 24: Board Meeting: Resolution Vote

5/9/13

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.

Public Employees Benefits Board
Meeting Minutes

D*R*A*F*T

July 10, 2013
Health Care Authority, Sue Crystal Rooms A & B
Olympia, Washington
1:00 p.m.

Members Present:

Dorothy Teeter
Greg Devereux
Lee Ann Prielipp
Gwen Rench
Marilyn Guthrie
Susan Lucas
Harry Bossi
Yvonne Tate
Melissa Burke-Cain

Call to Order

Lou McDermott, Acting Chair, called the meeting to order at 1:00 p.m. Lou is acting on behalf of Dorothy Teeter, Chair, who arrived after the Governor's Cabinet meeting. Sufficient members were present to allow a quorum. Board and audience self-introductions followed.

Approval of June 26, 2013 PEBB Meeting Minutes

It was moved and seconded to approve the June 26, 2013 PEB Board meeting minutes as written. Minutes approved by unanimous vote.

Legislative Update

Mary Fliss, Deputy Director for the Public Employees Benefits Division provided a legislative update. There are two major impacts to the PEBB Program in the budget that was passed by the legislature. Two surcharges will be assessed starting July 1, 2014. The first surcharge is related to tobacco use. Subscribers covering themselves and/or a family member who is using tobacco, will be assessed a \$25 per month surcharge. Subscribers that are covering a spouse who has waived other employer sponsored coverage from another source will have a \$50 per month surcharge.

In addition to the budget being concluded, there are two federal developments since our last board meeting. The first is the DOMA (Defense of Marriage Act) ruling by the Supreme Court. We are currently doing analysis around what the taxation implications will be for us. We currently cover same sex married couples as per Washington State Law.

The second development was the deferral of the Affordable Care Act (ACA) employer reporting obligation and penalty for one year. We continue to assess the requirements for the

ACA reporting. We do that with the understanding that both the Federal government is intending to publish extensive rules around their definition of FTEs this summer, and then we will be continue to work with our eight payroll systems to assure that we are doing the appropriate reporting to the IRS.

UMP Clinical Update

Dr. Dan Lessler, Chief Medical Officer provided the Board with a clinical update on bariatric surgery and mammography.

The area of bariatric surgery continues to evolve clinically. It has become clear over the last few years that there are additional categories of patients and clinical conditions that benefit from Bariatric Surgery. In 2013, the criteria have been ages between 18 and 64 and a BMI of 40 or higher with one or more co-morbid conditions. On reviewing literature, it's clear that people with BMIs from 35 – 39 also benefit from bariatric surgery. In 2014, the changes to the criteria are broadened somewhat and will include people with a BMI of 40 or higher with no stipulation on any additional conditions, just that BMI. For those with a BMI of 35-39, it will be those that have two or more co-morbid conditions. Diabetes would be one such common co-morbid condition. Sleeve gastrectomy will be added in 2014. This is another type of procedure, in addition to the two procedures that are currently covered.

Susan Lucas had questions regarding the ages mentioned for the different procedures and Dr. Lessler clarified that what is covered for people through age 20 is actually the laparoscopic banding, but the sleeve gastrectomy and the Roux en Y, are restricted to people age 21 and above. That's consistent with the recommendation that was made by the Health Technology Assessment Program when they reviewed this. From a clinical standpoint, the important point is just that people are still developing when they are 18, 19, or 20 years old and there is no good literature to indicate it's safe to do these absorptive-type procedures in younger people. Under age 18 and over 64 are not eligible.

There will also be an update to mammography coverage. The current benefit covers preventive mammography for women who are 40 or over. That benefit is written consistent with the United States Preventative Services Task Force guidelines. In June, it came to our attention that we needed to review this benefit in more detail when an enrollee under 40 with a family history of breast cancer was in need of screening mammography. After review, we will expand the preventive coverage to include women who are younger than 40 and are high risk for breast cancer to be included in terms of the preventive mammography benefit. UMP will be notifying women of this change.

Harry Bossi: Harry thanked HCA for their response on the mammography benefit. He felt it was very appropriate. He also asked if there were other age appropriate kind of tests and screenings that might be considered for similar exceptions.

Dr. Dan Lessler: Dr. Lessler indicated there may be and HCA will be taking a look at everything to be sure things are appropriately covered.

Greg Devereux: Greg also appreciated the Health Care Authority's response to both bariatric surgery and mammography benefits.

PEBB Procurement Brief and Recommendations

Michele Ritala, Benefit Strategy and Design Manager, and Janice Baumgardt, with Finance, provided an overview of PEBB Procurement and recommendations for 2014. Michele reviewed our over-arching goals. One goal is to maintain benefits that compare well with other high-quality employers in the state of Washington, both public and private. We want benefit designs that are evidence-based and that encourage enrollees to improve their health, seek a higher quality and more efficient care, and create targeted health behaviors. We want to manage within the fiscal limits that are set by the legislature and maintain access to a choice of health plans for employees and retirees. A continuing goal is to improve our ability to manage the underlying cost trends.

For the Uniform Medical Plan, we are recommending the addition of the Diabetes Prevention Program and the Diabetes Control Program. The Prevention Program is the 16-week health coaching program for members who are at risk of becoming diabetic and the Diabetes Control Program is a quarterly consult for members who already have a diagnosis of diabetes with trained pharmacists.

The next UMP benefit change is the elimination of the prescription drug ancillary charge. That is an additional member cost share incurred when they purchase a Tier 3 drug, which is a brand name drug that has a generic equivalent. The recommendation is to eliminate this charge as it is no longer necessary. It applies less than one percent of the time for all prescription drug purchases. This change also applies for the Uniform Medical Plan Medicare group.

For Group Health Cooperative, for the Classic, Value, and Consumer Directed Health Plans they will also be participating in a Diabetes Prevention Program. No changes to the Medicare plans. For Kaiser Permanente, for both the Classic and CDHP, they will also be participating in the Diabetes Prevention Program for the work-site based testing events only. They will be covering the cost of the test. Where they have members they will have representatives from Kaiser there so that they can refer members to their appropriate equivalent programs. They will also be eliminating copays for the Smoking Cessation Program. That would include member cost share for any prescriptions or any nicotine replacement products and that is to be consistent with both the Uniform Medical Plan and the Group Health coverage of that same benefit.

Janice Baumgardt: Janice Baumgardt reviewed the premiums the Board will be asked to vote on next week. The employee premiums for state government and higher education active employees is about a 1.8% increase. These premiums would be effective January 1, 2014. The legislature also directed the Health Care Authority to impose a tobacco surcharge and a spousal surcharge to take effect July 1, 2014. The proposed rates are effective for the first six months of the calendar year and then effective July 1, 2014, for those employees who have a household member using tobacco, there will be an additional \$25 added to their premium and for those that meet certain criteria that are covering their spouse, will be subject to an additional \$50 surcharge for their monthly premium.

Greg Devereux: Greg asked if the 1.8% trend was utilization and inflation for both the employer and the employee.

Janice Baumgardt: Janice indicated that the 1.8% was strictly at the average employee contribution rate without the surcharges.

Gwen Rench: Gwen asked how HCA would measure whether or not an employee was smoking.

Janice Baumgardt: Janice shared that much of the details are still under development. One thought was to measure by attestation.

Harry Bossi: Harry asked for clarification on the \$25 tobacco surcharge. If the employee doesn't smoke but a dependent does, does the surcharge apply?

Janice Baumgardt: The assumption is that it does apply.

Dorothy Teeter: Dorothy clarified that the \$25 surcharge applies per family unit. If three people in the family smoked, it would be a \$25 surcharge. If one person smoked, it would be a \$25 surcharge.

Janice Baumgardt: Janice shared the premiums for the non-Medicare retirees. They are part of the non-Medicare risk pool, employees that are retired without being eligible or signed up for Medicare benefits.

The last premiums the Board will be asked to vote on have to do with the Medicare premiums risk pool. The legislature provided a \$150 subsidy per member. This is consistent with our previous biennium's budget. The subsidy is 50% of the plan premium up to a maximum of \$150 per month per member.

Janice provided the dental premiums for information only. The Board will not be voting on these premiums. The bids from DeltaCare came in with a three year price guarantee. We expect to see that same premium rate for the next four years, 2014, 2015, 2016 and 2017. Willamette offered a two year guarantee, but HCA declined. There is a one year rate guarantee for the Willamette Dental Plan. The premium is moving from \$40.20 per month to \$43.23 per month.

Gwen Rench: Gwen mentioned that she has been visiting different chapters and has heard a lot of different complaints about dentists being dropped or having to have the dental along with the medical. Is there work going on to try and get some dentists back in?

Janice Baumgardt: Janice will research and get back to the Board. As Michele mentioned, there were no benefit changes on the dental side. There are also no changes in benefits or premiums for long-term disability and life insurance plans.

Next week the Board will be on the active employee premiums and the explicit employer Medicare contribution, also known as the retiree subsidy.

The next Board meeting is July 17, 2013 at the Health Care Authority.

The meeting adjourned at 1:30 p.m.

Washington State
Health Care Authority

2014 PEBB
Medical Plan Resolutions

July 17, 2013

Purpose of Briefing Board Action

**Vote on Medical Plan Design and
Premium Resolutions presented
on July 10, 2013.**

Non-Medicare Plan Design Resolution #1

Resolved, that the Non-Medicare Uniform Medical Plans, Group Health Cooperative Plans , and Kaiser Permanente Plans will administer the Diabetes Prevention Program.

Non-Medicare Plan Design Resolution #2

Resolved, that the Non-Medicare Uniform Medical Plans will administer the Diabetes Control Program.

Non-Medicare Plan Design Resolution #3

Resolved, that the Non-Medicare Kaiser Permanente Plans will administer a comprehensive smoking cessation program at no cost to members.

Non-Medicare & Medicare Plan Design Resolution #4

Resolved, that the Non-Medicare and Medicare Uniform Medical Plans will eliminate the Ancillary Prescription Drug Charge.

Employee Premiums Resolution #5

Resolved, that the PEB Board endorses the Group Health Employee Premiums.

Employee Premiums Resolution #6

Resolved, that the PEB Board endorses the Kaiser Permanente Employee Premiums.

Employee Premiums Resolution #7

Resolved, that the PEB Board endorses the Uniform Medical Plan Employee Premiums.

Medicare Explicit Subsidy Resolution #8

Resolved, that the PEB Board endorses the maximum \$150 Employer Medicare Contribution, not to exceed 50% of plan premium, set forth in the legislative budget appropriation.

2014 Proposed Resolutions

1. Resolved, that the Non-Medicare Uniform Medical Plans, Group Health Cooperative Plans, and Kaiser Permanente Plans will administer the Diabetes Prevention Program.
2. Resolved, that the Non-Medicare Uniform Medical Plans will administer the Diabetes Control Program.
3. Resolved, that the Non-Medicare Kaiser Permanente Plans will administer a comprehensive Smoking Cessation Program with no cost to members.
4. Resolved, that the Non-Medicare and Medicare Uniform Medical Plans will eliminate the Ancillary Prescription Drug Charge.
5. Resolved, that the PEB Board endorses the Group Health Employee Premiums.
6. Resolved, that the PEB Board endorses the Kaiser Permanente Employee Premiums.
7. Resolved, that the PEB Board endorses the Uniform Medical Plans Employee Premiums.
8. Resolved, that the PEB Board endorses the maximum \$150 Employer Medicare Contribution, not to exceed 50% of plan premium, set forth in the legislative budget appropriation.



Washington State Health Care Authority
Public Employees Benefits Board

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2014 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.

December 11, 2013 (Board Retreat) 9:00 a.m. – 3:00 p.m.

March 19, 2014

April 16, 2014

May 28, 2014

June 25, 2014

July 9, 2014

July 16, 2014

July 23, 2014

December 10, 2014 (Board Retreat) 9:00 a.m. – 3:00 p.m.

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