

# Public Employees Benefits Board

July 25, 2012

## Public Employees Benefits Board Meeting

July 25, 2012

1:00 p.m. – 3:00 p.m.

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

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## AGENDA

### Public Employees Benefits Board

July 25, 2012

1:00 p.m. – 3:00 p.m.

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

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

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1:00 p.m.	<b>Welcome and Introductions</b>	Doug Porter	
1:05 p.m.	<b>Approval July 11, 2012 Minutes</b>	Doug Porter	Action
1:10 p.m.	<b>Annual Rule Making Presentation</b>	Mary Fliss Lou McDermott	Information
1:30 p.m.	<b>Procurement Resolutions 1-7 with Public Comment</b>	Doug Porter	Action
2:15 p.m.	<b>2013 PEB Board Schedule</b>	Doug Porter	Information
2:20 p.m.	<b>Adjourn</b>	Doug Porter	

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The Public Employees Benefits Board will meet July 25, 2012, at the Health Care Authority, Sue Crystal Rooms A & B, 626 8<sup>th</sup> 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](mailto:board@hca.wa.gov)

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

## PEB Board Members

Name	Representing
Doug Porter, Director Health Care Authority 626 8 <sup>th</sup> Ave SE PO Box 42700 Olympia WA 98504-2700 V 360-725-1040 <a href="mailto:doug.porter@hca.wa.gov">doug.porter@hca.wa.gov</a>	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
Phil Karlberg* Arlington Public Schools 315 N French Ave Arlington WA 98223 V 360-593-6275	K-12
Gwen Rench 3420 E Huron Seattle WA 98122 V 206-324-2786 gwenrench@covad.net	State Retirees
Lee Ann Prielipp 29322 6 <sup>th</sup> Avenue Southwest Federal Way WA 98023 V 253-839-9753 leeannwa@comcast.net	K-12 Retirees
Eva Santos, Director Office of Financial Management State Human Resources Director PO Box 47500 Olympia WA 98504-7500 V 360-664-6350 <a href="mailto:evas@ofm.wa.gov">evas@ofm.wa.gov</a>	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  
Benefits, Wellness, and Recognition Program  
REI Corporate Headquarters  
6750 S 228<sup>th</sup> Street  
Kent WA 98032  
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mguthri@rei.com

Benefits Management/Cost Containment

Harry Bossi\*  
3707 Santis Loop SE  
Lacey WA 98503  
V 360-689-9275  
hbossi@comcast.net  
hbossi@spipa.org

Benefits Management/Cost Containment

### Legal Counsel

Melissa Burke-Cain, Assistant Attorney General  
7141 Cleanwater Dr SW  
PO Box 40109  
Olympia WA 98504-0109  
V 360-586-6500  
melissab@atg.wa.gov

\*non-voting members



**Washington State  
Health Care Authority**

P.O. Box 42700 • Olympia, Washington 98504-2700  
360-923-2837 • FAX 360-923-2606 • TTY 360-923-2701 • [www.hca.wa.gov](http://www.hca.wa.gov)

**2011-2012 Public Employee Benefits Board Meeting Schedule**

The PEB Board meetings will be held at the Health Care Authority, Apple/Peach Conference Room, 626 8<sup>th</sup> Avenue SE, Olympia, WA 98501, unless otherwise noted below. The meetings begin at 1:00 p.m., unless otherwise noted below.

October 19, 2011

January 11, 2012 (Board Retreat) 9:00 a.m. – 3 p.m.

March 21, 2012

April 18, 2012

May 23, 2012

June 27, 2012

July 11, 2012

July 18, 2012

July 25, 2012

October 17, 2012

If you are a person with a disability and need a special accommodation, please contact Connie Bergener at 360-923-2625.

Jason B. Siems  
Washington Health Care Authority  
Rules Coordinator

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

**DATE: August 16, 2011**

**TIME: 9:04 AM**

**WSR 11-17-066**

## PEB BOARD BY-LAWS

### ARTICLE I

#### *The Board and its Members*

1. Board Function—The Public Employee Benefits Board (hereinafter “the PEBB” or “Board”) is created pursuant to RCW 41.05.055 within the Health Care Authority; the PEBB’s function is to design and approve insurance benefit plans for State employees and school district employees.
2. Staff—Health Care Authority staff shall serve as staff to the Board.
3. Appointment—The Members of the Board shall be appointed by the Governor in accordance with RCW 41.05.055. Board members shall serve two-year terms. A Member whose term has expired but whose successor has not been appointed by the Governor may continue to serve until replaced.
4. Non-Voting Members—Until there are no less than twelve thousand school district employee subscribers enrolled with the authority for health care coverage, there shall be two non-voting Members of the Board. One non-voting Member shall be the Member who is appointed to represent an association of school employees. The second non-voting Member shall be designated by the Chair from the four Members appointed because of experience in health benefit management and cost containment.
5. Privileges of Non-Voting Members—Non-voting Members shall enjoy all the privileges of Board membership, except voting, including the right to sit with the Board, participate in discussions, and make and second motions.
6. Board Compensation—Members of the Board shall be compensated in accordance with RCW [43.03.250](#) and shall be reimbursed for their travel expenses while on official business in accordance with RCW [43.03.050](#) and [43.03.060](#).

### ARTICLE II

#### *Board Officers and Duties*

1. Chair of the Board—The Health Care Authority Administrator shall serve as Chair of the Board and shall preside at all meetings of the Board and shall have all powers and duties conferred by law and the Board’s By-laws. If the Chair cannot attend a regular or special meeting, he or she shall designate a Chair Pro-Tem to preside during such meeting.
2. Other Officers—(*reserved*)

**ARTICLE III**  
**Board Committees**

**(RESERVED)**

**ARTICLE IV**  
**Board Meetings**

1. Application of Open Public Meetings Act—Meetings of the Board shall be at the call of the Chair and shall be held at such time, place, and manner to efficiently carry out the Board's duties. All Board meetings, except executive sessions *as permitted by law*, shall be conducted in accordance with the Open Public Meetings Act, Chapter 42.30 RCW.
2. Regular and Special Board Meetings—The Chair shall propose an annual schedule of regular Board meetings for adoption by the Board. The schedule of regular Board meetings, and any changes to the schedule, shall be filed with the State Code Reviser's Office in accordance with RCW 42.30.075. The Chair may cancel a regular Board meeting at his or her discretion, including the lack of sufficient agenda items. The Chair may call a special meeting of the Board at any time and proper notice must be given of a special meeting as provided by the Open Public Meetings Act, RCW 42.30.
3. No Conditions for Attendance—A member of the public is not required to register his or her name or provide other information as a condition of attendance at a Board meeting.
4. Public Access—Board meetings shall be held in a location that provides reasonable access to the public including the use of accessible facilities.
5. Meeting Minutes and Agendas—The agenda for an upcoming meeting shall be made available to the Board and the interested members of the public at least 10 days prior to the meeting date or as otherwise required by the Open Public Meetings Act. Agendas may be sent by electronic mail and shall also be posted on the HCA website. Minutes summarizing the significant action of the Board shall be taken by a member of the HCA staff during the Board meeting, and an audio recording (or other generally-accepted) electronic recording shall also be made. The audio recording shall be reduced to a verbatim transcript within 30 days of the meeting and shall be made available to the public. The audio tapes shall be retained for six (6) months. After six (6) months, the written record shall become the permanent record. Summary minutes shall be provided to the Board for review and adoption at the next board meeting.
6. Attendance—Board members shall inform the Chair with as much notice as possible if unable to attend a scheduled Board meeting. Board staff preparing the minutes shall record the attendance of Board Members at the meeting for the minutes.



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

1. Quorum— Five voting members of the Board shall constitute a quorum for the transaction of business. No final action may be taken in the absence of a quorum. The Chair may declare a meeting adjourned in the absence of a quorum necessary to transact business.
2. Order of Business—The order of business shall be determined by the agenda.
3. Teleconference Permitted— A Member may attend a meeting in person or, by special arrangement and advance notice to the Chair, A Member may attend a meeting by telephone conference call or video conference when in-person attendance is impracticable.
4. Public Testimony—The Board actively seeks input from the public at large, from enrollees served by the PEBB Program, and from other interested parties. Time is reserved for public testimony at each regular meeting, generally at the end of the agenda. At the direction of the Chair, public testimony at board meetings may also occur in conjunction with a public hearing or during the board's consideration of a specific agenda item. The Chair has authority to limit the time for public testimony, including the time allotted to each speaker, depending on the time available and the number of persons wishing to speak.
5. Motions and Resolutions—All actions of the Board shall be expressed by motion or resolution. No motion or resolution shall have effect unless passed by the affirmative votes of a majority of the Members present and eligible to vote, or in the case of a proposed amendment to the By-laws, a 2/3 majority of the Board .
6. Representing the Board's Position on an Issue—No Member of the Board may endorse or oppose an issue purporting to represent the Board or the opinion of the Board on the issue unless the majority of the Board approve of such position.
7. Manner of Voting—On motions, resolutions, or other matters a voice vote may be used. At the discretion of the chair, or upon request of a Board Member, a roll call vote may be conducted. Proxy votes are not permitted.
8. Parliamentary Procedure—All rules of order not provided for in these By-laws shall be determined in accordance with the most current edition of Robert's Rules of Order [RONR]. Board staff shall provide a copy of *Robert's Rules* at all Board meetings.
9. Civility—While engaged in Board duties, Board Members conduct shall demonstrate civility, respect and courtesy toward each other, HCA staff, and the public and shall be guided by fundamental tenets of integrity and fairness.
10. State Ethics Law—Board Members are subject to the requirements of the Ethics in Public Service Act, Chapter 42.52 RCW.

## **ARTICLE VI**

### **Amendments to the By-Laws and Rules of Construction**

1. Two-thirds majority required to amend—The PEBB By-laws may be amended upon a two-thirds (2/3) majority vote of the Board.
2. Liberal construction—All rules and procedures in these By-laws shall be liberally construed so that the public's health, safety and welfare shall be secured in accordance with the intents and purposes of applicable State laws and regulations.

**\*D\*R\*A\*F\*T**  
**Public Employees Benefits Board**  
**Meeting Minutes**

July 11, 2012  
Health Care Authority, Sue Crystal Rooms A & B  
Olympia, Washington  
1:00 p.m.

**Members Present:**

Doug Porter  
Greg Devereux  
Gwen Rench  
Marilyn Guthrie  
Yvonne Tate  
Harry Bossi  
Eva Santos  
Lee Ann Prielipp  
Dave Iseminger

**Members Absent:**

Phil Karlberg

**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 June 27, 2012 PEBB Meeting Minutes**

It was moved and seconded to approve the June 27, 2012 PEB Board meeting minutes as written. Minutes approved by unanimous vote.

**Annual Rule Making**

Mary Fliss, HCA and Barbara Scott, HCA: Mary and Barb shared the scope of the annual rulemaking. The administrative items covered do not require a Board vote. This was an informational presentation. The upcoming changes have to do with implementing legislation, administrative and benefits management, and adding clarity and technical corrections to the rules.

Included is the authorization for the Health Benefit Exchange to participate in PEBB coverage through a contract with the Health Care Authority and support of our implementation of the Civil Marriage Act. For the domestic partner eligibility, we will

remove the requirement for the domestic partnership to be registered in Washington State.

As part of the administrative rules, we will put the application process, evaluation criteria, and participation rules for employer groups in our administrative rules. This currently includes political subdivisions, school districts, and tribal governments, as well as some other entities.

Changes will be made to our appeal rules. One will allow the PEBB Appeals Committee to extend the 30-day timeframe for issuing a decision by providing a written finding of good cause, explaining the cause for delay. This is going to assist the PEBB Appeals Committee when more information is required either from the appellant or the employing agency. Another change to the appeal rules will allow the Health Care Authority to make public final decisions from Administrative Hearings that are considered precedential.

Our goal is to make the rules clearer. This year the focus was on the surviving dependent rule. This rule was rewritten for readability. The special open enrollment rules, a couple of circumstances that support the historical administration of enrollment provisions are being added to those rules. One of them is to allow for the addition of a dependent if they move from outside the country. Another is if the Open Enrollment under a spouses plan falls at a different time of year than the PEBB Annual Open Enrollment.

A technical correction is being made to the retiree rule. An old provision is being removed that conflicts with pension eligibility. The provision referred to the ability to defer a monthly retiree benefit. This is not allowed under any of the DRS administered systems. In the dependent enrollment rule, it will be made clear that a dependent may be added based on a medical support order without regard to Open Enrollment. This is a requirement under Title 48 for insured plans.

Next steps for this Rulemaking: On July 25, the Board will be asked to vote on a wellness policy proposal. The goal is to file draft rules so they are available for public comment in August, conduct a public hearing, and adopt final rules in September. The rules will be effective January 1, 2013. The employer group related rules may be implemented earlier in order to accommodate applications that have a requested effective date of January 1, 2013. This would be advantageous to those applying.

**2013 Procurement Brief and Recommendations:**

Lou McDermott, HCA; Mary Fliss, HCA; and Annette Meyer, HCA: Information for the 2013 procurement was provided. The briefing discussed purchasing goals, the 2013 proposed medical benefit plans, rates, premiums, and next steps.

The purchasing goals used were maintaining benefits that compare well with other high-quality state of Washington employers, public and private; design benefits that are evidence based and encourage enrollees to improve their health, seek higher quality and more efficient care, to increase targeted health behaviors; to manage within fiscal

limits set by the legislature; to maintain access to choice of health plans for employees and retirees; and to improve management of underlying cost trends.

Plan design recommendations for 2013: No benefit changes for UMP. There is some adjustment in copays for Group Health. For Group Health Classic, the emergency visit copay increased from \$150 to \$250. For the Value Plan, the emergency visit increased from \$200 to \$300. There is no change for the High Deductible Plan. For Kaiser, the out-of-pocket maximum increased from \$1,500 to \$2,000. A deductible increase from \$150 to \$250 and DME and Ambulance will be subject to the deductible and out-of-pocket maximum. For the High Deductible Plan and Kaiser Medicare, there are no changes.

HCA has also been working on integrating a wellness program as part of the 2013 plan offering. As discussed at the last Board meeting, this component is subject to discussions with Labor; and therefore, may be changed prior to the Board vote on July 25. At the March Board meeting, Scott Pritchard presented the UMP wellness product design. Wellness program proposals were received from both Group Health and Kaiser and are very similar to each other. The basic structure is that for a subscriber to receive the incentive, they must complete the plan's health assessment to identify a primary care provider and complete the plan's wellness activity requirement by June 30, 2013. Non-internet options will be available and administered by each of the plans. While we are hopeful to have a \$20 per month premium incentive, the type and/or amount of the incentive will not be finalized until the end of talks with Labor.

Annette Meyer went over the premium overview. There are very small changes to the benefit design. After going through the Request for Renewal with the plans, we were able to hold a fairly minimal bid rate increase ranging from essentially in the 5% ranges down to the 1-2% ranges on the UMP self-insured products. We worked very diligently with the plans and feel this is a good design without significant changes to our members. There are no changes to the non-Medicare retiree premiums.

At the July 25<sup>th</sup> meeting, we will call for the procurement resolution votes for the 2013 medical plan benefits, the wellness incentive for 2014, the premiums for 2013, and the explicit employer Medicare contribution for 2013.

Doug Porter shared the proposed meeting dates for 2013 and indicated the October 2012 PEB Board meeting is canceled.

The meeting was adjourned at 1:21 p.m.

The logo for the Washington State Health Care Authority. It features the text "Washington State Health Care Authority" in a dark blue, sans-serif font. The word "Authority" is significantly larger than the other words. A thick, dark red swoosh underline starts under the 'A' in "Authority", arches over the top of the word, and ends under the 'y'.

Washington State  
Health Care Authority

## Annual Rule Making

Mary Fliss  
Deputy Assistant Director,  
PEB Division  
July 25, 2012

# Purpose of this briefing

- Provide you with an update on the Wellness Program policy proposal

# Wellness Policy Proposal Update

- Presented Wellness Incentive Program policy brief at the Board's June 27, 2012 meeting
- Based on the outcome of discussions with Labor, the Wellness Premium Incentive Program as briefed will not move forward this year
- Policy regarding the Wellness Program's June 30<sup>th</sup> deadline is no longer required



# Rule Making Next Steps

- August: Proposed amendments and new rules are published in the Washington State Register
- September: Conduct public hearing and adopt final rules
- January: Effective date of rules

# Questions?

Mary Fliss, Deputy Assistant Director,  
PEB Division

[Mary.Fliss@HCA.WA.GOV](mailto:Mary.Fliss@HCA.WA.GOV)

Tel: 360-725-0822

Washington State  
Health Care Authority

2013 PEBB  
Medical Plan Resolutions

July 25, 2012

## 2013 Proposed Resolutions

1. Resolved that the PEB Board endorses the Uniform Medical Plan (UMP) Classic, Consumer Directed Health Plan (CDHP), and Medicare Plan Design. [Slide 3]
2. Resolved that the PEB Board endorses the Group Health Classic (GHC), Value, CDHP, and Medicare Plan Design. [Slide 3]
3. Resolved that the PEB Board endorses the Kaiser Classic, CDHP, and Medicare Plan Design. [Slide 3]
4. Resolved that the PEB Board endorses the UMP Classic and CDHP employee premiums. [Slide 4]
5. Resolved that the PEB Board endorses the GHC Classic, Value, and CDHP employee premiums. [Slide 4]
6. Resolved that the PEB Board endorses the Kaiser Classic and CDHP employee premiums. [Slide 4]
7. Resolved that the PEB Board endorses the maximum \$150 Employer Medicare Contribution set forth in the legislative budget appropriation. [Slide 5]

## 2013 Plan Design Recommendations

- Uniform Medical Plan
  - UMP Classic: No Benefit Changes
  - UMP CDHP: No Benefit Changes
  - UMP Medicare: No Benefit Changes
  
- Group Health Cooperative
  - GHC Classic: \$150 Copayment Emergency Visit increased to \$250
  - GHC Value: \$200 Copayment Emergency Visit increased to \$300
  - GHC CDHP: No Benefit Changes
  - GHC Medicare: No Benefit Changes
  
- Kaiser Permanente
  - Kaiser Classic:
    - ✓ \$1,500 Out-of-Pocket Maximum Increased to \$2,000
    - ✓ \$150 Deductible Increased to \$250
    - ✓ DME and Ambulance subject to Deductible and Out-of-Pocket Maximum
  - Kaiser CDHP: No Benefit Changes
  - Kaiser Medicare: No Benefit Changes

# Active Employee Premiums With 2013 Recommended Benefit Changes

<u>Product Line</u>	Employee Contribution by Family Tier							
	2012 and Proposed 2013							
	CY 2012	CY 2013	CY 2012	CY 2013	CY 2012	CY 2013	CY 2012	CY 2013
	Employee	Employee	Employee & Spouse or Partner	Employee & Spouse or Partner	Employee & Child(ren)	Employee & Child(ren)	Full Family	Full Family
GHC Classic	\$ 101	\$ 115	\$ 212	\$ 240	\$ 177	\$ 201	\$ 288	\$ 326
GHC Value	\$ 52	\$ 66	\$ 114	\$ 142	\$ 91	\$ 116	\$ 153	\$ 192
GHC CDHP <sup>1</sup>	\$ 26	\$ 36	\$ 62	\$ 82	\$ 46	\$ 63	\$ 82	\$ 109
Kaiser Classic	\$ 89	\$ 98	\$ 188	\$ 206	\$ 156	\$ 172	\$ 255	\$ 280
Kaiser CDHP <sup>1</sup>	\$ 24	\$ 21	\$ 58	\$ 52	\$ 42	\$ 37	\$ 76	\$ 68
UMP	\$ 82	\$ 77	\$ 174	\$ 164	\$ 144	\$ 135	\$ 236	\$ 222
UMP CDHP <sup>1</sup>	\$ 27	\$ 22	\$ 64	\$ 54	\$ 47	\$ 39	\$ 84	\$ 71
Average % Employee Contribution of Required Premium								<b>15%</b>

<sup>1</sup>Employer's Annual Contribution to Employee's CDHP Health Savings Account:

\$700 subscriber; \$1,400 subscriber + 1 or more; funding prorated monthly

## Estimated Medicare Retiree Premium After \$150 Employer Contribution<sup>1</sup>

<u>Plan</u> <sup>2</sup>	2012 Retiree Only Contribution	2013 Retiree Only Contribution <sup>3</sup>
Group Health	\$ 131.86	\$ 142.22
Kaiser Classic	\$ 149.23	\$ 151.67
Uniform Medical Plan	\$ 213.87	\$ 219.24
Premera Med Supp F Retired	\$ 99.77	\$ 109.10
Premera Med Supp F Disabled	\$ 175.93	\$ 206.11

<sup>1</sup>Employer contribution limited to the lesser of \$150 or 50% of plan premium.

<sup>2</sup>No Medicare Benefit Changes.

<sup>3</sup>Group Health and Kaiser Medicare Advantage rates subject to federal review and approval.

## 2013 PEBB Meeting Schedule

**Health Care Authority**  
**Cherry Street Plaza, Sue Crystal Conference Rooms A & B**  
**626 8<sup>th</sup> Avenue SE**  
**Olympia, WA 98501**  
**1:00 p.m. – 3:00 p.m.**

January 9, 2013 (Board Retreat)

March 20, 2013

April 17, 2013

May 22, 2013

June 26, 2013

July 10, 2013

July 17, 2013

July 24, 2013