

# **Public Employees Benefits Board Meeting**

**June 22, 2016**

## Public Employees Benefits Board Meeting

June 22, 2016

1:30 p.m. – 3:30 p.m.

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

### Table of Contents

Meeting Agenda .....	1-1
Member List.....	1-2
Meeting Schedule 2016 .....	1-3
Board By-Laws .....	2-1
Accountable Care Program (ACP) Expansion Update .....	3-1
Total Joint Replacement (TJR) Centers of Excellence Update.....	4-1
SmartHealth Update .....	5-1
SmartHealth Draft Legislative Report .....	6-1
Life Insurance Update.....	7-1
Policy Recommendations .....	8-1

**TAB 1**

## AGENDA

**Public Employees Benefits Board**  
**June 22, 2016**  
**1:30 p.m. – 3:30 p.m.**

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

**Call-in Number: 1-888-407-5039**

**Participant PIN Code: 95587891**

1:30 p.m.*	<b>Welcome and Introductions</b>		Dorothy Teeter, Chair	
1:40 p.m.	<b>Accountable Care Program (ACP) Expansion Update</b>	TAB 3	Michael Arnis, PEB Barb Lantz, PEB	Information
2:00 p.m.	<b>Total Joint Replacement (TJR) Centers of Excellence Update</b>	TAB 4	Marcia Peterson, PEB	Information
2:20 p.m.	<b>SmartHealth Update</b>	TAB 5	Scott Pritchard, PEB	Information
2:30 p.m.	<b>SmartHealth Draft Legislative Report</b>	TAB 6	Marcia Peterson, PEB	Information
2:45 p.m.	<b>Life Insurance Update</b>	TAB 7	Beth Heston, PEB	Information
3:05 p.m.	<b>Policy Recommendations</b>	TAB 8	Barb Scott, PEB	Information
3:20 p.m.	<b>Public Comment</b>			
3:30 p.m.	<b>Adjourn</b>			

**\*All Times Approximate**

The Public Employees Benefits Board will meet Wednesday, June 22, 2016, at the Washington State Health Care Authority, Sue Crystal Rooms A & B, 626 8<sup>th</sup> AVE SE, Olympia, WA. The Board will consider all matters on the agenda plus any items that may normally come before them.

Prior to the meeting, pursuant to RCW 42.30.110(I), the Board will meet in Executive Session to "consider proprietary or confidential non published information related to the development, acquisition, or implementation of state purchased health care services as provided in RCW 41.05.026." The Executive Session will begin at noon on June 22, 2016, and be concluded no later 1:30 p.m.

No "action," as defined in RCW 42.30.020(3), will be taken at the Executive Session.

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

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

Materials posted at: <http://www.pebb.hca.wa.gov/board/> no later than COB 6/20/16.

## PEB Board Members

Name	Representing
Dorothy Teeter, Director Health Care Authority 626 8 <sup>th</sup> Ave SE PO Box 42713 Olympia WA 98504-2713 V 360-725-1523 <a href="mailto:dorothy.teeter@hca.wa.gov">dorothy.teeter@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 <a href="mailto:greg@wfse.org">greg@wfse.org</a>	State Employees
Myra Johnson* 6234 South Wapato Lake Drive Tacoma, WA 98408 V 253-583-5353 <a href="mailto:mjohnson398@comcast.net">mjohnson398@comcast.net</a>	K-12 Employees
Gwen Rench 3420 E Huron Seattle WA 98122 V 206-324-2786 <a href="mailto:gwenrench@gmail.com">gwenrench@gmail.com</a>	State Retirees
Mary Lindquist 4212 Eastern AVE N Seattle WA 98103-7631 C 425-591-5698 <a href="mailto:maryklindquist@comcast.net">maryklindquist@comcast.net</a>	K-12 Retirees

## PEB Board Members

### Name

### Representing

Tim Barclay  
7634 NE 170<sup>th</sup> ST  
Kenmore WA 98028  
V 206-819-5588  
[timbarclay51@gmail.com](mailto:timbarclay51@gmail.com)

Benefits Management/Cost Containment

Yvonne Tate  
1407 169<sup>th</sup> PL NE  
Bellevue WA 98008  
V 425-417-4416  
[ytate@comcast.net](mailto:ytate@comcast.net)

Benefits Management/Cost Containment

Marilyn Guthrie  
1640 W Beaver Lake DR SE  
Sammamish WA 98075  
V 206-715-2760  
[maguthrie52@gmail.com](mailto:maguthrie52@gmail.com)

Benefits Management/Cost Containment

Harry Bossi\*  
160 E Soderberg RD J-27  
Allyn WA 98524  
V 360-689-9275  
[udubfan93@yahoo.com](mailto:udubfan93@yahoo.com)

Benefits Management/Cost Containment

### Legal Counsel

Katy Hatfield, Assistant Attorney General  
7141 Cleanwater Dr SW  
PO Box 40124  
Olympia WA 98504-0124  
V 360-586-6561  
[KatyK1@atg.wa.gov](mailto:KatyK1@atg.wa.gov)

\*non-voting members

5/1/16



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](http://www.pebb.hca.wa.gov)

**2016 Public Employees Benefits Board Meeting Schedule**

The PEB Board meetings will be held at the Health Care Authority, Sue Crystal Center, Rooms A & B, 626 8<sup>th</sup> Avenue SE, Olympia, WA 98501. The meetings begin at 1:30 p.m., unless otherwise noted below.

January 7, 2016 (Board Retreat) 9:00 a.m. – 3:00 p.m.

March 16, 2016

April 13, 2016

May 24, 2016

June 22, 2016

July 13, 2016

July 20, 2016

July 27, 2016

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: August 07, 2015

TIME: 7:10 AM

WSR 15-17-011

**TAB 2**



## PEB BOARD BY-LAWS

### **ARTICLE I**

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

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

### **ARTICLE II**

#### **Board Officers and Duties**

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

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

**(RESERVED)**

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

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

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

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

**ARTICLE VI**  
**Amendments to the By-Laws and Rules of Construction**

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

**TAB 3**



# Accountable Care Program (ACP) Expansion

Michael Arnis  
ACP Account Manager  
Portfolio Management and Monitoring  
June 22, 2016

Barb Lantz, MN, RN  
Special Assistant  
Clinical, Quality, and Care Transformation

# Accountable Care Program Update

Launched five-county service area January 1, 2016

Snohomish King Kitsap Pierce Thurston

ACP Network	Members (May 2016)
Puget Sound High Value Network	3,400
UW Medicine Accountable Care Network	7,900
TOTAL	11,300

# Accountable Care Program—2017 Expansion

## ACP Networks and New Counties

- Puget Sound High Value Network: Spokane, Yakima, and Grays Harbor
- UW Medicine Accountable Care Network: Skagit and Grays Harbor

## Request for Application

- Did not come to terms with Providence-Swedish
- Closes activities of initial Request for Application



# Accountable Care Program—Emphasis on Value-based Purchasing

## Marketing Themes to Promote Enrollment

- Providers working together to improve your care
- Enhanced services
- Members save money

## Care Transformation

- Plans: e.g., care coordination for high risk members, obstetrics/maternity care, low back pain
- Transform through measurement, collaboration, and adjustments

## Member Experience

- Promote primary care
- Dedicated customer contact center
- Virtual visits and nurse hotline
- Comfort with a network of care

# Questions?

Michael Arnis, ACP Account Manager  
Portfolio Management and Monitoring

[michael.arnis@hca.wa.gov](mailto:michael.arnis@hca.wa.gov)

Tel: 360-725-1109

**TAB 4**



# Total Joint Replacement Centers of Excellence Update

Marcia Peterson, Section Manager  
Benefit Strategy & Design  
PEB Division  
June 22, 2016

# Update

## Currently:

- Apparently Successful Vendors
  - Virginia Mason -- COE
  - Premiera --TPA
- Plan year 2017 eligibility will consist of UMP Classic and CDHP members only
- Contract development has begun on both contracts
- In the process of defining the benefit design

## Next Steps:

- Creating a work plan around key milestones
- Communications strategy
- Contract negotiations - signatures
- Board vote
- Implementation

# Bundled Program Proposed Components

Components	COE Bundled Program	Current Fee-For-Service
<b>TJR Procedure</b> (Implant, Hospital facility fee, Surgeon, Anesthesiologist, DME)	Bundled Payment (No cost to member)	Fee-For-Service (15%/40% and \$200/day coinsurance per Certificate of Coverage)
<b>Post 90 days Warranty</b>	Post 90 days warranty services for the cost of complications associated with the bundle included	15%/40% coinsurance
<b>Deductible and Copay</b>	No Deductible *and No Coinsurance	Deductible and Coinsurance per COC (UMP Classic Out of Pocket limit \$2,000)
<b>Travel and Lodging</b>	Allowance for patient & one approved caregiver living outside of 60 miles from COE	No Allowance

\* CDHP Members will still need to meet their deductible



# Questions?

Marcia Peterson, Manager  
Benefits Strategy & Design Section  
[Marcia.Peterson@hca.wa.gov](mailto:Marcia.Peterson@hca.wa.gov)



**TAB 5**

# Washington State Health Care Authority

## SmartHealth Update PEB Board Meeting

Scott Pritchard  
PEB Division  
June 22, 2016

# SmartHealth Goals: Individuals

	<b>2015*</b>	<b>2016 Goal**</b>	<b>YTD 6/12/2016</b>
<b>Subscribers Registered</b>	39% (51,710)	50% (67,000)	41% (55,271)
<b>WBA Completion</b>	36% (48,688)	50% (67,000)	19% (26,079)
<b>Incentive Qualification</b>	23% (31,408)	35% (46,900)	10% (13,620)

\*N = 133,803 as of 12/27/15

\*\*N = 134,815 as of 6/12/16

# SmartHealth Goals:

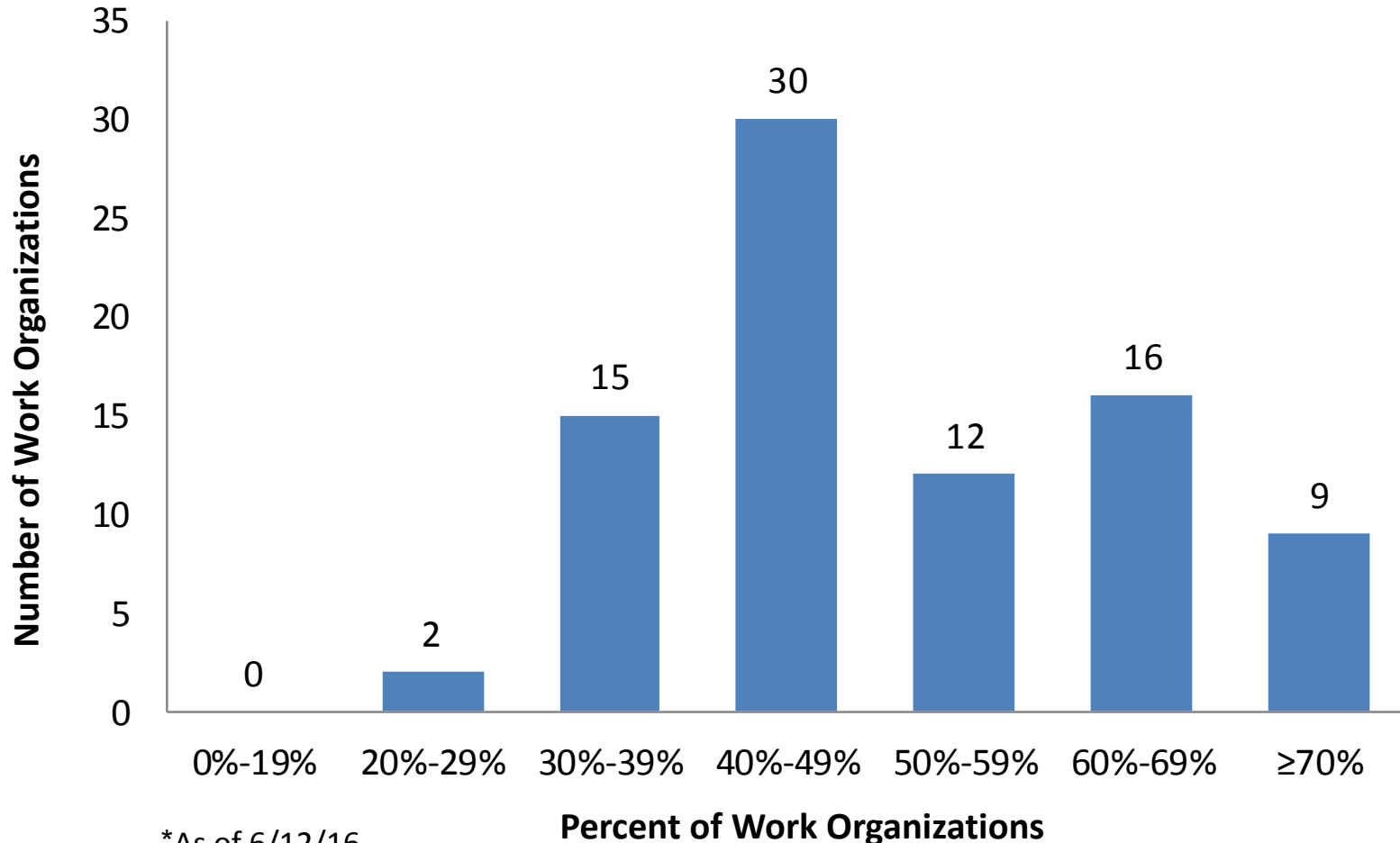
## Number of Work Organizations Meeting Goals

	2016**	Current*	Long-Term**
Subscribers Registered	50% (42)	(37)	70% (57)
WBA Completion	50% (42)	(3)	65% (53)

\*As of 6/12/16

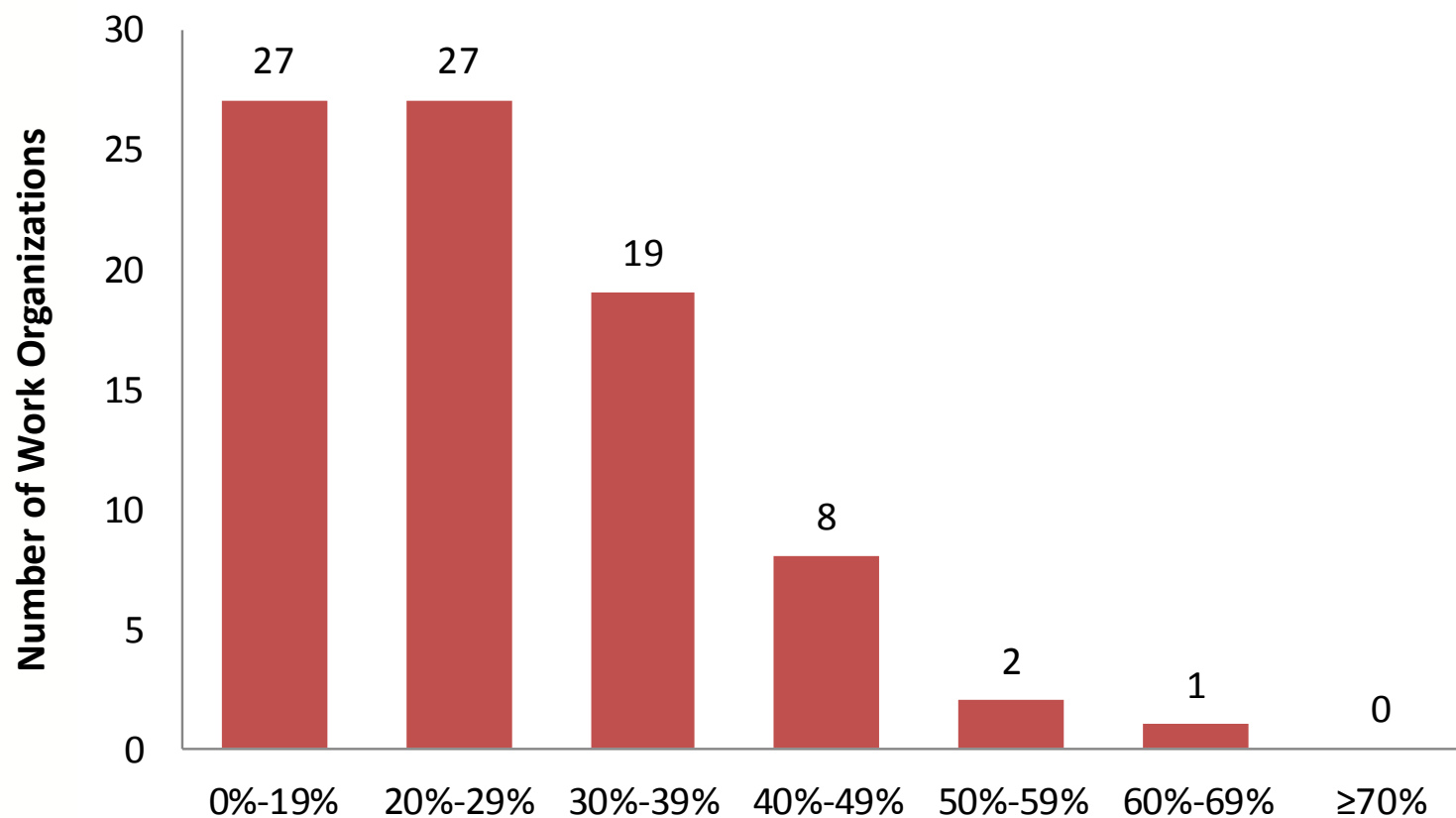
\*\*N= 84 Work Organizations with ≥ 50 employees

# Percent Registered: Work Organizations\*



\*As of 6/12/16

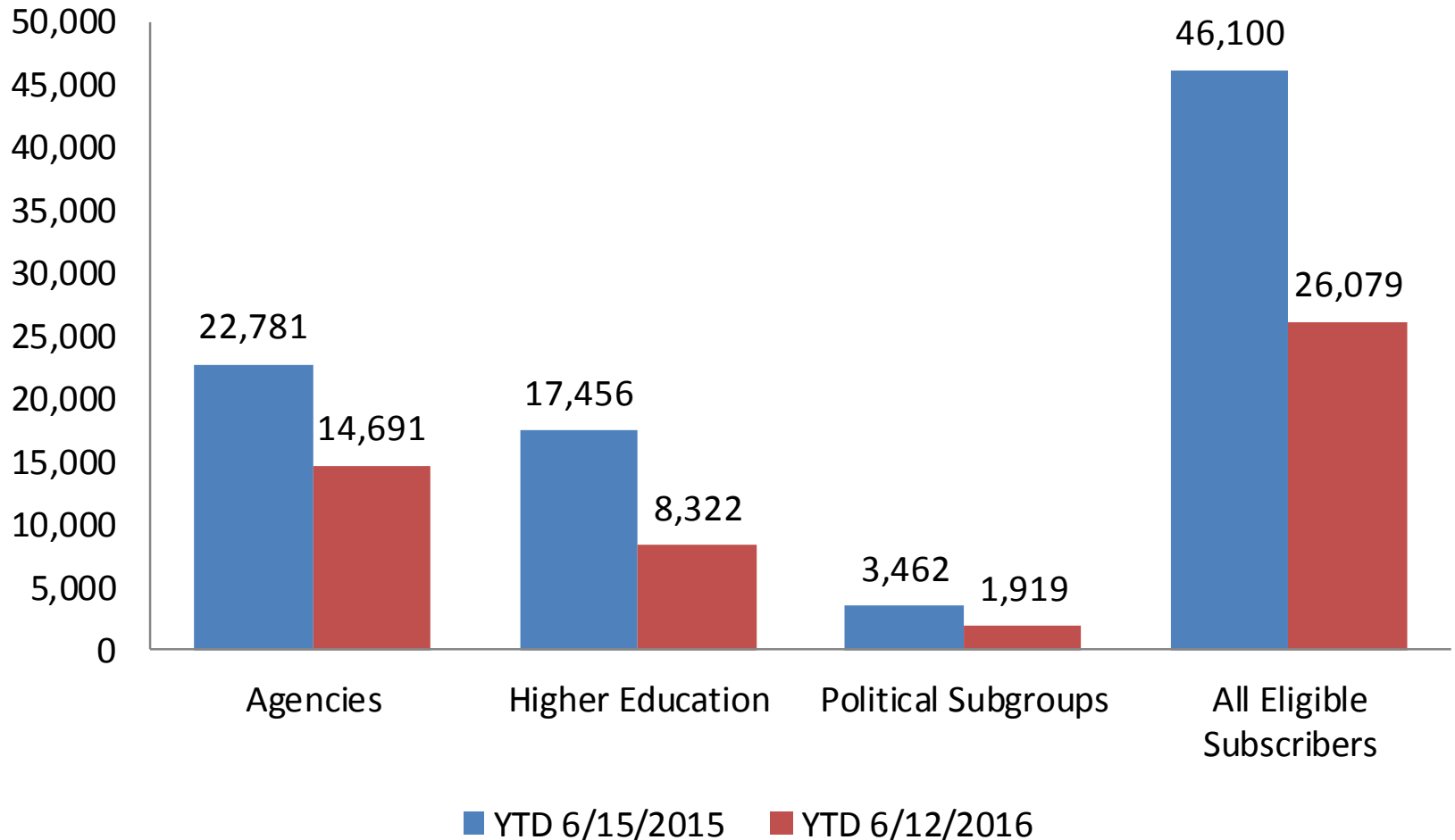
# Percent of WBAs Completed: Work Organizations\*



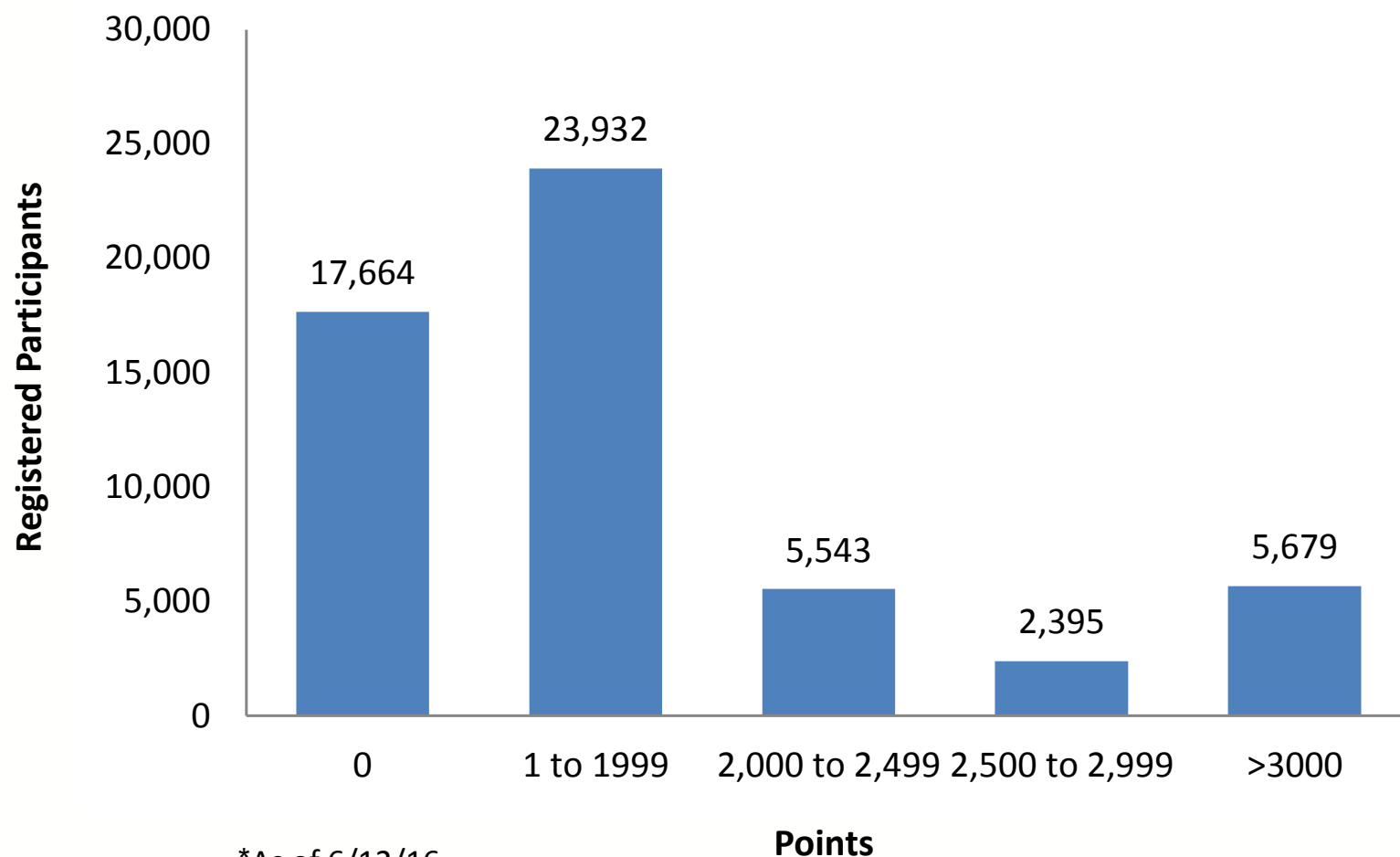
\*As of 6/12/16

Percent of Work Organizations

# WBA Completion: Snapshot 2015 vs 2016



# SmartHealth Registered Participants Point Distribution\*



\*As of 6/12/16



# SmartHealth Week Results

## SmartHealth Week

- Increase: Registration and Well-being Assessment completion
- Promotion: Governor, Cabinet, Wellness Coordinators, Email
- Incentive: GoPro camera

## Increase in Registration

- 1,073

## Increase in WBA Completion

- 2,455

# Questions?

Scott Pritchard  
Benefits Strategy & Design Section  
[Scott.Pritchard@hca.wa.gov](mailto:Scott.Pritchard@hca.wa.gov)

**TAB 6**

# Washington State Health Care Authority

The logo for the Washington State Health Care Authority features a stylized red swoosh that starts under the 'H' of 'Health', loops around the 'A' of 'Authority', and ends under the 'y'.

## SmartHealth Effectiveness Evaluation Draft Legislative Report

Marcia Peterson, Section Manager  
Benefit Strategy & Design  
PEB Division  
June 22, 2016

# Budget Proviso – Effectiveness of the Wellness Program

- Quarterly report to the Legislature
- First one by 6/30/2016
- At PEB Board public meeting
- Prior to the Board authorizing benefits for 2017

# Present Findings on Effectiveness of Wellness Plan

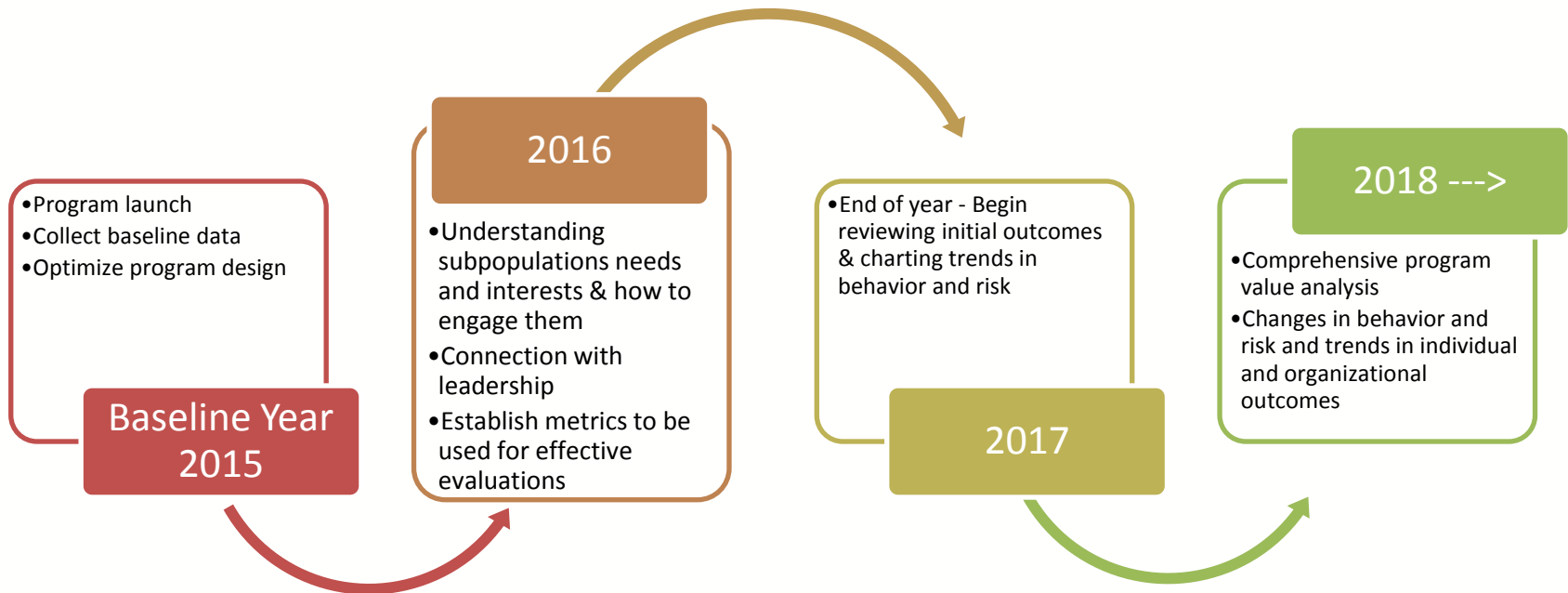
- Overall effectiveness of the wellness plan
- Costs of wellness program
  - Per plan member
  - Per wellness plan-participant
- Limeade's communications' strategies
- Rates of employee engagement
- Participants' health outcomes such as...
  - Sick leave use
  - Improvements in chronic medical conditions

# HCA to Consult with WSIPP\*

- Cost effectiveness of the wellness plan
- Changes to plan to increase efficiency of the wellness plan

\*Washington State Institute for Public Policy

# SmartHealth Evaluation Design





# Legislative Report Metrics

## Employee Metrics

- Participation
- Health Status
- Interventions
  - Activities
  - Preventive Care
  - Condition Management
- Enrollee Satisfaction

## Organizational Metrics

- Participation by Work Organization
- Communications

## Future Reports\*

- Participation in Activities by At-Risk Individuals
- Risk Reduction Percentage Change
- Productivity
- Organizational Culture
- Cost Effectiveness

\* Under consideration

# Questions?

Marcia Peterson, Manager  
Benefits Strategy & Design Section  
[Marcia.Peterson@hca.wa.gov](mailto:Marcia.Peterson@hca.wa.gov)

**TAB 7**



# Life Insurance Benefit Reprourement

Beth Heston  
PEB Procurement Manager  
Portfolio Management and Monitoring  
June 22, 2016

# Goals of Reprourement

- Align contract with Procurement Reform laws
- Explore more modern, efficient, and cost effective options for benefit administration
- Improve benefit design
- Bring the benefit current with Life Insurance industry standards and practices

# Benefit Comparison

## Employer Paid

Insurance Type	Current Plans	New Plans as of 1/1/2017
Employee Basic Life	\$25,000	\$35,000
Employee Accidental Death & Dismemberment (AD&D)	\$5,000	\$5,000

## Employee Paid

Insurance Type	Current Plans	New Plans as of 1/1/2017
Employee Supplemental Life	Guaranteed Issue \$250,000 up to \$750,000 with EOI	Guaranteed Issue \$500,000 up to \$1,000,000 with EOI
Spousal Life (Tied to Employee Coverage Amount)	up to 50% of Employee's Supplemental with \$50,000 Guaranteed Issue up to \$375,000 with EOI	up to 50% of Employee's Supplemental with \$100,000 Guaranteed Issue up to \$500,000 with EOI.
Dependent Coverage	Dependent Life (includes Spouses)  \$2,500 per dependent	<b>New Child Life Plan:</b> \$10,000 Guaranteed Issue up to \$20,000 in \$5,000 increments for dependents 2 weeks to 26 years.
Retiree Life	With Age Reductions: Pre-65 \$3,000 Age 65-69 \$2,100 Age 70 and over \$1,800	Current Retiree Life Subscribers: Existing coverage amounts can be increased to \$5,000 Guaranteed Issue; up to \$20,000 (in \$5,000 increments) with EOI.  For eligible individuals retiring on or after 1/1/2017: \$20,000 Guaranteed Issue (in \$5,000 increments)
Employee, Spouse, & Dependent Supplemental AD&D	up to \$250,000 for Employee; 40% of EE total for Spouse; 5% or 10% for Dependents (Tied to Employee Coverage Amount)	\$30,000 Guaranteed Issue Employee and Spouse up to \$250,000 with EOI.  Child \$10,000 Guaranteed Issue to \$25,000

\*EOI – Evidence of Insurability

# Questions?

Beth Heston, PEB Procurement Manager  
Portfolio Management & Monitoring

[Beth.Heston@hca.wa.gov](mailto:Beth.Heston@hca.wa.gov)

Tel: 360-725-0865

**TAB 8**



# Washington State Health Care Authority

## Policy Recommendations

Barb Scott  
Policy and Rules Section Manager  
PEB Division  
June 22, 2016

# Purpose of Briefing

- To review three policy proposals we will ask the Board to take action on during their next meeting

# Proposed Policy - Season

“Season” means any recurring, annual period of work at a specific time of year that lasts three to eleven consecutive months.

# Proposed Policy – Domestic Partners

- Eligibility for domestic partners qualified under PEBB criteria in place prior to Jan 1, 2010 is removed effective January 1, 2017.

# Proposed Policy – Tobacco Products

- "Tobacco products" means any product made with or derived from tobacco that is intended for human consumption, including any component, part, or accessory of a tobacco product. This includes, but is not limited to, cigars, cigarettes, chewing tobacco, snuff, and other tobacco products. It does not include United States Food and Drug Administration (FDA) approved quit aids or e-cigarettes.

# Next Steps

- Next Board meeting we will ask the Board to take action on these policy proposals and brief the Board on our annual rule making activity.

# Questions?

Barbara Scott, Policy and Rules Manager  
PEB Division

[Barbara.Scott@HCA.WA.GOV](mailto:Barbara.Scott@HCA.WA.GOV)

Tel: 360-725-0830