

# **Public Employees Benefits Board Meeting**

**July 31, 2014**

## Public Employees Benefits Board Meeting

July 31, 2014

10:00 a.m. - 11:30 a.m.

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

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## AGENDA

### Public Employees Benefits Board

July 31, 2014

10:00 a.m. – 11:30 a.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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10:00 a.m.*	Welcome and Introductions		Dorothy Teeter	
10:10 a.m.	Clarification of Life Insurance Benefits Premium Overview Update	TAB 3	Janice Baumgardt	Information
10:40 a.m.	2015 PEBB Procurement Resolutions 1-11 with Public Comment	TAB 4	Dorothy Teeter	Action
11:10 a.m.	2015 PEB Board Meeting Schedule	TAB 5	Lou McDermott	Information
11:15 a.m.	Public Comment			
11:30 a.m.	Adjourn			

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#### \*All Times Approximate

The Public Employees Benefits Board will meet Thursday, July 31, 2014, 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/> no later than COB 7/30/14.

## 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
Vacant*	K-12
Gwen Rench 3420 E Huron Seattle WA 98122 V 206-324-2786 <a href="mailto:gwenrench@covad.net">gwenrench@covad.net</a>	State Retirees
Mary Lindquist 4212 Eastern AVE N Seattle WA 98103-7631 C 425-591-5698 <a href="mailto:marylindquist@comcast.net">marylindquist@comcast.net</a>	K-12 Retirees

## PEB Board Members

### Name

### Representing

Marc Provence  
UW Administrator  
Fred Hutchinson/UW Cancer Consortium  
850 Republican ST  
Seattle WA 98109  
V 206-616-5423  
[mprov@uw.edu](mailto:mprov@uw.edu)

Benefits Management/Cost Containment

Yvonne Tate  
1407 169<sup>th</sup> PL NE  
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Benefits Management/Cost Containment

Marilyn Guthrie  
2101 Fourth AVE, Suite 600  
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V 206-913-4757  
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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

Melissa Burke-Cain, Assistant Attorney General  
7141 Cleanwater Dr SW  
PO Box 40109  
Olympia WA 98504-0109  
V 360-664-4966  
[melissab@atg.wa.gov](mailto:melissab@atg.wa.gov)

\*non-voting members

7/15/14



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)

**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 8<sup>th</sup> Avenue SE, Olympia, WA 98501. The meetings begin at 1:30 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

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

**DATE: July 18, 2013**

**TIME: 1:05 PM**

**WSR 13-15-090**

## 2015 PEBB PROCUREMENT CALENDAR

March 19	Board Meeting: Canceled
April 16	Board Meeting
May 28	Board Meeting: Budget, Open Enrollment Summary, & Procurement Brief Request for Proposals Issued to Fully-insured Plans. Initial Proposal Brief & Budget Update.  Proposals Due
June 25	Board Meeting: Procurement Update, Eligibility Scope, & Policy Brief
July 9	Board Meeting: Canceled
July 16	Board Meeting: Recommended Resolutions <ul style="list-style-type: none"><li>• Plan Design</li><li>• Employee Premiums</li><li>• Medicare Explicit Subsidy</li><li>• Eligibility Policy (if needed)</li></ul>
July 23	Board Meeting: Canceled
July 31	Board Meeting: Resolution Vote

Updated 7/29/14

## 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.

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 red, curved line starts from the top of the letter 'A' in "Authority" and sweeps upwards and to the right, ending above the 'y'.

## Premium Overview

Janice Baumgardt  
PEBB Finance Section Manager  
Division of Financial Services  
July 31, 2014

# Changes since July 16

## **SmartHealth Participation:**

- Attestations will not be validated to determine eligibility for lower deductible or extra HSA payment

## **Transgender Benefits:**

- 01/01/2015 - non-surgical benefits are available
- 07/01/2015 - surgical benefits are available

# SmartHealth Participation

	UMP Classic	GH Classic	GH Value	Kaiser Classic	UMP CDHP	GH CDHP	Kaiser CDHP	TOTAL
Eligible Subscribers	78,747	15,370	24,750	1,829	5,706	15,110	143	<b>128,055</b>
Positive Attestations	45,458	9,023	15,989	1,168	4,095	1,083	92	<b>76,908</b>
<i>% Attested Positive</i>	<b>58%</b>	<b>59%</b>	<b>65%</b>	<b>64%</b>	<b>72%</b>	<b>72%</b>	<b>64%</b>	<b>60%</b>

# State General Government and Higher Education 2015 Recommended Plan Design and Benefit Changes

	Subscriber		Subscriber & Spouse		Subscriber & Children		Full Family	
	2014	Proposed 2015	2014	Proposed 2015	2014	Proposed 2015	2014	Proposed 2015
<b>Employee Monthly Premiums</b>								
<b>Group Health Classic</b>	\$117	<b>\$107</b>	\$244	<b>\$224</b>	\$205	<b>\$187</b>	\$332	<b>\$304</b>
<b>Group Health Value</b>	\$65	<b>\$75</b>	\$140	<b>\$160</b>	\$114	<b>\$131</b>	\$189	<b>\$216</b>
<b>Kaiser Classic</b>	\$116	<b>\$125</b>	\$242	<b>\$260</b>	\$203	<b>\$219</b>	\$329	<b>\$354</b>
<b>UMP Classic</b>	\$79	<b>\$84</b>	\$168	<b>\$178</b>	\$138	<b>\$147</b>	\$227	<b>\$241</b>
<b>Group Health CDHP</b>	\$21	<b>\$26</b>	\$52	<b>\$62</b>	\$37	<b>\$46</b>	\$68	<b>\$82</b>
<b>Kaiser CDHP</b>	\$24	<b>\$35</b>	\$58	<b>\$80</b>	\$42	<b>\$61</b>	\$76	<b>\$106</b>
<b>UMP CDHP</b>	\$25	<b>\$31</b>	\$60	<b>\$72</b>	\$44	<b>\$54</b>	\$79	<b>\$95</b>
<b>Some Employees will be subject to the following Surcharges (effective 07/01/14)</b>								
<b>Tobacco Surcharge</b>	\$25	<b>\$25</b>	\$25	<b>\$25</b>	\$25	<b>\$25</b>	\$25	<b>\$25</b>
<b>Spousal Surcharge</b>			\$50	<b>\$50</b>			\$50	<b>\$50</b>

# Non-Medicare Retirees

## 2015 Recommended Plan Design and Benefit Changes

	Subscriber		Subscriber & Spouse		Subscriber & Children		Full Family	
	2014	Proposed 2015	2014	Proposed 2015	2014	Proposed 2015	2014	Proposed 2015
<b>Retiree Monthly Premiums</b> (rounded to nearest dollar)								
Group Health Classic	\$589	<b>\$601</b>	\$1,172	<b>\$1,195</b>	\$1,026	<b>\$1,047</b>	\$1,609	<b>\$1,641</b>
Group Health Value	\$537	<b>\$569</b>	\$1,068	<b>\$1,133</b>	\$935	<b>\$992</b>	\$1,466	<b>\$1,555</b>
Kaiser Classic	\$588	<b>\$620</b>	\$1,171	<b>\$1,233</b>	\$1,025	<b>\$1,080</b>	\$1,607	<b>\$1,693</b>
UMP Classic	\$551	<b>\$579</b>	\$1,096	<b>\$1,151</b>	\$960	<b>\$1,008</b>	\$1,504	<b>\$1,580</b>
Group Health CDHP	\$501	<b>\$530</b>	\$992	<b>\$1,045</b>	\$884	<b>\$931</b>	\$1,317	<b>\$1,387</b>
Kaiser CDHP	\$504	<b>\$540</b>	\$998	<b>\$1,065</b>	\$889	<b>\$948</b>	\$1,325	<b>\$1,414</b>
UMP CDHP	\$505	<b>\$536</b>	\$1,000	<b>\$1,056</b>	\$891	<b>\$941</b>	\$1,328	<b>\$1,403</b>
<b>Some Retirees will be subject to the following Surcharges</b>								
Tobacco Surcharge	\$25	<b>\$25</b>	\$25	<b>\$25</b>	\$25	<b>\$25</b>	\$25	<b>\$25</b>
Spousal Surcharge			\$50	<b>\$50</b>			\$50	<b>\$50</b>

- Rounded to the nearest dollar & including a \$6.25 administrative fee per account



# Questions?

More Information:

Janice Baumgardt, PEBB Finance Section Manager  
Division of Financial Services

[Janice.Baumgardt@hca.wa.gov](mailto:Janice.Baumgardt@hca.wa.gov)

Tel: 360-725-9817

# 2015 Proposed Resolutions

1. Resolved, that the Uniform Medical Plan Classic (Non-Medicare and Medicare) will administer a separate annual out-of-pocket maximum of \$2,000 for members' prescription drug costs.
2. Resolved, that the Uniform Medical Plan Classic (Non-Medicare and Medicare) will administer a benefit exceptions policy whereby Tier 3 non-preferred drugs that do not have a generic equivalent may be covered at the Tier 2 coinsurance level when medical criteria are met.
3. Resolved, that the Uniform Medical Plan Classic (Non-Medicare and Medicare) and the UMP Consumer Driven Health Plan will change coverage to be more consistent with Regence Medical Policy for the following services:
  - Temporomandibular Joint (TMJ)
  - Home Health Services
  - Circumcision
  - Genetic testing
  - Orthotics to prevent complications associated with diabetes
  - Massage Therapy visits to exceed one hour when medical criteria are met

# 2015 Proposed Resolutions cont.

4. Resolved, that all PEBB medical plans (Non-Medicare and Medicare), including the Uniform Medical Plan Classic, the UMP Consumer Driven Health Plan, and all the fully-insured Group Health and Kaiser medical plans, will administer the following benefits assuming the FY 2016 funding rate supports them:
  - Effective January 1, 2015, will include benefits for covered non-surgical health care services and prescriptions for the treatment of gender dysphoria, and
  - Effective July 1, 2015, will include benefits for covered surgical services for the treatment of gender dysphoria.
5. Resolved, that the Kaiser Classic Plan will not apply members' out-of-pocket costs in the last quarter of the year toward the next year's deductible.

# 2015 Proposed Resolutions cont.

6. Resolved, that SmartHealth Program requirements are:
  - Complete the Well-Being Assessment.
  - Earn the required number of points according to the SmartHealth Program completion rules.
7. Resolved, that the PEB Board endorses the Group Health Employee Premiums.
8. Resolved, that the PEB Board endorses the Kaiser Employee Premiums.
9. Resolved, that the PEB Board endorses the Uniform Medical Plan Employee Premiums.
10. 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.
11. Resolved, that the PEB Board ratifies the minimum Spousal Surcharge amount required by legislature, which is \$50 per month, for implementation by the Health Care Authority.

Washington State  
Health Care Authority

2015 PEBB Medical Plan  
Resolutions

July 31, 2014

# Purpose of Briefing Board Action

Vote on Medical Plan Design and Premium Resolutions presented on July 16, 2014.

# Non-Medicare and Medicare Plan Design Resolution #1

**Resolved,** that the Uniform Medical Plan Classic (Non-Medicare and Medicare) will administer a separate annual out-of-pocket maximum of \$2,000 for members' prescription drug costs.

# Non-Medicare and Medicare Plan Design Resolution #2

**Resolved,** that the Uniform Medical Plan Classic (Non-Medicare and Medicare) will administer a benefit exceptions policy whereby Tier 3 non-preferred drugs that do not have a generic equivalent may be covered at the Tier 2 coinsurance level when medical criteria are met.



# Non-Medicare and Medicare Plan Design Resolution #3

**Resolved,** that the Uniform Medical Plan Classic (Non-Medicare and Medicare) and the UMP Consumer Driven Health Plan will change coverage to be more consistent with Regence Medical Policy for the following services:

- Temporomandibular Joint (TMJ)
- Home Health Services
- Circumcision
- Genetic testing
- Orthotics to prevent complications associated with diabetes
- Massage Therapy visits to exceed one hour when medical criteria are met

# Non-Medicare and Medicare Plan Design Resolution #4

**Resolved,** that all PEBB medical plans (Non-Medicare and Medicare), including the Uniform Medical Plan Classic, the UMP Consumer Driven Health Plan, and all the fully-insured Group Health and Kaiser medical plans, will administer the following benefits assuming the FY 2016 funding rate supports them:

- Effective January 1, 2015, will include benefits for covered non-surgical health care services and prescriptions for the treatment of gender dysphoria, and
- Effective July 1, 2015, will include benefits for covered surgical services for the treatment of gender dysphoria.

# Plan Design Resolution #5

**Resolved,** that the Kaiser Classic Plan will not apply members' out-of-pocket costs in the last quarter of the year toward the next year's deductible.

# Plan Design Resolution #6

**Resolved,** that SmartHealth Program requirements are:

- Complete the Well-Being Assessment
- Earn the required number of points according to the SmartHealth Program completion rules

# Employee Premiums Resolution #7

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

# Employee Premiums Resolution #8

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

# Employee Premiums Resolution #9

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

# Medicare Explicit Subsidy Resolution #10

**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.



# Spousal Surcharge Resolution #11

**Resolved,** that the PEB Board ratifies the minimum Spousal Surcharge amount required by the legislature, which is \$50 per month, for implementation by the Health Care Authority.



Washington State Health Care Authority  
*Public Employees Benefits Board*

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**2015 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 29, 2015 (Board Retreat) 9:00 a.m. – 3:00 p.m.

March 31, 2015 (10:00 a.m. – 12:00 p.m.)

April 15, 2015

May 27, 2015

June 24, 2015

July 8, 2015

July 15, 2015

July 22, 2015

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

Updated 7/15/14