

Washington State Health Care Authority

MEETING SUMMARY

K12 EXEMPTION FROM PARTICIPATION WORKGROUP

K-12 HEALTH BENEFITS REPORT PROJECT

FRIDAY, OCTOBER 21, 2011

HCA SEATTLE OFFICE, 511 3RD AVENUE

9-11 A.M.

PURPOSE:

One of the components of the K-12 Consolidation Report is an evaluation of whether a consolidated program should require all-in participation by all school districts that receive a State allocation for school employee health benefits or have some form of provision for voluntary participation. The purpose of the meeting was to develop criteria for the four options that provide K12 participation exemption so that it can be taken forward for design team consideration. A workgroup including HCA staff and Advisory Team members is working on this.

Workgroup Participants:

John Williams

Linda Blankenship, Camray Consulting

Tim Barclay, Milliman

Michael Picket representing Mary Fliss, HCA

Spokane Public Schools—Linda McDermott, Cindy Coleman

Everett Benefit Trust/Everett School District—Molly Ringo

Seattle Public Schools—Elaine Williams

WEA—Randy Parr

Washington Association of Health Underwriters/The Partners Group—Mark Rose

Sprague Israel Giles—Sean Corry

Mercer Consulting—Sean White

MEETING SUMMARY:

We gained good information from the meeting and advanced the thinking on the criteria for exemption.

Discussion and Progress

The four options below were based on the assumption that a new K-12 consolidated program is authorized in lieu of using the current PEBB program as the platform for a future consolidated statewide benefits program serving school districts.

The four options include a total voluntary option. A totally voluntary option is open for consideration within the boundaries of the outcomes on which the Legislature is focused:

- equitable access to good healthcare for employees as a whole;
- transparency to assure efficiency, cost-effectiveness, and appropriate use of state funds allocated for health benefits; and
- cost reduction through elimination of duplicative and unnecessary administration.

While the Voluntary option is still open, the complexity comes from how to make it work.

Four Options

1. School district participation is mandatory with provisions to receive an **initial one-time exemption** from participation at the start of the program based on demonstrated compliance with qualifying criteria. At the point a district enters the consolidated program participation is mandatory thereafter.
2. School district participation is mandatory with provisions to **receive an exemption prior to initial participation or while participating** in the program based on demonstrated compliance with qualifying criteria.
3. School district participation is **mandatory for specific districts meeting specified criteria** (such as districts below a threshold number of employees, risk pool size, etc.) and voluntary for all other districts.
4. School district participation is **all voluntary** in a consolidated program separate from the PEBB program.

The following criteria were refined and apply to all options.

1. At state level, there must be critical mass for the state to create a stable consolidated system pool and support an infrastructure that would be put in place for the program.
2. The district must meet or surpass Legislature expectations for an employee benefits program – transparency, equity, and cost-effectiveness.
3. The district must offer a benefits program that has a comparable portfolio relative value and premium rates to the consolidated program.
4. There must be a district body charged with the responsibility to represent all district employees that oversees employee benefits decisions to assure Legislature expectations are met on a consistent basis.

Criteria Discussion

- We discussed what should be used as the benchmark for comparability and talked about benefit relative value. Discussion about removing the outliers (rich benefit plans and high deductible plans) and tying the benchmark to a mid-range plan available today. A second criteria discussed was documenting network adequacy to accommodate the population.
- A 2-5 year recertification process was discussed for Option 2 with an annual reporting.

Other Discussion

- We discussed which entity would be allowed to opt-in/opt-out; the entire school district as previously discussed, major employee group, or bargaining unit.

- The following issues were identified as important to the evaluation:
 - Some employee groups participate in national programs and some districts enter into interagency agreements for benefits purchasing which substantially increases their risk pool size.
 - In order for the program to allow opt-out/opt-in, the school district must have access to employee experience detail and plan cost data specific to the district.

Option Priority

The group analyzed the four options and the priority of the group for addressing them was option 2 and option 3, but none are off the table.

Next Steps

Progress on this work will be shared with the Advisory Team at the next meeting. We need to continue work to flesh out Option 2. Also consider other situations where smaller districts could demonstrate comparability to the criteria. Determine the high level cost associated with K-12 consolidated infrastructure from which Milliman will develop a critical mass proposal.