

Washington State Health Care Authority

LEGISLATIVE TEAM MEETING SUMMARY

K-12 BENEFITS REPORT PROJECT

SEPTEMBER 8, 2011

CAPITOL CAMPUS – CHERBERG BUILDING – ROOMS A, B & C

2:30 – 4:30 P.M.

Purpose: The purpose of the meeting was to provide information on the project plan to complete the HCA's K-12 Public School Employee Benefits Report and to provide an opportunity for participants to discuss the envisioned scope for the project, boundaries and limitations applicable to a new benefits program design, and perspectives on the key issues that need to be of high focus.

Additional Resources: <http://www.hca.wa.gov/k12report>

Project Contacts Attending:

- ✓ Peter Summerville, rialto communications
- ✓ John Williams, Health Care Authority
- ✓ Tim Barclay, Milliman
- ✓ Linda Blankenship, Camray Consulting

HCA Staff Attending:

- ✓ Andrew Cherullo
- ✓ Mary Fliss
- ✓ Dennis Martin
- ✓ Annette Meyer

Legislative Staff

- = Invited
- ✓ = Invited and present
- Baker, Stacey Baker.Stacey@leg.wa.gov
- ✓ Johnson, Nathan Johnson.Nathan@leg.wa.gov
- Ashlie, Erik – Erik.Ashlie@leg.wa.gov
- ✓ Beyer, Jane - Jane.Beyer@leg.wa.gov
- ✓ Blake, Chris - Chris.Blake@leg.wa.gov
- ✓ Greef, Elise - elise.greef@leg.wa.gov
- ✓ Hanig, David - David.Hanig@leg.wa.gov
- ✓ Needham, Mich'I - Mich'I.Needham@leg.wa.gov
- ✓ Pringle, David - pringle_da@leg.wa.gov
- Moore, Ryan - Ryan.Moore@leg.wa.gov
- Sund, Erik - Sund.Erik@leg.wa.gov
- ✓ Hardtke, Brian – hardtke.brian@leg.wa.gov

Project Information:

Facilitators spent a few minutes providing an overview of how the project is moving forward, the structure and responsibilities of the five teams that have been put together, and the communications and transparency work that will be done during the next several months.

The following written materials were distributed:

- Agenda
- Project Fact Sheet
- Project Timeline
- Project Teams Diagram
- Milestones for Engagement

Key Issues Discussed:

1. HayGroup Report
 - a. The HayGroup report was attacked during the legislative session in terms of its credibility. It would be worthwhile to validate the HayGroup report when possible in light of the way it has been questioned and discredited
 - b. Generally, the HayGroup report is viewed as having done a reasonable job of describing the PEB & WEA plans as they relate to benefits and enrollment eligibility.
 - c. The HCA December 2011 report to the legislature will supplement the HayGroup information based on additional data collection and analysis by Milliman.
 - d. The HCA December 2011 report will not be just an expansion of the State Auditor's Office performance audit of the K12 system. It will present a proposed consolidated purchasing system to address problems identified in the performance audit.
2. Additional Data Needs
 - a. The biggest challenge for this project is the collection of good data – from the school districts, the carriers and others. More data is needed to allow Milliman to conduct more detailed analyses of the pros and cons of the HCA proposed consolidated purchasing system and to further validate the structure of the current K-12 system.
 - b. The state is working with many Project Advisory Team members to make sure that they can be supportive of Milliman's data requests.
 - c. Based on early concerns about individual employee privacy and HIPPA issues, data requested will be non-personally-identifiable eligibility and benefits information.
 - d. Legislators and Legislative Staff are being asked to support the data requests when discussing this with school officials, labor representatives, and other constituents.
3. HCA Report Content
 - a. Another study alone would be disappointing to the Legislature. This should be 'cooked enough' that the Legislature can take action and something could be ready for the 2013-2014 school year.
 - b. There needs to be enough specificity in the report so that legislators can essentially go through it and pick and choose the elements of a new program and turn it on.
 - c. The report will present analyses of more than one purchasing system approach including an approach that simply moves from voluntary participation in the current PEB program to mandatory participation for K-12 active employees and an approach that utilize a separate Public School Employees Benefits program.
 - d. The report will present an implementation plan to move the proposed purchasing system to an operational employee benefits program as early as the 2013 school year.
 - e. There is recognition that HCA can't do everything in preparing the report. HCA needs to balance what key questions legislators are hoping to get answered with the short timeframe provided to do the report.

4. Implementation

- a. The budget proviso presents a scenario that anticipates potential legislative authorization of a consolidated benefits system during the 2012 session and start-up implementation for September 2013. This scenario would require a FY2013 supplemental budget appropriation for start-up and a FY2014-15 appropriation for ongoing program operation. HCA input to a FY2013 supplemental budget will potential occur before the HCA report cost analyses have been completed.
- b. Timing of program start-up for 2013 school year is an issue in terms of proper sequencing and coordination of all required implementation elements. The pros and cons of moving the start-up date to the 2014 school year should be considered and included in the report if important.

5. Equity

- a. Defining “equity” is a formidable challenge. What equity issues need to be addressed through a consolidated purchasing system differs across involved parties.
- b. Equity issues related to access and cost have been raised in terms of single subscriber vs. families, part-time vs. full-time employees, and across categories of employees.
- c. Equity issues have also been raised in terms of the ability of school districts to collect local levies, other revenue sources, and dual enrollment and dual coverage by school employees who are constitute a ‘family’ for benefits purposes.
- d. Equitable access and cost for family coverage is one area of common agreement.

6. Cost Savings

- a. To the extent possible given the available data, detailed information about administrative costs in the current K-12 system and the proposed consolidated system is important.
- b. Information about the number of school district staff dedicated to working on health benefits has been difficult to obtain. To the degree possible the HCA report should quantify this. One approach may be a comparison of a select sample of school districts that currently participate in the PEB program and school districts that do not.
- c. Continuing discussions within legislative fiscal circles have defined the K-12 benefits cost-savings issue as a governmental efficiency and management opportunity involving future avoided costs rather than a rapid budget reduction opportunity.

7. Business Models

- a. Defining the proper business model for a consolidated purchasing system is of major importance to the design project. A decision to use a centralized versus decentralized business model will impact many operational and policy features including division of employer roles and responsibilities and collective bargaining roles and responsibilities.
- b. Legislative staff is interested in additional joint conversations about the the issues that become visible as the business model develops.

8. National health reform implications

The implications of the future Health Insurance Exchange for a consolidated benefits system are important. To the degree possible, the HCA report should research such issues as the impacts of newly qualifying employees moving from the employee benefits system to a state social health care system and impacts of federal laws on the proposed consolidated system design as national health reform implementation proceeds.

9. Other State’s Experiences

- a. HCA is working closely with Oregon State employee benefits officials to understand the experiences encountered during their transition to a mandatory state-administered public school employees benefits purchasing system. Information obtained includes the

- governance structure employed, eligibility standards, portfolio designs, and initial administrative cost savings.
- b. Oregon reports initial administrative cost savings resulting from administrative simplification in their new structure. Some of these savings come through automated online processes, carrier procurement cycles and contract terms, and reduced annual inflation rates.
 - c. Case studies will be included in the report to the legislature – perhaps two to four. This will include Oregon’s experience, Texas and one or two other states (perhaps North Carolina). Minnesota was mentioned as a ‘peer state’ and if there has been similar work done in Minnesota, should be considered for inclusion as a case study.

Action items:

1. Staff requested that a copy of the five Project Team rosters be sent to them. This will be done with all of the contact information by rialto.
2. Dennis Martin will send legislative staff a copy of an existing RCW regarding K-12 coverage for dependents and how it relates to equity.
3. One-page document that summarizes the data request will be included with meeting summary notes.

Data Request Notes Resulting from 9/2/11 Advisory Team Meeting

Source: Milliman

- Data request to focus on three components
 - Eligibility
 - Benefit Plan Design
 - Cost
- Information is to support and inform the process. Better data will improve the depth of the analysis, but the report will be written with whatever information we have.
- Data request has been significantly reduced from the original “aggressive” request
 - No longer requesting any member identification (e.g SSN) in the eligibility data
 - No longer requesting actual claims data from carriers or any other protected health information (PHI)
- Eligibility
 - Primary purpose is to model changes in eligibility policy
 - Need data on both covered and non-covered employees
 - WSIPC is providing data for most school districts
 - Data request going to non-WSIPC districts for the same information
 - Records are provided at the member level, but contain no information that would allow for the identification of an individual employee
 - Need to understand current eligibility rules
- Benefit Plan Design
 - Currently have the WEA and PEB products
 - Want to understand the distribution of other benefit plan designs
 - Range of product offerings and relative actuarial values
 - Relative importance in terms of enrollment volume of each
 - Most carriers have already agreed to provide this information
 - What we are not doing with the carrier data:
 - Not comparing relative carrier value
 - Not evaluating unit costs in any way
 - Not trying to draw any conclusions regarding the degree of health care management between offerings
 - Not attempting to differentiate between cost of benefits and cost of administration within any products
- Cost
 - Want to understand at an aggregate level
 - Allocate costs between the state, the districts and the members
 - Quantify health benefits costs, non-health benefits costs and district administrative costs
 - Report will not address any specific school district
 - Want to understand the variance in member cost sharing
 - Additional carrier information to assist with projecting K-12 costs under a PEB or PEB-like scenario
 - Age/gender/family tier data by product
 - Predictive modeling scores or risk adjustment results by cohort to understand the relative need for benefits relative to the PEB population