

# SEBB Update



## SEB Board passes resolutions for rules regarding error correction and value-based formulary

On May 16, 2019, the **School Employees Benefits Board** (SEB Board) approved three resolutions that will apply to employees of Washington's school districts, educational service districts, and charter schools.

Two of the approved resolutions establish rules for the Health Care Authority to correct errors made by SEBB organizations that fail to notify employees of their eligibility or fail to correctly enroll employees or their dependents in benefits, or that incorrectly enroll ineligible employees or their dependents in SEBB Program benefits.

The third resolution establishes a value-based formulary for the SEBB Program's Uniform Medical Plan (UMP) prescription drug benefits.

### Policy resolutions

The SEB Board approved the following policy resolutions. See pages 34-35 and 115-116 of the **May 16 briefing book** for details.

#### **Error correction recourse (SEBB 2019-09)**

If a SEBB organization fails to provide notice of benefits eligibility or accurately enroll a school employee or their dependents in benefits, the error will be corrected prospectively with enrollment in benefits effective the first day of the month following the date the error is identified. The Health Care Authority approves all error correction actions and determines if additional recourse, which may include retroactive enrollment, is warranted.

#### **Error correction premium responsibilities (SEBB 2019-10)**

If a SEBB organization errs and enrolls a school employee or their dependents in SEBB insurance coverage when they are not eligible and there was no fraud or intentional misrepresentation by the school employee involved, premiums and applicable premium surcharges already paid by the school employee will be refunded by the

SEBB organization to the school employee. The error will be corrected prospectively with termination of benefits effective the first day of the month following the date the error is identified.

#### **Self-insured value formulary (SEBB 2019-11)**

Beginning January 1, 2020, with the approval of a value formulary resolution by both the PEB Board and SEB Board, all UMP plans require the use of a value-based formulary and:

- Non-formulary drugs are covered only when medically necessary and all formulary drugs were ineffective or are not clinically appropriate for that member, and
- Multi-source brand-name drugs, including those in refill protected classes, are covered only when medically necessary and all formulary drugs have been ineffective or are clinically inappropriate for that member, and
- Members who have been taking a non-formulary drug are required to switch to the formulary drug, unless:
  - They receive or have already gone through the exception process and been approved, or
- Their drug is within one of the refill-protected drug classes, which include: antipsychotics, antidepressants, antiepileptics, chemotherapy, antiretrovirals, immunosuppressives, and immunomodulatory/antiviral treatment for Hepatitis C.

### Meeting recap

The following informational items were presented to the SEB Board. To get all of the materials presented at the May 16 SEB Board meeting, **view the briefing book**.

- Megan Atkinson, HCA's chief financial officer, provided a comparison of the SEBB Program funding rate presented on March 1 (\$1,096 for 2020) versus the funding in the state's approved operating budget (\$994 for 2020). Atkinson's presentation also included information on the flow of the funding rate and an update on which SEBB Program decision packages were funded in the 2019-21 state operating budget.
- Cade Walker, special executive assistant to the ERB Division director, provided a final roundup of the legislation passed during the 2019 session that impacts the SEBB Program and an update on the legislative reports required from the ERB Division in 2019 and 2020.
- Rob Parkman, ERB Division policy and rules coordinator, gave an update on the SEBB Program's 2019 rule making.
- James Koch, ERB Division management analyst, presented on Affordable Care Act (ACA) reporting requirements and penalties, and how the ERB Division supports school districts in their ACA reporting.
- Lauren Johnston, SEBB Program senior account manager, updated the Board on the SEBB Program's procurement and what additional benefit actions are needed, including what contracts have been signed and the process for establishing default plans. Johnston also informed the Board that Aetna recently withdrew as a potential SEBB Program medical plan carrier after confirming they cannot participate in the state-based exchange for individual market coverage, which is required by state law.
- Molly Christie, ERB Benefits strategic project manager, and Ryan Pistoresi, HCA's assistant chief pharmacy officer, followed up on ERB Benefits Strategy and Design section manager Marcia Peterson's April 10 proposal of resolution SEBB 2019-11, which changes

the SEBB Program's UMP pharmacy benefit. Christie presented:

- A comparison of the existing formularies for Kaiser, Premera, and Providence with UMP;
  - Information on whether any existing school district medical plans have formularies;
  - What evidentiary standards would be required for a subscriber who had already gone through the exception process; and
  - More information on the exception process.
  - What will happen if the SEB Board chooses not to adopt the value formulary for 2020.
- Dave Iseminger, director of HCA's Employees and Retirees Benefits (ERB) Division, addressed follow-up Board questions from the April 10 meeting, and presented on the SEBB Program's 2020 benefit refinements and policy development. His presentation included information on possible benefit changes the Board could make to increase the basic long-term disability insurance benefit, but the Board decided not to pursue any changes for the 2020 program launch.
  - Marty Thies, ERB Division account manager, presented on the SEBB Program's Medical Flexible Spending Arrangement (FSA) and Dependent Care Assistance Plan (DCAP) benefits and implementation.

HCA will post meeting minutes on the **Meetings and materials webpage** after they are approved by the Board. The SEB Board's next meeting is scheduled for June 12.

## For more information

- See our **SEBB Program member toolkits**.
- You can find more information on the **SEBB Program webpage**.