

**Public Employees Benefits Board**  
**Meeting Minutes**

June 21, 2017  
Health Care Authority, Sue Crystal Rooms A & B  
Olympia, Washington  
1:30 p.m. – 3:30 p.m.

**Members Present:**

Dorothy Teeter  
Harry Bossi  
Greg Devereux  
Marilyn Guthrie  
Tim Barclay  
Gwen Rench  
Myra Johnson

**Members Absent:**

Yvonne Tate  
Mary Lindquist

**PEB Board Counsel:**

Katy Hatfield

**Call to Order**

**Dorothy Teeter, Chair**, called the meeting to order at 1:32 p.m.

Pursuant to RCW 42.30.110, the Board met this afternoon in Executive Session to consider proprietary or confidential non-published information related to development, acquisition, or implementation of state purchased health care services as provided in RCW 41.05.026, and for the purpose of discussing current litigation against the governing body with legal counsel when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency. The Executive Session began at 12:00 p.m. and concluded at 1:15 p.m. No action, as defined in RCW 42.30.020(3), was taken during Executive Session.

Sufficient members were present to allow a quorum. Board and audience self-introductions followed.

**Agenda Overview**

**Lou McDermott**, PEB Division Director, provided an overview of the agenda.

### **Approval of July 13, 2016 PEBB Meeting Minutes**

It was moved and seconded to approve the July 13, 2016 PEB Board meeting minutes as written. Minutes approved by unanimous vote.

### **Approval of July 27, 2016 PEBB Meeting Minutes**

It was moved and seconded to approve the July 27, 2016 PEB Board meeting minutes as written. Minutes approved by unanimous vote.

### **Approval of August 10, 2016 PEBB Meeting Minutes**

It was moved and seconded to approve the August 10, 2016 PEB Board meeting minutes as written. Minutes approved by unanimous vote.

**Dorothy Teeter:** I want to take a minute to acknowledge Connie's work in preparing these minutes. When you see them all together, I am reminded of how important this is as a record of our meetings and what a careful job she does doing that, so thank you.

### **Legislative Update**

**Dave Iseminger**, PEB Division Deputy Director, provided a legislative update. We are in our second special session and I will provide an update on 2.5 bills. The first one is House Bill 1234. This bill relates to the private health plan coverage of contraceptives. That was the only major bill reviewed by the PEB Division that passed and was signed by the Governor during the regular session. This bill changes the default of a fill of contraceptive prescriptions to an annual fill. Based on our historical utilization data in PEB, we do not expect a significant change in utilization. The largest impact is that it goes from a 90-day prescription fill to an annual fill, unless the member or the prescriber specifically requests a shorter duration. This bill goes into effect January 1, 2018.

The second bill is Senate Bill 5436 which relates to expanding access of health care services for Telemedicine. This was passed and signed by the Governor. It adds the individual's home as a site of care for receiving Telemedicine services. The effective date of this bill is January 1, 2018. This will apply to all of our medical plans. We will do a big push at the beginning of the plan year to let people know about this benefit change.

The .5 bill is House Bill 2114. This bill relates to protecting consumers from charges for out-of-network health services. It's the "Surprise Billing Bill." The concept has been discussed within the Legislature for a couple of years. It's one of the only bills during the special sessions that has had any movement. In the second special session, it was voted on by the House and referred to the Senate Health Care Committee. It's the only bill that has been particularly watched by the PEB Division that has had any activity in the last 60-ish days. I just wanted to make sure that the Board was apprised that there was still one policy-type bill that is ruminating within the Legislature along with the budget discussions.

When it comes to the budget, there isn't much to report that's different from April. There are no other official budgets released, so the status of the various budget proposals that are on the table are the same as in our April presentation.

**Dorothy Teeter:** Hopefully at our next meeting you can continue to update on this as well as the budget. Thanks very much.

### **PEB Policy Proposals**

**Barb Scott**, PEB Policy & Rules Section Manager, shared information on four policy proposals that the Board will take action on at the next meeting. The first policy proposal doesn't change current interpretation of rule, or current administration of rule, or our historical practice in relationship to rule, but it would move the definition of the word "season" from where it exists in rule today, in WAC 182-12-114 subsection (2)(a), and it would place that definition in the definition section of our rules, in each chapter where it's appropriate. The existing rule language is on the slide below the proposed definition of season and the clarification is that the word "consecutive" is being added to address questions where we've received questions regarding off-season benefits.

**Proposed Policy 1 – Season:** "Season" means any recurring, annual period of work at a specific time of year that lasts three to eleven consecutive months.

**Lou McDermott:** Barb, I just wanted to validate that that is how we're currently answering the question, is that it's consecutive? That's current practice?

**Barb Scott:** Yes.

**Myra Johnson:** Why was it changed from cyclical to annual?

**Barb Scott:** The change from cyclical to annual was to help with the understanding that we don't relate it to a season of the year like only spring/summer, in the same way that we would for faculty. But instead, that a cyclical period of time is going to run with any number of cycles. That within the annual calendar year we could have a season that spans within summer and spring or within fall and winter. That it isn't within the four seasons of the year, and the folks who are administering eligibility in our agencies better understood that word. Dave also just reminded me that it aligns with the statutory definition of "seasonal employee" which uses the word annual.

The second policy proposal would address an issue we see with the length of time it takes for survivors of employees in the Higher Education Retirement Systems to receive payments from those annuity programs.

**Proposed Policy 2 – Surviving dependent eligibility:** The surviving dependent of an employee who receives a monthly retirement benefit no later than one hundred and twenty days from the date of death of the employee satisfies the requirement to immediately receive a monthly retirement benefit.

**Dorothy Teeter:** Is this a clarification or just an additional policy?

**Barb Scott:** This would allow for us to recognize that on systems that are sponsored by Department of Retirement Systems, pension benefits are awarded to survivors retroactive. But in the Higher Education Retirement Systems, it's a different kind of benefit. It's an annuity that is paid out and those annuities are paid out on a prospective basis. It allows for us to recognize that difference in that system; and that as long as a survivor is receiving the benefit as quickly as possible under the systems that are in place, that they've immediately received that benefit and that they satisfy the eligibility requirement.

**Myra Johnson:** If it takes 120 days to receive that, it will be treated as received immediately? Will they get pro-rated for those four months? Or no?

**Barb Scott:** The benefit payment is prospective. I couldn't tell you how they determine the annuity payment. What I can say is in the research that we did with those systems, the one that takes the longest amount of time to payout is under the TIAA-CREF system. That can take up to eight weeks at the maximum to pay it out. And payments are paid out prospective. The payments would be awarded for the back period of time; but on the annuity, it's forward paying so I don't know how they adjust the annuity payment. That would be a question I would have to ask through the system.

**Lou McDermott:** Myra, from our perspective, it's basically just the link between giving them PEBB benefits and them receiving that payment. All this does is recognize that some systems take longer for them to get their payment and we don't want to withhold our benefit from them. We give it to them right away knowing that this time is greater than the 30 days that DRS can do. It gives employees more time to work with their retirement system from their respective entity and gives them 120 days.

**Barb Scott:** The third policy proposal would add a definition for full-time appointed officials of the legislative and executive branches of state government to rule. This wouldn't change what we have been doing currently or historically as far as eligibility for these individuals. These officials are eligible for PEBB benefits as active employees and historically they've been eligible for continuing their coverage on the same basis as outgoing legislators who are eligible under the statute. This eligibility has been in place since the 1970s. A definition would provide a clearer description to be used by our staff in determining who's eligible under this provision.

**Proposed Policy 3 – Retiree insurance coverage eligibility for statewide elected officials and appointed officials:** The following employees are eligible to continue enrollment or defer enrollment in PEBB insurance coverage under the same terms as outgoing legislators when they voluntarily or involuntarily leave public office.

- (1) A statewide elected official of the executive branch;
- (2) An executive appointed directly by the Governor as the single head of an executive branch agency; or

- (3) An official appointed directly by a state legislative committee as the single head of a legislative branch agency or an official appointed as the Secretary of the Senate or as the Chief Clerk of the House of Representatives.

The fourth policy proposal supports a gift card incentive that was negotiated as part of the collective bargaining agreements and is being presented in anticipation of the Legislature ratifying the CBAs.

**Proposed Policy 4 – SmartHealth:** Effective January 1, 2018, all SmartHealth eligible subscribers will receive a separate PEBB wellness incentive after completing their SmartHealth well-being assessment on or before December 31 of the current plan year. This separate PEBB wellness incentive may be earned only once per plan year.

**Harry Bossi:** I don't really have a question. My understanding is that a clarification in this takes out the phase-in period for people when they enroll during a calendar year. Is that the effect of this?

**Barb Scott:** Currently, in order to earn the \$125 wellness incentive, there is a phased approach to that depending on when folks become eligible during the year. This particular incentive is separate from that wellness incentive in it is being awarded without that phased approach.

You will see these policy proposals again at the next meeting and we would ask you to take action on them at that time. We'll also be giving you an overall briefing of our rule making activity then.

**Dorothy Teeter:** Thanks, as always, for your really thorough work on these. A couple weeks ago I participated as we were making sure all of these were extremely clear to everyone and we got a little silly with some of the things that were getting fixed. I appreciate your attention to detail because, as Lou pointed out, you're the one that gets to actually help with interpreting this for people that have questions. So, thank you very much.

**Barb Scott:** Thank you.

**Lou McDermott:** Actually, I think Barb's made a mistake. There's a fifth resolution.

**Dorothy Teeter:** It's not on my agenda.

**Lou McDermott:** Oh, it's not? Well... all those kind things you said about Connie... (laughter)

**Dorothy Teeter:** I told you she wasn't cooperative.

**Lou McDermott:** Yes. This resolution does require a vote from the Board. It's Resolution #5.

**Special Resolution #5** - Resolved, that the PEB Board recognizes and appreciates the four years of exemplary service provided by Dorothy Teeter in her leadership of providing benefits on behalf of the PEB Program members. Furthermore, the PEB Board and the Health Care Authority wish Ms. Teeter continued success and happiness in her future endeavors.

**Greg Devereux:** So moved.

**Gwen Rensch:** Second

**Lou McDermott:** Woah! I get to do this part. Is there a motion to adopt? (laughter)

**Marilyn Guthrie:** So moved.

**Lou McDermott:** Is there a second?

**Greg Devereux:** Second.

**Lou McDermott:** Any comments from the audience? Any discussion from the Board? For this particular resolution, we recommend that the non-voting members, Harry and Myra, get to vote on this one as well. All those in favor?

**All Board Members:** Aye.

**Lou McDermott:** Opposed? This will be interesting. Any opposed? (laughter)  
Special Resolution #5 passes. (Applause)

It doesn't end there, Dorothy. We have a book that was put together and a lot of the photos here are of people who have presented before you over the last four years, and the Board Members, and they've all written special comments to you. You're not required to share those with the audience. But, there are comments, and I was thinking if we passed it around, the Board could sign their page.

And the last item Dorothy - you didn't notice you had a different gavel?

**Dorothy Teeter:** Well I actually did because I noticed this was a little bigger. Right?

**Connie Bergener:** You saw this in my office didn't you?

**Dorothy Teeter:** No, I didn't, I did not. I wasn't thinking about it because as Lou's going to be moving in to this role, it seemed - you know, bigger!

**Lou McDermott:** We had to get a bigger one, that's true! There was a great debate about the gavel and whether or not the gavel was going to be mounted on the plaque. But, cooler heads prevailed!

**Connie Bergener:** He won.

**Dorothy Teeter:** Awesome. It's totally perfect.

**Lou McDermott:** We got your gavel. That's the one you used for the past four years. And if you want to read the plaque to folks...

**Dorothy Teeter:** My goodness. Okay, it says: Presented to me, I mean it doesn't really say me...

**Lou McDermott:** It doesn't because that would be weird.

**Dorothy Teeter:** It says my name.

**Dorothy Teeter:** "In recognition of your exceptional leadership, dedication, vision, support, and years of service as the Director of the Health Care Authority and Chair to the Public Employees Benefits Board from March 2013 to June 2017."

Thank you very much. This is totally cool. Along with this awesome, all of this, and I'm kind of shocked that I did not know a thing about this.

This is, as folks on my team and the PEB team know, this is one of the most favorite things I get to do as the Director of the Health Care Authority, cause the lens through which we do all our work here as a Board and as people in the program, it's what's the right thing to do for the folks that we serve; what's the best clinical service; what is the best care management; what are the best rates? It's what's that combination that we can get so that we can continue to stay in-sync with what's going on in the environment and what the innovations are in delivery models; but at the same time, making sure we keep a pretty steady pace for the folks that depend upon us to do really good solid work every year and not a lot of surprises.

I really, really appreciate all of your effort and the contributions that everybody on this Board makes, and also the folks that work in the PEBB Program, and for all of you that come, faithfully, to all these meetings. It's so much fun because I get to see all the folks that are actually our partners, primarily our partners that work with us each and every day to make sure these products that we provide, and the benefits are the best that we can possibly get. So, thank you very much. I'll miss all of you and I might just, you know, have to call in on the phone and make a few comments here and there.

**Lou McDermott:** Eavesdrop a little bit.

**Dorothy Teeter:** Eavesdrop, right? Thank you. So, I am going to pass this around. If you guys could sign your name on your page that would be awesome. It's a wonderful book, thank you.

Just a reminder, barring unforeseen circumstances such as the government potentially not having a budget, the next meeting of this group will be July 12 from 1:30 - 3:30 p.m. There will be a posting to the listserv if, for some reason, this meeting does get cancelled.

Meeting adjourned at 2:00 p.m.