Washington State Health Care Authority

# Public Employees Benefits Board Meeting

**April 16, 2014**

Washington State Health Care Authority

# Public Employees Benefits Board Meeting

**April 16, 2014**
**1:30 p.m. – 3:30 p.m.**

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

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Washington State Health Care Authority

# AGENDA

**Public Employees Benefits Board**
**April 16, 2014**
**1:30 p.m. – 3:30 p.m.**

Health Care Authority
Cherry Street Plaza
Sue Crystal Rooms A & B
626 8th Avenue SE
Olympia, WA 98501

Conference Call Dial In: 1-888-450-5996, Participant Passcode: 546026

| | | | | |
|---|---|---|---|---|
| **1:30 p.m.** | **Welcome and Introductions** | | Dorothy Teeter | |
| **1:40 p.m.** | **Approval January 30, 2014 Minutes** | TAB 3 | Dorothy Teeter | Action |
| **1:45 p.m.** | **2014 Open Enrollment Debrief** | TAB 4 | Renee Bourbeau | Information |
| **1:55 p.m.** | **Finance Update** | TAB 5 | Janice Baumgardt | Information |
| **2:10 p.m.** | **Premium Surcharge Update** | TAB 6 | Mary Fliss | Information |
| **2:30 p.m.** | **SmartHealth Wellness Program Update** | TAB 7 | Jenna Mannigan<br>Michele Ritala | Information |
| **2:45 p.m.** | **Diabetes Prevention Program Update** | TAB 8 | Michele Ritala | Information |
| **3:00 p.m.** | **Legislative Update** | TAB 9 | Nathan Johnson | Information |
| **3:20 p.m.** | **Public Comment** | | | |
| **3:30 p.m.** | **Adjourn** | | | |

The Public Employees Benefits Board will meet Wednesday, April 16, 2014, at the Health Care Authority, Sue Crystal Rooms A & B, 626 8th Avenue SE, Olympia, WA. The Board will consider all matters on the agenda.

This notice is pursuant to the requirements of the Open Public Meeting Act, Chapter 42.30 RCW.

Direct email to: board@hca.wa.gov

Materials posted at: www.hca.wa.gov/pebb/Pages/board_meeting_schedule.aspx

Washington State Health Care Authority

# PEB Board Members

| Name | Representing |
|---|---|
| Dorothy Teeter, Director<br>Health Care Authority<br>626 8th Ave SE<br>PO Box 42713<br>Olympia WA 98504-2713<br>V 360-725-1523<br>dorothy.teeter@hca.wa.gov | Chair |
| Greg Devereux, Executive Director<br>Washington Federation of State Employees<br>1212 Jefferson Street, Suite 300<br>Olympia WA 98501<br>V 360-352-7603<br>greg@wfse.org | State Employees |
| Vacant* | K-12 |
| Gwen Rench<br>3420 E Huron<br>Seattle WA 98122<br>V 206-324-2786<br>gwenrench@covad.net | State Retirees |
| Mary Lindquist<br>4212 Eastern AVE N<br>Seattle WA 98103-7631<br>C 425-591-5698<br>maryklindquist@comcast.net | K-12 Retirees |

## PEB Board Members

| Name | Representing |
|---|---|
| Marc Provence<br>UW Administrator<br>Fred Hutchinson/UW Cancer Consortium<br>850 Republican ST<br>Seattle WA 98109<br>V 206-616-5423<br>mprov@uw.edu | Benefits Management/Cost Containment |
| Yvonne Tate<br>1407 169th PL NE<br>Bellevue WA 98008<br>V 425-417-4416<br>ytate@comcast.net | Benefits Management/Cost Containment |
| Marilyn Guthrie<br>2101 Fourth AVE, Suite 600<br>Seattle WA 98121<br>V 206-913-4757<br>mguthrie@qliance.com | Benefits Management/Cost Containment |
| Harry Bossi*<br>3707 Santis Loop SE<br>Lacey WA 98503<br>V 360-689-9275<br>hbossi@comcast.net | Benefits Management/Cost Containment |

**Legal Counsel**
Melissa Burke-Cain, Assistant Attorney General
7141 Cleanwater Dr SW
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*non-voting members

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

# 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 8th 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

Washington State Health Care Authority

# 2015 PEBB PROCUREMENT CALENDAR

| | |
|---|---|
| March 19 | Board Meeting - Canceled |
| April 16 | Board Meeting |
| May 28 | Board Meeting: Budget, Open Enrollment Summary, & Procurement Brief<br>Request for Proposals Issued to Fully-insured Plans. Initial Proposal Brief & Budget Update.<br><br>Proposals Due |
| June 25 | Board Meeting: Procurement Update, Eligibility Scope, & Policy Brief |
| July 9 | Board Meeting: Recommended Resolutions<br>• Plan Design<br>• Employee Premiums<br>• Medicare Explicit Subsidy<br>• Eligibility Policy (if needed) |
| July 16 | Board Meeting: Resolution Vote |
| July 23 | Board Meeting if needed |

Updated 8/23/13

Washington State Health Care Authority

# 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.

Washington State Health Care Authority

# Public Employees Benefits Board
# Meeting Minutes

## *D*R*A*F*T*

January 30, 2014
Health Care Authority, Sue Crystal Rooms A & B
Olympia, Washington
9:30 a.m. – 11:30 a.m.

**Members Present:**
Dorothy Teeter
Greg Devereux
Lee Ann Prielipp
Gwen Rench
Susan Lucas
Harry Bossi
Yvonne Tate
Marilyn Guthrie
Melissa Burke-Cain

**Call to Order**
Dorothy Teeter, Chair, called the meeting to order at 9:30 a.m. Sufficient members were present to allow a quorum. Board and audience self-introductions followed.

**Approval of July 17, 2013 PEBB Meeting Minutes**
It was moved and seconded to approve the July 17, 2013 PEB Board meeting minutes as written. Minutes approved by unanimous vote.

**2014 SmartHealth Wellness Program**
Scott Pritchard, PEB Division Health Management Supervisor, shared the new wellness program, SmartHealth. Creating this comprehensive wellness program is a work in progress. Governor Inslee's Executive Order 13-06 provides support for the direction HCA is taking. We are working with state agencies, higher education institutions, and Labor, establishing the State Employee Health & Wellness Steering Committee. The Steering Committee has provided recommendations for the wellness program.

Scott updated the Board on the Not Me Diabetes Prevention Program and the Worksite Wellness Program. The Not Me Diabetes Prevention Program is intended to help people reverse their condition if they are pre-diabetic. A testing program was started with testing events on the Capitol Campus, the Health Care Authority, Department of Health, Attorney General's Office, Department of Labor and Industry, Department of Agriculture, and the

University of Washington. There are more testing events scheduled. Those with a pre-diabetic result were offered a 16-week evidence-based course to reduce the conversion to diabetes. Data shows about a 58% reduction across the population of those that convert to diabetes. Feedback has been great from both participants and agencies.

Our goal is to offer the program to 60% of employees during 2014. We are focusing on employees and their families and dependents are welcome to participate. We will be developing plans on how to reach them more effectively in 2015.

We are evaluating a virtual diabetes prevention program product that is through the same vendor. We are also evaluating participation and outcomes in the Not Me Program and those results will begin to be available in March.

Worksite Wellness is an essential component of any comprehensive wellness program. Through Washington Wellness, we've developed the ability to work with state agencies and higher education institutions to develop a supportive culture of health. We are using an evidence-based approach on building infrastructure at these very different agencies to create their own programs that are a part of the SmartHealth Program.

With SmartHealth we expect to engage employees and their families in taking responsibility for their health. The PEBB Program a responsibility to help members understand their benefits and to use them in a way that improves their health, as well as in a cost-effective manner. One of the outcomes to measure is the health status of the entire PEBB Program member population. We aim to make a positive impact on the medical cost trend and productivity.

Selecting incentives took much discussion. The qualifying year is 2014 and the incentive will be delivered in 2015. If all goes well, that cycle begins again and 2015 becomes a qualifying year and the incentive will be delivered in 2016. The requirements are: 1. By June 30, 2014, employees and other subscribers, noting that some of the PEBB subscribers are not state employees, in the non-Medicare risk pool, will complete the Health Assessment offered through the health plan; 2. Select a Primary Care Provider; and 3. Attest before June 30, 2014 that you will complete one of the accepted activities in the calendar year 2014.

The State Employee Health & Wellness Steering Committee approved seven options for attestation. They are: 1. The Diabetes Prevention Program, Not Me, 2. The Diabetes Control Program, 3. A smoking cessation program, 4. A weight management program, 5. Physical activity –do at least 90 minutes of moderate to vigorous activity per week, 6. Make healthy food selections – eat six or more vegetables and/or fruit servings per day for at least ten consecutive weeks, and 7. Work with your PCP to get all recommended preventive care recommended for you.

If participating subscribers are successful in completing the qualifying actions, the Governor's budget proposes a $125 incentive which would be in the form of a reduction in their deductible.

**Action Item:** Lee Ann Prielipp asked if the Primary Care Provider would actually see the member once they were selected. We don't know the answer to that question but will check.

**Action Item:** Dorothy Teeter wants PEB to be sure this issue is part of our roll out. Include a communication to those Primary Care Providers letting them know that they are in the Network and this is one of the expectations for those that are in the UMP Program. It would be good to collect data to see if there is 100% match.

Lee Ann Prielipp asked about eligibility for retirees if there was a virtual product available.

Scott Pritchard indicated that the HCA chose non-Medicare risk pool, 18 and over employees to focus on in the initial cycle of the program. The program will grow as the HCA becomes more familiar with what works well and then decide who will be eligible.

**Action Item:** Dorothy Teeter would like an analysis of what it would take, and the implications of, to make that happen.

Lou McDermott mentioned that the Health Care Authority is looking at other options for non-traditional medical services, such as gym memberships, living well programs, chronic disease management, etc. Every year the list of possible activities grows and it gets reviewed and looked at for cost to determine what is plausible and what isn't.

**Action Item:** Dorothy Teeter would like HCA to look at some of those options for Medicare retirees, especially enhanced fitness payments. What are the options and implications?

Harry Bossi noted that there may not be much of an incentive for healthy subscribers. There are a substantial number of subscribers who don't need care or choose not to get it. They will be left out of this incentive unless they are in the Consumer Driven Health Plan, where they will get cash put into their account.

Scott Pritchard indicated there is good data that keeping healthy people healthy is important and we are looking at how to do that.

**Action Item:** Dorothy Teeter would like HCA to evaluate the reduction in deductible approach to determine if it is doing what we intended for it to do in terms of the engagement process and actually connecting those dots with the overall cost of health care. We need to monitor and evaluate this program to see if the intended results are met, and if not, why not? Modify each year as needed.

Marilyn Guthrie asked if the Steering Committee considered a deposit to one's FSA?

Mary Fliss said no. The HSA and the FSA are mutually exclusive, so those that are in the HSA account do not have the opportunity to participate in the FSA. When a deductible methodology was adopted, we looked at what plans best fit this option? When we looked at our CDHP product and the current deductible where it is set, knowing that there is a federal requirement around that level, we knew that the deductible was not a viable option for us. So we are essentially splitting the population in the active pool then into those that are in the CDHP/HSA and those who are not.

Barb Scott: The flexible spending account is a vehicle that is available to employees. It would not be available to our retirees. It's really taking part of my payroll dollars and through a tax-favored benefit type vehicle allowing me to have those dollars taken out prior to taxation on my income and put into this account that I can use for very specific things. It's not the same as a Health Savings Account. That vehicle is only available to our employee population. As you think about how to make this reward available to the entire population, then the FSA as an option would be an option that would be available to a subset of the population, not the entire one.

Yvonne Tate: Not all employees participate in an FSA. You also are required to declare ahead of time how much you are going to put in to that account, in the year before you use it. It's not that flexible.

Dorothy Teeter: A common theme going forward is to make sure we are tying the incentive money to rewarding behaviors that we want for health. We need to monitor this program every step of the way so that every year we can make it more sophisticated and more successful in terms of intention.

Lou McDermott indicated that there were many meetings and discussions in order to come up with this program. Many things were considered such as financial constraints, operational issues associated with each option, what happens if we expand the program to the whole population, etc. This is year one and we will be evaluating to make sure we hit the targeted group, looking for ways to improve.

**2014 Mid-Year Rules**

Mary Fliss, PEB Division Deputy Director, and Barbara Scott, PEB Division Policy and Rules Manager introduced the mid-year rules. The scope for rulemaking this year is the premium surcharges. During the last legislative session, the legislature added a sentence to the budget that calls for two surcharges, one related to tobacco use and the other to spousal coverage, and implementing provisions of the Executive Order 13-06, which speaks to the wellness program.

The state operating budget directs the PEB Board to add a $25 per month surcharge to the premiums due from members who use tobacco products. In order to implement the tobacco surcharge, we are writing rules to communicate administrative decisions that have been made by the Health Care Authority. The administrative decisions are to address many of the issues that were identified by staff and by our stakeholders like the timeframe in which a subscriber must attest to the use of tobacco products. We will be putting in place a surcharge implementation period, which will run from April 1st through May 15th. That is going to function much like a mini Open Enrollment, so what we will communicating to our members is that they will be able to do things like add or remove dependents, make a health plan change, waive enrollment, make a change under the premium payment plan. We will not allow changes under the FSA or DCAP during that surcharge implementation period. Only changes that relate to the spousal surcharge and the tobacco surcharges will be allowed. We also will be putting in place an ongoing Special Open Enrollment that we tied to a cost change due to a premium surcharge so that on an ongoing basis throughout the year our members will be able to, if they have a change to a spouse's coverage or if they have a change to tobacco use, then they will be able to make a change under the premium payment plan in order to be able to adjust the amount that is coming out of their paycheck for medical premiums. We're going to be putting in place a rule that will require employer groups who participate in PEBB benefits to collect the surcharge from their employees instead of paying that surcharge on behalf of their employees, so that it is passed to them and will help to change behaviors.

Mary Fliss: The first policy decision is around defining both tobacco use as well as tobacco products; and in order to do that, we reviewed the legal parameters, as well as definitions that are currently in use in other organizations. We met with HCA's clinicians including our Chief Medical Officer, Dan Lessler. Based on that research we are asking the Board to adopt a definition of tobacco being any product made with or used from tobacco that is intended for human consumption. That includes any part, component, derivative of tobacco and we give some examples in the resolution. It does not include any quit aids. Therefore if a member is

participating in Quit For Life or has any other quit aids, that is not included in tobacco use and e-cigarettes will not be defined as tobacco until there is guidance from the FDA.

The second policy is around tobacco use. Again, we looked at some of those legal parameters that are embedded in the ACA. Tobacco use when we talked about it is the use of any of the tobacco products that we just defined within the last two months. It does not include any tobacco use for ceremonial or religious reasons. The second policy is about the consequences of a member not responding. Similar to other PEBB decisions, PEBB adopts a default position in cases on non-response. We looked into industry practice, legal parameters, and the viable options given PEBB's structure. Based on that research, the most viable approach for us is to impose the surcharge on those who do not respond with the opportunity for members to correct that election by the end of August, or four pay cycles after implementation, in which case we will refund the collected surcharges once the correction is received.

Barbara Scott: The state operating budget also directs the Board to add a $50 per month surcharge to the premiums due from members who cover a spouse or domestic partner where the spouse or domestic partner has chosen not to enroll in other employer-based group health insurance that has benefits and premiums with an actuarial value of not less than 95% of the actuarial value of the PEBB plan with the largest enrollmen, which is the UMP Classic.

In order to implement the spousal surcharge, we're writing rules and administrative policies as well. For the PEBB Program, we use not only rules in order to communicate how the program is being administered, but we also use administrative policies. PEBB has been using a process that's very transparent and public in adopting those policies and they are put out to the same ListServ stakeholders that we do for rule making and put it on the register the same as we do for rule making. PEBB policies are posted on our website, so they are available to everybody.

In order to address the issues that were identified by staff and stakeholders, we'll be going through both the rule making and the policy making process. We will address the timeframe through which a subscriber must attest to an enrolled spouse or domestic partner, having chosen not to enroll in other employer-based coverage. We will clarify that PEBB coverage is not considered other employer-based coverage. If a state employee has waived their coverage, and is enrolled on their spouse's PEBB coverage, no spousal surcharge will be assessed. We want to make sure we're putting an exception in rule for that. We also want to direct subscribers to a calculator tool that's being developed that will help them to determine whether or not the actuarial value of the spouse's coverage that's available compares to the UMP Classic Plan. We want to make this process as easy for our members as possible. You will see that in addressed in a policy document as well.

The Governor's Executive Order 13-06 directs the PEBB Program to implement a Wellness Incentive Program developed by the State Employee Health and Wellness Steering Committee. In order to implement the Wellness Incentive Program we are addressing administrative policy decisions that were made by the Health Care Authority. Those will include the specific activities that will need to be completed as recommended by the Steering Committee providing a reasonable alternative for subscribers whose health status prevents them from completing the Wellness Incentive Program requirements. This is a requirement under HIPAA Wellness Rules that we have a reasonable alternative available. You will also see us adopting an administrative policy that will build our website to help folks understand how to access that. It will describe the type and amount of incentives by product.

Subscribers who are in the Medicare risk pool are not included as eligible to participate in the Wellness Incentive Program and those subscribers will not be subject to the tobacco use or the spousal surcharge. The tobacco use surcharge under HIPAA Wellness Rules is really included and defined as a reward and so in order to align the implementation of the surcharges and the implementation of the Wellness Incentive Program under the federal wellness regulation, that group of folks is not eligible.

Mary Fliss: The policy decisions before the Board in terms of the wellness program include those who are eligible to participate, which is the subscriber for this first year, and subscribers of those in the active pool. It will be termed all subscribers except those who are enrolled in both Medicare Parts A and B, which means our pre-Medicare retirees will be eligible to participate in the wellness activities, as well as the incentive. The second decision before the Board is who will be receiving the wellness incentive in 2015.

Yvonne Tate asked if employees received an incentive if they waived PEBB coverage and were on their spouse's plan.

Mary Fliss indicated no compensation will be provided for having waived their medical premium or medical coverage.

Gwen Rench asked if non-Medicare spouses of a Medicare retiree were smokers, if the surcharge would apply.

Barb Scott: Medicare subscribers are not eligible at this time for the Wellness Incentive Program, and therefore a non-Medicare spouse will not be assessed the tobacco surcharge.

**Action Item:** Marilyn Guthrie asked that the PEB Division put together some very thoughtful FAQs with some of the questions the Board has asked and to be proactive in thinking them through.

Mary Fliss wanted to be clear that if a Medicare member is the subscriber, then the wellness incentive and tobacco surcharge would not apply to anyone on that account.

Susan Lucas asked how subscribers will be able to calculate if the premium is less than 95% of the premiums and 95% of the actuarial value of the UMP benefits to determine how they attest to the spousal surcharge.

Mary Fliss indicated that HCA is working in collaboration with Milliman and finance staff to ask a series of questions that would eliminate you from the surcharge. And we've determined the answer to the question "what is 95% of the premium for UMP Classic to cover a spouse" as $84 per month. If it costs more than $84, then you're done and you do not qualify. If it costs less than $85, then we have to determine then if the benefits meet the criteria. In order to do that, you need to receive your spouse's Summary of Benefit Comparison, which is a federally mandated document that all employer plans have to provide their members. The subscriber would then go through a list of seven questions about the richness of that benefit and then determine whether that benefit is as rich or not as rich. We can then determine if the assessment is applicable.

There will be several mailing sent to members preparing them for these new surcharges. The first mailing will be a call to action and an introduction to include what we know so far, knowing we are pending both legislative approval and final rule making.

Barb Scott clarified that an Open Enrollment for subscribers affected by the attestations be allowed to reassess their decisions and make adjustments since we were not able to answer their questions during our annual Open Enrollment in November 2013.

Greg Devereux shared two concerns with the surcharges. The first issue - this is an imposition of 100% charge for both tobacco and the spousal issue. We have a contract that says the state will pay 88%, not the employee will pay 100%. We don't think the state can do either one of these surcharges the way they are doing them. In the spirit of full disclosure, that's an issue moving forward. Secondly, I'm still concerned and I appreciate very much that if you don't attest upfront there's a grace period. But I'm still concerned if it moves forward that some people will simply miss it altogether and they're not smokers and they're going to end up paying. That to me, when I read the budget language, exceeds the authority given to the agencies. What thinking has gone into that. Have you considered other things besides the grace period? What has the working group done in this area?

Barb Scott: When we first saw the surcharges, it was at the end of the third session last year. We had very little, if any, opportunity to provide feedback on what that budget language looked like. With that said, we tried to do a good amount of research in looking at how other states implemented this. We looked at what Oregon did, as well as about six other states. Nearly all of those states, Oregon does it differently, but all the others did take a default position. If the employees didn't respond at all, then they applied the surcharge and dealt with things going forward on a forward looking basis. Oregon, in their rules that I was able to look at, does a positive enrollment every single year so every year employees have to re-enroll in employee benefits. That something that PEBB's never done. We've always carried elections forward for the most part. It would be a different environment than what PEBB has worked under in the past. Looking at what the other states we researched did, they did use a default. That's what we brought as a recommendation to this Board.

Dorothy Teeter indicated that there are several pay periods where you have the chance to look and see what is coming out of your check. A reminder to whether or not they completed their attestation.

Mary Fliss: This is structured within an overall communication's plan. That overall communication's plan includes the state environment, member contact points, as well as direct member communication. I think the first answer to that specifically is after all of those things have occurred during the surcharge Open Enrollment period, we will be getting messages directly from PEBB to members, as well as through many of our other contact points that we have already been reaching out and speaking with. We will then be providing members with confirmation in terms of we've received your attestation and here's the change to your account, or we did not receive an attestation from you; therefore, here is the change to your account. That would be the first step. The second step would be in the July 10th paycheck. There will be money taken out and members can then contact the PEBB Program or their personnel payroll function for correction. This offers them the chance to indicate they failed to make an election, however, I would like to re-assess that election and be able to re-balance my premium payment plan because this is going to be taken on a tax preferred basis and so it's aligning those requirements and that tax deferral around that whole communications system to create the default, as well as the backup. Then they have the July 10, July 25, Aug. 10, and Aug. 25 pay periods to correct. If they haven't realized the charge at that point, and they see it on their September 10 check or the For Your Benefit newsletter, they would be able to take a

prospective election and say: I have been smoke-free for the past two months, and at that point, be able to revise their premium payment plan and their irrevocable election.

Barb Scott: We built in a large window for making the decision. In the structured communication plan, there will be two letters sent before April 1. In addition to that, once the surcharges hit, there's a special Open Enrollment event added under our cafeteria plan, as well as, it's being added to our rules that will allow a member 60 days from the date that a surcharge is incurred to take advantage of the special Open Enrollment opportunity. In order to be able to do this under the umbrella of a cafeteria plan and allow employees to take it on a pre-tax basis, we've tried to structure it so it's compliant under the Internal Revenue Code.

Marilyn Guthrie: There are strict rules under which you can allow changes. A default position is not uncommon. There is personal accountability and responsibility that must come into play. There are consequences to inaction at times and this is one of those times.

Greg Devereux: There are consequences for inartful legislative drafting as well and the budget language says "there is a surcharge to the premiums for individuals who use tobacco products." It doesn't say for individuals who fail to attest. I understand the position the Health Care Authority is in, but I don't want anyone to be surprised if there are challenges to either rule making or the actual surcharges themselves.

Dorothy Teeter appreciated that in recognition of the legislative language, the strictness of the rules, and the huge task demonstrated, staff took into account, first and foremost, the PEBB members and how to make this as easy as possible. Communications and FAQs are an important element to success.

## PEB Board Policy Resolutions Vote

Policy Resolution #1

Resolved that all subscribers, except subscribers who are enrolled in both Medicare parts A and B and are in the Medicare risk pool, are eligible to participate in the PEBB Wellness Incentive Program.

**Discussion:** Hilary Getz, Kaiser Permanente, wanted to clarify, due to the language in the resolution that says "has both parts A and B and are in the Medicare risk pool," that Kaiser does have some active employees, over 65, who are Medicare parts A and B. They are coded differently in the systems, so therefore they don't fall into the Medicare risk pool. I've made a note to find out how many of those there are. I don't think there are a huge number, but it's a question I wanted to ask especially as you are preparing communications to go out to explain to people, are you eligible or not.

Barb Scott indicated the reason this resolution reads the way that it does is because we knew that in saying just both parts A and B of Medicare, we were not getting to the exact narrow group we're talking about. Active employees who are covering their spouse who is enrolled in A and B of Medicare or an active employee who is A and B of Medicare would not be in our Medicare risk pool. That's why in this resolution you see both of those elements contained.

Moved. Seconded. Approved.
Voting to Approve: 7
Voting No: 0

Gwen Rench: Aye.
Greg Devereux: Aye.
Marilyn Guthrie: Aye.
Lee Ann Prielipp: Aye.
Susan Lucas: Aye.
Yvonne Tate: Aye.
Dorothy Teeter: Aye.

Policy Resolution #2

Resolved that to receive a PEBB Wellness Incentive in the following plan year, eligible subscribers must complete the PEBB Wellness Incentive Program requirements by the latest date below:

- June 30, or
- Within sixty days after the effective date of their PEBB medical, but no later than December 31.

Moved. Seconded. Approved.
Voting to Approve: 7
Voting No: 0

Gwen Rench: Aye.
Greg Devereux: Aye.
Marilyn Guthrie: Aye.
Lee Ann Prielipp: Aye.
Susan Lucas: Aye.
Yvonne Tate: Aye.
Dorothy Teeter: Aye.

Policy Resolution #3

Resolved that the PEBB Wellness Incentive Program requirements are:

1. Select a primary care provider
2. Complete the health assessment
3. Begin a wellness program activity

Moved. Seconded. Approved.
Voting to Approve: 7
Voting No: 0

Gwen Rench: Aye.
Greg Devereux: Aye.
Marilyn Guthrie: Aye.
Lee Ann Prielipp: Aye.
Susan Lucas: Aye.
Yvonne Tate: Aye.
Dorothy Teeter: Aye.

Policy Resolution #4

Resolved that tobacco products means any products made with or derived from tobacco that is intended for human consumption, including any component, part, or accessory of a tobacco product. This includes, but is not limited to, cigars, cigarettes, chewing tobacco, snuff, and other tobacco products. It does not include U.S. Food and Drug Administration (FDA) approved quit aids or e-cigarettes until their tobacco related status is determined by the FDA.

Moved. Seconded. Approved.
Voting to Approve: 6
Voting No: 1

Gwen Rench: Aye.
Greg Devereux: No.
Marilyn Guthrie: Aye.
Lee Ann Prielipp: Aye.
Susan Lucas: Aye.
Yvonne Tate: Aye.
Dorothy Teeter: Aye.

Policy Resolution #5

Resolved that tobacco use means any use of tobacco products within the last two months. Tobacco use, however, does not include religious or ceremonial use of tobacco.

Moved. Seconded. Approved.
Voting to Approve: 6
Voting No: 1

Gwen Rench: Aye.
Greg Devereux: No.
Marilyn Guthrie: Aye.
Lee Ann Prielipp: Aye.
Susan Lucas: Aye.
Yvonne Tate: Aye.
Dorothy Teeter: Aye.

Policy Resolution #6

Resolved that a subscriber's account will incur a surcharge if he or she fails to attest that:

- Any enrollee on his or her medical plan engages in tobacco use; and
- whether a spouse or domestic partner, enrolled on his or her medical plan, chose not to enroll in other employer-based coverage that has premiums less than 95% of the UMP Classic's premiums and benefits with an actuarial value of at least 95% of the actuarial value of the UMP Classic's benefits.

**Discussion:** Gwen Rench will be voting no because she thinks it goes too far in terms of tax dollars to encroach on private lives of employees and PEBB enrollees.

Moved. Seconded. Approved.
Voting to Approve: 5
Voting No: 2

Gwen Rench: No.
Greg Devereux: No.
Marilyn Guthrie: Aye.
Lee Ann Prielipp: Aye.
Susan Lucas: Aye.
Yvonne Tate: Aye.
Dorothy Teeter: Aye.

Mary Fliss - Next Steps: In March, we will publish the proposed amendments and new rules in the Washington State Register. We will conduct a public hearing and adopt the final rules with an effective date of May.

The next Board meeting is April 16, 2014 at the Health Care Authority starting at 1:30 p.m.

The meeting adjourned at 11:30 a.m.

Washington State Health Care Authority

# 2014 Open Enrollment Summary

Renee Bourbeau
Benefits Accounts Manager
Public Employees Benefits Division
April 16, 2014

# Open Enrollment 2014 Initiatives

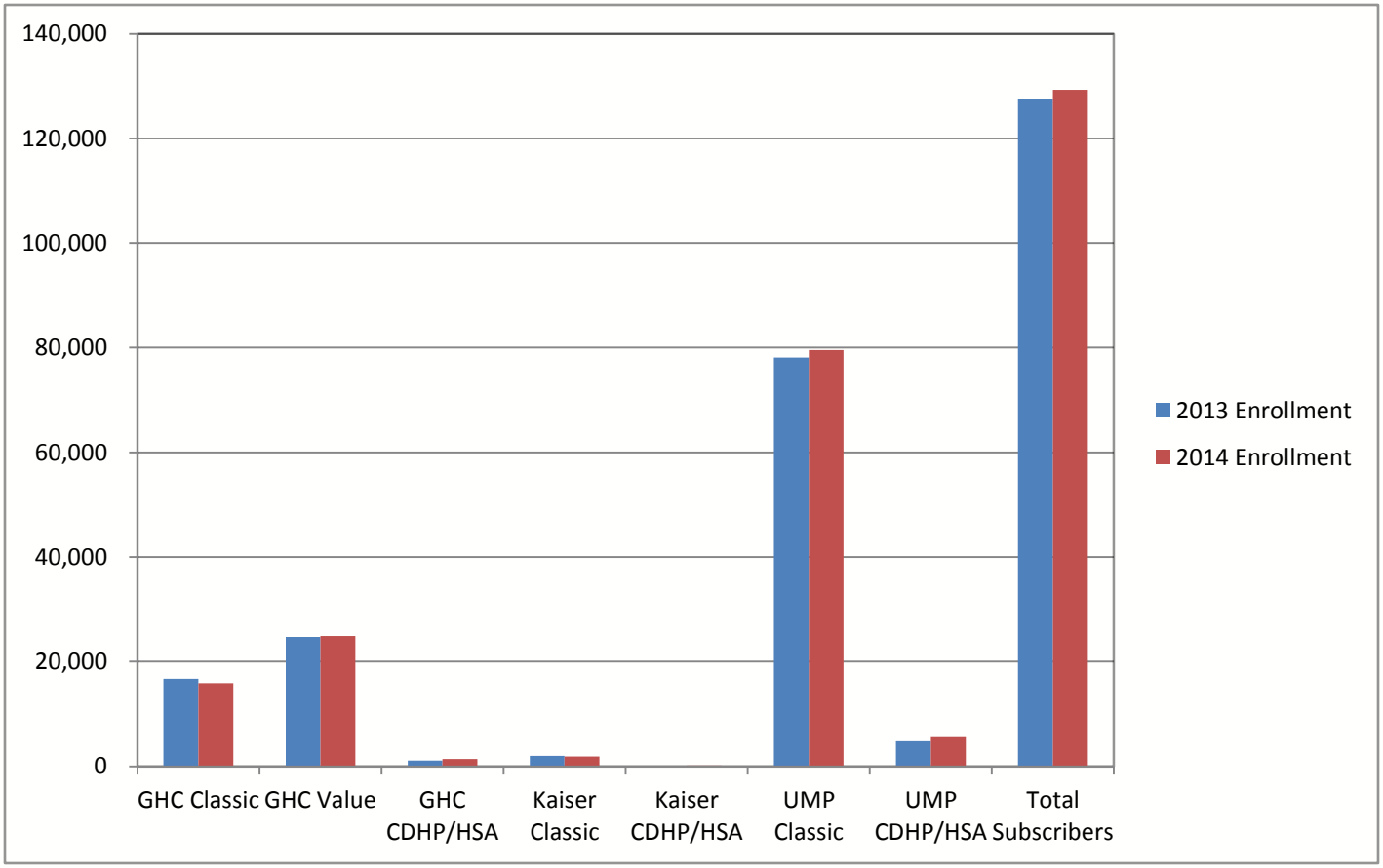
- Transition of the Flexible Spending Account (FSA) and Dependent Care Assistance Program (DCAP) vendor
  - Joint effort between PEBB, HCA internal divisions, and eight different payroll systems (higher educations, community and technical colleges, and State/HRMS).
  - Communications to PEBB members about the FSA and DCAP transition.
  - Enrollment in the FSA and DCAP programs: 12,300.
  - Increased communications to 2013 FSA and DCAP enrollees about the 2013 plan year grace period.

- Statement of Insurance (SOI) Improvements
  - Available online via MyAcount.
  - Accessible anytime by subscribers.
  - Enhanced fields for subscribers to view which family members are enrolled in which types of coverage.
  - Enhanced benefits display information for basic, optional life, LTD, and retiree term life insurance.

- Benefits Fairs
  - Conducted 26 benefits fairs throughout the state of Washington.
  - Provided retiree and employee presentations and vendor presentations such as FSA.
  - Continue to invest in benefits fairs to have a face-to-face interaction with members.

- My Account restructure
  - Enhanced security of My Account features.
  - Enhanced functionality for members to make plan changes at open enrollment and to view their SOI.
  - Over 27,000 subscribers were registered for My Account at OE.

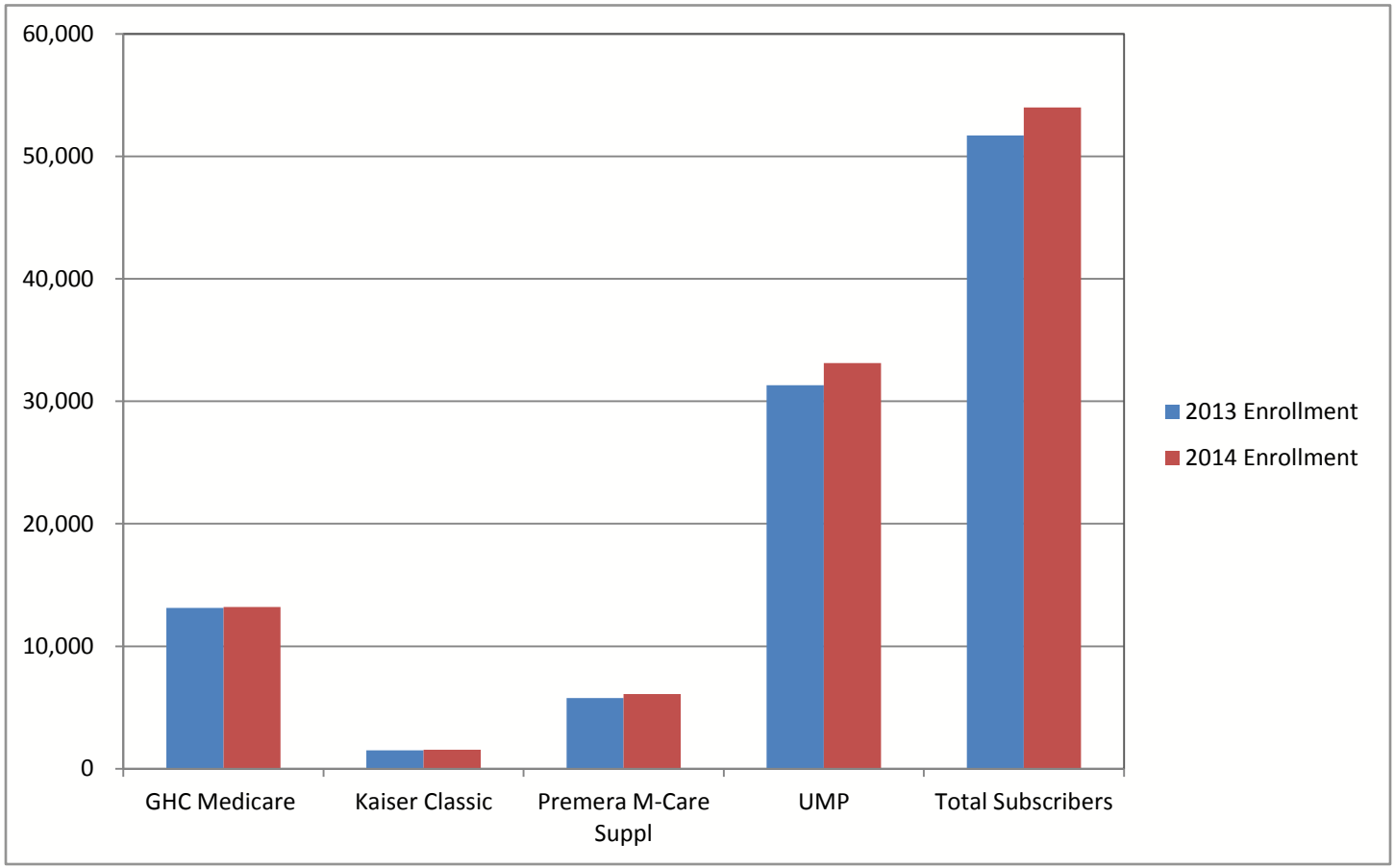
# Employees and Non-Medicare Retirees (Jan. 2013 and Jan. 2014 subscriber counts)






Washington State Health Care Authority

# Medicare-Enrolled Retirees
# (Jan. 2013 and Jan. 2014 subscriber counts)






Washington State Health Care Authority

| | PEBB Enrollment Changes 2013 to 2014 | | | | | |
|---|---|---|---|---|---|---|
| | Health Plan | Jan-13 | Jan-14 | Change | | Percent of Total Subscribers |
| | | | | No. of Subscribers | % Changed | |
| Employees/Non-Medicare Retirees | GHC Classic | 16,726 | 15,910 | (816) | -5% | 12% |
| | GHC Value | 24,711 | 24,881 | 170 | 1% | 19% |
| | GHC CDHP/HSA | 1,080 | 1,392 | 312 | 29% | 1% |
| | Kaiser Classic | 2,009 | 1,888 | (121) | -6% | 1% |
| | Kaiser CDHP/HSA | 114 | 137 | 23 | 20% | 0% |
| | UMP Classic | 78,098 | 79,524 | 1,426 | 2% | 62% |
| | UMP CDHP/HSA | 4,787 | 5,551 | 764 | 16% | 4% |
| | Total Subscribers | 127,525 | 129,283 | 1,758 | 1% | 100% |
| | | | | | | |
| Medicare Retirees | GHC Medicare | 13,132 | 13,201 | 69 | 1% | 24% |
| | Kaiser Classic | 1,509 | 1,561 | 52 | 3% | 3% |
| | Premera M-Care Suppl | 5,764 | 6,100 | 336 | 6% | 11% |
| | UMP | 31,306 | 33,124 | 1,818 | 6% | 61% |
| | Total Subscribers | 51,711 | 53,986 | 2,275 | 4% | 100% |

# Questions?

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Washington State Health Care Authority

# Finance Update

Janice Baumgardt
Budget Section Manager
Financial Services Division
April 16, 2014

| 2014 Supplemental Budget Highlights - PEBB | | |
|---|---|---|
| | **Governor (HB 2185)** | **Conference (ESSB 6002)** |
| **418 $$$** | **$35,384,000** | **$35,328,000** |
| **FY 2015 Funding Rate** | **$703**<br>• Funds entire Wellness Program request<br>  ○ Incentive payments at $125<br>• ACA Rx MOOP<br>  ○ CY 2014 - $12.5M annual cost to subscriber via POS<br>  ○ CY 2015 - $8.0M shifted to plan<br>• No FY15 surplus at time of projection<br>  ○ Updated projection indicates $58.0M FY15 surplus position | **$662**<br>• Funds entire Wellness Program request<br>  ○ Incentive payments at $125<br>• ACA Rx MOOP<br>  ○ CY 2014 - $12.5M annual cost to subscriber via POS<br>  ○ CY 2015 - $8.0M shifted to plan<br>• No FY15 surplus at time of projection |
| **Funding Rate Wellness Proviso** | • Silent | • Includes wellness program etc. as an approved use of funding rate:<br><br>The monthly employer funding rate for insurance benefit premiums, wellness programs, and similar benefits or services for members of public employee benefits board health plans, public employees' benefits board administration, and the uniform medical plan, shall not exceed. . . |
| **State Actuary** | • Silent | • $227K to improve LEG access to independent and objective health care actuarial analysis + Medicaid $326K |
| **CDHP** | • Silent | ~~• Requires analysis to identify savings due to risk and plan design~~<br>~~• PEBB directed to establish rates consistent with projected claims expenses~~ |

## 2014 Supplemental Budget

*Outyears per 2.0 PFPM (claims data through December 2013)*

| | FY 2015 | FY 2016 | FY 2017 |
|---|---|---|---|
| Projected PEBB Revenues | $ 1,655,055,866 | $ 2,114,667,214 | $ 2,252,566,749 |
| Funding Rate | $ 662 | $ 949 | $ 1,002 |
| Surplus/Deficit Position | $ 152,630 | $ 675,192 | $ 915,337 |
| Premium Stabilization Reserves (PSR) | $ 106,032,455 | $ 115,488,090 | $ 123,666,795 |
| Funding Rate Change | | $ 287 | $ 53 |
| General Government & Higher Ed Enrollment | | 105,306 | 105,306 |
| Annual Incremental Change | | $ 362,673,864 | $ 66,974,616 |
| **Approximate GF-S Value of Incremental Change** | | **$ 162,115,217** | **$ 29,937,653** |

# Historical/Projected Funding Rates

*(per PEBB Eligible Employee Per Month)*

*per 2.0 PFPM (claims data through December 2013)*

| | Projected at time of Budget Passage | | | Enacted | | Actual | | |
|---|---|---|---|---|---|---|---|---|
| | Pure Funding Rate Need* | Need Change | Planned Surplus/Deficit Adjustment | Funding Rate | Change | Funding Rate Need* | Actual Funding Rate Need Change | Actual Surplus/Deficit Adjustment |
| FY 2008 | n/a | n/a | n/a | 707 | n/a | 660 | n/a | 47 |
| FY 2009 | n/a | n/a | n/a | 561 | -21% | 746 | 13% | (185) |
| FY 2010 | n/a | n/a | n/a | 745 | 33% | 802 | 8% | (57) |
| FY 2011 | 818 | n/a | 32 | 850 | 14% | 793 | -1% | 57 |
| FY 2012 | 835 | 2% | 15 | 850 | 0% | 704 | -11% | 146 |
| FY 2013 | 817 | -2% | (17) | 800 | -6% | *741* | *5%* | *59* |
| FY 2014 | 838 | 3% | (56) | 782 | -2% | *795* | *7%* | *(13)* |
| FY 2015 | 884 | 5% | (222) | 662 | -15% | | | |
| FY 2016 | *949* | *7%* | *0* | *949* | 43% | | | |
| FY 2017 | *1,002* | *6%* | *0* | *1,002* | 6% | | | |

Items *italicized in blue font* are estimates until (all plan year claims have been processed) or (budgets have been enacted).

* without consideration of surplus/deficit position

# Historical/Projected Medical Benefit Cost Sharing

*(per State Active Subscriber Per Month)*

*per 2.0 PFPM (claims data through December 2013)*

| | | Actual Employee's Share of Medical Benefits Cost (*projected) | Actual Average Employee Medical Weighted Premium (*projected) | Change | Percentage Change | Relates to First Tier: State Index Rate (Employer's Share of Medical Benefits Cost per Adult Unit) | Relates to First Tier: Change in State Index Rate | Relates to First Tier: State Index Rate Percentage Change | Average Employer Share per Subscriber | Change in Average Employer Share per Subscriber | Average Employer Share Percentage Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | By Calendar Year | | | | By Fiscal Year | | | | | |
| 2008 | | 11.2% | $78.63 | | | $369 | | | $624 | | |
| 2009 | | 11.3% | $85.69 | $7.06 | 8.98% | $395 | $26.00 | 7.05% | $672 | $47.93 | 7.68% |
| 2010 | | 11.4% | $86.02 | $0.33 | 0.39% | $393 | ($2.00) | -0.51% | $666 | ($5.57) | -0.83% |
| 2011 | | 11.8% | $101.86 | $15.84 | 18.41% | $443 | $50.00 | 12.72% | $761 | $94.77 | 14.22% |
| 2012 | | 15.1% | $135.58 | $33.72 | 33.11% | $444 | $1.00 | 0.23% | $762 | $0.72 | 0.09% |
| 2013 | * | 14.7% | $136.75 | $1.17 | 0.86% | $463 | $19.00 | 4.28% | $792 | $30.50 | 4.00% |
| 2014 | * | 14.8% | $137.84 | $1.09 | 0.80% | $466 | $3.00 | 0.65% | $794 | $1.15 | 0.15% |
| 2015 | * | 14.9% | $145.12 | $7.28 | 5.28% | $486 | $20.00 | 4.29% | $824 | $30.40 | 3.83% |
| 2016 | * | 14.9% | $155.31 | $10.19 | 7.02% | $522 | $36.00 | 7.41% | $885 | $61.32 | 7.44% |
| 2017 | * | 14.9% | $164.25 | $8.94 | 5.76% | $550 | $28.00 | 5.36% | $933 | $48.12 | 5.44% |

# Questions?

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Washington State
Health Care Authority

# Wellness Program and Surcharge Implementation

Mary Fliss
Deputy Director
Public Employees Benefits Division
April 16, 2014

# The Requirements

*To operationalize and implement:*

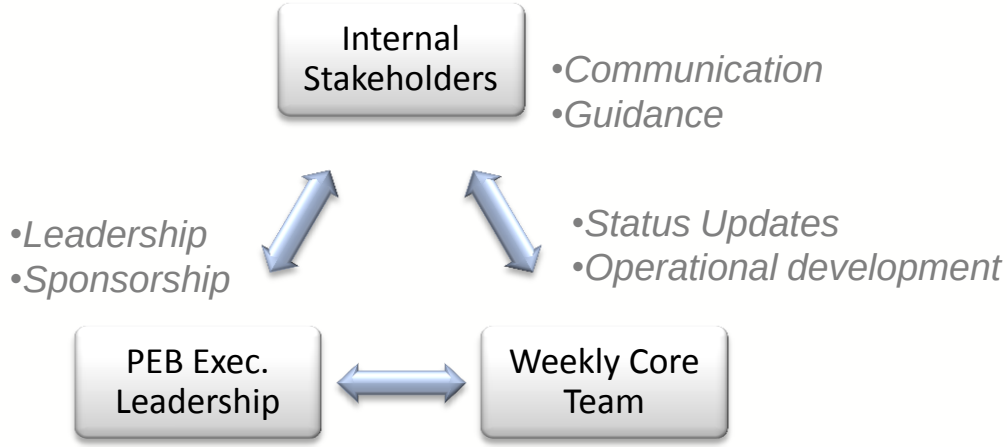
- A ***comprehensive wellness program***, whereby members who do certain activities by 6/30/14 receive a deductible-based incentive or a deposit into CDHP health savings account during the plan year effective 1/1/15.
- A $25/mo. ***premium surcharge to members who use tobacco products***.
- A $50/mo. ***premium surcharge to members who cover a spouse or domestic partner who has chosen not to enroll in other employer-based group health insurance*** that is comparable in premium and benefits to the UMP plan.

# Our Approach

## *Guiding Principles…*

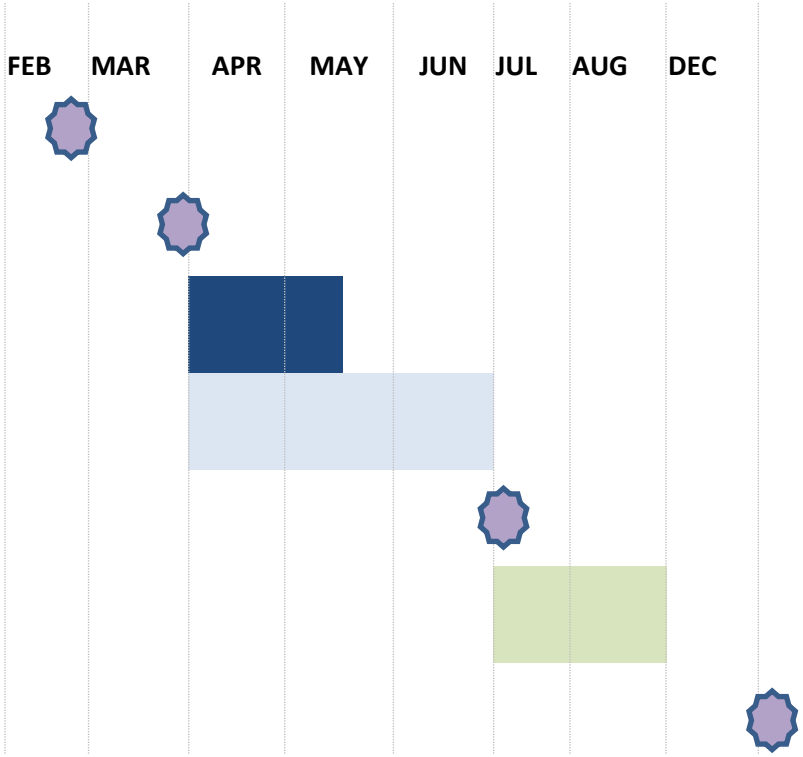
1. Comprehensive and effective ***communication*** with all stakeholders.
2. Engage teams through ***transparency*** and public display of activities and progress.
3. Develop project outcomes that are ***measurable and scalable***.

## *…shaped our Program*



# Key Events/Timeline

| KEY EVENT | Start | End |
|---|---|---|
| Member Announcement letter | 2/28/2014 | -- |
| Member Call to Action letter | 3/28/2014 | -- |
| Attestation period (Surcharges) | 4/1/14 | 5/15/14 |
| Attestation period (Wellness) | 4/1/14 | 6/30/14 |
| Surcharges take effect | 7/1/2014 | |
| Amnesty period (Surcharges) | 7/1/14 | 8/29/14 |
| Wellness deductible benefit begins | 1/1/15 | |






Washington State Health Care Authority

# Milestones Achieved

- ✓ Rapid completion of Rules & Policies.
- ✓ Multi-pronged change management approach tailored to Membership and Internal Stakeholders.
- ✓ Comprehensive development of infrastructure (using SharePoint and team collaboration approach).
- ✓ Project issues' log capturing more than 100 questions/issues resolved (total of 120+) fed the development of FAQ documents tailored to multiple audiences.
- ✓ In-person training conducted internally and onsite at agencies.
- ✓ My Account sign-ups prioritized to reach goal of 95% of population
- ✓ Coordinated payroll design & systems User Acceptance Testing (UAT) to secure agency voice in output.
- ✓ Focus on mitigating appeals and supporting related processes (*in progress*).

# Performance To Date

## Our original estimates illustrate the size of the challenge

| | | | |
|---|---|---|---|
| Members sent the first mailing | 138,562 | Expected # of technical service requests | 11,653 |
| Expected # of active participants (95% of all eligible minus waiver/dental) | 122,660 | Expected # of paper attestation requests | 6,133 |
| | | Expected # of forms to be scanned | 6,133 |
| Expected # of positive attestations: Tobacco Users | 10,517 | Expected # of forms to be keyed | 6,133 |
| Expected # of positive attestations: Spouse plan | 1,567 | Expected # of BAP appeals | 1,247.06 |
| Expected # of positive attestations: Wellness | 98,128 | Expected # of final appeals | 125 |
| Expected # of paper enrollments | 6,133 | Expected # of health assessment discrepancies | 981 |
| Expected # of online enrollments | 116,527 | (between members/health plans) | |
| Expected # of phone calls | 30,665 | Expected # of reasonable alternative requests | 12 |

## Initial signs from the first week of enrollment are promising

### *Members are going online…*

| | Target | 2/28 | 3/24 | 3/31 | 4/4 |
|---|---|---|---|---|---|
| **My Account Signups** | 116,527 | **27,513** | **46,701** | **53,091** | **70,590** |
| *Remaining to goal* | | *89,014* | *69,826* | *63,436* | *45,937* |

### *…and attesting…*

| Measurement | as of 4/4/2014 | Goal |
|---|---|---|
| **# of completed attestations:** | | 122,660 |
| **Tobacco** | 29,369 | |
| **Spousal** | 12,543 | |
| **SmartHealth** | 11,435 | |
| **# of paper forms requested via IVR** | 240 | 6,582 |

### *…across all state agencies and institutions.*

**Summary of Subscriber Attestations by Agency Type**

**As of 04/03/2014**

| | ********** Tobacco Surcharge ********** | | | | ********** Spousal Surcharge ********** | | | | ********* SmartHealth ********* | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Agency Type | TSA Allowed | TSA Attested | Percent TSA Attested | TSA Defaulted | SSA Allowed | SSA Attested | Percent SSA Attested | SSA Defaulted | WIP Allowed | WIP Attested | Percent WIP Attested |
| Higher Education | 53,072 | 11,898 | 22.4% | 0 | 21,729 | 4,989 | 23.0% | 0 | 53,072 | 10,264 | 19.3% |
| K-12 | 2,130 | 322 | 15.1% | 0 | 1,006 | 166 | 16.5% | 0 | 2,130 | 281 | 13.2% |
| Political Subdivisions | 12,112 | 2,552 | 21.1% | 0 | 4,355 | 986 | 22.6% | 0 | 12,112 | 2,157 | 17.8% |
| Retirees on Pension Deduction | 4,464 | 776 | 17.4% | 0 | 1,813 | 359 | 19.8% | 0 | 3,821 | 603 | 15.8% |
| Self-Pays (COBRA, LWOP & Retirees) | 3,074 | 489 | 15.9% | 0 | 1,299 | 248 | 19.1% | 0 | 2,693 | 384 | 14.3% |
| State Agencies | 54,264 | 13,332 | 24.6% | 0 | 23,539 | 5,795 | 24.6% | 0 | 54,264 | 11,435 | 21.1% |
| Total | 129,116 | 29,369 | 22.7% | 0 | 53,741 | 12,543 | 23.3% | 0 | 128,092 | 25,124 | 19.6% |

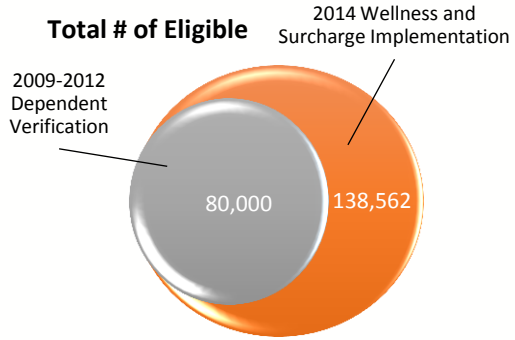


Washington State Health Care Authority

# Added Value and Lessons Learned

*Bigger picture trends & changes that are emerging as a result of our work:*

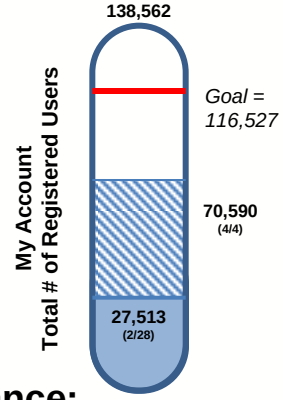
## The largest call to action for PEBB members.




**Significance:**

- The ability to quickly communicate/mobilize the entire PEBB membership is transferrable to other areas of business.
- Communications design was widely complimented and is influencing other state agencies.

## More PEBB members than ever are now on My Account.




**Significance:**

- Shift to paperless process will drive other process change, including to Open Enrollment and mid-year changes.
- Membership expectations for online solutions are likely to grow.
- Opportunity to take advantage of broader solutions offered by high online participation.

## SmartHealth Program adds a proactive health management dimension to PEBB's role.

SmartHealth

**Significance:**

- Proactive management of members' health decisions will require a mental model shift from traditional reactive benefit support.
- Possible impact on relationship with health plans (i.e. funding model).



Washington State Health Care Authority

# Questions?

**Mary Fliss**
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360-725-0822

Washington State Health Care Authority

# SmartHealth Program Update
## PEB Board Meeting

April 16, 2014

Jenna Mannigan, HCA Contracts
Michele Ritala, PEB Division

# 2015 SmartHealth Enhancements

- HCA conducted an RFP to select a Health & Wellness Portal and incentive program administrator to:
  - Administer one health assessment
  - Offer Individual Action Plan (IAPs) options
  - Coordinate with programs and services offered by health plan, vendors or PEBB
  - Track member's participation toward earning incentive
  - Alternatives to online experience available
  - Support for worksite wellness coordinators

# Proposal Review

- RFP released Nov. 15, 2013
- HCA received 11 proposals
- For the first phase of the evaluation process, Bidders were evaluated on their technical proposal, management proposal and cost
- Evaluation team included representatives from labor, large agencies and higher education (i.e. UW)
- Advisory group of wellness coordinators from various state agencies evaluated portals and submitted feedback/report to the core evaluation team

# Bidder Presentations

- Top three bidders who scored 75% or higher during the first phase of the evaluation process, were asked to provide an oral presentation
- Oral presentations of member experience from first log in through member engagement
- Reference checks conducted
- Evaluation team rank-ordered the finalists based on technical competency, strategic alignment, and cost management to enable HCA to achieve our goals of the RFP

# Health & Wellness Portal Update

- Limeade named Apparent Successful Bidder
  - Highly customizable and flexible health portal platform
  - National Committee for Quality Assurance (NCAQ) accredited Well-Being health assessment
  - Provides leading edge engagement tools, resources and incentive design programs
  - Offers unique mobile, gaming and social media technologies
  - Brings all wellness & health management programs under one umbrella

# Next Steps

- Contract Negotiation: April – May 15
- Demo at future Board meeting
- Implementation begins when contract negotiations have concluded
- Go-live January 1, 2015

# Questions?

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Washington State Health Care Authority

# Diabetes Prevention Program
# PEB Board
# April 16, 2014

Michele Ritala
Benefit Strategy and Design
Public Employees Benefits Division

# Diabetes Prevention Program

- Program Description
- Participation
- Initial Participation Data
- What's Next

# Program Description

- Goal:
  - Identify those at risk for developing diabetes
  - Reduce the number of people at risk that convert to diabetes
- Current engagement strategy:
  - Worksite (employer) based
  - Awareness, risk quiz, blood sugar test
  - DPP 16-week class

# Testing Events

January 13 – February 11, 2014

## AGENCY employees

Employee total: 54,267

Employees offered testing: 12,613 (12%)

## Higher Education employees

Employee total: 52,273

Employees offered testing: 2,504 (5%)

## Combined

# Testing events: 25

# Agencies/Institutions: 36

- (testing events may combine multiple agencies)

# Initial Outcomes

January 13 – February 11, 2014

## # Employees Tested

- 946

## # Enrolled in NOT ME (DPP) Class

- # enrolled: 76 (started DPP class series)
  - *Many of those tested Jan 13 – February 11 enrolled in classes beginning after February 11*

# What's Next

## Next Steps

- Goal is to offer NOT ME testing/classes to at least 60% of the employees during 2014
- Offer NOT ME testing/classes outside of King and Thurston counties
  - Reaching areas with smaller populations is a challenge
- Collect and analyze process and outcome data
  - Process:
    - Percent of population tested
  - Outcomes:
    - Percent of population tested that tests in prediabetes and diabetes ranges
    - Percent that enroll in classes
    - Percent that meet class goals (5-7% weight loss)

# Questions?

Michele Ritala

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Washington State Health Care Authority

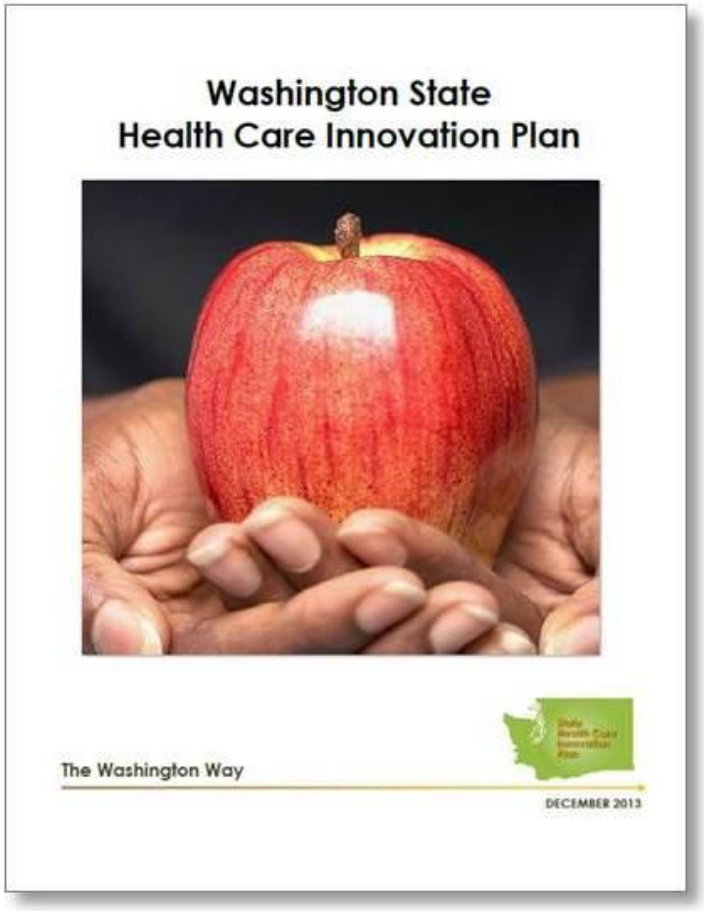
# Legislative Update

**Public Employees Benefits Board Meeting**

*April 16, 2014*

**Nathan Johnson – Director of Policy, Planning and Performance**

# State Health Care Innovation Plan




Goal - **a Healthier Washington**

- **Pay for value and outcomes** instead of volume of services
- **Empower communities** to improve health and better link with health delivery
- **Integrate physical and behavioral health** to address the needs of the whole person

Critical - **Legislation Enacted**

- **E2SHB 2572** – Purchasing reform, greater transparency, empowered communities
- **E2SSB 6312** – Integrated whole-person care

Potential - **Federal Financing**

http://www.hca.wa.gov/shcip/Documents/SHCIP_InnovationPlan.pdf

Washington State Health Care Authority

# Signed by the Governor: E2SHB 2572

## State Health Care Innovation Plan/Transforming Health Care Delivery

- HCA to coordinate SHCIP implementation & apply for grant
- Joint Select Committee on Health Care Oversight
- HCA to award two grants for pilot projects for communities of health
- DOH to establish health extension program for providers *(tools, training, resources)*
- Governor-appointed committee to identify/recommend standard performance measures
- HCA & DSHS may restructure Medicaid procurement to better integrate physical health, mental health, and chemical dependency treatment
- Creation of statewide all-payer health care claims database: Medicaid and PEBB data to be submitted to the data base
- HCA to submit annual progress reports to the Legislature, 1/1/15 – 1/1/19

http://www.hca.wa.gov/shcip/Documents/SHCIP_InnovationPlan.pdf

# Signed by the Governor: E2SSB 6312

## Mental Health & Chemical Dependency Integration

- Expands scope, work, and membership of the Adult Behavioral Health (BH) System Task Force.
- DSHS and HCA to establish regional service areas and process for awarding contracts for BH organizations in regional service areas.
- Establishes contract requirements for purchase of BH services Medicaid and non-Medicaid clients and factors to consider for purchasing process. Requires contracts to ensure primary care and BH services available in both settings.
- Incentives provided for Early Innovators--- regions that pursue fully integrated purchasing by 2016.
- Allows certified chemical dependency professionals to treat patients in settings other than DSHS-approved programs.
- Medicaid mental health, chemical dependency, and medical care services are to be fully integrated by 1/1/20. DSHS and HCA to report to Legislature by 12/1/18 on regional readiness for full integration.

# Signed by the Governor: Other Bills

## Other Bills of Interest Delivered to the Governor:

- ESSB 6228: Health Care Cost and Quality Transparency Tools and Consumer Information
- ESHB 2315: Suicide Prevention Plan and Provider Training
- ESHB 2746: Medicaid Personal Care
- SSB 6387: Developmental Disabilities Services
- SSB 6124: State Alzheimer's Plan
- SB 6419: Expanding Access to Care in Medicaid Services in Border Communities
- ESSB 6511: Health Care Prior Authorization

# The Budget Bill

## 2013-2015 Supplemental Operating Budget

- **Section 213(51):** Funding to fully develop and implement the state health care innovation plan – E2SHB 2572.

- **Section 901(1)(a), 903(1)(a), and 905(1)(a):** The state contribution for public employee insurance benefits is reduced for FY 2015 from $763 per month to $662 per month, primarily by using accumulated surplus in the PEBB fund.

- **Section 106 (VETO):** $163,000 GFS for 2015, $163,000 GFF, and $227,000 of the state health care administration account appropriation are provided to improve the Legislature's access to independent and objective health care actuarial analysis for the state Medicaid and PEBB programs. HCA directed to collaborate with OFM, State Actuary, and Legislative staff on rates.

- **Section 914:** PEBB administrative account funds may be spent for health care related analysis provided to the legislature by the Office of the State Actuary. Remains permissive due to veto of Section 106.

# Bills of Interest, Didn't Pass

**HB 2436 – Contracting Efficiencies**

- Allowed PEB to contract directly for certain member services, such as wellness programs, through the creation of a new account
- Did not advance out of Senate Rules

**HB 2437 – PEB Benefits Eligibility** *(Technical Corrections)*

- Clarifies employee eligibility for benefits from the PEB Board and conforms the eligibility provisions with federal law
- Did not advance from of Senate 2nd Reading

**ESB 6458 – Health Care Insurance Rules / Inter-agency Disputes**

- Required specific procedures for dispute resolution and report to Legislature, if disputes arose over ACA implementation and proposed rule making by the Insurance Commissioner
- **GOVERNOR VETO –** Dispute resolution through inter-agency MOU, rather than legislation

**For more information on all bills, contact:**
**Dennis Martin at (360) 725-9808, or email** dennis.martin@hca.wa.gov