

Public Employees Benefits Board Meeting

April 10, 2025

Public Employees Benefits Board

April 10, 2025

9:00 a.m. – 12:30 p.m.

**This meeting will be hybrid with
attendance options both in person
and via Zoom**

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

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TAB 1

Public Employees Benefits Board
April 10, 2025
9:00 a.m. – 12:30 p.m.

This meeting will be hybrid with attendance options either in person or via Zoom. Masks are optional.

TO JOIN ZOOM MEETING – SEE INFORMATION BELOW

9:00 a.m.*	Welcome and Introductions		MaryAnne Lindeblad, Chair	
9:05 a.m.	Meeting Overview		David Iseminger, Director Employees & Retirees Benefits (ERB) Division	Information
9:10 a.m.	Approval of Meeting Minutes • March 13, 2025	TAB 3	MaryAnne Lindeblad, Chair	Action
9:20 a.m.	March Meeting Follow Up	TAB 4	David Iseminger, Director Employees & Retirees Benefits (ERB) Division	Information/ Discussion
9:30 a.m.	Legislative Update and Budget Update	TAB 5	Cade Walker, Section Manager Employees & Retirees Benefits (ERB) Division Tanya Deuel, ERB Finance Manager Finance Services & Health Care Purchasing Administration Division	Information/ Discussion
10:15 a.m.	Policy & Rules Development	TAB 6	Stella Ng, Policy & Rules Coordinator Employees & Retirees Benefits (ERB) Division	Information/ Discussion
10:35 a.m.	Break			
10:45 a.m.	2025 Annual Rulemaking Briefing	TAB 7	Stella Ng, Policy & Rules Coordinator Employees & Retirees Benefits (ERB) Division	Information/ Discussion
11:05 a.m.	Benefits 24/7 Update	TAB 8	Brett Mello, Chief Information Officer Enterprise Technology Services (ETS) Division	Information/ Discussion

11:20 a.m.	PEBB Program Annual Renewal Process	TAB 9	Beth Heston, Procurement Manager Employees & Retirees Benefits (ERB) Division	Information/ Discussion
11:50 a.m.	General Public Comment			
12:25 p.m.	Closing			
12:30 p.m.	Adjourn		MaryAnne Lindeblad, Chair	

***All Times Approximate**

The Public Employees Benefits Board will meet Thursday, April 10, 2025 at the Washington State Health Care Authority, Sue Crystal Rooms A & B, 626 8th Avenue SE, Olympia, WA. Attendance for this meeting can be in person or via Zoom. Masks are optional.

The Board will consider all matters on the agenda plus any items that may normally come before them.

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

To provide public comment by email, direct e-mail to: PEBBoard@hca.wa.gov.

Materials will be posted at <http://www.pebb.hca.wa.gov/board/> by close of business on Monday, April 7, 2025.

Join Zoom Webinar Meeting

Meeting attendees will only be able to activate their audio and/or video during the public comment period at the end of the meeting. At public comment, participants will need to raise their virtual hand and only after being recognized by HCA staff will the participant see the ability to turn on their audio/video options.

<https://us02web.zoom.us/j/86762250350?pwd=YT81Mt5LIha05BHgmZFRc8g6bbf4IA.1>

PEB Board Members

Name	Representing
MaryAnne Lindeblad, Interim Director Health Care Authority 626 8 th Ave SE PO Box 42713 Olympia WA 98504-2713 V 360-725-2104 MaryAnne.Lindeblad@hca.wa.gov	Chair
Kurt Spiegel WA Federation of State Employees 1212 Jefferson ST SE #300 Olympia WA 98501 V 833-622-9373 PEBBoard@hca.wa.gov	State Employees
Elyette Weinstein 5000 Orvas CT SE Olympia WA 98501-4765 V 360-705-8388 PEBBoard@hca.wa.gov	State Retirees
Tom MacRobert 4527 Waldrick RD SE Olympia WA 98501 V 360-264-4450 PEBBoard@hca.wa.gov	K-12 Retirees
Michaela Doelman Office of Financial Management 302 Sid Snyder Ave Olympia WA 98501 C 360-790-8315 PEBBoard@hca.wa.gov	Benefits Management/Cost Containment

PEB Board Members

Name	Representing
Sharon Laing Box 358421 1900 Commerce Street Tacoma, WA 98402 V 253-692-4475 PEBBoard@hca.wa.gov	Benefits Management/Cost Containment
John Comerford* 121 Vine ST Unit 1205 Seattle, WA V 206-625-3200 PEBBoard@hca.wa.gov	Benefits Management/Cost Containment
Harry Bossi 19619 23 rd DR SE Bothell WA 98012 V 360-689-9275 PEBBoard@hca.wa.gov	Benefits Management/Cost Containment
Legal Counsel Michael Tunick, Assistant Attorney General 7141 Cleanwater DR SW PO Box 40124 Olympia WA 98504-0124 V 360-586-6495 MichaelT4@atg.wa.gov	

*non-voting members

1/16/25



STATE OF WASHINGTON
HEALTH CARE AUTHORITY
626 8th Avenue SE • PO Box 45502 • Olympia, Washington 98504-5502

PEB BOARD MEETING SCHEDULE

2025 Public Employees Benefits (PEB) Board Meeting Schedule

The PEB Board meetings will be held at the Health Care Authority, Sue Crystal Rooms A & B, 626 8th Avenue SE, Olympia, WA 98501.

January 30, 2025 (Board Retreat) - starting at 9:00 a.m.*

March 13, 2025 - starting at 9:00 a.m.

April 10, 2025 - starting at 9:00 a.m.

May 15, 2025 - starting at 9:00 a.m.

June 12, 2025 - starting at 9:00 a.m.

June 26, 2025 – starting at 9:00 a.m.

July 10, 2025 - starting at 9:00 a.m.

July 17, 2025 - starting at 9:00 a.m.

July 24 2025 - starting at 9:00 a.m.

July 31, 2025 - starting at 9:00 a.m.

*Meeting times are tentative

If you are a person with a disability and need a special accommodation, please contact the Employees and Retirees Benefits (ERB) Board Operations Manager at 360-725-9484.

06/14/2024

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: July 01, 2024

TIME: 11:11 AM

WSR 24-14-099

TAB 2

PEB BOARD BY-LAWS

ARTICLE I

The Board and its Members

1. Board Function—The Public Employees 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 and establish eligibility criteria for participation in insurance benefit plans for Higher Education and State employees, State retirees, and school retirees.
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 Member—There shall be one non-voting Members appointed by the Governor because of their experience in health benefit management and cost containment.
5. Privileges of Non-Voting Member—The non-voting Member 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. 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 24 hours 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. An audio recording (or other generally accepted electronic recording) shall be made of the meeting. HCA staff will provide minutes summarizing each meeting from the audio recording. Summary minutes shall be provided to the Board for review and adoption at a subsequent 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 Board Member may attend a meeting in person or, by special arrangement and advance notice to the Chair, 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. Opportunity for public testimony at Board meetings shall also be made available immediately before the Board's vote on a resolution. At the direction of the Chair, opportunities for public testimony may also be made available at other times during Board meetings. 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 Board 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 Board Member may endorse or oppose an issue purporting to represent the Board or the opinion of the Board on an 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, but the prohibition of proxy votes does not prevent a Chair Pro-Tem designated by the Health Care Authority Director from voting.
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. 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 and Recusal—Board Members are subject to the requirements of the Ethics in Public Service Act, Chapter 42.52 RCW. A Board Member shall recuse himself or herself from casting a vote as necessary to comply with the Ethics in Public Service Act.

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.

Last Revised March 9, 2023

TAB 3

Draft
Public Employees Benefits Board
Meeting Minutes

March 13, 2025
Health Care Authority
Sue Crystal Rooms A & B
Olympia, Washington
9:00 a.m. – 12:45 p.m.

The Briefing Book with the complete presentations and an audio recording of the meeting can be found at:

<https://www.hca.wa.gov/about-hca/programs-and-initiatives/public-employees-benefits-board-pebb-program/meetings-and-materials#meeting-materials>

Members Present in Olympia

MaryAnne Lindeblad
John Comerford
Michaela Doelman
Elyette Weinstein
Harry Bossi

Members Present via Zoom

Kurt Spiegel
Sharon Laing
Tom MacRobert

Members Absent

None

PEB Board Counsel

Michael Tunick, AAG (in person)

Call to Order

MaryAnne Lindeblad, Board Chair, called the meeting to order at 9:01 a.m. Sufficient members were present to allow a quorum. Board members and the public were able to attend either in person or virtually via Zoom.

Meeting Overview

David Iseminger, Director, Employees and Retirees Benefits (ERB) Division, provided an overview of the agenda. David also provided an acknowledgement statement about

ongoing negotiations between Providence and Regence and potential service disruptions.

Approval of Meeting Minutes

Elyette Weinstein moved, and John Comerford seconded a motion to approve the July 11, 2024 meeting minutes. Minutes were approved as amended by unanimous vote.

Tom MacRobert moved, and Elyette Weinstein seconded a motion to approve the August 5, 2024 special meeting minutes. Minutes were approved as written by unanimous vote.

Elyette Weinstein moved, and Tom MacRobert seconded a motion to approve the January 30, 2025 retreat minutes. Minutes were approved as written by unanimous vote.

January Retreat Follow Up

David Iseminger, Director of the Employees and Retirees Benefits (ERB) Division gave a follow up presentation regarding a question brought up at the January retreat. The follow up included similarities and differences between the Uniform Medical Plan (UMP) Plus plans and other UMP plans.

Legislative Update

Cade Walker, Policy, Rules, and Compliance Section Manager in the Employees and Retirees Benefits (ERB) Division brought back the latest information about bills from the current legislative session. The presentation included bill analyses completed by the ERB Division, ERB lead high priority bill status, agency requested legislation, and current legislation.

Budget Reduction Options

David Iseminger, Director of the Employees and Retirees Benefits (ERB) Division and **Tanya Deuel**, ERB Finance Manager in the Finance Services and Health Care Purchasing Administration presented on the agency's ongoing budget reduction scenario work in order to help the Governor's Office and Legislature address the state budget deficit. The presentation included an overview of the revenue forecast, the spending freeze, reduction targets, and budget reduction instructions as well as SEBB Program funding information, HCA's budget reduction option submission topics, and Governor Ferguson's February 27 budget reduction proposal. The presentation also included an appendix that contained the Governor Directive 24-19, OFM direction to agencies on 2025-27 budget reduction proposals, Governor Ferguson's budget priorities for 2025-27, and agency-identified reduction scenarios for fiscal year 2025 and 2025-27 biennium.

Benefits 24/7 Update

Brett Mello, Chief Information Office in the Enterprise Technology Services (ETS) Division and **Jean Bui**, Deputy Director of the Employees and Retirees Benefits (ERB) Division gave an update on the Benefits 24/7 system. The update included an

introduction to the new Chief Information Officer, a recruitment update of key positions, and a 2025 stabilization update.

Open Enrollment Appeals Update

Troy Klicka, Office of Legal Affairs Section Manager in the Division of Legal Services (DLS) brought an overview of the SEBB Program appeals from the plan year 2025 open enrollment. The overview included an appeals overview, the appeals process for the SEBB Program, the process for the employer, and the process for the Office of Legal Affairs, as well as information regarding an initial order, a final order, appeals trends, and a snapshot of appeals.

Medicare Update

Laura Ryan, Retiree Benefits Manager in the Employees and Retirees Benefits (ERB) Division, **Molly Christie**, Fiscal Analyst in the Finance Services and Health Care Purchasing Administration, and **Luke Dearden**, Clinical Pharmacist in the Clinical Quality and Care Transformation (CQCT) Division came together to bring information regarding the PEBB Program's Medicare population. The presentation included information regarding the PEBB Program Medicare plan coordination of benefits (COB) savings bank, types of coordination plans, how the COB savings bank works, financial insights, and potential premium savings. The presentation also had information regarding Medicare Part D transition updates, and Medicare drug price negotiations.

Provider Prior Authorization Process Legislation

Heather Schultz, Associate Medical Director in the Clinical Quality and Care Transformation (CQCT) Division and Jenny Switzer, Senior Account Manager in the Employees and Retirees Benefits (ERB) Division presented on the provider prior authorization process legislation. The presentation included a prior authorization overview and goals, when a prior authorization applies, the benefits of a prior authorization, the oversight of prior authorizations, and information about state and federal legislative activity regarding prior authorizations.

General Public Comment

The following members of the public provided comments:

- **Fred Yancey**
- **Aruna Bhuta**
- **Robin**
- **Kent Questad**

Topics brought forth during public comments included concerns regarding step therapy, questions and concerns about prior authorization, and Providence and Regence network contract negotiation questions.

Their testimonies can be found in the audio recording for the March 13, 2025 PEBB Board meeting at:

<https://www.hca.wa.gov/about-hca/programs-and-initiatives/public-employees-benefits-board-pebb-program/meetings-and-materials#meeting-materials>

Next Meeting

April 10, 2025

Starting time 9:00 a.m.

Preview of April 10, 2025 PEB Board Meeting

David Iseminger, Director, Employees and Retirees Benefits (ERB) Division, provided an overview of potential agenda topics for the April 10, 2025 meeting.

The meeting adjourned at 12:52 p.m.

TAB 4

March Meeting Follow Up

David Iseminger
ERB Director
Employees and Retirees Benefits Division
April 10, 2025

Question from Last Meeting

Does Luke's presentation in the March meeting regarding Medicare drug price negotiations apply to standalone Medicare Part D plans, or only Medicare Advantage Part D plans?

Medicare Drug Negotiations

- ▶ Since all Part D plans are Medicare Part D plans and are subject to Medicare rules, the Medicare drug negotiation efforts apply to both types of plans
 - ▶ A prescription drug plan that is not affiliated with Medicare does not need to cover these drugs

Medicare Drug Negotiations (*cont.*)

From the Centers for Medicare and Medicaid Services (CMS) website*:

"As required by law, Medicare prescription drug plans, including standalone Part D plans and Medicare Advantage-prescription drug plans, must include in their formularies the selected drugs for which CMS and the participating drug company have agreed to a negotiated price. CMS will use its comprehensive formulary review process for Medicare prescription drug plans to assess any practices that may undermine access to negotiated prices for selected drugs for people with Medicare."

*<https://www.cms.gov/newsroom/fact-sheets/medicare-drug-price-negotiation-program-negotiated-prices-initial-price-applicability-year-2026#:~:text=As%20required%20by%20law%2C%20Medicare,agreed%20to%20a%20negotiated%20price.>

Questions?

David Iseminger, ERB Director
Employees and Retirees Benefits (ERB) Division

David.Iseminger@hca.wa.gov

Appendix

Medicare Drug Price Negotiations

- ▶ The Inflation Reduction Act (IRA) required CMS to negotiate drug prices with drug manufacturers
- ▶ Negotiated prices will be effective 2026
- ▶ Drugs eligible for negotiation include:
 - ▶ No generic availability
 - ▶ At least seven years since FDA approval or 11 years for biologics
- ▶ Drugs selected for negotiation must be covered by all Part D plans

Effective Year	Number of Drugs Eligible
2026	10
2027	15
2028	15 (may include Part B drugs)
2029+	20

Drugs Selected for 2026

Drug Name	Manufacturer
Eliquis	Bristol Myers Squibb
Jardiance	Boehringer Ingelheim
Xarelto	Janssen Pharms
Januvia	Merck Sharp & Dohme Corp.
Farxiga	AstraZeneca AB
Entresto	Novartis Pharms Corp.
Enbrel	Immunex Corporation
Imbruvica	Pharmacyclics LLC
Stelara	Janssen Biotech, Inc.
Fiasp; Fiasp FlexTouch; Fiasp PenFill; Novolog; Novolog FlexPen; Novolog PenFill	Novo Nordisk Inc.

Negotiated Prices Summary

- ▶ In August 2024, CMS announced results from the first round of negotiations
- ▶ Discounts compared to list price ranged from 38% (Imbruvica) to 79% (Januvia)
- ▶ Per CMS, if these prices would have been effective for 2023, Medicare would have saved approximately \$6 billion, net of existing rebates
- ▶ CMS estimated \$1.5 billion in savings for members across Medicare programs

Drugs Selected for 2027

Drug Name	Manufacturer
Ozempic; Rybelsus: Wegovy	Novo Nordisk Inc.
Trelegy Ellipta	GlaxoSmithKline
Xtandi	Astellas Pharma Inc.
Pomalyst	Bristol Myers Squibb
Ibrance	Pfizer
Ofev	Boehringer Ingelheim
Linzess	Ironwood and AbbVie
Calquence	AstraZeneca

Drugs Selected for 2027 (*cont.*)

Drug Name	Manufacturer
Austedo; Austedo XR	Teva
Breo Ellipta	GlaxoSmithKline and Theravance
Tradjenta	Boehringer Ingelheim
Xifaxan	Salix Pharmaceuticals
Vraylar	AbbVie
Janumet; Janumet XR	Merck Sharp & Dohme Corp.
Otezla	Amgen Inc.

Looking Forward

- ▶ CMS released a statement on January 29, 2025
 - ▶ “Lowering the cost of prescription drugs for Americans is a top priority of President Trump and his administration.”
 - ▶ “CMS is committed to incorporating lessons learned to date from the program...”
 - ▶ “CMS intends to provide opportunities for stakeholders to provide specific ideas to improve the Negotiation Program”

Source: [cms.gov/newsroom/press-releases/cms-statement-lowering-cost-prescription-drugs](https://www.cms.gov/newsroom/press-releases/cms-statement-lowering-cost-prescription-drugs)

TAB 5

Legislative Update

Cade Walker
Policy, Rules, & Compliance Section Manager
Employees and Retirees Benefits Division
April 10, 2025

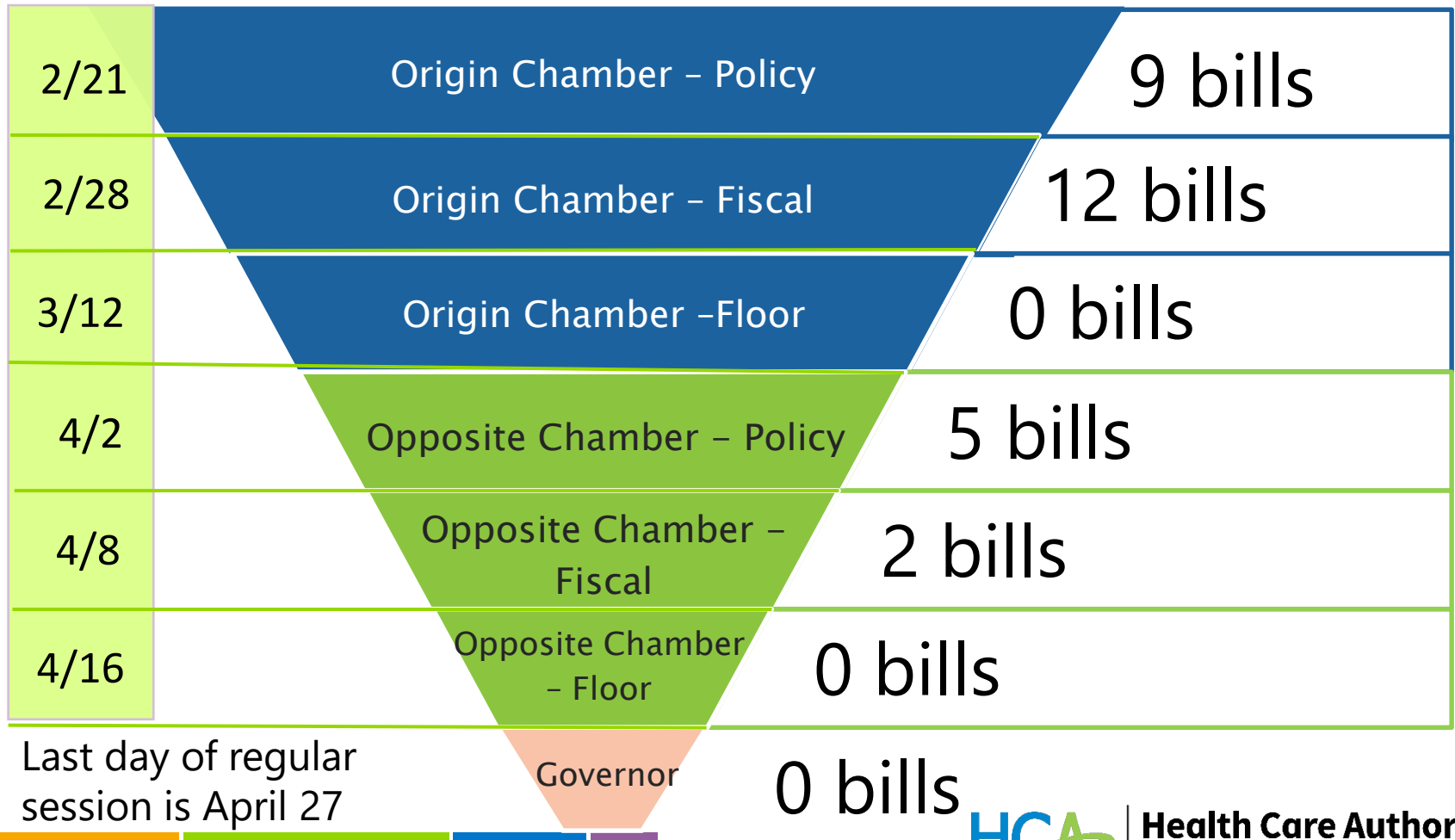
Bill Analyses by ERB Division

	ERB Lead	ERB Support	
High Priority	41	39	80
Low Priority	32	82	114
	73	121	194

Fiscal Notes	34	47	
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As of 3/28/25

ERB Lead High Priority Bill Status



Agency Requested Legislation

- ▶ ~~House Bill (HB) 1123/Senate Bill (SB) 5083 – Ensuring access to primary care, behavioral health, and affordable hospital services~~
- ▶ SB 5478 – Benefits to be offered by the PEB Board

Current Legislation

Administrative

- ▶ ~~HB 1069/SB 5044 – Allowing collective bargaining over contributions for certain supplemental retirement benefits~~
- ▶ ~~HB 1076 – Health technology assessment programs~~
- ▶ ~~HB 1330/SB 5086 – PEBB & SEBB consolidation~~
- ▶ SB 5579 – Health plan carrier, facilities, and provider public statement prohibition
- ▶ SB 5793 - Employer contributions and incentives for public and school employee health benefit plan

Current Legislation (*cont.*)

Providers

- ▶ ~~HB 1124/SB 5112 – Prescribing psychologists~~
- ▶ HB 1114 – Respiratory care compact
- ▶ HB 1430 – ARNP & PA reimbursement
- ▶ ~~HB 1520/SB 5513 – Expanding pharmacists' scope of practice~~

Current Legislation (*cont.*)

Health Plan Coverage

- ▶ ~~HB 1062 – Biomarker testing~~
- ▶ ~~HB 1090/SB 5498 – Contraceptive coverage~~
- ▶ ~~HB 1129/SB 5121 – Fertility-related services~~
- ▶ ~~SB 5075 – Cost sharing for prenatal and postnatal care~~
- ▶ ~~HB 1669/SB 5629 – Coverage for prosthetic limbs and custom orthotic braces~~

Current Legislation (*cont.*)

Pharmaceutical

- ▶ HB 1186 – Hospital and health care entities medication dispensing
- ▶ ~~SB 5019 – Prepackaged medication distribution~~
- ▶ HB 1971 – Increasing access to hormone therapy

Questions?

Cade Walker

Policy, Rules, and Compliance Section Manager

Employees and Retirees Benefits Division

Cade.Walker@hca.wa.gov

Budget Update

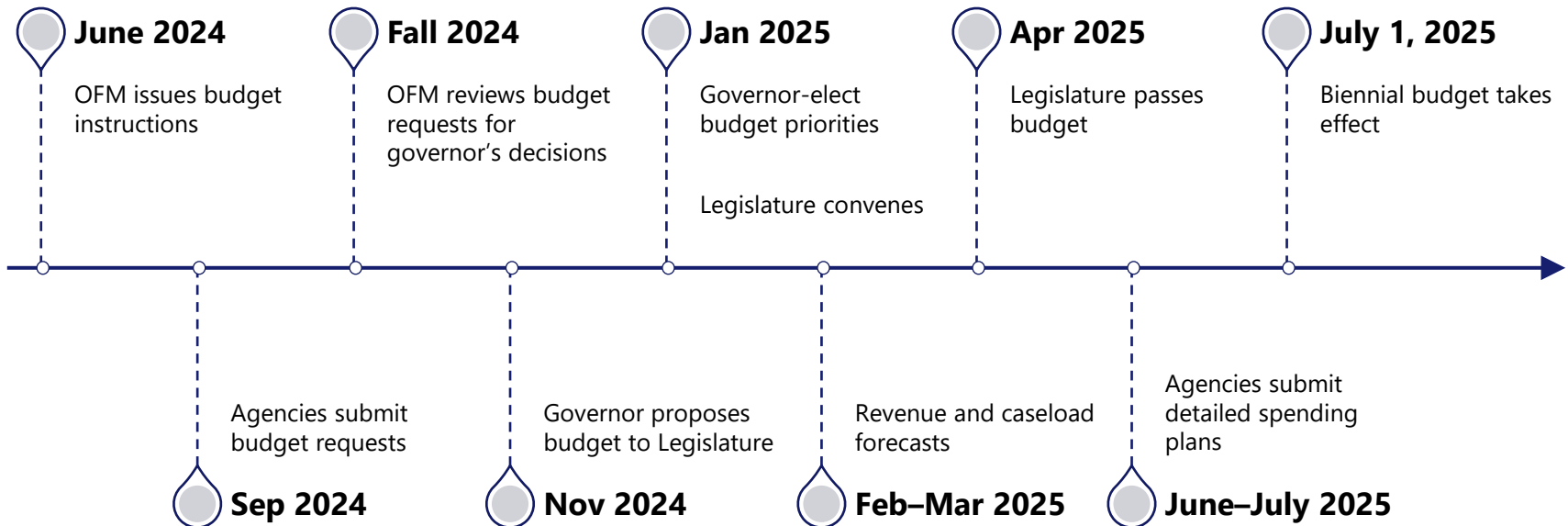
Tanya Deuel

Finance Section Manager

Finance Services and Health Care Purchasing Administration

April 10, 2025

Timeline



2025 Supplemental Budget

Fiscal Year 2025 Supplemental Budget

Senate and House Proposed Similarities

Decision Package	FTE	Dollars
TPA Spending Authority Increased spending authority to align with the increased self-insured medical enrollment and Part D transition.	NA	\$1.5M
Contract Increases Funding to support increases to the actuarial services contract for the PEBB Program.	NA	\$352K

2025-27 Biennial Budget

2025-27 Biennial Budget

Senate and House Proposed Similarities

Decision Package	FTE	Dollars
Third Party Administrator (TPA) Spending Authority Increased spending authority to align with the increased self-insured enrollment and Part D transition.	NA	\$17.3M
Contract Increases Funding to support increases to the actuarial services contract for the PEBB Program.	NA	\$700K
IT Resources FTEs to support and stabilize the member enrollment system (Benefits 24/7).	5.5	\$2.5M

2025-27 Biennial Budget (*cont.*)

Senate and House Proposed Similarities

Decision Package	FTE	Dollars
Doulas Funding to provide coverage for doula services in UMP.	NA	\$400K
Dental Benefit Enhancements Funding for enhancing UDP benefits to remove the deductible for children under the age of 15 and increasing TMJ coverage.	NA	\$360K
Agency Request Legislation Administrative funding for support related to Senate Bill 5083.	NA	\$187K

Additional Budget Items

Senate and House Proposed Similarities

- ▶ Combined PEBB and SEBB Program sections for accounting purposes in state systems
- ▶ Enhance employer paid long term disability (LTD) benefit within existing resources from \$240 to \$450 per month
 - ▶ Likely to be a rate reduction for employee paid benefits

Addressing the Budget Deficit

Senate and House Proposed Similarities

- ▶ Long term disability (LTD) reserves
 - ▶ Withdrawing employer paid reserves that are above required amounts
- ▶ Closing the UMP Plus plans on December 31, 2025
 - ▶ Current contract expires December 31, 2026
- ▶ Administrative budget reduction
 - ▶ Six percent (6%) administrative budget reduction (account 418)
- ▶ Reduction of premium stabilization reserves
 - ▶ Reducing PSR from seven percent (7%) to five percent (5%)

Addressing the Budget Deficit (*cont.*)

Senate and House Proposed Similarities

- ▶ Elimination of the SmartHealth portal and incentive
 - ▶ Senate – Introduced Senate Bill 5793 that eliminates SmartHealth effective January of 2028
 - ▶ The last distribution of employee incentives will be in January 2028
 - ▶ House – Included a budget provision in House Bill 1198 (operating budget bill) that closes SmartHealth during the 2025-27 biennium and fulfills any obligations under the collective bargaining agreement (CBA)

2025-27 PEBB Program Proposed Funding Rate

Senate		House	
FY* 2026	FY 2027	FY 2026	FY 2027
\$1,317	\$1,365	\$1,347	\$1,348

- ▶ Per eligible employee per month
- ▶ Includes funding for:
 - Decision packages
 - Collective bargaining changes
 - Agency request legislation
 - Budget reduction proposals

*Fiscal Year

Medicare Explicit Subsidy

Senate and House Proposed Budgets

- ▶ \$183 maximum Medicare Explicit Subsidy (per Medicare retiree per month)
 - ▶ Maintained from calendar year 2025

Questions?

Tanya Deuel, Finance Manager
Financial Services and Health Care Purchasing
Administration

Tanya.Deuel@hca.wa.gov

TAB 6

Policy & Rules Development

Stella Ng
Policy and Rules Coordinator
Employees and Retirees Benefits Division
April 10, 2025

RCW 41.05.065(4)

(4) Except if bargained for under chapter **41.80** RCW, the public employees' benefits board shall design benefits and determine the terms and conditions of employee and retired or disabled school employee participation and coverage, including establishment of eligibility criteria subject to the requirements of this chapter. Employer groups obtaining benefits through contractual agreement with the authority for employees defined in RCW **41.05.011**(6)(a) (i) through (vi) may contractually agree with the authority to benefits eligibility criteria which differs from that determined by the public employees' benefits board. The eligibility criteria established by the public employees' benefits board shall be no more restrictive than the following:...

RCW 41.05.080 (1) and (3)

(1) Under the qualifications, terms, conditions, and benefits set by the public employees' benefits board:

(a) Retired or disabled state employees, retired or disabled school employees, retired or disabled employees of county, municipal, or other political subdivisions, or retired or disabled employees of tribal governments covered by this chapter may continue their participation in insurance plans and contracts after retirement or disablement;

(b) Separated employees may continue their participation in insurance plans and contracts if participation is selected immediately upon separation from employment;

(c) Surviving spouses, surviving state registered domestic partners, and dependent children of emergency service personnel killed in the line of duty may participate in insurance plans and contracts.

(3) Rates charged to surviving spouses and surviving state registered domestic partners of emergency service personnel killed in the line of duty, retired or disabled employees, separated employees, spouses, or children who are eligible for parts A and B of medicare shall be calculated from a separate experience risk pool comprised only of individuals eligible for parts A and B of medicare; however, the premiums charged to medicare-eligible retirees and disabled employees shall be reduced by the amount of the subsidy provided under RCW 41.05.085.

Introduction of Proposed Resolution

PEBB 2025-02

PEBB retiree insurance
coverage when the subscriber's
dependent becomes eligible

Resolution PEBB 2024-11

Amending PEBB 2022-04: Deferring PEBB Retiree Insurance Coverage When the Subscriber Becomes Eligible

Adopted on April 11, 2024

Amending PEBB 2022-04 to read:

PEBB retiree insurance coverage will be automatically deferred when the subscriber becomes eligible for the employer contribution towards PEBB or SEBB benefits. The subscriber will be exempt from the deferral form requirement.

Proposed Resolution PEBB 2025-02

PEBB Retiree Insurance Coverage When the Subscriber's Dependent Becomes Eligible

When a subscriber's dependent becomes eligible for the employer contribution toward PEBB or SEBB benefits, the subscriber's dependent will be auto disenrolled from PEBB retiree insurance coverage.

Proposed Resolution PEBB 2025-02

PEBB Retiree Insurance Coverage When the Subscriber's Dependent Becomes Eligible

Example

Example: Dan is a retiree and is enrolled in a PEBB Medicare plan. His spouse, Susan, is a substitute teacher and enrolled in Dan's PEBB Medicare plan as his dependent. She meets 630 work hours in December 2025 and becomes eligible for the employer contribution toward SEBB benefits. She cannot waive SEBB medical to stay enrolled in PEBB retiree insurance coverage.

When will Susan's PEBB Medicare plan end?

Susan will be auto disenrolled from the PEBB Medicare plan on December 31, 2025. She will be enrolled in a SEBB medical plan effective January 1, 2026.

Proposed Resolution PEBB 2025-02 (*cont.*)

PEBB Retiree Insurance Coverage When the Subscriber's Dependent Becomes Eligible

Example

Why can't Susan stay enrolled in a PEBB Medicare plan and waive SEBB medical?

Federal rules prevent employers from not offering group health plan coverage to an actively working Medicare beneficiary who otherwise meets eligibility requirements. Susan cannot waive SEBB medical and stayed enrolled in the PEBB Medicare plan because her SEBB medical plan will be the primary payer for medical services.

If Susan has SEBB benefits, can Dan defer PEBB retiree insurance coverage and enroll in her SEBB health plans as a dependent?

Yes, Dan can defer PEBB retiree insurance coverage. HCA will let Dan know about his options so he can enroll in Susan's SEBB medical, dental, and vision coverage. When Susan's employment ends, Dan can enroll in PEBB retiree insurance coverage and add Susan as a dependent.

Next Steps

- ▶ Incorporate Board feedback in the proposed policies
- ▶ Submit feedback to HCAPEBSEBBoardPolicyFeedback@hca.wa.gov by April 21, 2025
- ▶ Bring recommended proposed policy resolutions to the Board for action at the May 15, 2025 Board meeting

Questions?

Stella Ng, Policy and Rules Coordinator
Employees and Retirees Benefits Division

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TAB 7

2025 Annual Rulemaking Briefing

Stella Ng
Policy and Rules Coordinator
Employees and Retirees Benefits Division
April 10, 2025

Rulemaking Timeline

April and May 2025 File proposed amendments (CR-102) and distribute new rules for public comments

May and June 2025 Conduct public hearing and adopt final rules (CR-103)

August 2025 Permanent appeals rules effective

January 2026 Other permanent rules effective

Focus of Rulemaking

- ▶ Administration and benefits management
- ▶ Regulatory Alignment
- ▶ Amendments within HCA Authority

Administration and Benefits Management

- ▶ Amend the definition of “waive” to better convey that an eligible employee may affirmatively decline enrollment in PEBB medical because they are enrolled in Medicare Part A and Part B as primary coverage
 - ▶ The eligible employee cannot be enrolled in other Medicare coverage, such as PEBB retiree coverage or commercial Medicare Advantage (MA) plan

Administration and Benefits Management (*cont.*)

- ▶ Amend the waive rule to include when an employee will be automatically deferred from PEBB retiree insurance coverage
- ▶ Amend WAC 182-08-196 to include Resolution PEBB 2024-26 that addresses when a subscriber or their dependent must be disenrolled by a MA, Medicare Advantage Part D (MA-PD) or a Medicare Part D plan

Regulatory Alignment

- ▶ Clarify an employee or their dependent may continue all or any combination of PEBB medical, dental, or vision for the maximum number of months as allowed under COBRA
- ▶ Add a new special open enrollment event when a subscriber or a subscriber's dependent gains, loses, or has a change in their Medicare low-income subsidy eligibility

Amendments within HCA Authority

- ▶ Make a technical correction to clarify any subscriber aggrieved by a decision made by the PEBB Program wellness incentive contracted vendor may appeal that decision to the PEBB Program
- ▶ Amend to include that HCA may reject an appeal if the appellant fails to provide documentation or references of decisions previously rendered through the appeal process

Amendments within HCA Authority (*cont.*)

- ▶ Amend to state that the presiding officer will render a written initial order within 10 days after the presiding officer receives the content of the brief adjudicative proceeding file

Questions?

Stella Ng, Policy and Rules Coordinator
Employees and Retirees Benefits Division

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TAB 8

Benefits 24/7 Update

Brett Mello
Chief Information Officer
Enterprise Technology Services Division
April 10, 2025

Stabilization Update

Continued Progress

- ▶ Reduced backlog of account issues from about 7,500 to 3,600
 - ▶ Reduced daily sync errors from about 2,750 to 920
- ▶ Resolved 87% of 223 priority bugs
 - ▶ Resolved over 75% of the 67 high priority bugs

Stabilization Update

ERB IT Staffing

- ▶ 6 newly budgeted roles
 - ▶ Software Test Engineer – *Hired*
 - ▶ Manager (ERB IT lead) – *Recruiting*
 - ▶ Two Business Analysts – *Pending*
 - ▶ Two Operations Developers – *Pending*

Next Steps

- ▶ Continue minimization of major changes or new development in the system
- ▶ Complete four additional two-week sprints to continue working toward stabilization

Questions?

Brett Mello, Chief Information Officer
Enterprise Technology Services (ETS) Division

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TAB 9

PEBB Program Annual Renewal Process

Beth Heston
Procurement Manager
Employees and Retirees Benefits Division
April 10, 2025

Overview of the Annual Renewal Process

- ▶ Employees and Retirees Benefits (ERB) Division conducts an annual evaluation of the PEBB Program portfolio to identify which benefits and plans will be subject to change during the next plan year
- ▶ A work plan is developed for the renewal process
- ▶ An individualized request for renewal (RFR) is created for each carrier
- ▶ RFRs are sent to carriers and the carriers respond
- ▶ Contract rates and terms are negotiated with fully-insured carriers (ERB sets premiums for UMP Regence)
- ▶ The Board votes to authorize carrier premiums
- ▶ Contracts are finalized and executed

Why an Annual Renewal Cycle?

- ▶ The PEBB Program's plan renewal process is on an annual cycle because of funding and authorization requirements in the authorizing environment
 - ▶ The Washington State Legislature sets the PEBB and SEBB Programs' budgets annually as part of legislative session
 - ▶ PEB and SEB Boards vote each July to authorize carriers' premium rates for their respective portfolios
- ▶ If the state budget doesn't pass or Boards don't authorize a carriers' premium rates, HCA can't offer those carriers' health plans to employees and/or retirees

Evaluating the Portfolio

Uniform Medical Plan (UMP)

- ▶ State's self-insured plans are offered to the PEBB and SEBB Programs
 - Third party administrator, Regence BlueShield
- ▶ HCA diligently evaluates impacts to UMP
 - ▶ HCA's contracted actuary develops the rates for UMP using factors including but not limited to:
 - Historical UMP claims data (utilization)
 - Managing adjustments related to known or projected changes that result in costs or savings to the plan
 - Covered population demographics
 - Economic trends

PEBB & SEBB Program Fully-Insured Carriers

- ▶ Carriers on annual renewal negotiation cycles
 - ▶ Medical carrier rates are generally negotiated on an annual cycle
 - ▶ Dental and vision carrier rates can be locked in for more than one year
- ▶ Covered populations
 - ▶ Active employees and continuation coverage
 - ▶ PEBB and SEBB Programs
 - ▶ Retiree
 - ▶ PEBB Program (Medicare)

PEBB & SEBB Program Fully-Insured Carriers (*cont.*)

▶ Medical plan types

- ▶ For active employees and continuation coverage
 - Health Maintenance Organization (HMO)
 - Preferred Provider Organization (PPO)
- ▶ Retirees
 - Medicare with Part D drug plan (Uniform Medical Plan)
 - Medicare Advantage with Part D (Kaiser retiree plans)
 - Medicare Supplement (Premera Plan G)

Reviewing State or Federal Mandates

- ▶ Evaluate the portfolio for mandated changes:
 - ▶ Which carriers' plans are impacted by a mandate?
 - ▶ Which plans are excluded?
 - ▶ Does the mandate directly address member cost shares?
 - ▶ Are impacted carriers in alignment with one another in their interpretation of the mandate?
- ▶ Coordinate with HCA's ERB finance team to evaluate the cost or savings impacts to member's premiums, if mandated changes are known to impact to the PEBB and SEBB Programs' carriers

Evaluating Benefits

- ▶ Evaluated by ERB staff
 - ▶ After undergoing review for efficacy, cost, or savings through the benefit planning cycle
- ▶ Compare to collective bargaining agreements (CBAs)
 - ▶ ERB finance team monitors impacts to PEBB and SEBB Programs' budgeting with respect to fulfilling requirements from collective bargaining agreements
- ▶ Proposed by the carrier (if known)
 - ▶ HCA must evaluate in conjunction with benefits already offered and identify potential cost or savings impacts
 - ▶ Are the changes related to carrier's book of business?

ERB Request for Renewal (RFR)

Developing a Workplan

- ▶ In preparation for HCA's formal request for renewal to carriers, the ERB Division organizes the known or anticipated changes into a workplan
 - ▶ This workplan allows supporting divisions the opportunity to prepare and assist with the renewal process
- ▶ Renewal cycle timeline set in workplan
 - ▶ Begins in January (2025), runs through to December after the conclusion of open enrollment (OE)
 - ▶ Ends with the implementation of the carriers' new plans on January 1, 2026

Writing the Request for Renewal

- ▶ ERB's Portfolio Management and Monitoring (PM&M) section introduces required and selected changes to the carriers through the RFR
- ▶ The RFR is a legally-binding, formal proposal from HCA for changes to benefit coverage, as well as a request for new bid rates for maintaining existing benefit plans in the next plan year

RFR Carrier Proposals and Negotiations

Carrier Responses to HCA Requests

Fully Insured Carriers' Proposals

Fully insured carriers respond formally to ERB's RFR with:

- ▶ Certifications and assurances
 - ▶ A binding attestation to the carrier's willingness and ability to contract with the state
- ▶ Carrier checklist
 - ▶ "Closed" document that requires carrier to answer briefly the questions that ERB is asking in the order they were asked
 - ▶ Ensures that nothing is ambiguous or missing on either side
- ▶ Exhibits
 - ▶ More detailed plans or explanations for requested changes

Fully-Insured Negotiations

- ▶ The carriers' account teams and carriers' actuaries:
 - ▶ Submit initial bids on premium and adjust those bids after discussions with the negotiation team at HCA
- ▶ ERB finance and executive management:
 - ▶ Lead negotiations and decisions brought to Board for authorization

Presenting to the Boards

Board Authorization of Rates

First Presentation (June): Informational

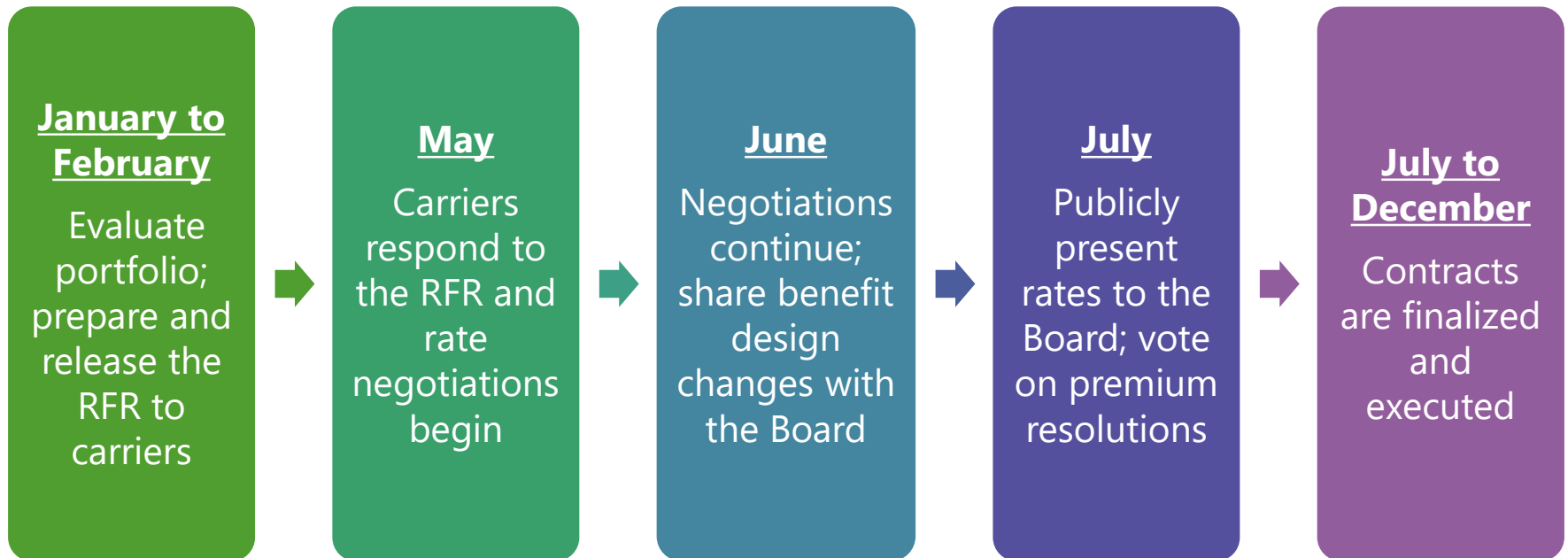
- ▶ Procurement Manager provides an overview of the changes decided upon during negotiations
- ▶ ERB finance presents final rates
- ▶ Board asks questions or requests more information on any topics they wish
- ▶ Public comments taken

Board Authorization of Rates (*cont.*)

Second Presentation (July): Final Action

- ▶ ERB finance presents final premiums and calls for a vote by the Board
- ▶ Board votes to authorize premium resolutions

Annual Renewal Timeline



Questions?

Beth Heston, Procurement Manager
Employees and Retirees Benefits Division

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