

Public Employees Benefits Board Meeting

June 17, 2020

Public Employees Benefits Board

June 17, 2020

12:00 p.m. – 4:00 p.m.

Attendance by Telephone Only

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

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TAB 1

AGENDA

Public Employees Benefits Board
June 17, 2020
12:00 p.m. – 4:00 p.m.

**Aligning with [Governor's Proclamation 20-28](#),
all Board Members and public attendees
will only be able to attend telephonically.**

To attend telephonically:

Call-in Number: 1-866-374-5136
Conference ID: 95587891

[Join Skype Meeting](#)
(Visual Only)

12:00* p.m.	Welcome & Introductions		Sue Birch, Chair	
12:10 p.m.	Executive Session			
1:00 p.m.	Meeting Reconvenes		Sue Birch, Chair	
1:05 p.m.	Meeting Overview		Dave Iseminger, Director Employees & Retirees Benefits (ERB) Division	Information/ Discussion
1:10 p.m.	Follow Up From May 28 Meeting		Dave Iseminger, Director ERB Division	Information/ Discussion
1:15 p.m.	Robert's Rules Of Order Parliamentary Procedure Training	TAB 3	Michael Tunick, Assistant Attorney General, AAGs Office	Information/ Discussion
1:30 p.m.	By-Laws Revision Update	TAB 4	Dave Iseminger, Director ERB Division	Information/ Discussion
1:45 p.m.	State Budget Forecast & Budget Reduction Options	TAB 5	Megan Atkinson, Chief Financial Officer, Financial Services Dave Iseminger, Director ERB Division	Information/ Discussion
2:25 p.m.	PEBB Program Procurement	TAB 6	Beth Heston, PEBB Procurement Manager, ERB Division	Information/ Discussion
2:40 p.m.	Expanding PEBB Medicare Options Update	TAB 7	Ellen Wolfhagen, Senior Account Manager, ERB Division	Information/ Discussion
2:55 p.m.	2021 PEBB Medicare Rates	TAB 8	Tanya Deuel, ERB Finance Manager, Financial Services Division Sara Whitley, Financial Services Division	Information/ Discussion
3:15 p.m.	2020 Annual Rule Making	TAB 9	Rob Parkman, Policy and Rules Coordinator, ERB Division	Information/ Discussion

3:35 p.m.	Public Comment		
4:00 p.m.	Adjourn		

***All Times Approximate**

The Public Employees Benefits Board will meet telephonically on Wednesday, June 17, 2020. Due to COVID-19 and [Governor's Proclamation 20-28](#), Board Members and the public will only be able to attend this meeting via telephone.

The Board will consider all matters on the agenda plus any other emergency COVID-19 items that develop after publication of this agenda.

Pursuant to RCW 42.30.110(1)(l), the Board will meet in Executive Session to consider proprietary or confidential nonpublished information related to the development, acquisition, or implementation of state purchased health care services as provided in RCW 41.05.026. The Executive Session will begin at 12:10 p.m. and conclude no later 1:00 p.m.

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

Direct e-mail to: board@hca.wa.gov.

Materials posted at: <http://www.pebb.hca.wa.gov/board/> by close of business on June 15, 2020, or as soon as possible in the event of additional COVID-19 matters materialize before the meeting convenes.

PEB Board Members

Name	Representing
Sue Birch, Director Health Care Authority 626 8 th Ave SE PO Box 42713 Olympia WA 98504-2713 V 360-725-2104 sue.birch@hca.wa.gov	Chair
Leanne Kunze, Executive Director Washington Federation of State Employees 1212 Jefferson Street, Suite 300 Olympia WA 98501 V 800-562-6002 leanne.kunze@hca.wa.gov	State Employees
Elyette Weinstein 5000 Orvas CT SE Olympia WA 98501-4765 V 360-705-8388 elyette.weinstein@hca.wa.gov	State Retirees
Tom MacRobert 4527 Waldrick RD SE Olympia WA 98501 V 360-264-4450 tom.macrobert@hca.wa.gov	K-12 Retirees
Tim Barclay 9624 NE 182 nd CT, D Bothell WA 98011 V 206-819-5588 tim.barclay@hca.wa.gov	Benefits Management/Cost Containment

PEB Board Members

Name	Representing
Yvonne Tate 1407 169 th PL NE Bellevue WA 98008 V 425-417-4416 yvonne.tate@hca.wa.gov	Benefits Management/Cost Containment
John Comerford* 121 Vine ST Unit 1205 Seattle WA 98121 V 206-625-3200 John.comerford@hca.wa.gov	Benefits Management/Cost Containment
Harry Bossi 19619 23 rd DR SE Bothell WA 98012 V 360-689-9275 harry.bossi@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 member

5/22/20



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

PEBB MEETING SCHEDULE

2020 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.

January 30, 2020 (Board Retreat) 9:00 a.m. – 3:00 p.m.

March 18, 2020 - Noon – 5:00 p.m.

April 15, 2020 - Noon – 5:00 p.m.

May 28, 2020 - Noon – 5:00 p.m.

June 17, 2020 - Noon – 5:00 p.m.

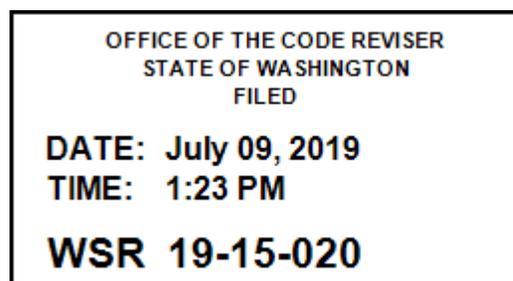
July 15, 2020 - Noon – 5:00 p.m.

July 22, 2020 - Noon – 5:00 p.m.

July 29, 2020 - Noon – 5:00 p.m.

If you are a person with a disability and need a special accommodation, please contact Connie Bergener at 360-725-0856

7/2/19



TAB 2

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.

TAB 3

ROBERT'S RULES OF ORDER

- PARLIAMENTARY PROCEDURE -

Presented to the PEB Board

June 17, 2020

By Michael R. Tunick, Assistant Attorney General

OVERVIEW

- General Overview of Parliamentary Procedure and How Robert's Rules Fit In
- Meeting Basics
- Motions, Debate, Voting
- Types of Motions

PARLIAMENTARY PROCEDURE

Principles of parliamentary procedure:

1. One subject at a time
2. Every subject gets fully debated
3. Rights equal to every other board member
4. Majority rule
5. Respect

AUTHORITIES GOVERNING THE BOARD

(FROM HIGHEST TO LOWEST IN PRIORITY)

- **Law:** Certain rules are prescribed by applicable law
 - Open Public Meetings Act
 - Ethics in Public Service Act
 - Laws specific to the Board, *e.g.*, RCW 41.05.055
- **Bylaws/Charter:** Govern the structure and operation of the organization
- **Rules of Order:** Special Rules of Order specific to your organization and Parliamentary Authority adopted by your organization (*e.g.*, Robert's Rules)
- **Common Practice or Custom:** Not in written rule (*e.g.*, introducing a resolution at one meeting and voting at the next meeting)

INFORMAL PROCEDURES IN SMALL BOARDS

With smaller boards (typically fewer than twelve members), such as the PEB and SEB Boards, more informal procedures may be followed:

- Member may raise hand to obtain floor instead of standing
- The Chair and members may remain seated when speaking or voting
- Members may speak more than twice during debate
- Subjects may be discussed informally even if no motion is pending
- Chair may participate in debate, make motions, and vote without giving up the chair

MEETING BASICS

- **Presiding Officer**
 - Chair, or if not present, a person designated Chair Pro-Tem .
- **Quorum (or not)**
 - Five is the minimum number of members who must be present to conduct business.
- **Agenda/Order of Business**
 - Order of Business is determined by the agenda, which is circulated prior to meeting.
- **Minutes**
 - Minutes summarize significant action taken by the Board. At subsequent meetings, the minutes of prior meeting get approved.
- **Presentations to the Board**
 - The agenda may include presentations to the Board by HCA staff.

MOTIONS, DEBATE, AND VOTING

Six steps to motion practice:

- 1) **Motion is made** – Formal proposal made by a member at a meeting that the group take certain action.
- 2) **Seconded** – Another member must second a motion to bring it before the entire group.
- 3) **Chair “States” the Question** – Repeats the exact words of the motion or resolution.
- 4) **Debate** – Discussion of the merits of a pending motion or resolution.
- 5) **Chair “Puts” the Question** – After debate has closed, the Chair “puts” the motion or resolution to a vote.
- 6) **Chair Announces Result.**

MOTION PRACTICE

Types of Motions

- Main Motion
- Secondary Motions
 - Amend
 - Lay on the Table
 - Point of Order
 - Parliamentary Inquiry
- Motions that Bring a Question Again Before the Assembly
 - Take from the Table
 - Reconsider
 - Rescind or Amend Something Previously Adopted
 - Renewal

MOTION TO AMEND

- Methods of Amending

<i>Insert</i>	“I move to insert . . .” or “I move to amend by inserting . . .”
<i>Strike</i>	“I move to strike . . .” or “I move to amend by striking . . .”
<i>Strike and insert</i>	“I move to strike out the words ‘[X, Y, Z]’ and insert the words ‘[T, U, V, W.]’”

MOTION TO AMEND (*cont.*)

(Insert or Add Text)

Original Sample Pending Motion:

"I move that we buy a new sign."

You Want the Motion to Read:

"That we buy a new sign *not to exceed \$50 dollars.*"

You Would Say:

"I move to amend by adding the phrase 'not to exceed \$50 dollars' at the end of the motion."

MOTION TO AMEND (*cont.*)

(Strike Text)

Original Sample Pending Motion:

"I move that we buy a new sign."

You Want the Motion to Read:

"That we buy a ~~new~~ sign."

You Would Say:

"I move to amend by striking out the word 'new.'"

MOTION TO AMEND (*cont.*)

(Strike and Insert Text)

Original Sample Pending Motion:

"I move that we buy a new sign."

You Want the Motion to Read:

"That we buy a new *sign billboard*."

You Would Say:

"*I move to amend by striking out the word 'sign' and inserting the word 'billboard.'*"

MOTION TO AMEND (*cont.*)

- **Restrictions on Making Amendments:**
 - Germane
 - Cannot defeat main motion
 - No third-degree amendments
- **The Amendment Process:**
 - Debate is limited to the desirability of the amendment not the merits of the motion being amended
 - Voting determines whether the text of the main motion is changed not whether the main motion is adopted

OTHER SECONDARY MOTIONS

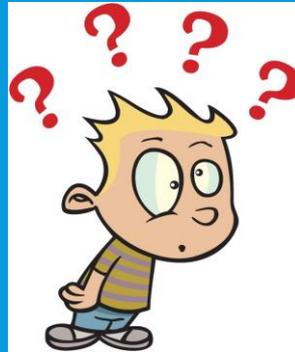
<u>Kind of Motion</u>	<u>Objective</u>
Lay on Table	clear the floor for more urgent business
Point of Order	call attention to violation of the rules
Parliamentary Inquiry	obtain information on parliamentary procedure

MOTIONS THAT BRING A QUESTION BEFORE THE BOARD, AGAIN

<u>Kind of Motion</u>	<u>Objective</u>
Take from the Table	resume consideration of a motion laid on the table
Reconsider	reconsider the vote on a motion
Rescind or Amend	change something previously adopted by repeal or changing part of it
Renew	place a motion before the Board again

THE END

- Any Questions?



Michael R. Tunick, Assistant Attorney General
Attorney General's Office
Michael.Tunick@atg.wa.gov

TAB 4



PEB Board By-Laws Update

David Iseminger, Director
Employees and Retirees Benefits Division
June 17, 2020

Why Update the By-Laws?

- Board composition in statute changed
- Align agenda posting and minutes process to current law and practices
- Technical updates

PEB Board Action Required

- Making a change to the By-laws, Article VI(1) requires a two-thirds majority vote of the Board to amend
- Action on the proposed amendments in the Appendix will be scheduled for the July 15, 2020 Board Meeting

Appendix

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 Ed State employees, **State retirees**, and school ~~district employees~~ **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.
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ARTICLE I
The Board and its Members (cont.)

~~an association of school employees. The second non-voting Member shall be designated by the Chair from the four Members appointed~~ because of their experience in health benefit management and cost containment.

5. Privileges of Non-Voting Members—~~The n~~on-voting Members ~~s~~ 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](#).

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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.
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ARTICLE III
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(RESERVED)

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ARTICLE IV
Board Meetings (cont.)

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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~~ 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. ~~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 of the meeting. ~~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. 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 the next a subsequent Board meeting.

ARTICLE IV **Board Meetings (cont.)**

1. 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.
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ARTICLE V Meeting Procedures (cont.)

3. Teleconference Permitted— A Board 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.
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ARTICLE V Meeting Procedures (cont.)

6. Representing the Board's Position on an Issue—No Board Member ~~of the Board~~ may endorse or oppose an issue purporting to represent the Board or the opinion of the Board on ~~an~~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, 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 ~~[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.

ARTICLE V **Meeting Procedures (cont.)**

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.

Questions?

David Iseminger, Director
Employees and Retirees Benefits Division

David.Iseminger@hca.wa.gov

TAB 5



State Budget Forecast & Budget Reduction Options

Megan Atkinson, Chief Financial Officer
Financial Services Division
June 17, 2020

David Iseminger, Director
Employees & Retirees Benefits Division

Big Picture State Budget Background

- The most recently enacted state operating budget for the current '19-'21 biennium (ends June 2021):
 - Approximately \$101.87B (~\$50B is GF-S)*
 - Total approximate HCA expenditures \$30B (~\$6B is GF-S)
 - Includes non-appropriated PEBB & SEBB money received via funding rates
- Total PEBB & SEBB Program claims & third-party admin costs:

	'19-'21 Biennium
PEBB Program	~\$5.19B
SEBB Program	~\$2.79B Program expenses reflect 18 months of the biennium

- Combined PEBB & SEBB Program admin: ~\$65.7M (0.82%)

*This is an estimate based on subtracting the Governor's partial vetoes from the conference committee budget summary (http://leap.leg.wa.gov/leap/Budget/Detail/2020/hoSummary_0310.pdf)

COVID-19 Economic Impacts

- Combating the COVID-19 pandemic has taken a significant toll on the state's economy
- In mid-May, an unofficial update on the state's revenue forecast projected ~\$7 billion less being collected over the next three fiscal years (July 2020 through June 2023)*
- The next update from the Economic and Revenue Forecast Council is expected on June 17, 2020

* See Appendix: May 13, 2020 OFM letter *"Immediate actions to capture operating budget savings"*

Select Statewide Actions

- Freeze on hiring, personal services, and equipment purchases instituted May 18, 2020
- Voluntary Separation and Retirement Incentive Program guidelines revised to allow all state agency participation

Spring 2020 Budget Option Directions

- In mid-May, OFM identified a \$462M in General-Fund State (GF-S) expenditures as savings target for HCA in FY21*
- This represents a 15% GF-S reduction target for HCA
- The PEBB and SEBB Programs are not directly funded by GF-S appropriations, therefore a specific reduction target was not provided for these programs
- However, all parts of government were asked to identify savings options to contribute to a combined target of \$1.9B for FY21

* See Appendix: May 13, 2020 OFM letter *“Immediate actions to capture operating budget savings”*

HCA's Budget Options Submission

- In early June, HCA and other agencies submitted budget reduction options to OFM for the next several fiscal years
- HCA's submission included options for all parts of the agency's business, including the PEBB and SEBB Programs
- OFM began publishing agency submissions on its website* on June 8, 2020

* <https://ofm.wa.gov/budget/state-budgets/state-agency-fiscal-year-2021-savings-options>

HCA's Budget Options Submission (*cont.*)

- The submitted savings options are not a formal proposal and do not necessarily reflect either the agency's or Governor Inslee's priorities
- HCA's ultimate goal is to preserve health care services for Washington residents to the extent possible, while the state addresses a significant revenue shortfall due to the COVID-19 pandemic
- OFM and HCA will continue working together to refine proposed budget reductions for the Governor and the Legislature to consider for both FY21 and the '21-'23 biennial budgets

HCA's Budget Options Submission (*cont.*)

- Several options require changes to state law
- Several options have potential collective bargaining agreement impacts
- Some options could be approved just by Board action
- Few options exist for the PEBB and SEBB Programs to make significant contributions to FY21
 - Most aspects of the program align with the calendar year, which is the midpoint of the state fiscal year
 - Even changes for January 2021 require decisions by the middle of 2020 to allow for implementation

PEBB & SEBB Program Submission Topics

- Benefits
 - Change or eliminate the wellness program
 - Change or eliminate the \$250 employer contribution to a medical Flexible Spending Arrangement (FSA) for represented employees (PEBB only)
 - Introduce UMP Select additional medical plan offering (PEBB only)
 - Restructure Long-Term Disability (LTD) Benefit
 - Delay implementation of next Centers of Excellence (COE) bundle
 - Reduce Health Savings Account (HSA) employer contribution (PEBB only)

PEBB & SEBB Program Submission Topics (*cont.*)

- Eligibility
 - Increase the benefits maintenance eligibility rule from 8 hrs/month (PEBB only)
- State Funding
 - Change the Employer/Employee contribution split or formula
 - Introduce retiree MA-PD plans that accesses CMS funds to lower retiree premiums and explicit subsidy contributions
 - Change the Medicare explicit subsidy level and K-12 remittance

PEBB & SEBB Program Submission Topics (*cont.*)

- Administrative
 - Account for administrative fee reductions related to COVID-19 that are returned by carriers
 - Simplify the new PEBB-SEBB dual enrollment prohibition criteria
 - FTE reduction
 - Actuarial budget variance (SEBB only)

PEBB Program FY21 Timeline

- Fiscal Year '21 is July 1, 2020 - June 30, 2021
- To implement any program changes for the 2021 plan year, which could impact the second half of state FY21, would require action essentially now
- Many options require legislative action or impact the collective bargaining agreement
- There are a few options within the Board's authority that could still be implemented in time to impact state FY21

PEB Board Authority FY21 Options

- Introduce retiree MA-PD plans that accesses CMS funds to lower retiree premiums and explicit subsidy contributions*
- Introduce UMP Select additional medical plan offering*
- Reduce Health Savings Account (HSA) employer contribution
- Change the Medicare explicit subsidy level

**Recommended Options At This Time*

HCA's Current Recommendations

- Additional plan options that would not replace existing plan options
- No member would be required to elect any new plan or switch from an existing plan
- Personal member finances may make one of the new plan options desirable to some members and would also provide some state budget relief
- Additional PEBB & SEBB Program alignment to gain greater efficiencies

Why these two recommendations now?

- Although both of these recommendations were created for non-state budget reasons, the current fiscal crisis and these proposals' impact on the state budget are now equally pressing factors
- Both options have implementation efforts that are achievable for launching January 2021
- Now is the best opportunity for the Board to shape impacts to the PEBB Program that will come as a result of the state budget challenges, which will be addressed during the 2021 legislative session

MA-PD Offering

- Recommended action scheduled for the July 15 Board Meeting
 - Procurement and negotiations throughout 2019 and 2020
 - Ongoing Board discussions culminating in premiums introduced today
- Access to CMS funds saves money for everyone
 - Fully insured MA-PD plan carriers can access alternative federal money that the self-insured UMP cannot
 - This results in lower monthly premiums for members
 - Remember, the monthly explicit subsidy is “\$183 or 50% of the premium, whichever is less;” monthly premiums lower than \$366, also reduce the total state subsidy expenditure

UMP Select Offering

- Previously recommended for action at the May 28 Board Meeting; could still be launched if authorized by end of June
- Although full details of UMP Select were presented to the Board in just April 2020, implementation would not be rushed
 - HCA worked with actuaries to create the plan design for the SEBB Program launch
 - Regence anticipated the same number of plans between PEBB & SEBB during their technology rebuild under the new 2020 contract
 - The proposal was vetted with other parts of the authorizing environment
 - The ERB Division and Regence understand the plan design already and can communicate and explain it to members

UMP Select Compared to Current UMP Plans

- At the May Board meeting, valid points about the advantages and disadvantages between the UMP Plans were made
 - There are long-term financial benefits for lower utilizers of health care if they enroll in the UMP CDHP; especially with the current employer HSA contribution levels
 - Particularly in the first year of enrollment, member's must be able to financially meet the UMP CDHP's deductible before any or most HSA funds are available
- HCA can make stronger communications emphasizing different plan types address different needs
 - Each UMP member's unique needs may best be met by a different UMP plan

Projected Program Budget Savings

- Introduction of UMP Select with 5% plan switching assumption:
 - ~\$2.5M for the 6 month in FY21
 - ~\$5M per full FY
- MA-PD plans, where the explicit subsidy would be 50% of the premium rather than the full \$183/month:

Scenario Enrollment	FY 21	FY 22	FY 23
(1,500 in year 1 becoming 3,000 in year 2)	\$410,000	\$1,365,000	\$2,047,000
(5,000 in year 1 becoming 7,500 in year 2)	\$1,638,000	\$4,776,000	\$6,825,000

Closing Considerations

- Given the additional information about the state budget, which HCA was unable to fully present until now, HCA still recommends UMP Select's introduction in January 2021
 - Additional plan choice/Not replacing any current options
 - No requirement to switch to the new plan
 - Reduced overall Program expenditures resulting from individual choices about the best UMP option based on personal finances
 - Fastest ability to contribute to the new state budget realities
- Among the options submitted to OFM, introducing an additional medical plan has savings potential without forced harmful impacts on members

Questions?

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Employees and Retirees Benefits Division
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Appendix

- May 13, 2020 OFM letter “Immediate actions to capture operating budget savings”
- Agency June 2020 OFM submission: PEBB & SEBB Programs’ savings options
- Some Prior Board Meeting Materials about UMP Select

May 13, 2020 OFM letter “Immediate actions to capture operating budget savings”



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555

May 13, 2020

TO: Agency Directors

FROM: David Schumacher
Director

A handwritten signature in blue ink, appearing to be "DS", written over the printed name of David Schumacher.

SUBJECT: IMMEDIATE ACTIONS TO CAPTURE OPERATING BUDGET SAVINGS

It has been more than six weeks since Washington began taking sweeping actions to combat the worst global pandemic in more than a century. The good news is these actions appear to be working to “flatten the curve” of COVID-19 cases and we are saving lives.

Unfortunately, these necessary efforts to combat the deadly coronavirus are taking a significant toll on our economy. We recently got our first glimpse of how state revenue collections will be impacted. As expected, the news was grim.

In an unofficial update to the state’s revenue forecast, the state’s chief economist projected that revenue collections over the next three fiscal years will be about \$7 billion lower than was forecast less than three months ago. The unofficial revenue update on April 30 is based on incomplete data, and we won’t have official projections until the next state revenue forecast in June.

It is clear, however, that we must start taking steps now to confront this fiscal crisis. Even using all of the reserves, if the unofficial forecast holds true, we estimate the state would still face a \$4.1 billion shortfall over the next three years.

Therefore, I am directing agencies to identify operating budget savings options from their fiscal year 2021 appropriations. OFM’s immediate combined savings options target is \$1.9 billion. (See the attachment for specific agency targets.) All agencies are not listed because they have little opportunity for Near General Fund savings. However, all agencies should identify savings they can make on their own or which require legislation and must be included in a second supplemental budget.

In addition, all agencies should be planning to propose reductions as part of their 2021–23 budget submittals. Any reductions taken in a second supplemental budget may help alleviate the scale of the budget problem next biennium.

Today the governor issued a directive requiring agencies to place a freeze on new hires, personal services contracts and equipment purchases, effective May 18, 2020. Some agency savings will be realized by complying with the freeze.

In looking for additional savings, agencies should:

- Identify under-expenditures, premium adjustments and efficiencies
- Focus mainly on Near General Fund accounts, but consider all accounts for savings
- Use other funds in lieu of General Fund-State whenever possible

- Reduce, delay or eliminate programs
- Identify programs or services that do not meet your core mission
- Look for opportunities to immediately realize savings through program changes that you anticipate proposing in your 2021–23 budget requests

During this exercise, please also consider the following:

- Central services charge programs (would the action drive up central service costs?)
- Offsets to savings (does the reduction to one program move the problem and cost to another program?)
- Overlapping programs (does the reduction cross programs and/or agencies?)
- Timing of savings (how long would implementation of reductions actually take?)
- Are legislative changes required to implement any of the savings options?

Please work with your [OFM budget analyst](#) so they are prepared with options by June 1. Use this [savings template](#) to identify your savings options and send it to ofm.budget@ofm.wa.gov and your budget analyst. Any savings that can be realized now will require agencies to submit allotment amendments that reflect the reductions.

Although this budget savings options exercise applies to cabinet agencies, I urge the presidents of higher education institutions, boards and commissions, and our separately elected officials to undertake a similar budget savings exercise within their agencies and jurisdictions.

Thank you for your efforts on this challenging task.

Attachment: Targeted Reduction Amount by Agency

FY 2021 Near-GFS Appropriations and Reduction Targets

(Dollars In Thousands)

	FY 2021 Appropriation	Reduction Amount 15%
Totals	\$ 12,492,924	\$ 1,873,939
<i>Governmental Operations</i>		
Office of the Governor	9,165	1,375
Office of the Lieutenant Governor	1,545	232
Public Disclosure Commission	5,456	818
Office of the Secretary of State	19,562	2,934
Office of the Attorney General	16,472	2,471
Caseload Forecast Council	2,063	309
Department of Commerce	144,041	21,606
Office of Financial Management	13,649	2,047
Department of Revenue	153,625	23,044
Board of Tax Appeals	2,598	390
Department of Enterprise Services	6,324	949
Military Department	11,403	1,710
Public Employment Relations Comm	2,291	344
Dept of Arch and Hist Preservation	2,328	349
Total Governmental Operations	390,522	58,578
<i>Other Human Services</i>		
Wash State Health Care Authority	3,082,951	462,443
Human Rights Commission	3,007	451
Criminal Justice Training Comm	31,339	4,701
Department of Labor and Industries	26,698	4,005
Department of Health	83,283	12,492
Department of Veterans Affairs	25,755	3,863
Dept of Children, Youth, & Families	1,035,774	155,366
Department of Corrections	1,208,986	181,348
Dept of Services for the Blind	3,971	596
Total Other Human Services	5,501,764	825,265
<i>Dept of Social & Health Services</i>		
Behavioral Health Administration	445,867	66,880
Developmental Disabilities Administration	933,712	140,057
Aging & Long-Term Support Administration	1,480,161	222,024
Economic Services Administration	364,389	54,658
Division of Vocational Rehabilitation	17,632	2,645
Administration/Supporting Services	36,863	5,529
Special Commitment Center	53,921	8,088
Payments to Other Agencies	41,064	6,160
Total Dept of Social & Health Services	3,373,609	506,041

	FY 2021 Appropriation	Reduction Amount 15%
<i>Natural Resources</i>		
Department of Ecology	30,955	4,643
State Parks and Recreation Comm	20,906	3,136
Rec/Conserv Funding Board	1,628	244
Environmental & Land Use Hearings	2,641	396
State Conservation Commission	8,208	1,231
Department of Fish and Wildlife	85,371	12,806
Puget Sound Partnership	4,798	720
Department of Natural Resources	67,017	10,053
Department of Agriculture	20,197	3,030
Total Natural Resources	241,721	36,258
<i>Transportation</i>		
Washington State Patrol	58,675	8,801
Department of Licensing	6,109	916
Total Transportation	64,784	9,718
<i>Public Schools</i>		
Non Basic Education	645,000	96,750
Total Non-Basic Education	645,000	96,750
<i>Higher Education</i>		
Student Achievement Council	400,323	60,048
University of Washington	374,741	56,211
Washington State University	248,308	37,246
Eastern Washington University	66,024	9,904
Central Washington University	66,276	9,941
The Evergreen State College	33,870	5,081
Western Washington University	89,530	13,430
Community/Technical College System	788,123	118,218
Total Higher Education	2,067,195	310,079
<i>Other Education</i>		
State School for the Blind	9,275	1,391
WA St. Center for Child Deafness	14,581	2,187
Workforce Train & Educ Coord Board	2,300	345
Washington State Arts Commission	2,513	377
Washington State Historical Society	3,818	573
Eastern Wash State Historical Society	2,841	426
Total Other Education	35,328	5,299
<i>Special Appropriations</i>		
Special Approp to the Governor	173,001	25,950
Total Special Appropriations	173,001	25,950

Agency June 2020 OFM submission: PEBB & SEBB Programs' savings options

Budget Savings Options 2020

Dollars in Thousands

Agency: Health Care Authority

#REF!

Source	Agency Priority H, M, L	Impact 1-5	Program/Activity	GF-S				Other Funds				CBA Impact		FTE Change		Brief Description and Rationale	Effective Date (MM/YY)	Impacts of Reductions and Other Considerations	Law/Reg. Change Required (cite)
				FY 20	FY 21	FY 22	FY 23	Fund	FY 20	FY 21	FY 22	FY 23	Y/N	FY 20	FY 21				
			PEBB (General Government/Higher Ed = 45.2% GF)																
			Limeade Portal administration costs (only if financial incentives are also modified)					721			1,650	3,300							Estimate assumes a January 1, 2022 implementation date. Depending on implementation date, amounts in each fiscal period may change. The Limeade portal is important to remain as long as there are the other Wellness bargained benefits due to administration of the benefits.
			Eliminate \$25 Amazon Gift Cards for completing Well Being Assessment (WBA)					721			1,125	1,125	Y						Estimate assumes a January 1, 2022 implementation date. Fiscal assumption is based on one CY. Depending on implementation date, amounts in each fiscal period may change.
			Eliminate \$125 Reduced Deductible or Health Savings Account (HSA) deposit for earning 2,000 SmartHealth Points					721		-	1,847	3,694	Y						Estimate assumes a January 1, 2022 implementation date. Points to receive the incentive are earned in one CY and the incentive is applied in the next CY. Depending on implementation, fiscal amounts may vary. This estimate assumes members earn in CY2020 and use in CY2021, and then no incentive would be distributed in January 2022. 21% of eligible employees qualify for \$125. Assuming all use the entire \$125, this would be the max savings.
			\$250 employer FSA contribution for represented employees who earn less than \$50,004					165			2,522	5,044	Y						Estimate assumes a January 1, 2022 implementation date. Additional accounting of funds may need to be reflected in OFM's budget.
			Introduction of an additional self-insured medical plan enrollment option ("UMP Select" 82AV Plan)					721		2,500	5,000	5,000							Estimate assumes a January 1, 2021 implementation date. Assumes a 5% switching from UMP Classic at the average risk score, based on plan year 2020 bid rates and flat enrollment. A greater enrollment in UMP Select would result in additional savings.
			Employer/Employee Contribution Split					721					Y						
			80/20									44,640	89,279						
			**Each 1% change in employer split = ~\$8 - \$9M																
			Eliminate \$2 Basic LTD benefit and maintain employee-paid optional LTD					721			1,746	3,491							Estimate assumes a January 1, 2022 implementation date. Implement optional LTD Opt Out benefit design making LTD entirely employee paid (DRS Deferred Compensation benefit model). Estimates include flat enrollment. Depending on implementation, fiscal period may change.
			Introduction of Medicare Advantage Prescription Drug (MA-PD) plan(s)					721											Estimate assumes a January 1, 2021 implementation date. Saving assumptions are based on lower monthly plan premiums, which results in Medicare explicit subsidies lower than the full \$183/month.
			Enrollment Scenario 1 (1,500 in year 1 becoming 3,000 in year 2)							410	1,365	2,047							
			Enrollment Scenario 2 (5,000 in year1 becoming 7,500 in year 2)							1,638	4,776	6,825							
			Delta Dental - COVID-19 admin fee reduction for Uniform Dental Plan (25% x 4 months for self-insured)					438		558	-	-							
			Raise 8 hours/month maintenance eligibility rule requirement to 16 hours/month					721			4,142	8,712							Estimate assumes a January 1, 2022 implementation date. Increase maintenance hour rule to 16 hours per month vs the current 8 hours per month. Based on data from 2018 this would impact approximately 4,500 subscribers. Depending on implementation date, fiscal period estimates will change.
			Delay implementation of Centers of Excellence (COE) bariatric bundle					439		525	250	250							Received funds in the 2019-21 biennial budget to implement a third COE bundle for bariatric surgery with an intended launch date of 1/1/2022. The FY21 dollars are for implementation, where the FY22-FY23 dollars were the per case administrative fees.

Some Prior Board Meeting Materials about UMP Select

UMP Benefit Design Comparison

	PEBB Program			
	Uniform Medical Plan			
	Classic (~88 AV)	CDHP** (~88 AV)	UMP Plus (~89 AV)	UMP Select (Proposed)
Deductible (single / family)	\$250/ \$750	\$1,400/ \$2,800*^	\$125/ \$375	\$750/ \$2,250
Out-of-pocket Maximum (single/family)	\$2,000/ \$4,000	\$4,200/ \$8,400*^	\$2,000/ \$4,000	\$3,500/ \$7,000
Coinsurance	15%	15%	15%	20%

^ Combined medical and prescription drug deductible.

* Out of pocket expenses for a single member under a family account are not to exceed \$6,900.

** Employer contributes \$700/individual, \$1,400/family annually in an HSA.

UMP Benefit Design Comparison

	PEBB Program			
Annual Costs/Benefits	Classic	CDHP	UMP Plus	UMP Select (Proposed)
Ambulance (air or ground, per trip)		20%		20%
Diagnostic tests, Laboratory, and X-rays		15%		20%
DME, Supplies, and Equipment		15%		20%
Emergency Room	\$75 + 15%	15%	\$75 + 15%	\$75 + 20%
Hearing (annual exam)	\$0	15%	\$0	\$0
Hearing (hardware)	\$800 benefit every 36 months	\$800 benefit every 36 months Subject to medical deductible	\$800 benefit every 36 months	\$800 benefit every 36 months
Home Health		15%		20%
Inpatient Services	\$200/day, up to \$600	15%	\$200/day, up to \$600	\$200/day, up to \$600
Outpatient Services		15%		20%

UMP Benefit Design Comparison (*cont.*)

Annual Costs/Benefits	PEBB Program			
	Classic	CDHP	UMP Plus	UMP Select (Proposed)
Office Visit (primary care)	15%	15%	\$0	20%
Office Visit (urgent care)		15%		20%
Office Visit (specialist)		15%		20%
Office Visit (mental health)		15%		20%
Office Visit (chemotherapy)		15%		20%
Office Visit (radiation)		15%		20%
Preventive Care		\$0		\$0
Spinal Manipulations		15% Max 10 visits/year		20% Max 10 visits/year
Acupuncture		16 visits		16 visits
Massage Therapy		16 visits		16 visits
Physical Therapy (PT), Occupational Therapy (OT), Speech Therapy (ST), Neurodevelopmental Therapy (NDT)		15% (60 combined visits)		20% (60 combined visits)

UMP Benefit Design Comparison (*cont.*)

	PEBB Pharmacy			
Annual Costs/Benefits	Classic	CDHP	UMP Plus	UMP Select (Proposed)
Rx Deductible	Tier 2 and specialty; \$100/ \$300	Applies to medical deductible	None	Tier 2 and specialty; \$250/ \$750
Rx Out-of-Pocket Limit	\$2,000 per member; \$4,000 family maximum	Applies to medical maximum	\$2,000 per member; \$4,000 family maximum	\$2,000 per member; \$4,000 family maximum
Retail: Value Tier	5% up to \$10	15%**	5% up to \$10	5% up to \$10
Retail: Tier 1 (generics)	10% up to \$25	15%**	10% up to \$25	10% up to \$25
Retail: Tier 2 (preferred brand)	30% up to \$75	15%**	30% up to \$75	30% up to \$75
Most Specialty Rx	30% up to \$75	15%**	30% up to \$75	30% up to \$75

*Waived for preferred generic prescription drugs

**After deductible met.

UMP Select Similarities with UMP Classic

- Same provider network
- Same statewide service area (and nationwide/international BlueCard coverage)
- Same covered services, exclusions, and clinical policies
- Same treatment limits (chiropractic, acupuncture, massage, etc.)

Resolution PEBB 2020-06 Self-Insured Plan Offering

Resolved that, beginning January 1, 2021, the PEBB Program will offer a self-insured plan with the same covered services and exclusions, same provider networks, and same clinical policies as the Uniform Medical Plan Classic. The cost shares (deductible, out-of-pocket maximums, coinsurance for services, etc.) will be the same as the UMP Classic, except for the following:

Resolution PEBB 2020-06

Self-Insured Plan Offering (*cont.*)

- Annual Deductible (medical): \$750/\$2,250 (single/family)
- Annual Deductible (drug): \$250/\$750 (single/family)
- Out-of-Pocket Maximum (medical): \$3,500/\$7,000 (single/family)
- Coinsurances: 20%/80% (member/plan)

TAB 6



2021 Annual Procurement

Beth Heston, PEBB Procurement Manager
Employees and Retirees Benefits Division
June 17, 2020

Procurement Work Plan

- Request for Renewal (RFR) released April 1, 2020
- RFR Responses returned May 1 & 8, 2020
- Preliminary negotiations May – June 2020
- Medicare Rates Today
- First public presentation of Non-Medicare rates mid-July Meeting
- Final vote on results end of July 2020

Hearing Benefit Changes

- Per Legislative Action
 - ESSB 5179 (2018 Session)
- One hearing instrument per ear every five years
 - No cost share for member; entirely covered by health plan
 - No balance billing by providers

Uniform Medical Plan (UMP) 2021 Benefit Changes

- Adding the Hearing Instruments Mandate
 - After deductible is met on Consumer-Directed Health Plan (CDHP)
- Vision changes approved at the May 28 meeting
- UMP Plus - PSHVN Service Area Change

2021 Benefit Changes (*cont.*)

UMP Plus – Puget Sound High Value Network (PSHVN):

- Expansion for 2021 into Chelan County and Douglas County through its partnering with Confluence Health
- The Everett Clinic to join PSHVN no later than 1/1/2021

UMP Plus – UW Medicine ACN:

- No Change to Service areas for 2021

Network Partners - PSHVN

Partners for 2021:

- Virginia Mason
- Rainier Health Network (e.g., CHI Franciscan, CityMD, NPN, The Doctors Clinic, Pediatrics NW, Highline Medical)
- Physician Care Alliance (e.g., The Polyclinic)
- Seattle Children's Hospital
- Signal Health (e.g., Yakima Valley Memorial)
- Confluence Health (Chelan and Douglas Counties)*
- The Everett Clinic*

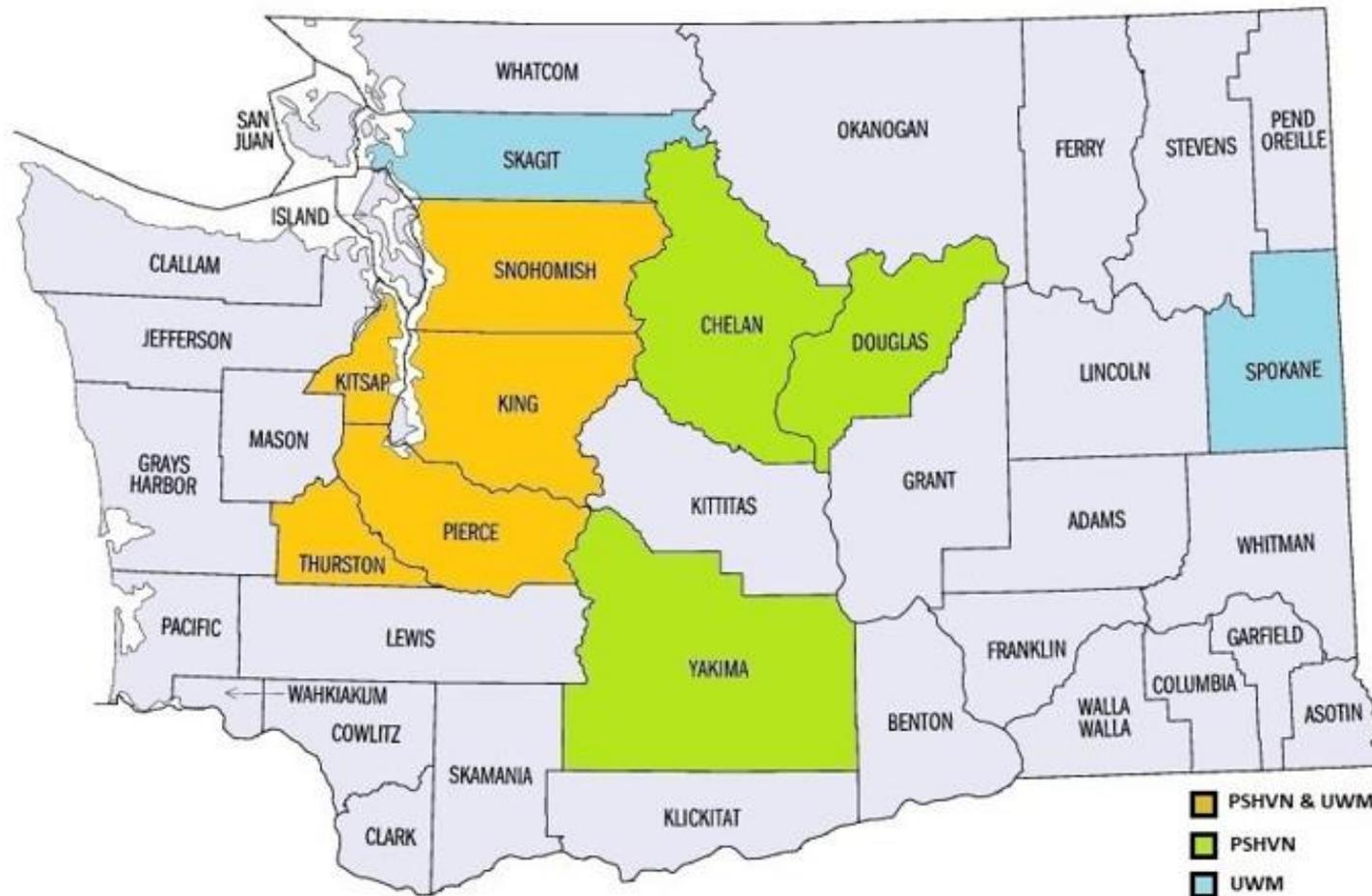
*New partner for 2021

Network Partners – UW Medicine ACN

Partners for 2021:

- UW Medicine
- Multicare
- Cascade Valley Hospitals and Clinics
- Seattle Cancer Care Alliance
- Seattle Children's Hospital
- Skagit Regional Health (e.g., Skagit Valley/Cascade Valley Hospitals)

UMP Plus - 2021 Counties Served



2021 Benefit Changes

Kaiser Foundation Health Plan of the Northwest:

- Adding the Hearing Instruments Mandate to all plans
 - After deductible is met on CDHP
- Changes to Senior Advantage
 - Office Visits will change to \$25 primary/\$35 specialty

2021 Benefit Changes (*cont.*)

Kaiser Foundation Health Plan of Washington:

- Adding the Hearing Instruments Mandate to all plans
 - After deductible is met on CDHP
- Changes to Medicare Advantage
 - Office Visits will change to \$15 primary/\$30 specialty
 - Acupuncture & Chiro visit increase
- Changes to Original Medicare
 - Chiro visit increase

No Benefit Changes

Premera Plan G Medicare

- No Changes to Coverage

No Benefit Changes (*cont.*)

- Uniform Dental Plan TPA Fee
 - Rate guarantee in effect through 12/31/2022
- DeltaCare Dental Plan
 - Rate guarantee in effect through 12/31/2022
- Willamette Dental Group
 - Rate guarantee in effect through 12/31/2022

Questions?

Beth Heston, PEBB Procurement Manager
Employees and Retirees Benefits Division

Beth.Heston@hca.wa.gov

TAB 7



Expanding PEBB Medicare Options Update

Ellen Wolfhagen
Senior Account Manager
Employees and Retirees Benefits Division
June 17, 2020

Medicare Advantage plus Prescription Drug (MA-PD) Recap

- ▶ **MA-PDs are private insurance plans that cover all Medicare benefits, including Part D drug benefits**
 - CMS* pays Medicare Advantage Organizations (MAOs) a capitated (per enrollee) subsidy to provide coverage for all Original Medicare** benefits
 - Medicare Advantage plans set their own limits on how much members pay for covered services, which allows for plan customization
 - Many Medicare Advantage plans offer benefit enhancements over Original Medicare, such as vision, dental, hearing, and alternative therapies (chiropractic, acupuncture, massage)

*Centers for Medicare & Medicaid Services

**Medicare Parts A & B

National MA-PD Coverage Recap

Some large Medicare Advantage Organizations (MAOs) are able to offer national MA-PD coverage through an Extended Service Area (ESA) waiver from CMS. These plans are called Non-differential PPO* ESAs, and:

- Members are able to receive care from any Medicare-participating provider who accepts the plan
- Member cost-sharing levels are the same regardless of whether providers are 'in' or 'out' of the plan's network

*Preferred Provider Organization

MA-PD – A Proposed Addition to Medicare Coverage

- **MA-PD Plans in addition to current offerings**
- **UMP and Kaiser Medicare Advantage plans still available**
- **Premera Plans F and G still available**

Follow-Up Insights

- Dental not part of this plan
- MA-PD formulary similar to UMP formulary
- Customer service expectations in contract

Proposed MA-PD Basic Medical

UHC Medicare Advantage plus Rx (MAPD) National PPO Plan 1	UHC Medicare Advantage plus Rx (MAPD) National PPO Plan 2
--	--

Basic Medical - Highlights

Medical Deductible	\$0	\$0
Max Medical Benefit Out-of-Pocket	\$500	\$2,000
Inpatient Services	\$0	\$500/admission
PCP Office Visit	\$0	\$15
Specialty Care	\$0	\$30
ER/UC Copay	\$65 ER/\$15 UC	\$65 ER/\$15 UC

Proposed MA-PD Supplemental Benefits

	UHC Medicare Advantage plus Rx (MAPD) National PPO Plan 1	UHC Medicare Advantage plus Rx (MAPD) National PPO Plan 2
	Supplemental Benefits	
Chiropractic Care	\$0, 20 combined visits	\$15, 20 combined visits
Acupuncture		
Massage Therapy	\$0, 30 visits	\$15, 30 visits
Routine Vision Exams and Hardware^	\$0 exam annually, \$300 hardware^	\$0 exam annually, \$300 hardware^
Routine Hearing Exams and Hearing Aids^^	\$0 annual exam, \$2500 hardware/5yrs	\$0 annual exam, \$2500 hardware/5yrs
Gym Membership (Silver Sneakers, OptumCare Fit)	\$0	\$0
Naturopathy	\$30 copay, no visit limit	\$30 copay, no visit limit
Tobacco Cessation Counseling Services	5 "Quit-for-Life" scheduled counseling visits, unlimited calls to a Specialist	5 "Quit-for-Life" scheduled counseling visits, unlimited calls to a Specialist
OTC Drug Benefit	\$40 allowance/quarter	\$40 allowance/quarter
Post-Discharge Meals	\$0/meal, 84 meals	\$0/meal, 84 meals
Wigs for Chemotherapy	\$100 annually	\$100 annually
Worldwide Travel	\$15 UC visit/\$65 ER visit, medical and Rx claims paid	\$15 UC visit/\$65 ER visit, medical and Rx claims paid

^Hardware benefit every 2 years, annual vision exam.

^^Limited to UHC specific hardware

MA-PD Part D Coverage

Part D - Pharmacy Benefit Design

Part D Benefit - Highlights	
Pharmacy Deductible	\$0 Tier 1, \$100 Tiers 2,3,4
Max Pharmacy Benefit Out-of-Pocket	\$2,000
Part D Benefit Tiers	Member Cost Share by Tier
Tier 1 - Generic	10%, \$25 max
Tier 2 - Preferred Brand	30%, \$47 max
Preferred Insulin Brands	5%, \$10 max (<u>not</u> subject to deductible)
Tier 3 - Non-Preferred Brand	50%
Tier 4 - Specialty	50%, \$100 max

Comparison Highlights

Less out of pocket for Retirees

- Lower premiums
- No deductible, lower maximum out-of-pocket limits
- Plan option with \$0 Retiree cost share
- Reduced pharmacy costs

Enriched benefit design

- More alternative benefit options
- Combined and increased chiropractic and acupuncture visit limit
- Increased massage visit limit
- OTC drug benefit
- Meal delivery service benefit
- Enhanced vision and hearing aid hardware benefit

National network of Medicare providers

- No difference between in-network vs. out-of-network cost share
- Extensive provider network, allows for ease of access to care
- Enhanced worldwide travel benefit

Part D coverage

- Retained \$10 insulin cost share (UMP Classic)
- Retained maximum out-of-pocket limit (UMP Classic)
- Includes coverage of Specialty Drugs
- Expanded National pharmacy network
- Includes large chains and small pharmacy retailers

Questions

Ellen Wolfhagen

Senior Account Manager

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Appendix

UMP Classic	Kaiser NW Senior Advantage	Kaiser WA Medicare Advantage
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UHC Medicare Advantage plus Rx (MA-PD) PEBB Complete	UHC Medicare Advantage plus Rx (MA-PD) PEBB Balance
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2020 Medical Benefit Design - Highlights*			
Medical Deductible	\$250	\$0	\$0
Max Medical Benefit Out-of-Pocket	\$2,500	\$1,500	\$2,500
IP Services & IP Mental Health Cost Share	\$200/day (per admission)	\$500/admission**	\$200/day (per admission)
OP Services	15%***	\$50	\$200
OP Mental Health Care	15%	\$30/individual, \$15/group	\$0
PCP Office Visit	15%	\$30	\$20
Specialty Care	15%	\$30	\$20
Urgent Care	15%	\$35 office, \$50 ER	\$20
ER Copay	\$75 + 15%	\$50	\$65

Medical Benefit Design - Highlights*	
\$0	\$0
\$500	\$2,000
\$0	\$500/admission
\$0	\$500/admission
\$0	\$15 group/\$30 individual
\$0	\$15
\$0	\$30
\$15	\$15
\$65	\$65

Supplemental Benefits			
Chiropractic Care	10 visits	\$30/visit, 12 visits	\$20/visit, no limit
Acupuncture	16 visits	N/A	\$20/visit, 8 visits
Massage Therapy	16 visits	N/A	\$20/visit, 10 visits
Routine Vision Exams and Hardware^	\$0 exam, \$150 hardware	\$30 exam, \$150 hardware	\$20 exam, \$150 hardware
Routine Hearing Exams and Hearing Aids	\$0 exam \$800 plan coverage maximum^^	\$30 exam \$800 plan coverage maximum^^	\$20 exam \$800 plan coverage maximum^^
Gym Membership	N/A	Silver and Fit, \$0	Silver and Fit, \$0

Supplemental Benefits	
\$0, 20 combined visits	\$15, 20 combined visits
\$0, 30 visits	\$15, 30 visits
\$0 exam annually, \$300 hardware	\$0 exam annually, \$300 hardware
\$0 annual exam, \$2500 hardware/5yrs	\$0 annual exam, \$2500 hardware/5yrs
SilverSneakers, \$0	SilverSneakers, \$0

Enhanced Supplemental Benefits			
Naturopathy	15%, unlimited	\$30/visit	\$20/visit, 3 visits/year
Counseling Services	15%	\$30/visit, SUD/BH	\$0, SUD
OTC Drug Benefit	-	-	-
Post-Discharge Meals	-	-	-
Wigs for Chemotherapy	\$100 lifetime	\$100 lifetime	-
Worldwide Travel	-	20% Medicare Allowed amt, \$1000 MOOP	\$20 UC/\$65 ER

Enhanced Supplemental Benefits	
\$30 copay, no visit limit	\$30 copay, no visit limit
5 "Quit-for-Life" Tobacco Cessation scheduled counseling visits, unlimited calls to a Specialist	5 "Quit-for-Life" Tobacco Cessation scheduled counseling visits, unlimited calls to a Specialist
\$40 allowance/quarter	\$40 allowance/quarter
\$0/meal, 84 meals	\$0/meal, 84 meals
\$100 annually	\$100 annually
\$15 UC visit/\$65 ER visit, medical and Rx claims paid	\$15 UC visit/\$65 ER visit, medical and Rx claims paid

Pharmacy Benefit Highlights^^^			
Pharmacy Deductible	\$100	\$0	\$0
Max Pharmacy Benefit OOP	\$2,000	No OOP Limit	No OOP Limit
Value Tier (UMP only)	5% or \$10/\$20/\$30 (30/60/90 day supply)	N/A	N/A
Tier 1 - Generic	10% or \$25/\$50/\$75	\$20/\$40 (30/60 day supply)	\$20/\$40 (30/60 day supply)
Tier 2 - Preferred Brand Name	30% or \$75/\$150/\$225	\$40/\$80	\$40/\$80
Tier 3 - Non-Preferred Brand Name	N/A	N/A	50% or \$250/\$750
Specialty	Tier 1: 10%/\$25 Tier 2: 30%/\$75	N/A	N/A

Part D Benefit - Highlights	
Pharmacy Deductible	\$0 Tier 1, \$100 Tiers 2,3,4
Max Pharmacy Benefit Out-of-Pocket	\$2,000
Part D Benefit Tiers	Member Cost Share by Tier
Tier 1 - Generic	10%, \$25 max
Tier 2 - Preferred Brand	30%, \$47 max
Preferred Insulin Brands	5%, \$10 max (not subject to deductible)
Tier 3 - Non-Preferred Brand	50%
Tier 4 - Specialty	50%, \$100 max

*Not inclusive of entire benefit package
** Kaiser NW IP Mental Health - 190 day lifetime maximum

^Vision hardware benefit every two years
^^Hardware benefit every three years

^^^Current Medicare offerings provide Creditable Drug Coverage. Eligible drugs are covered by the plan, not under Medicare Part D.

***Percentages represent member coinsurance

TAB 8

The logo for the Washington State Health Care Authority features the text "Washington State Health Care Authority" in blue. The word "Authority" is in a larger, stylized font with a green swoosh above it. The logo is set against a background of blue and green wavy lines at the top of the slide.

Washington State
Health Care Authority

The logo for the Public Employees Benefits Board consists of a blue banner with white text. The banner is framed by green wavy lines above and below it.

PUBLIC EMPLOYEES BENEFITS BOARD

2021 PEBB Medicare Rates

Tanya Deuel
ERB Finance Manager
Financial Services Division
June 17, 2020

Sara Whitley
Fiscal Information & Data Analyst
Financial Services Division

Medicare Portfolio Review

Plan	2020 Enrollment*
Kaiser NW Senior Advantage	2,508
Kaiser WA Original Medicare and Medicare Advantage	24,539
UMP Classic Medicare	54,558
Premera Medicare Supplement Plan F	16,654
Premera Medicare Supplement Plan G	1,271
Total enrolled (Retirees + dependents)	99,530

New for 2021

UnitedHealthcare (MA-PD)**
PEBB Complete

UnitedHealthcare (MA-PD)
PEBB Balance

*Enrollment (members) as of May 2020

**Medicare Advantage plus Prescription Drug coverage (Part D)

Follow up from May 28 Medicare Split Accounts

	Estimated count of Medicare subscribers with non-Medicare dependents
Kaiser NW Senior Advantage	38
Kaiser WA Medicare Advantage & Original Medicare	475
UMP Classic Medicare	1,208
Premera Supplement Plan F	16
Premera Supplement Plan G	47

Medicare Retiree Rates

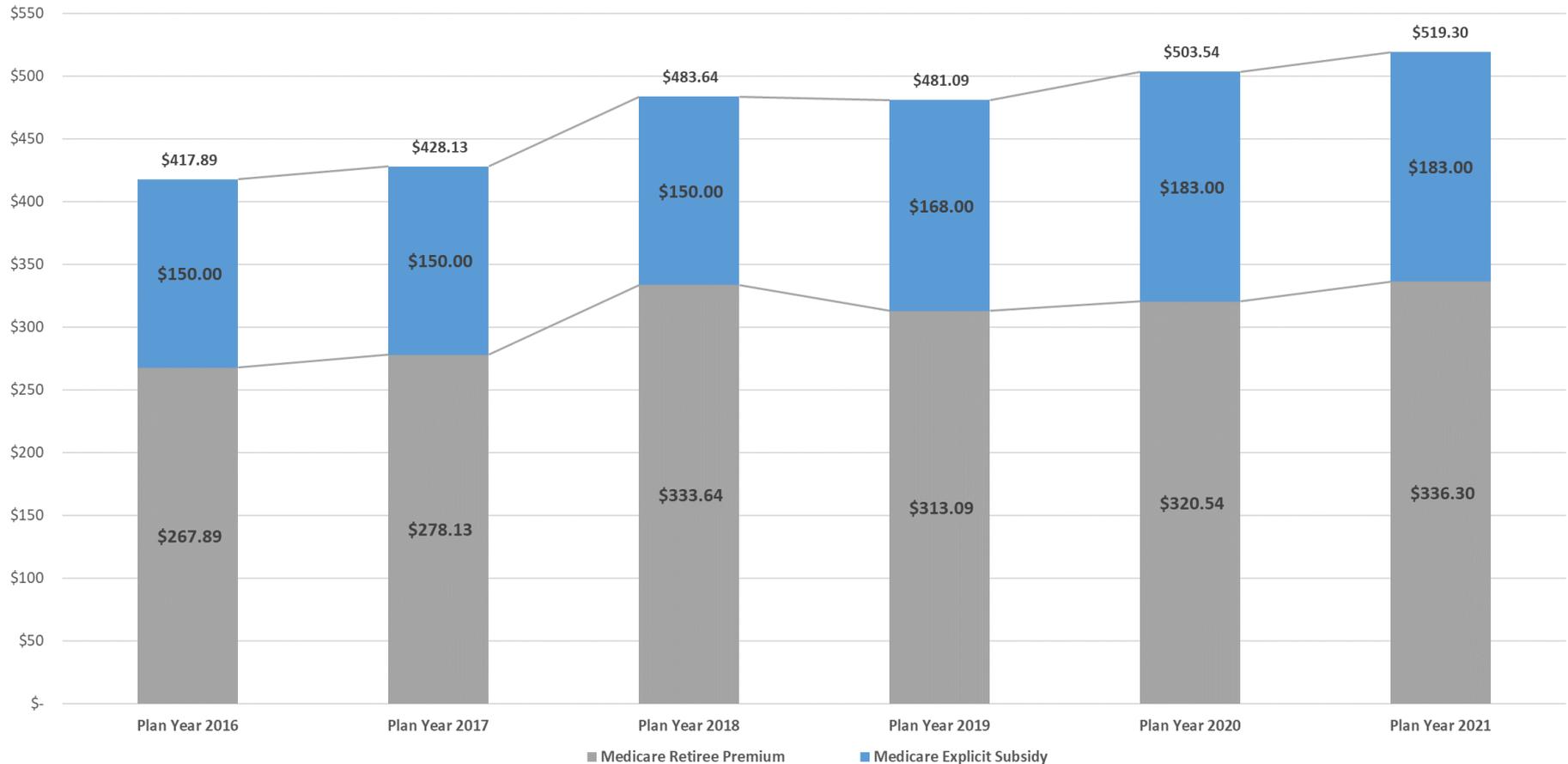
	Single Subscriber Premium (after Explicit Subsidy)	Medicare Explicit Subsidy	Composite
Kaiser NW Senior Advantage	\$174.41	\$168.85	\$343.26
Kaiser WA Medicare Advantage & Classic	\$177.10	\$171.54	\$348.64
UMP Classic Medicare	\$336.30	\$183.00	\$519.30
UnitedHealthcare (MA-PD) PEBB Complete	\$156.81	\$151.24	\$308.05
UnitedHealthcare (MA-PD) PEBB Balance	\$132.93	\$127.36	\$260.29
Premera Medicare Supplement Plan F Retired	\$116.68	\$111.12	\$227.80
Premera Medicare Supplement Plan F Disabled	\$200.34	\$183.00	\$383.34
Premera Medicare Supplement Plan G Retired	\$99.92	\$94.35	\$194.27
Premera Medicare Supplement Plan G Disabled	\$165.96	\$160.40	\$326.36

Note: Plan year 2021 Medicare Explicit Subsidy is set at \$183 or 50% of premium, whichever is less.

Medicare Retiree Premiums

	Single Subscriber Premium (after Explicit Subsidy)		2020 to 2021 Change in Subscriber Premium	
	2020	2021	%	\$
Kaiser NW Senior Advantage	\$173.91	\$174.41	0.3%	\$0.50
Kaiser WA Medicare Advantage & Classic	\$174.55	\$177.10	1.5%	\$2.55
UMP Classic Medicare	\$320.54	\$336.30	4.9%	\$15.76
UnitedHealthcare (MA-PD) PEBB Complete	NA	\$156.81	NA	NA
UnitedHealthcare (MA-PD) PEBB Balance	NA	\$132.93	NA	NA
Premera Medicare Supplement Plan F Retired	\$112.84	\$116.68	3.4%	\$3.84
Premera Medicare Supplement Plan F Disabled	\$188.47	\$200.34	6.3%	\$11.87
Premera Medicare Supplement Plan G Retired	\$97.56	\$99.92	2.4%	\$2.36
Premera Medicare Supplement Plan G Disabled	\$162.31	\$165.96	2.2%	\$3.65

Impact of Medicare Explicit Subsidy UMP Classic Medicare



Proposed Resolutions

Proposed Resolution PEBB 2020-08 Medicare Premium

The PEB Board endorses the calendar year 2021 monthly Medicare Explicit Subsidy of \$183 or 50% of premium, whichever is less.

Proposed Resolution PEBB 2020-09 Medicare Premium

The PEB Board endorses the Kaiser Foundation Health Plan of the Northwest Medicare plan premiums.

Proposed Resolution PEBB 2020-10 Medicare Premium

The PEB Board endorses the Kaiser Foundation Health Plan of Washington Medicare plan premiums.

Proposed Resolution PEBB 2020-11 Medicare Premium

The PEB Board endorses the Uniform Medical Plan (UMP) Medicare plan premiums.

Proposed Resolution PEBB 2020-12 Medicare Premium

The PEB Board authorizes the UnitedHealthcare Medicare Advantage plus Prescription Drug (MA-PD) plan premiums as presented at the June 17, 2020 Board Meeting.

Proposed Resolution PEBB 2020-13 Medicare Premium

The PEB Board endorses the Premiera Medicare Supplement plan premiums.

Next Steps

We will ask the Board to take action on these Medicare plan premium resolutions at the July 15, 2020 Board Meeting.

Questions?

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TAB 9



2020 Annual Rule Making

Rob Parkman, Policy and Rules Coordinator
Policy, Rules, and Compliance Section
Employees and Retirees Benefits Division
June 17, 2020

Rule Making Timeline

- | | |
|--------------|--|
| June 2020 | File proposed amendments (CR-102) and distribute new rules for public comments |
| July 2020 | Conduct public hearing and adopt final rules (CR-103) |
| January 2021 | Adopted rules will be effective January 1, 2021 |

Focus of Rule Making

- Administration and benefits management
- Regulatory alignment
- Amendments within HCA Authority
- Implement PEB Board resolutions

Administration and Benefits Management

- Added additional details about what happens if my health plan becomes unavailable due to a change in contracted service area or eligibility for medicare to assist with the administration of this process
- Amend PEBB Program rules to clean up inconsistencies in the use of terms like health plan, PEBB benefits, and PEBB insurance coverage

Administration and Benefits Management (*cont.*)

- Amended the rule on “What options for continuation coverage are available to employees during their appeal of a dismissal?” by adding a court to the entities an employee can be awaiting the hearing outcome of a dismissal action

Regulatory Alignment

- Clarifying that a special open enrollment event (SOE) doesn't include an employee who is regaining eligibility for PEBB benefits as described in WAC 182-08-198
- Amended the PEBB Program rules to allow board members of school districts and educational service districts to contracting with HCA to get PEBB benefits

Amendments within HCA Authority

- Clarifying that if the SOE is due to the enrollment of an extended dependent or a dependent with a disability, the change in health plan coverage will begin the first day of the month following the later of the event date or eligibility certification
- Global change from “entitled to” to “enrolls in” coverage under medicare (multiple SOE life events)

Amendments within HCA Authority (*cont.*)

- Clarified that an employee eligible for PEBB benefits must have no less than ten calendar days after the date of notice to elect coverage
- Amended the Family and Medical Leave Act (FMLA) rule **to remove** the provision that if an employee's monthly premium or applicable premium surcharges remain unpaid for sixty days, the insurance coverage will be terminated retroactive to the last day of the month for which the monthly premium and applicable premium surcharges were paid

Amendments within HCA Authority (*cont.*)

- Clarified the next steps in the appeals process when a state agency fails to render a written decision within thirty days of receiving an appeal
- Amended the eligibility rule to include hours worked while there is a “governor declared emergency” when determining eligibility

Implement PEB Board Resolutions

- Resolution related to MA-PD split accounts
- Resolution related to default enrollment for newly eligible employees who fail to make an election.

Close out State Employee Benefits Board grandfathered eligibility

- Removing eligibility for dependent parents that were grandfathered as of July 1, 1990

Questions?

Rob Parkman, Policy and Rules Coordinator
Policy, Rules, and Compliance Section
Employees and Retirees Benefits Division

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