

Public Employees Benefits Board
Meeting Minutes

July 21, 2021
Health Care Authority
Sue Crystal Rooms A & B
Olympia, Washington
1:00 p.m. – 3:15 p.m.

The Briefing Book with the complete presentations can be found at:
<https://www.hca.wa.gov/about-hca/public-employees-benefits-board-pebb-program/meetings-and-materials>

Members Present via Zoom

Lou McDermott, Chair Pro Tem
John Comerford
Harry Bossi
Elyette Weinstein
Scott Nicholson
Tom MacRobert
Leanne Kunze
Yvonne Tate

PEB Board Counsel

Michael Tunick

Call to Order

Lou McDermott, HCA Deputy Director, Chaired the meeting in Sue Birch's absence. Lou called the meeting to order at 1:04 p.m. Sufficient members were present to allow a quorum. Board introductions followed. Due to COVID-19 and the Governor's Proclamation 20-28, today's meeting was via Zoom only.

Meeting Overview

Dave Iseminger, Director, Employees and Retirees Benefits (ERB) Division, provided an overview of the agenda.

Today we highlight Franklin, Adams, and Whitman Counties on our tour around Washington. The presenters' Zoom background is an image of Palouse Falls.

About 10% of the population of Franklin County, 10% of Adams County, and about 7% of Whitman County are covered by the PEBB and SEBB Programs. For Medicaid, it's about 16% of Whitman County, 37% of Franklin County, and almost 50% of Adams County. Between the PEBB Program, the SEBB Program, and Medicaid together, the

Health Care Authority covers a third of the residents of Whitman County, about 47% of the residents of Franklin County, and 60% of the residents of Adams County.

Looking at the metrics for unemployment, uninsured, and poverty rates, in comparing each county to statewide averages, almost universally all of the metrics are higher in these three counties compared to the statewide average. For unemployment, Franklin County is slightly higher than the statewide average, Whitman County is at 9%, compared to 5.3%, and Adams County is in the middle, about 1% more than the statewide average. What is starker is the uninsured rate. The statewide average is 6.8%. Whitman County has a lower uninsured rate at 4.4%, but Franklin and Adams County have between two and three times the statewide average of uninsured individuals, about 15% of Franklin County uninsured and almost 20% of Adams County uninsured.

From the poverty metric, the statewide average is 15%, Franklin County has a 20% poverty rate, and Adams and Whitman County each slightly over 30%. We see a lot of variance and higher unemployment, uninsured, poverty rates.

As one might naturally expect, some of the more rural regions have slightly lower access to primary care. But despite that, the region basically has the same statewide average of actually seeing a primary care provider (PCP) by that lower access. That is what our data shows. Franklin County has significantly lower hospital bed availability compared to most parts of the state with 0.3 beds per 1,000 residents compared to the statewide average of 2.3 beds per 1,000 individuals.

In the three-County area, they all have lower rates of cancer diagnosis but higher rates of cardiac diagnoses. In this area, we are always trying to push for value-based payment reforms and arrangements with various entities throughout the state. We have robust discussions with different parts of this region, but the infrastructure isn't quite there yet.

It's interesting to note that as might be expected in rural areas, there is a significant referral pattern of complex cases to multiple areas, both Seattle and Spokane in the state, as well as Oregon. When we get to southeast Washington, there is a referral pattern into Oregon as well as into Idaho. There is a lot of regional relationships for this three-county region.

We are at the end of Board season, and we obviously didn't hit all parts of the state. A suggestion from some stakeholders was, at the beginning of next Board season, do a visual of a couple of metrics for all 39 counties and some nice visuals to wrap up with a full statewide comparison. You will see that at the start of next Board season, materials that ties us together and covers the other parts of the states not covered.

I want to acknowledge our meeting is being supported physically here in Olympia on the traditional territories of the Coast Salish people. This area was the primary portage way to and from the Puget Sound, and these lands were shared by several tribes, including those we know today as the Squaxin Island Tribe and the Nisqually Tribe. The HCA honors and thank their ancestors and leaders who have been stewards of these lands and waters since time immemorial.

Follow Up from July 14, 2021 Meeting

Dave Iseminger, Director, ERB Division. Elyette raised a question regarding information she received about treatment limitations related to massage therapy and a hard limit to each diagnosis code. I believe the specific concern was information that somebody who had a specific diagnosis code was capped at three visits related to that diagnosis code and they would need to have a different diagnosis code to get additional visits under the limit. I'm happy to report back that while that type of dynamic exists in some parts of the commercial insurance world, including some of the other contracts and products Regence administers, however, that is not a feature of the Uniform Medical Plan. There is no such cap related to diagnosis codes. That's why it is so important to understand Regence's role as the TPA of the Uniform Medical Plan, and a distinction they serve various clients, and everybody can have slightly different coverage.

Sue asked for a follow-up on some of the PEB Board correspondence that was received and provided to Board members related to vision benefits. In both of those instances, inaccurate information was provided to the members in different product lines. That information and the claims have been re-adjudicated. They have outreached to the members and customer service training has been provided in each instance. In particular, the one involving the Uniform Medical Plan was a misunderstanding about the age of the individual accessing vision benefits. There are different levels of coverage for pediatric services and the information on the claims adjudication centered on adult coverage instead of pediatric coverage. HCA strives to have our vendors provide the correct answer the first time, and in both of these separate instances, it was inaccurate information, but there have been attempts to both communicate with the members and staff at both of those entities to get the information and training corrected within their Customer Service Call Centers.

2022 Premium Resolutions – Non-Medicare

Tanya Deuel, ERB Finance Manager, brought the 2022 premiums for both employees and non-Medicare retirees to the Board for action. The resolutions are per carrier. Passing the resolutions will adopt each of the plan's premiums under that carrier as well as the plan design

Lou McDermott: Vote – Premium Resolution PEBB 2021-26 – KPNW Non-Medicare Premium

Resolved that, the PEB Board endorses the Kaiser Foundation Health Plan of the Northwest employee and non-Medicare retiree premiums.

Tom MacRobert moved, and Elyette Weinstein seconded a motion to adopt.

Voting to Approve: 7

Voting No: 0

Lou McDermott: Premium Resolution PEBB 2021-26 passes.

Lou McDermott: Vote – Premium Resolution PEBB 2021-27 – KPWA Non-Medicare Premium

Resolved that, the PEB Board endorses the Kaiser Foundation Health Plan of Washington employee and non-Medicare retiree premiums.

Scott Nicholson moved, and Tom MacRobert seconded a motion to adopt.

Voting to Approve: 7

Voting No: 0

Lou McDermott: Premium Resolution PEBB 2021-27 passes.

Lou McDermott: Vote – Premium Resolution PEBB 2021-28 – UMP Non-Medicare Premium

Resolved that, the PEB Board endorses the Uniform Medical Plan (UMP) employee and non-Medicare retiree premiums.

Yvonne Tate moved, and Elyette Weinstein seconded a motion to adopt.

Voting to Approve: 7

Voting No: 0

Lou McDermott: Premium Resolution PEBB 2021-28 passes.

Northwest Prescription Drug Consortium Update

Luke Dearden, Clinical Pharmacist, Clinical Quality and Care Transformation Division. Today's discussion is an update to the Northwest Prescription Drug Consortium and how it will affect UMP's Pharmacy Program, and more specifically, member experience.

Slide 2 – Background

Slide 3 – Consortium Participating Programs

Slide 4 – Overview of Moda's Structure. Moda is ultimately responsible for all functions carried out by UMP's prescription benefit and administers most aspects of UMP's prescription drug benefit in-house. Moda subcontracts with another pharmacy benefit manager (PBM) to carry out behind-the-scenes functions.

Slide 5 – What is Changing? Moda's PBM subcontractor is changing from MedImpact to Navitus. We are optimistic, in addition to their regular services, they will provide enhanced rebate opportunities. An additional note, UMP will obtain access to a real-time enhanced recording feature, which will help us gain better visibility into UMP's prescription drug utilization in a timelier manner. All other functions listed on this slide will remain largely the same.

Slide 6 – How is Member Experience Affected? Nearly all major aspects of the benefit will not be affected. However, there will be a few changes for the member. Each member will receive a new identification card. The ID number itself will not change for the member, but the numbers the pharmacy uses to process claims will change. The member will need to bring this new ID card to the pharmacy upon their first fill in 2022.

David Iseminger: Reissuing ID cards is one of the main reasons we wanted to bring this presentation to the Board. We already need to send out new ID cards this fall, because under federal law, there are additional requirements that must be on insurance cards. We are able to dovetail this change along with the other required changes. I think the new federal changes will help with health literacy about insurance. Specifically, going forward in 2022, insurance cards will include the deductible and out-of-pocket maximum values. Those are three things members will see changed on their new cards.

Luke Dearden: In addition to ID cards, members will see a refreshed Member Dashboard. A couple of disruption analyses will be performed to fully assess member impact; however, we are optimistic that Navitus will actually provide greater access for our members in terms of network pharmacies. Bottom line is members should experience minimal disruption.

Slide 7 – Communications

Slide 8 – Benefits of Navitus. They offer a 100% pass-through business model, which is really important for the consortium and also for UMP. Any discounts or rebates received on drug products will be passed through at 100% to the Plan. Navitus has the underlying framework for numerous clinical programs. One includes a pharmacogenomics program, which would involve optimizing drug therapy based on an individual's genome. Instead of cycling through numerous different medications to find the one that may work the best, this assists with that. Medication adherence: this program is designed to improve and reduce barriers associated with poor medication adherence, especially in the setting of chronic disease states. Medication Therapy Management usually involves comprehensive review of a member's medication profile by a pharmacist with the goal to optimize their medication regimen. It is a proven strategy to both improve health and the member's quality of life as it relates to medications.

Elyette Weinstein: Will this, and if so, how will this new program affect mail-order pharmacies?

Luke Dearden: This will not affect mail-order pharmacy.

David Iseminger: Elyette, just to add onto that, I wanted to assure people we checked into this anticipating that type of question. The mail-order pharmacy, the main facility that the prescriptions are mailed from is in the Northwest, in Portland, Oregon. It is not Washington State, but it is just over the river.

Tom MacRobert: I'm wondering about small town pharmacies. A lot of times that pharmacy is the only one in a small town. Are there situations where that a small-town pharmacy, if it is not one of the national names, gets dropped from the list? People who

live in that area have to now travel quite a way to get their prescriptions filled. I will give you an example. Metaline Falls, and that pharmacy is a local drug combination store, and they now have to travel to Colville to get their prescriptions filled. Are those kinds of scenarios a possibility with this new company?

Luke Dearden: Some pharmacies may be added or removed from the pharmacy network. We do not have a lot of information on what will be removed or what will be added at this time, but that information will certainly be available prior to open enrollment.

David Iseminger: Mail-order options will supplement as well. Tom, there is a lot of movement towards mail-order pharmacy throughout the industry. I know that will be controversial for some parts of our population as well as different parts of the geography of our state, but it is a strong trend in the industry. There is a lot of activity headed towards mail-order pharmacies, in general, as a significant part of business lines for carriers and health systems.

Tom MacRobert: I just wanted to reaffirm the commitment that we talked about at our Board Retreat, which was health equity access. It seems like we need to try and strive, if we are really truly committed, so people don't lose the kind of access they had and have to go through more encumbrances to get the services they need. I am really interested to hear if rural places in the state of Washington have lost their pharmacies because of this changeover.

David Iseminger: As we get more of the analysis, we can bring information back to the Board next season about some of the ultimate impacts.

Tom MacRobert: Okay, thank you.

Elyette Weinstein: I'm not trying to undercut what Tom is saying at all. I will say that during the pandemic the access to online ordering, mail-order pharmacies, helped. I'm just speaking for myself, but I didn't need to go out. I could merely order something online. I think I have made my point.

Long-Term Disability (LTD) Implementation Update

Kimberly Gazard, Contract Manager, ERB Division.

Slides 2 and 3 – Implementation Communication Strategy

Slides 4 and 5 – Implementation Key Messages in Communication

Slide 6 – LTD Elections in PEBB My Account. LTD elections do not currently exist in PEBB My Account. The IT team is currently programming PEBB My Account to include a dedicated section for LTD elections. It is important to note that the ability to make elections for LTD coverage effective January 1 in PEBB My Account will only be available during open enrollment. The best time for employees to reduce or decline coverage online will be during open enrollment.

Slide 7 – Next Board Season

John Comerford: Kimberly, is there an age limit on the voluntary LTD?

Kimberly Gazard: Can you elaborate? What do you mean by an age limit?

John Comerford: Some companies say if you are over 70 years old, you can't enroll, or you can only enroll for a limited time period. Do we have any restrictions on the age and enrollment?

Kimberly Gazard: No.

David Iseminger: I think the main criteria is being an active employee. Age is not an equation in that primary eligibility factor.

John Comerford: But the benefit period is. It is probably down to a year for anyone over age 70. I haven't looked at that closely. I will look at it, though. That would be something I would be curious about. I wonder how much you are going to be talking to them about the tax advantage of them paying for their LTD in terms of it not being taxable to them when they use it. That is a tremendous selling point in the private market.

Kimberly Gazard: I appreciate that feedback. We can certainly include that as a post-tax enhancement or benefit.

PEBB My Account Modernization Project

Jerry Britcher, Chief Information Officer, Enterprise Technology Services Division.
The PEBB Modernization Effort is a project currently underway.

Slide 2 – What is the “PEBB Modernization” Initiative? HCA currently has a very old system to support the PEBB Program and we want to modify the frontend to provide a web-based tool for employer benefit management.

Slide 3 – PAY1 – Back to the Future. This is an example of what we call the current green screen. This has been the interface to the PAY1 system and to PEBB for decades. It was a combination of this and paper. It is being replaced with a modern web screen.

Slide 4 – PEBB My Account Introduces Opportunity for Change

Slide 5 – Continuation Coverage / Retirees

Slide 6 – Many Operational Processes Remain Unchanged

Slide 7 – PEBB Modernization. This slide is not intended to be something you can necessarily read but it's to give you an idea of the new interface. It is a point-and-click type interface, much like any application you would access on the web now. You have tabs you can access for certain functions, and then underneath that is this detail screen where you can enter the information. Each of these fields has data validation checks to make sure that if you type something in wrong that cannot be accepted by the system, it

will not let you proceed until you correct that error. It's a more modern interface as opposed to that green screen.

Slide 8 – The Future of PAY1. Okay, the future of PAY1. PAY1 is our backend system we currently use not the frontend that we are building. PAY1 will remain in place as the accounting system record within HCA. It will continue to do that backend processing of the financial aspects of PEBB. PAY1 will no longer be used by employers for benefit management. We will be using the new PEBB My Account frontend to manage benefits change.

Slide 9 – Estimated Launch – February 2022

Slide 10 – Partnering on Employer Readiness

2022 PEB Board Meeting Schedule & Topics for January 2022 Board Retreat

Dave Iseminger, Director, ERB Division. The 2022 meeting schedule was provided.

At our last meeting there was a request to brainstorm ideas and topics for consideration and inclusion at the January Retreat.

Elyette Weinstein: The question I had is the President signed an Executive Order regarding transparency and drug price costs. Perhaps by the beginning of next year, there might be some indication of any effect this might have on the drug costs of our active and non-active employee plans. I was hoping we might get an update on that. And together with that, I would like an update on the implementation of our Drug Transparency Law in Washington State that is on the books. I know there was a report earlier this year to the public, but it would be good by next January to hear what this Board is doing to perhaps reduce drug prices and how that might affect plan costs.

John Comerford: Do we expect that we will be meeting via Zoom next year or in person? My concern is 9:00 coming from Seattle given the traffic in Tacoma is a big issue.

David Iseminger: I will answer that question as best I can. I don't know what the world will look like in January, but what I can say is eventually we will have a physical space. The underpinnings of the Open Public Meetings Act include the physical space requirement that has been suspended under current circumstances. But at some point, there will be "back to normal" Open Public Meetings Act rules. When that day comes, we are going to continue to offer Zoom as part of our meetings. That way both the public who want to attend in person can come in person, and who wants to attend to via Zoom or whatever platform we are using on that day, can attend remotely. The same will apply for Board members. If it is best for you to attend remotely, you will have that opportunity. And if you prefer to come in person, you will have that opportunity, too.

John Comerford: Thanks, so much. Appreciate it.

Harry Bossi: I had two thoughts. One, we have heard mentioned a few times or questions in the past regarding surveys. Typically, the answer is well, there is the CAP survey. So, my thought was, if there is some CAP survey data that could be available

could be helpful, then that might be a topic for discussion in January. The second thought I had was usually because of the timing, a brief summary of the open enrollment, and this time because of the potential disruption with the pharmacy benefit manager or the pharmacies, it might be a good idea to just touch on that and see how that was after the fact.

Tom MacRobert: I have a couple of requests centered around CAM. One is, and Dave, you and I have talked about this, although you need a referral for massage therapy, I'm wondering what we can do to minimize the amount of paperwork that has to be done to see a massage therapist, in particular. Sometimes, apparently, it is fairly significant. What can we do to make sure people have easy access to these therapies, which we are expanding from 16 and 12 to 24 each? That would be a topic worth discussing.

Secondly, I'm really curious about, for example, how does Regence decide if you are going to be a preferred provider? Have they expanded the number of preferred providers in each county as the population and the number of members have accelerated? I have done a little research on this topic, and I can assure you that some people that are providers are fairly frustrated by all kinds of issues. One is reimbursement. And that is actually a third topic, now that I think about it. For example, when we switch to 24, and we switched the payment from counting as part of our out-of-pocket expenses to a \$15 copay, is the reimbursement schedule for providers going to be changed by Regence? Those are the kind of questions I think we should have a discussion when we meet again in January.

David Iseminger: Thank you very much for that level of detail, Tom. Again, we will take that under advisement as we start to craft the retreat. You are all very helpful. Very helpful questions and topics, Elyette, Harry, Tom, and your question, John.

John Comerford: I don't know where this falls, but I remember Sue talked about being appointed to a committee that she would be involved in dovetailing with the work we are doing. What is the name of the committee that she is serving on and what will their role be as we move forward with our health care?

David Iseminger: John, you are referring to her service on the Health Care Cost Transparency Board. That is something we were looking at definitely having as part of the educational aspect of the retreat. That is another Board that a different part of the Health Care Authority supports. We were going to have some guest stars talk about that work, so that is definitely on our radar.

Elyette Weinstein: I know Senate Bill 5020, which is another drug transparency rule, will still be a bill in consideration during the legislative session. I'm wondering what HCA's position is on that bill. Why it's needed? I mean, this relates again to drug prices, and why? I'm not asking for secret memos here, but if we could at least understand the position and the relationship of that bill to the current law as HCA sees it, that might be extremely helpful as well and give us some insight as to what our role as PEBB members is and what HCA's role is.

Lou McDermott: There should be information online about the Health Care Cost Transparency Board if folks want to do some research. I know we have a task to bring back more on that.

Elyette Weinstein: Yes, I have looked at that.

Public Comment

Fred Yancey: I particularly enjoyed the modernization update. But my question is that I would like to ensure that efforts are made to educate retirees, many of whom are not computer-literate or computer-comfortable if you will. As you move to a paper-free environment, and I applaud that, I think it will be a challenge to many retirees who are not of the computer generation. I just want to make sure I know Benefit Administrators will be trained. But I would make sure that some sort of outreach of training will get addressed to retirees. Thank you for all your efforts this last year.

Next Meeting

January 26, 2022

9:00 a.m. – 4:00 p.m.

David Iseminger: Thanks, Fred. I don't normally respond to public comment. We are not moving towards paper-free. I will say we are moving towards less paper reliance. There will always be, at least in the current plans, the ability to continue to engage with paper. But yes, there will be retiree and employee engagement to train, for lack of a better word, how to use the system.

Yvonne Tate: I was just going to say I wanted to thank the staff for a good program this year. I thought things went really well and I thought the materials you prepared for us were very informative. I want to compliment you guys on a good job.

Scott Nicholson: I wanted to echo the comment that it has been a great session working with you all. Particularly, I was very impressed with the benefit eligibility navigation of those difficult complex dual employment kind of situations where there was eligibility on the PEBB and the SEBB side and walking through those areas. That was very complicated and thank you for spending the time walking us through that.

David Iseminger: I have been reflecting a lot about this Board season and it's been a long six months, but it has been an even longer 15 months for all of us in so many ways. I just wanted to take a moment to culminate and wrap up the Board season and a bit of camaraderie on the success of a variety of different projects and initiatives both the Board and HCA have undergone. There has been quite a lot of resilience, both by the Board and by the team here at HCA that is working on PEBB and SEBB, as well as the Benefits Administrators at school districts, state agencies, and higher education institutions. It is really quite incredible when you stop and reflect.

Some of the big-picture work that happened, alongside a once-in-a-generation, hopefully, pandemic, and the culmination of several large projects. We started off when Elyette mentioned her first meeting was an Emergency Board meeting to come up with some special eligibility rules to be able to support DOH and UW, in particular, in hiring staff back into the workforce in those critical positions as the pandemic was beginning,

as well as extending opportunities for COBRA, which then, we've now recently had COBRA subsidy work from the federal legislation.

There was advocacy for flexibility to the IRS related to FSA and DCAP of benefits. You've had Marty and Leanna in the past year talk about how members were able to access funds that were otherwise going to be forfeited in the hundreds of thousands of dollars that could have been lost, again during a time when every penny counts and by no fault of their own. Those individuals made elections not having any idea what was about to transpire in our world.

We have the eminent changes that Marty highlighted at last week's Board meeting about the redesign and change to the carryover rule for FSA and introducing a limited FSA. And I went back into our records. It is the first major change we've had on that benefit since we introduced it the grace period rule in 2008.

Speaking of unchanged benefits for decades, LTD crossed a major threshold earlier this Board season with the approval by both Boards into an opt-out design for this program. A major change since the benefit started in 1977. That benefit predates me! So very exciting to be able to turn a page in that chapter as we continue work on the basic employer-sponsored LTD benefit. It's an important pivot and change for that particular benefit design.

Our finance team has led us through two very complicated rate negotiation processes, where we are all trying to understand the unique circumstances of what was transpiring, especially last year as we were beginning that rate-setting process.

We knew by prior legislation we would be on a journey together with both Boards about dual enrollment. But none of us knew it was going to be as complicated as it was. I appreciate the comments a few minutes ago about the good job that staff did related to that particular work because it was extraordinarily complex.

The IT development, that project and modernization project Jerry was referring to earlier today, the bulk of that work has been done in a remote world, having that IT development happen alongside the pandemic.

In this program, we introduced two Medicare Advantage Part D plans to retirees, which has given additional nationwide options to retirees after several years of conversation.

We were also able to address some long-standing member requests. We lifted the two-year mandatory enrollment in dental. Now you can enroll for one year at a time as a retiree. We addressed a long-standing request from a variety of retirees creating that one-month deferral rule exception. If you happen to have a transition of coverage that doesn't dovetail perfectly with the start of PEBB retiree benefits, again, something we have been noticing in recent years as a challenge for people losing eligibility, despite what we believed was the spirit all along and getting Board support for that change.

Although we are not quite over the finish line on CAM therapies because the SEB Board has to approve their resolution tomorrow, hopefully, come tomorrow at this time we should be able to say we have also made progress on chiropractic, acupuncture, and the massage benefit limits.

All of this was both Boards having 14 meetings each. The SEB Board is likely to have acted on 35 resolutions in that 15-month period by the end of tomorrow, and the PEB Board acted on 44 resolutions. There is a whole lot of work from just the pieces that I highlighted, and it doesn't really capture it all. Those are the tips of the iceberg for the work that was done. There is a lot of work that goes into each of those and a lot of work that goes unnoticed or doesn't get the limelight in the way that all of those projects and teachers in these programs do. I want to thank the Board, thank everyone here at HCA, stakeholders, state agencies, higher education institutions, school districts, and all of their staff, our members, everyone who has been engaged in these two programs for all the patience, understanding, grief, compassion, and hard work during our really, truly difficult times over these last six months and 15 months.

I don't know what the world is going to look like and where we are going to be six months from now, because who knew where we were going to be six months ago. I just wanted to take a moment to reflect as we are wrapping up the Board season.

Lou McDermott: I do want to thank everybody for this season. It took a lot of resiliency to stay focused and to work on this stuff in the new environment with Zoom. It has been a tough go personally and professionally for a lot of people, but you guys got through the season, you got the rates in, and you got the benefit design changes done. Congratulations to you, staff, and the public who participates in these events. So, thank you all. Dave, I don't think it can be said better than your final statements. I will let you all go, and we will see you next year. I'm very glad I got to be here today with the team for the end of this season. You all have a good day, and good luck with everything.

Meeting adjourned at 2:22 p.m.