

Public Employees Benefits Board Meeting

June 20, 2018

Public Employees Benefits Board

June 20, 2018

1:30 p.m. – 4:00 p.m.

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 20, 2018
1:30 p.m. – 4:00 p.m.

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

Call-in Number: 1-888-407-5039

Participant PIN Code: 95587891

1:30 p.m.*	Welcome and Introductions		Sue Birch, Chair	
1:40 p.m.	Meeting Overview		David Iseminger, Director Employees and Retirees Benefits (ERB) Division	Information
1:45 p.m.	Follow-up Questions from Prior Meetings		David Iseminger, Director Employees and Retirees Benefits (ERB) Division	Information / Discussion
2:00 p.m.	UMP Value Formulary Follow-up and Policy Resolution	TAB 3	Ryan Pistoiresi, Assistant Chief Pharmacy Officer Clinical Quality and Care Transformation Division	Action
2:30 p.m.	Policy Development	TAB 4	Barb Scott, Manager Policy, Rules, and Compliance Section ERB Division	Information / Discussion
3:15 p.m.	Procurement Overview Questions and Answers	TAB 5	Beth Heston, Procurement Manager Portfolio Management and Monitoring Section ERB Division	Information / Discussion
3:30 p.m.	Long-Term Disability Insurance	TAB 6	Betsy Cottle, Procurement Manager School Employees Benefits Section ERB Division	Information / Discussion
3:45 p.m.	Public Comment			
4:00 p.m.	Adjourn			

***All Times Approximate**

The Public Employees Benefits Board will meet Wednesday, June 20, 2018, at the Washington State Health Care Authority, Sue Crystal Rooms A and B, 626 8th Avenue SE, Olympia, WA. The Board will consider all matters on the agenda plus any items that may normally come before them.

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

Direct e-mail to: board@hca.wa.gov. Materials posted at: <http://www.pebb.hca.wa.gov/board/> no later than close of business on June 18, 2018.

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
Greg Devereux, Executive Director Washington Federation of State Employees 1212 Jefferson Street, Suite 300 Olympia WA 98501 V 360-352-7603 greg@wfse.org	State Employees
Myra Johnson* 6234 South Wapato Lake Drive Tacoma WA 98408 V 253-583-5353 mljohnso@cloverpark.k12.wa.us	K-12 Employees
Carol Dotlich 8312 198 th Street E Spanaway WA 98387 V 253-846-6371 wfsecarol@comcast.net	State Retirees
Tom MacRobert 4527 Waldrick RD SE Olympia WA 98501 V 360-264-4450 zapmac@hotmail.com	K-12 Retirees

PEB Board Members

Name	Representing
Tim Barclay 9624 NE 182 nd CT, D Bothell WA 98011 V 206-819-5588 timbarclay51@gmail.com	Benefits Management/Cost Containment
Yvonne Tate 1407 169 th PL NE Bellevue WA 98008 V 425-417-4416 ytate@comcast.net	Benefits Management/Cost Containment
Vacant	Benefits Management/Cost Containment
Harry Bossi* 19619 23 rd DR SE Bothell WA 98012 V 360-689-9275 udubfan93@yahoo.com	Benefits Management/Cost Containment

Legal Counsel

Katy Hatfield, Assistant Attorney General
7141 Cleanwater Dr SW
PO Box 40124
Olympia WA 98504-0124
V 360-586-6561
KatyK1@atg.wa.gov

*non-voting members

4/18/18



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

2018 Public Employees Benefits Board Meeting Schedule

The PEB Board meetings will be held at the Health Care Authority, Sue Crystal Center, Rooms A & B, 626 8th Avenue SE, Olympia, WA 98501. The meetings begin at 1:30 p.m., unless otherwise noted below.

January 31, 2018 (Board Retreat) 9:00 a.m. – 4:00 p.m.

March 21, 2018

April 25, 2018

May 21, 2018

June 7, 2018

June 20, 2018

July 11, 2018

July 17, 2018

July 25, 2018

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

Updated 7/21/17

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: August 01, 2017

TIME: 1:51 PM

WSR 17-16-148

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



UMP Value Formulary Follow-up and Policy Resolution

Ryan Pistoiresi, PharmD, MS
Assistant Chief Pharmacy Officer
Clinical Quality and Care Transformation
June 20, 2018

Questions

- What is the current structure of the UMP formulary?

UMP formulary is currently structured with 5 different tiers for drug coverage:

- **Preventive Tier:** drugs required under the Affordable Care Act or recommended by the US Preventive Services Task Force
- **Value Tier:** specific high-value medications to treat certain chronic conditions
- **Tier 1:** primarily low-cost generic drugs
- **Tier 2:** preferred brand name drugs and high-cost generics
- **Tier 3:** non-preferred drugs

Questions

- What are some of the drugs in the proposed drug classes that would be impacted?
 - The value formulary would impact the androgens and insulins drug classes as follows:

Current UMP Formulary

Androgens (current UMP formulary)					
Drug	PV Tier	Value Tier	Tier 1	Tier 2	Tier 3
danazol			danazol		
oxandrolone			oxandrolone		<i>Oxandrin*</i>
methyl- testosterone				<i>Methitest*</i> <i>methyltestosterone*</i>	
testosterone			testosterone cypionate testosterone enanthate	testosterone gel testosterone gel pump testosterone topical solution	Androderm AndroGel AndroGel pump Aveed Axiron <i>Delatestryl*</i> Depo-testosterone First-testosterone Fortesta <i>Natesto*</i> <i>Striant*</i> Testim <i>Vogelxo*</i>

**italics* = no current UMP utilization

Under proposed resolution PEBB 2018-01, members with new diagnoses are directed to Tier 1 and Tier 2 options before Tier 3 coverage would be available.

Current UMP Formulary

Insulins (current UMP Formulary)

Drug	PV Tier	Value Tier	Tier 1	Tier 2	Tier 3
insulin aspart		Novolog		<i>Fiasp*</i>	
insulin aspart protamine/ aspart		Novolog 70/30			
insulin degludec					Tresiba
insulin detemir					Levemir
insulin glargine		Basaglar			Lantus Toujeo
insulin glulisine				Apidra	
insulin isophane		Novolin N		Humulin N	
insulin isophane/ regular		Novolin 70/30		Humulin 70/30	
insulin lispro				<i>Admelog*</i> Humalog	
insulin regular (injection)		Novolin R	Humulin R U-500	Humulin R	
Insulin regular (inhalation)					Afrezza

italics = no current UMP utilization

Under proposed resolution PEBB 2018-01, members with new diagnoses are directed to Tier 1 and Tier 2 options before Tier 3 coverage would be available.

Principles for Designing the Value Formulary

- Focus on drug classes with cost savings without reducing quality of care to members
- Make a difference to premium without sacrificing care
- Grandfather members who have used these medications for a long time or who are in refill-protected drug classes

Policy Resolution PEBB 2018 – 01

Value Formulary

Resolved, that beginning January 1, 2019, all UMP plans require the use of a value-based formulary with:

- a select mix of drugs within a drug class that are covered only when medically necessary and all preferred products have been ineffective or are not clinically appropriate, and
- multi-source brand drugs being covered only when medically necessary and clinically appropriate, and

Policy Resolution PEBB 2018 – 01

Value Formulary (*cont.*)

- members who have been taking a non-preferred drug will be grandfathered at the Tier 3 cost-share, unless they receive or have already received a cost-share exception, and
- the grandfathering for brand-name drugs ends when a generic alternative or an interchangeable biologic becomes available (the drug becomes a multi-source brand and is subject to medical necessity).

Questions?

Ryan Pistorresi, PharmD, MS
Assistant Chief Pharmacy Officer
Clinical Quality and Care Transformation
ryan.pistorresi@hca.wa.gov

TAB 4



Policy Development

Barb Scott, Manager
Policy, Rules, and Compliance Section
Employees and Retirees Benefits (ERB) Division
June 20, 2018

Introduction of Policy Resolutions

PEBB 2018-02 Enrollment Error Correction

PEBB 2018-03 Retiree Term Life Insurance
Eligibility

PEBB 2018-04 Retiree Insurance Coverage
Deferral – CHAMPVA

Proposed Policy PEBB 2018–02

Enrollment Error Correction

If an employing agency errs and enrolls an employee or their dependents in PEBB insurance coverage when they are not eligible and it is clear there was no fraud or intentional misrepresentation by the employee involved, premiums and any applicable premium surcharge paid by the employee will be refunded by the employing agency to the employee without rescinding the insurance coverage.

Proposed Policy PEBB 2018-03

Retiree Term Life Insurance Eligibility

A retiree who is no longer eligible to remain enrolled in a PEBB health plan may remain enrolled in retiree term life insurance coverage only.

Proposed Policy PEBB 2018-04

Retiree Insurance Coverage Deferral - CHAMPVA

Effective January 1, 2019, retirees and survivors may defer enrollment in a PEBB health plan if they are enrolled as a retiree or the dependent of a retiree in CHAMPVA.

A retiree or survivor who defers enrollment while enrolled as a retiree or dependent of a retiree in CHAMPVA will have a one-time opportunity to enroll in a PEBB health plan by submitting the required form and evidence of continuous enrollment within the HCA required enrollment timeframe.

Next Steps

We will ask the Board to take action on these policy proposals at the July 17 meeting.

Questions?

Barbara Scott, Manager
Policy, Rules, and Compliance Section
ERB Division

Barbara.Scott@HCA.WA.GOV

Tel: 360-725-0830

TAB 5



Procurement Overview Questions and Answers

Beth Heston
Procurement Manager
Employees and Retirees Benefits (ERB)
June 20, 2018

Kaiser Permanente of the Northwest

- Is the Durable Medical Equipment (DME) Continuous Ambulatory Delivery Device (CADD) the pump or the monitor?
 - It is the pump, not the monitor
- What is the UMP rate of coinsurance for DME?
 - In network is 15% and Out-of-Network is 40%.

Questions?

Beth Heston

Procurement Manager

Employees and Retirees Benefits Division

beth.heston@hca.wa.gov

Tel: 360-725-0865

TAB 6



Long-Term Disability Insurance

Betsy Cottle
Contract Manager
Employees and Retirees Benefits Division
June 20, 2018



What is Long-Term Disability Insurance?

- Long Term Disability (LTD) insurance is used to replace an employee's income when they become disabled and can no longer work in their usual job.
- LTD insurance replaces a portion of an employee's gross monthly income on a tax-free basis.

Current PEBB Program Benefit

- Administered by The Standard Insurance Company.
- Employer-paid basic LTD insurance replaces 60% of the first \$400 of monthly income.
- Employee-paid optional LTD insurance replaces 60% of the first \$6,000 of monthly income.
- LTD insurance is available only to employees. During their initial election, employees are able to elect optional LTD without answering any health questions.
- 31% of eligible subscribers are enrolled in optional LTD.

Benefit Comparison

Employer Paid – Basic

Insurance Type	Current Plan	Proposed Future Plan
Basic Long-Term Disability	Replaces up to 60% of the first \$400 of income per month	No Change

Employee Paid - Optional

Insurance Type	Current Plan	Proposed Future Plan
Optional Long- Term Disability	Replaces up to 60% of the first \$6,000 income per month	Replaces up to 60% of the first \$10,000 per month

Optional Long-Term Disability

- Opportunity for all eligible employees to purchase or increase their optional long-term disability insurance.
- The offer increases the maximum monthly benefit of the product to cover the first \$6,000 of monthly income to the first \$10,000 of monthly income. The increase in the maximum salary covered requires PEB Board approval.
- This offer is open to every eligible employee, even if they have previously been denied optional coverage.
- Premium rates will be guaranteed until 1/1/2021.

Proposed Schedule

- Board approves benefit design change July 2018
- Marketing campaign begins late Summer 2018
- Open enrollment in Winter 2019
- Plan effective Spring 2019

Questions?

Betsy Cottle, Contract Manager
Employees and Retirees Benefits Division

Elizabeth.Cottle@hca.wa.gov