

School Employees Benefits Board Meeting

REVISED

March 2, 2023

School Employees Benefits Board

March 2, 2023

9:00 a.m. – 12:00 p.m.

Attendance In-person or by Zoom

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

Table of Contents

Meeting Agenda	1-1
Member List.....	1-2
2023 Meeting Schedule	1-3
SEB Board By-Laws	2-1
January Retreat Follow Up	3-1
By-laws Amendment	4-1
Legislative Update	5-1
SEBB Program Financial Overview	6-1
Rules and Policy Development	7-1
Hearing Instrument Benefits Overview	8-1

TAB 1

School Employees Benefits Board
March 2, 2023
9:00 a.m. – 12:00 p.m.

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

TO JOIN ZOOM MEETING – SEE INFORMATION BELOW

9:00 a.m.*	Welcome and Introductions		Lou McDermott, Chair	
9:05 a.m.	Meeting Overview		Dave Iseminger, Director Employees & Retirees Benefits (ERB) Division	Information
9:10 a.m.	January Retreat Follow Up	TAB 3	David Iseminger, Director Employees & Retirees Benefits (ERB) Division	Information/ Discussion
9:15 a.m.	By-laws Amendment	TAB 4	David Iseminger, Director Employees & Retirees Benefits (ERB) Division	Action
9:20 a.m.	Legislative Update	TAB 5	Cade Walker, Section Manager Employees & Retirees Benefits (ERB) Division	Information/ Discussion
9:50 a.m.	SEBB Program Financial Overview	TAB 6	Tanya Deuel, ERB Finance Manager Molly Christie, Fiscal Analyst Financial Services Division (FSD)	Information/ Discussion
10:15 a.m.	Break			
10:20 a.m.	Rules and Policy Development	TAB 7	Stella Ng, Policy & Rules Coordinator Employees & Retirees Benefits (ERB) Division	Information/ Discussion
10:40 a.m.	Hearing Instrument Benefits Overview	TAB 8	Sara Whitley, Fiscal Analyst Financial Services Division (FSD)	Information/ Discussion
11:20 a.m.	General Public Comment			
11:55 a.m.	Closing		Lou McDermott, Chair	
12:00 p.m.	Adjourn		Lou McDermott, Chair	

*All Times Approximate

The School Employees Benefits Board will meet Thursday, March 2, 2023 at the Washington State Health Care Authority, Sue Crystal Rooms A & B, 626 8th Avenue SE, Olympia, WA. Attendance for this meeting can be in person or via Zoom. Masks are recommended.

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

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

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

Materials posted at: <https://www.hca.wa.gov/about-hca/school-employees-benefits-board-sebb-program/meetings-and-materials> by close of business on February 27, 2023.

Join Zoom Meeting

<https://us02web.zoom.us/j/86891711002?pwd=YXJySWNveIVUmJNR0Robk9SRGxtUT09>

Meeting ID: 868 9171 1002

Passcode: 717997

One tap mobile

+12532050468,,86891711002#,,,,*717997# US

+12532158782,,86891711002#,,,,*717997# US (Tacoma)

Dial by your location

+1 253 205 0468 US

+1 253 215 8782 US (Tacoma)

+1 669 900 6833 US (San Jose)

+1 719 359 4580 US

+1 346 248 7799 US (Houston)

+1 669 444 9171 US

+1 312 626 6799 US (Chicago)

+1 360 209 5623 US

+1 386 347 5053 US

+1 507 473 4847 US

+1 564 217 2000 US

+1 646 931 3860 US

+1 689 278 1000 US

+1 929 205 6099 US (New York)

+1 301 715 8592 US (Washington DC)

+1 305 224 1968 US

+1 309 205 3325 US

Meeting ID: 868 9171 1002

Passcode: 717997

Find your local number: <https://us02web.zoom.us/u/kdW497WXpZ>

SEB Board Members

Name	Representing
Lou McDermott, Deputy Director Health Care Authority 626 8 th Ave SE PO Box 42720 Olympia, WA 98504-2720 V 360-725-0891 louis.mcdermott@hca.wa.gov	Chair
Kerry Schaefer 1405 N 10 th ST Tacoma, WA 98403 C 253-227-3439 SEBBoard@hca.wa.gov	Employee Health Benefits Policy and Administration
Vacant SEBBoard@hca.wa.gov	Employee Health Benefits Policy and Administration
Dawna Hansen-Murray 15535 104 th PL SE Yelm, WA 98597 C 360-790-4961 SEBBoard@hca.wa.gov	Classified Employees
Myra Johnson Park Lodge Elementary School 6300 100 th ST SW Lakewood, WA 98499 V 253-583-5353 SEBBoard@hca.wa.gov	Certificated Employees

SEB Board Members

Name

Representing

Pamela Kruse
6440 Lake Saint Clair DR SE
Olympia, WA 98513
V 360-790-0995
SEBBoard@hca.wa.gov

Certificated Employees

Terri House
Shoreline School District
18560 1st AVE NE
Shoreline, WA 98155
V 206-393-3387
SEBBoard@hca.wa.gov

Classified Employees

Amy Griffin
Knox 111 Administrative Center
111 Bethel Street NE
Olympia, WA 98506
V 360-596-6187
SEBBoard@hca.wa.gov

Employee Health Benefits Policy
and Administration
(WASBO)

Alison Poulsen
12515 South Hangman Valley RD
Valleyford, WA 99036
C 509-499-0482
SEBBoard@hca.wa.gov

Employee Health Benefits Policy
and Administration

Legal Counsel

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

1/31/23



STATE OF WASHINGTON
HEALTH CARE AUTHORITY

626 8th Avenue SE • PO Box 45502 • Olympia, Washington 98504-5502

SEB BOARD MEETING SCHEDULE

2023 School Employees Benefits (SEB) Board Meeting Schedule

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

January 26, 2023 - 9:00 a.m. – 4:00 p.m.

March 2, 2023 - 9:00 a.m. – 1:30 p.m.

April 6, 2023 - 9:00 p.m. – 1:30 – p.m.

May 4, 2023 - 9:00 a.m. – 1:30 p.m.

June 1, 2023 - 9:00 a.m. – 1:30 p.m.

June 22, 2023 - 9:00 a.m. – 1:30 p.m.

July 6, 2023 - 9:00 a.m. – 12:00 p.m.

July 13, 2023 - 9:00 a.m. – 12:00 p.m.

July 20, 2023 - 9:00 a.m. – 12:00 p.m.

*Meeting times are tentative

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

7/6/22

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: July 12, 2022

TIME: 9:20 AM

WSR 22-15-023

TAB 2

SCHOOL EMPLOYEES BENEFITS BOARD BY-LAWS

ARTICLE I

The Board and Its Members

1. **Board Function**—The School Employees Benefits Board (hereinafter “the SEBB” or “Board”) is created pursuant to RCW 41.05.740 within the Health Care Authority; the SEBB’s function is to design and approve insurance benefit plans for school district, educational service district, and charter school employees, and to establish eligibility criteria for participation in insurance benefit plans.
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 41.05.740. A Board member whose term has expired but whose successor has not been appointed by the Governor may continue to serve until replaced.
4. **Board Composition**—The composition of the nine-member Board shall be in accordance with RCW 41.05.740. All nine members may participate in discussions, make and second motions, and vote on motions.
5. **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 Director or his or her designee shall serve as Chair of the Board and shall conduct meetings of the Board. The Chair shall have all powers and duties conferred by law and the Board’s By-laws. If the regular Chair cannot attend a regular or special meeting, the Health Care Authority Director may designate another person to serve as temporary Chair for that meeting. A temporary Chair designated for a single meeting has all of the rights and responsibilities of the regular Chair.
2. **Vice Chair of the Board**—In December 2017, and each January beginning in 2019, the Board shall select from among its members a Vice Chair. If the Vice Chair position becomes vacant for any reason, the Board shall select a new Vice Chair for the remainder of the year. The Vice Chair shall preside at any regular or special meeting of the Board in the absence of a regular or temporary Chair.

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 shall be conducted in accordance with the Open Public Meetings Act, Chapter 42.30 RCW, but the Board may enter into an executive session as permitted by the Open Public Meetings Act.
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 24 hours prior to the meeting date or as otherwise required by the Open Public Meetings Act. Agendas may be sent by electronic mail and shall also be posted on the HCA website. An audio recording (or other generally-accepted electronic recording) shall be made of each meeting. HCA staff will provide minutes summarizing each meeting from the audio recording. Summary minutes shall be provided to the Board for review and adoption at a subsequent Board meeting.
6. Attendance—Board members shall inform the Chair with as much notice as possible if unable to attend a scheduled Board meeting. Board staff preparing the minutes shall record the attendance of Board members in the minutes.

ARTICLE V
Meeting Procedures

1. Quorum—Five voting members of the Board shall constitute a quorum for the transaction of business. No final action may be taken in the absence of a quorum. The Chair may declare a meeting adjourned in the absence of a quorum necessary to transact business.
2. Order of Business—The order of business shall be determined by the agenda.
3. Teleconference Permitted—A Board member may attend a meeting in person or, by special arrangement and advance notice to the Chair, by telephone conference call or video conference when in-person attendance is impracticable.

4. Public Testimony—The Board actively seeks input from the public at large, from enrollees served by the SEBB 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 Board members present and eligible to vote, or in the case of a proposed amendment to the By-laws, a 2/3 majority of the Board .
6. Representing the Board’s Position on an Issue—No Board member may endorse or oppose an issue purporting to represent the Board or the opinion of the Board on 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 temporary Chair designated by the Health Care Authority Director from voting.
8. 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.
9. 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 Newly Revised. Board staff shall ensure a copy of *Robert’s Rules* is available at all Board meetings.
10. 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 VI
Amendments to the By-Laws and Rules of Construction

1. Two-thirds majority required to amend—The SEBB 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



January 26, 2023 Board Retreat Follow Up

David Iseminger
ERB Director
Employees and Retirees Benefits Division
March 2, 2023

Mail-Order Pharmacy Utilization

Question

Is there evidence of an increase in adverse outcomes from mail-order pharmacies (lost/late deliveries, etc.), which may have accounted for a decrease in mail-order utilization in 2022?

Answer

- Kaiser Permanente reports no evidence of increased adverse outcomes for mail-order pharmacy utilization – reporting >90% customer service satisfaction scores (KPNW) and over 97% of prescriptions delivered within 2 days (KPWA)
- Premera also reports consistent mail-order utilization
- UMP shows no evidence of increased adverse outcomes with mail-order utilization and Moda reports zero complaints related to mail order pharmacy use in 2022

Possible Reasons for Decreased Utilization in 2022 (UMP)

- 2022 data is incomplete (only through September)
- SEBB Program launched in 2020 during COVID; it is possible members are returning to retail pharmacies post-COVID
- UMP SEBB Program population appears to be mirroring the UMP PEBB Program population, possibly attributed to similarities in plan design

Lens Enhancement and Pediatric Vision Coverage

Vision Plans Lens Enhancements: Member Costs

Enhancement	Davis Vision	EyeMed Vision	MetLife Vision
Anti-reflective coating	\$35 to \$85	\$45 to \$85 (\$5)*	\$41 to \$85
Scratch-resistant	\$0	\$0 (\$5)*	\$17 to \$33
Polycarbonate	\$30	\$40	\$31 to \$35
Photochromic/transitions	\$65	\$75	\$47 to \$82
Polarized	\$75	80% of retail price	80% of retail price
Tinting	\$0	\$15	\$17 to \$44
UV treatment	\$12	\$15	\$0

* Amounts in parentheses indicate the highest amount the plan pays out-of-network.

Pediatric Vision Coverage

- Benefit for under 19, not subject to deductible and covers:
 - Eyeglasses – one pair of standard frames plus lenses (including high-index) covered at 100% of the allowed amount each year; **or**
 - Contact lenses – covered at 100% of allowed amount for a one-year supply in lieu of glasses each year

Pediatric Vision Coverage (*cont.*)

	Davis Vision	EyeMed Vision	MetLife Vision
Routine Eye Exam	\$0 (\$40)*	\$0 (\$90)*	\$0 (\$45)*
Frames	\$0 up to \$150, then 80% of balance (\$50)*; or \$0 at Visionworks or for any of the Davis Vision Frame Collection	\$0 up to \$150, then 80% of balance (\$75)*	\$0 up to \$150, then 80% of balance (\$70)*; or \$85 allowance at Costco, Walmart, or Sam's Club
Lenses	\$0 (single \$40; bifocal \$60; trifocal \$80; lenticular \$100)*	\$0 (single \$25; bifocal \$35; trifocal \$53; lenticular \$53)*	\$0 (single \$30; bifocal \$50; trifocal \$65; lenticular \$100)*
Progressive Lenses	\$50 to \$175	\$0 to \$175 (\$40)*	\$0 to \$175 (\$50)*

* Amounts in parentheses indicate the highest amount the plan pays out-of-network.

Pediatric Lens Enhancements

Enhancement	Davis Vision	EyeMed Vision	MetLife Vision
Anti-reflective coating (depends on level of coating)	\$35 to \$85	\$45 to \$85 (\$5)	\$41 to \$85
Scratch-resistant	\$0	\$0 (\$8)	\$0
Polycarbonate	\$0	\$0 (\$20)	\$0
Photochromic/transitions	\$0	\$75	\$47 to \$82
Polarized	\$75	\$0	\$0
Tinting	\$0	\$15	\$17 to \$44
UV treatment	\$0	\$15	\$0

* Amounts in parentheses indicate the highest amount the plan pays out-of-network.

Questions?

David Iseminger
ERB Director

Employees and Retirees Benefits Division

david.Iseminger@hca.wa.gov

TAB 4



SEB Board By-laws Amendment

David Iseminger, Director
Employees and Retirees Benefits Division
March 2, 2023

**SEB BOARD BY-LAWS
PROPOSED AMENDMENT TO
ARTICLE V
Meeting Procedures
4. Public Testimony**

4. Public Testimony—The Board actively seeks input from the public at large, from enrollees served by the SEBB Program, and from other interested parties. Time is reserved for public testimony at each regular meeting, generally at the end of the agenda. **Opportunity for public testimony at Board meetings shall also be made available immediately before the Board's vote on a resolution.** At the direction of the Chair, **opportunities for public testimony may also be made available at other times during Board meetings.** ~~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.

Questions?

David Iseminger, Director
Employees and Retirees Benefits Division
David.Iseminger@hca.wa.gov ca.wa.gov

TAB 5



Legislative Update

Cade Walker
Policy, Rules, and Compliance Section Manager
Employees and Retirees Benefits (ERB) Division
March 2, 2023

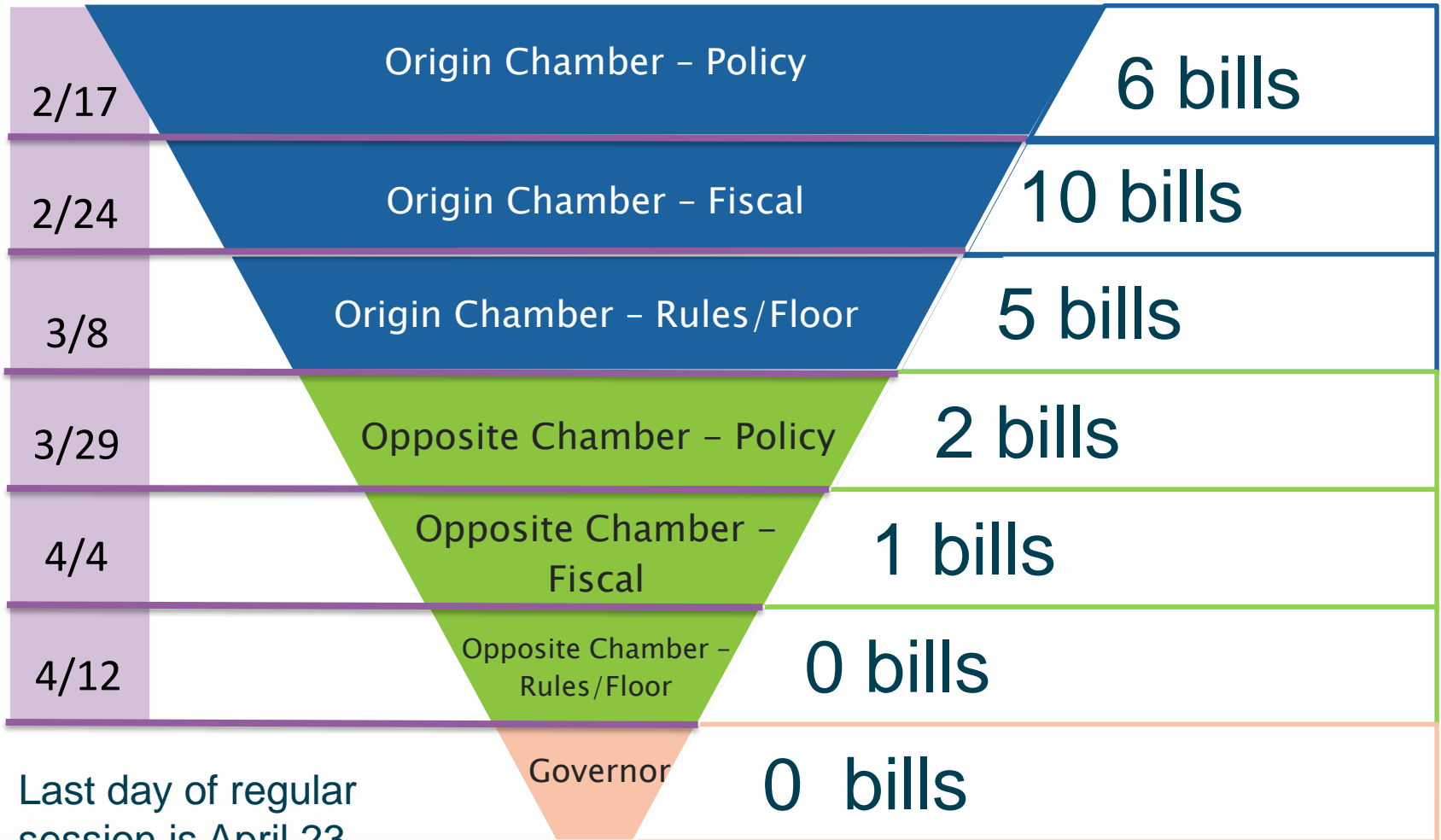
Number of 2023 Bills Analyzed by ERB Division

	ERB Lead	ERB Support	
High Priority	23	13	36
Low Priority	15	80	95
	38	93	131

Fiscal Notes	25	32	
---------------------	----	----	--

Completed as of 2/17/23

2023 Legislative Session – ERB High Lead Bills



Requested Legislation

- SB 5700: Primarily all statutory clean up and removing outdated sections or language
- SB 5421: Creates a public records act exemption for all enrollment information collected by the PEBB and SEBB Programs

Topical Areas of Introduced Legislation

SEBB

- SB 5275 SEBB Benefits Access
- ~~HB 1246 Health Benefits SEBB Eligibility~~

Retirees

- HB 1008/~~SB 5420~~ Plan 2 Members Insurance
- ~~SB 5169 Medicare Health Care Plans in PEBB~~
- SB 5490 PEBB Deferred Retiree Coverage
- HB 1804/SB 5696 PEBB Subdivision Retirees
- ~~SB 5625 Public Employee Retirees Ombuds~~

Topical Areas of Introduced Legislation (*cont.*)

Medical Services Cost Sharing

- ~~HB 1115/SB 5242~~ Abortion Cost Sharing
- HB 1151/~~SB 5204~~ Fertility Services Coverage
- HB 1222 Hearing Instruments Coverage
- HB 1261 & SB 5396 Breast Exam Cost Sharing

Topical Areas of Introduced Legislation (*cont.*)

Pharmacy

- ~~HB 1253/SB 5213 Pharmacy Benefit Managers~~
- HB 1269 Rx Drug Affordability Board
- ~~HB 1465/SB 5445 Prescription Cost-Sharing~~
- SB 5729 Insulin Cost-Sharing Cap
- ~~HB 1725 Insulin Access Under 21~~

Topical Areas of Introduced Legislation (*cont.*)

Other

- New or Expanded Licensures: lactation consultants, medical assistants, anesthesiologist assistants, music therapists, physician assistants, optometry, naturopathic physicians.
- ~~HB 1495/SB 5373 ARNP & PA Reimbursement~~
- HB 1208/SB 5319 Pet Insurance Regulation
- HB 1357 Modernizing Prior Authorizations

Questions?

Cade Walker

Policy, Rules, and Compliance Section Manager

Employees and Retirees Benefits Division

cade.walker@hca.wa.gov

TAB 6



SEBB Program Financial Overview

Tanya Deuel, ERB Finance Manager
Molly Christie, Fiscal Information & Data Analyst
Financial Services Division
March 2, 2023

Annual Total Medical Cost

Average total annual **medical cost** for a Tier 4 family on **UMP Achieve 2*** is slightly **less than the national average** for a hypothetical family of 4**

Health care costs for SEBB Program members are **projected to increase in 2023** in line with historical (pre-COVID) trend

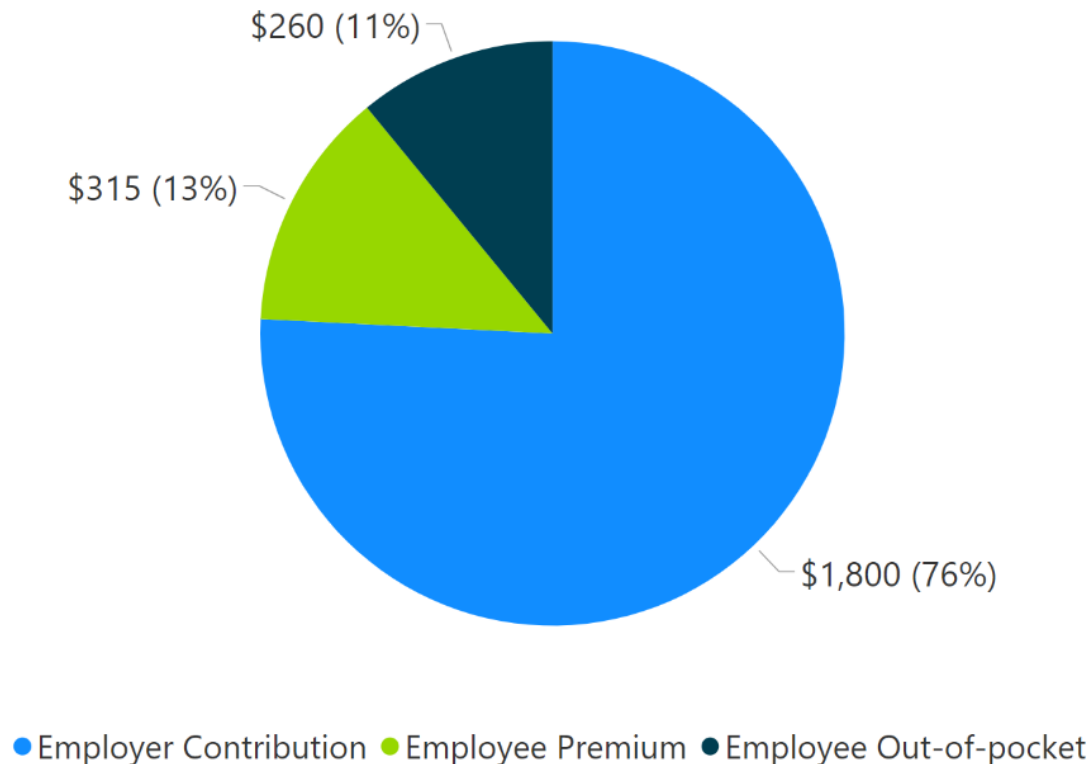


*Values are an approximation based on bid rates and the AV calculator for UMP Achieve 2, Tier 4 (subscriber, spouse, dependent[s])

**Based on the 2022 Milliman Medical Index

Monthly Medical Contribution Breakdown

Washington contributes significantly more toward total medical benefits (~76%) for a Tier 4 family enrolled in UMP Achieve 2 than an average family of 4 in the national benchmark employer-sponsored plan (~58%)

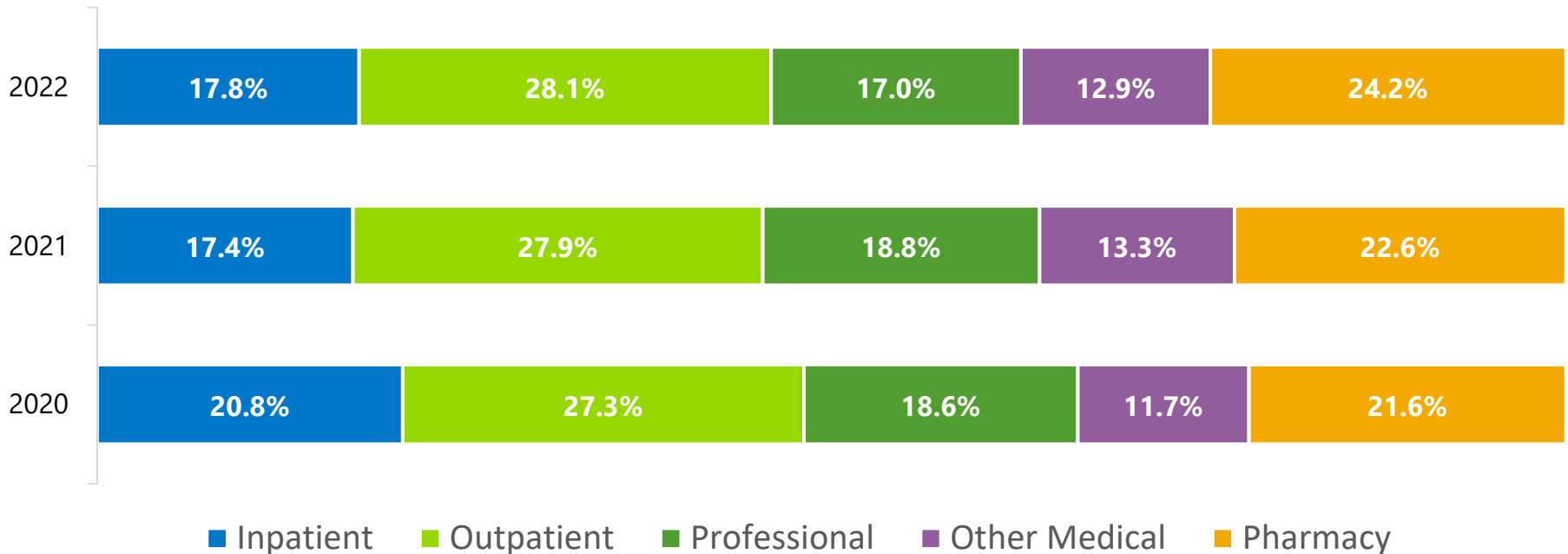


-Employee out-of-pocket includes coinsurance/copays and deductibles

-Values are an approximation based on 2023 bid rates and the AV calculator for UMP Achieve 2, Tier 4 (subscriber, spouse, dependent[s])

Medical Cost Drivers

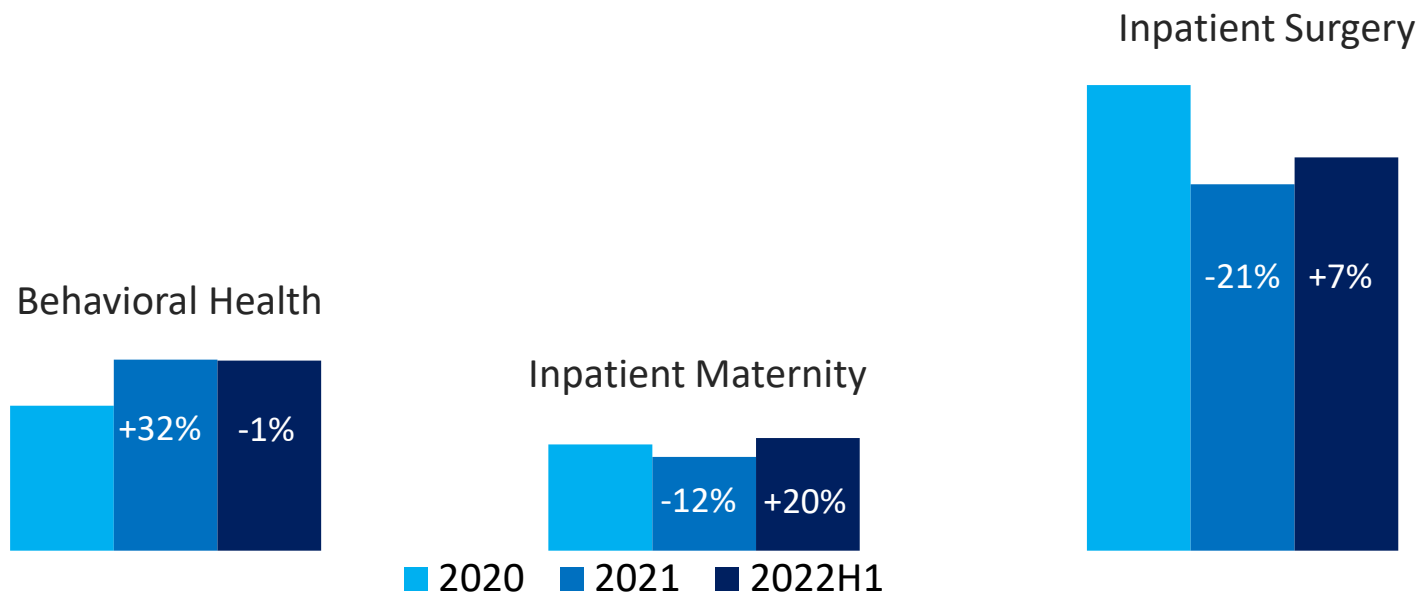
UMP Achieve 2
Mix of Major Service Categories by Year



Select Service Trends

SEBB Program UMP Achieve 2 - Select Service Trends

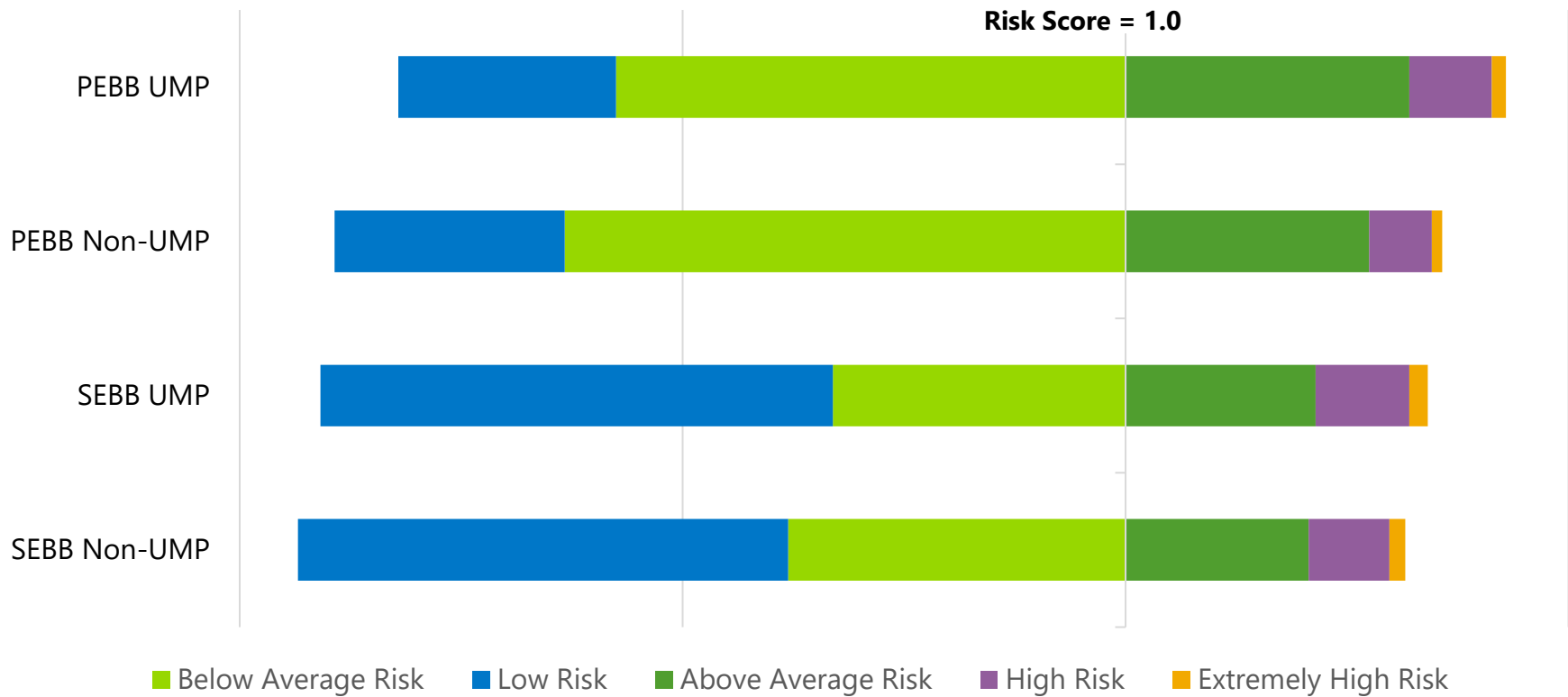
Relative Paid Per Member Per Month (PMPM)



*2022H1 represents claims incurred and paid through June 2022

Risk Profile

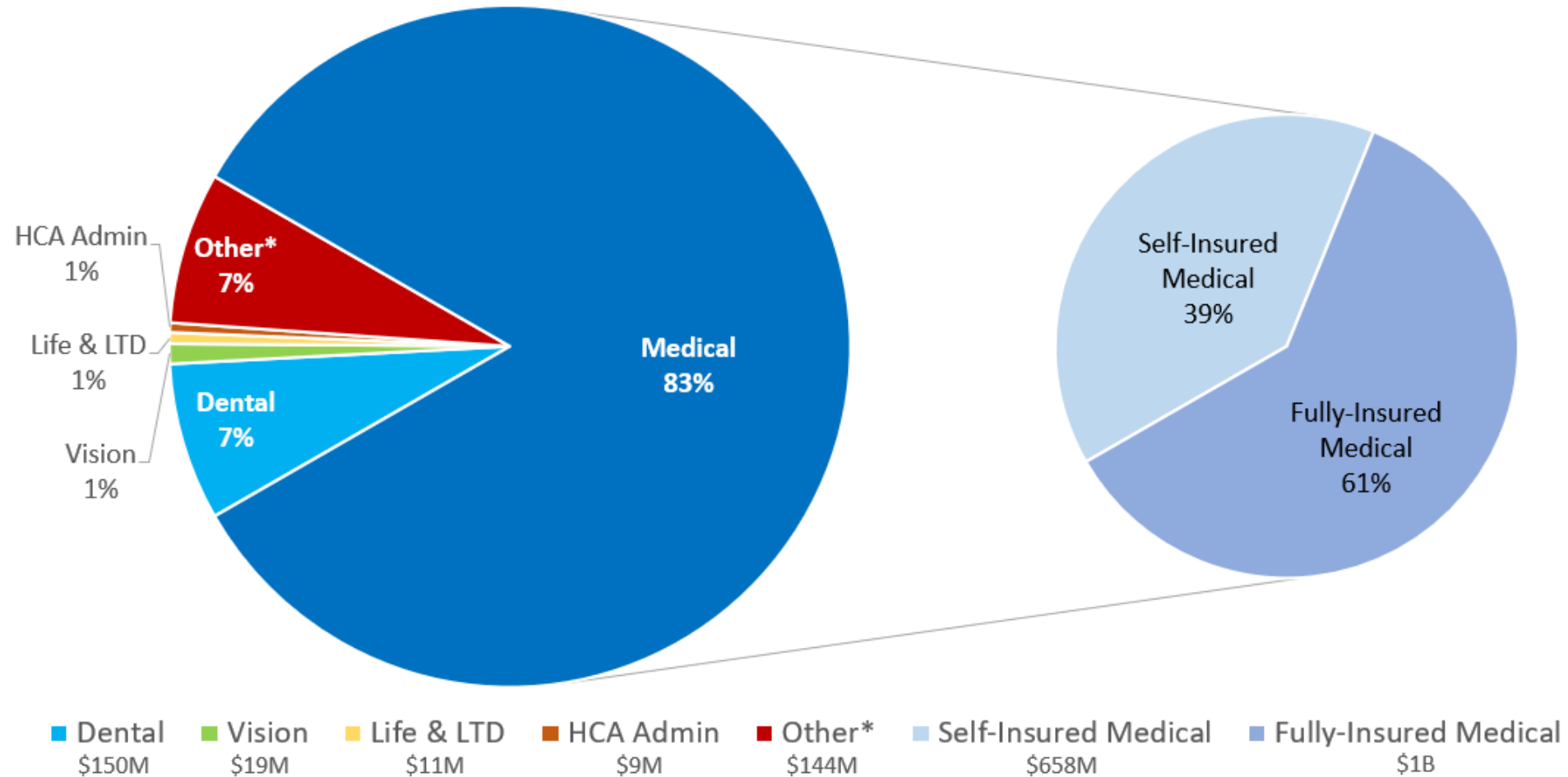
Risk Score Bands – PEBB Non-Medicare 2023 Procurement / SEBB 2021 Concurrent



Experience & Trend

- No predictable overall spending pattern/trend while the SEBB program continues to mature
 - Average net funding rate trend from 2021 and projected through 2025 is approximately 2.7%, which is low
 - 2021-2023 were favorable years – limited historical experience resulted in conservative estimates; projections for 2024-2025 are comparatively high but in line with expected pre-pandemic trend
- PEBB Program experience used as proxy in projections until reliable SEBB Program baseline experience is available – earliest 2024 (at least 3 “good” years)

Spending Breakdown FY23



*Other is primarily K12 Remittance

Current Financial Position

REVENUE	FY22	FY23	Biennial Total
K-12 Revenue	1,707,778,866	1,779,182,555	3,486,961,421
K-12 Employee Contribution	183,138,273	189,883,673	373,021,946
Surcharge Revenue	3,504,175	3,529,325	7,033,500
Other Self Pay Premiums (COBRA, LWOP)	11,068,224	15,813,235	26,881,459
Investment Income	610,777	581,641	1,192,418
TOTAL REVENUE	\$1,906,100,314	\$1,988,990,430	\$3,895,090,744
EXPENDITURES			
Fully-Insured Medical Premiums	932,582,741	1,010,717,791	1,943,300,531
Self-Insured Medical Claims, HSA Contribution & TPA	667,282,341	657,814,744	1,325,097,084
Fully-Insured Dental Premiums	32,600,188	33,110,453	65,710,641
Self-Insured Dental Claims & TPA	111,760,361	116,547,534	228,307,895
Vision Premiums	19,214,978	18,954,283	38,169,261
Basic Life	6,963,529	6,930,767	13,894,296
Basic LTD Premiums	3,699,150	3,676,756	7,375,906
Other Expenditures			
K-12 Remittance	152,758,704	138,728,391	291,487,095
HCA Agency Administration (excluding TPA)	9,253,056	9,094,381	18,347,438
Misc*	4,410,643	5,277,000	9,687,643
TOTAL EXPENDITURES	\$1,940,525,690	\$2,000,852,099	\$3,941,377,790
SURPLUS (DEFICIT) POSITION			
Beginning SEBB Fund Balance			\$152,954,236
Other Financial Activity			(11,149,608)
Premium Stabilization Reserve Adjustments			9,083,158
Excess/(Deficit) of Revenues over Expenditures			(46,287,046)
Ending Fiscal Year Fund Balance			\$104,600,740
Target Premium Stabilization Reserve			(52,399,169)
Ending Surplus (Deficit)			\$52,201,571

Notes (1) This exhibit reflects reported expenses and claims experience through September 2022.

* Misc examples include fees, open enrollment and litigation

Questions?

Tanya Deuel, ERB Finance Manger
Financial Services Division
tanya.deuel@hca.wa.gov

Molly Christie, Fiscal Information Data Analyst
Financial Services Division
molly.christie@hca.wa.gov

Appendix

SEBB Program Finance Terms

Employer medical contribution (EMC) - The amount of money that SEBB Organizations pay towards medical benefits for all SEBB Program-eligible employees, as agreed upon through collective bargaining; equal to 85% of the bid rate for Uniform Medical Plan Achieve 2

Incurred but not paid (IBNP) - An estimate of the amount of unpaid claim dollars for past claims that have not yet been paid by the insurer

Net funding rate - The projected cost of benefits exclusive of adjustments for any surplus/deficit position

Premium stabilization reserves (PSR) - Legislatively mandated funding reserve for self-insured medical and dental plans

TAB 7



Rules and Policy Development

Stella Ng, Policy and Rules Coordinator
Policy, Rules, and Compliance Section
Employees and Retirees Benefits Division
March 2, 2023

RCW 41.05.740 (6)(c) & (d)

(6) The school employees' benefits board shall [...]

(c) Authorize premium contributions for a school employee and the employee's dependents in a manner that encourages the use of cost-efficient health care systems. For participating school employees, the required school employee share of the cost for family coverage premiums may not exceed three times the premiums for a school employee purchasing single coverage for the same coverage plan;

(d) Determine the terms and conditions of school employee and dependent eligibility criteria, enrollment policies, and scope of coverage. At a minimum, the eligibility criteria established by the school employees' benefits board shall address the following:

(i) The effective date of coverage following hire;

(ii) The benefits eligibility criteria, but the school employees' benefits board's criteria shall be no more restrictive than requiring that a school employee be anticipated to work at least six hundred thirty hours per school year to be benefits eligible; and

(iii) Coverage for dependents, including criteria for legal spouses; children up to age twenty-six; children of any age with disabilities, mental illness, or intellectual or other developmental disabilities; and state registered domestic partners, as defined in [RCW 26.60.020](#), and others authorized by the legislature;

RCW 41.05.050 (4)(d)(i)

Beginning January 1, 2020, all school districts, represented employees of educational service districts, and charter schools shall commence participation in the school employees' benefits board program established under RCW [41.05.740](#). All school districts, represented employees of educational service districts, charter schools, and all school district employee groups participating in the public employees' benefits board plans before January 1, 2020, shall thereafter participate in the school employees' benefits board program administered by the authority. All school districts, represented employees of educational service districts, and charter schools shall provide contributions to the authority for insurance and health care plans for school employees and their dependents. These contributions must be provided to the authority for all eligible school employees eligible for benefits under RCW [41.05.740](#) (6)(d), including school employees who have waived their coverage; contributions to the authority are not required for individuals eligible for benefits under RCW [41.05.740](#) (6)(e) who waive their coverage.

Introduction of Proposed Resolution

SEBB 2023-01

SEBB continuation coverage eligibility for non-represented ESD school employees not eligible for benefits under the SEBB Program

SEBB 2023-02

SEBB continuation coverage for dependents not eligible under the SEBB Program

Introduction of Proposed Resolution (*cont.*)

SEBB 2023-03

SEBB continuation coverage for a non-represented school employee's dependent who is already on an ESD's continuation coverage

SEBB 2023-04

When a subscriber has a change in residence or employment location that affects medical plan availability

ESHB 2140 (2019)

Sec. 4 (6)(b) Effective January 1, 2020, "school employee" for the school employees' benefits board program includes:

- (i) All employees of school districts, educational service districts, and charter schools established under chapter 28A.710 RCW;
- (ii) Represented employees of educational service districts; and
- (iii) Effective January 1, 2024, all employees of educational service districts.

Sec. 5 (d)(ii) Beginning January 1, 2024, all educational service districts shall participate in the school employees' benefits board program.

Sec. 6 (6) The authority to make available basic and optional benefits to school employees under this section expires December 31, 2019, except for nonrepresented employees of educational service districts for which the authority expires December 31, 2023. Beginning January 1, 2020, school districts, for all school employees, and educational service districts, for represented employees, shall make available basic and optional benefits through plans offered by the health care authority and the school employees' benefits board. Beginning January 1, 2024, educational service districts, for nonrepresented employees, shall make available basic and optional benefits through plans offered by the health care authority and the school employees' benefits board.

Proposed Resolution SEBB 2023-01 SEBB continuation coverage eligibility for non-represented ESD school employees not eligible for benefits under the SEBB Program

A non-represented Educational Service District's school employee and their dependents who are enrolled in medical, dental, or vision under a group plan offered by a SEBB Organization on December 31, 2023, who lose eligibility because the school employee is not eligible under the SEBB Program, may elect to enroll in one or more of the following SEBB benefits: medical, dental, or vision coverage. These benefits will be provided for a maximum of 18 months on a self-pay basis.

Proposed Resolution SEBB 2023-02 SEBB continuation coverage for dependents not eligible under the SEBB Program

A dependent of a SEBB-eligible non-represented school employee of an Educational Service District who is enrolled in medical, dental, or vision under a school employee's account on December 31, 2023 who loses eligibility because they are not an eligible dependent under the SEBB Program may enroll in medical, dental, and vision for a maximum of 36 months on a self-pay basis.

Proposed Resolution SEBB 2023-03

SEBB continuation coverage for a non-represented school employee's dependent who is already on an ESD's continuation coverage

A dependent of a non-represented school employee who is continuing medical, dental, or vision coverage through an Educational Service District on December 31, 2023 may elect to finish out their remaining months, up to the maximum number of months authorized by COBRA for a similar event, by enrolling in a medical, dental, or vision plan offered through the SEBB Program on a self-pay basis.

Proposed Resolution SEBB 2023-04

When a subscriber has a change in residence or employment location that affects medical plan availability

After a change in residence or employment location, the subscriber must elect a new medical plan if a subscriber's current medical plan is no longer available based on either residence or employment location. If they do not elect a new medical plan within the time period allowed by special open enrollment rules, the subscriber will be enrolled in a SEBB medical plan as designated by the director or designee.

Proposed Resolution SEBB 2023-04

Example #1

Example: Sarah lives in Clark County and is an employee of Stevenson-Carson School District in Skamania County. Sarah enrolled in Kaiser Permanente NW 1. In February 2024, Sarah moves her residence from Clark County to Skamania County. Because Sarah no longer lives or works in a county where Kaiser Permanente NW 1 is available, under current rules Sarah **must** elect a new medical plan.

- What happens if Sarah fails to elect a new medical plan during the special open enrollment period when her current Kaiser Permanente NW 1 is no longer available in the county where she lives or works? If Sarah does not elect a new medical plan within the time period allowed by special open enrollment rules, she will be enrolled in a SEBB medical plan as designated by the director or designee.

Proposed Resolution SEBB 2023-04

Example #2

Example: Kelly lives in Clark County and is an employee of the Vancouver School District in Clark County. Kelly enrolled in Kaiser Permanente NW 2. In February 2024, Kelly moves her residence from Clark County to Skamania County but does not change her employment.

- Can Kelly remain in Kaiser Permanente NW 2 if she has a change in her residence? While Kelly has the option to elect a new medical plan under the special open enrollment rules, if Kelly does not elect to change plans, she will remain enrolled in Kaiser Permanente NW 2 because she still works in Clark County.

Proposed Resolution SEBB 2023-04

Example #3

Example: Jose lives in Skamania County and is an employee of the Vancouver School District in Clark County. Jose enrolled in Kaiser Permanente NW 1. In March 2024, Jose leaves his job at the Vancouver School District and starts a new job at the Stevenson-Carson School District in Skamania County.

- What happens if Jose fails to elect a new medical plan during the special open enrollment period when his current Kaiser Permanente NW 1 is no longer available in the county he lives or works? If Jose does not elect a new medical plan within the time period allowed by special open enrollment rules, he will be enrolled in a SEBB medical plan as designated by the director or designee.

Proposed Resolution SEBB 2023-04

Example #4

Example: Mike lives in Clark County and is an employee of the Vancouver School District in Clark County. Mike enrolled in Kaiser Permanente NW 1. In April 2024, Mike leaves his job at the Vancouver School District and starts a new job at the Stevenson-Carson School District in Skamania County, but does not change his residence.

- Can Mike remain in Kaiser Permanente NW 1 if he has a change in employment? While Mike has the option to elect a new medical plan under the special open enrollment rules, if Mike does not elect to change plans, he will remain enrolled in Kaiser Permanente NW 1 because he still lives in Clark County.

Next Steps

- Incorporate Board feedback in the proposed policies
- Submit feedback to HCAPEBSEBBoardPolicyFeedback@hca.wa.gov by March 13, 2023
- Bring recommended proposed policy resolutions to the Board for action at the April 6, 2023 Board Meeting

Questions?

Stella Ng, Policy and Rules Coordinator
Policy, Rules, and Compliance Section
Employees and Retirees Benefits Division
Stella.Ng@hca.wa.gov

Appendix

Resolution SEBB 2018-58 (As passed on 1/24/19) Continuation coverage for dependents not eligible under the SEBB Program

Resolved that, a dependent of a SEBB eligible school employee who is enrolled in medical, dental, or vision under a school employee's account on December 31, 2019 who loses eligibility because they are not an eligible dependent under the SEBB Program may enroll in medical, dental, and vision for a maximum of 36 months on a self-pay basis.

Resolution SEBB 2019-06 (As passed on 03/07/2019)

SEBB continuation coverage eligibility for school employees not eligible for benefits under the SEBB Program

Resolved that, a school employee and their dependents who are enrolled in medical, dental, or vision under a group plan offered by a SEBB Organization on December 31, 2019, who lose eligibility because the school employee is not eligible under the SEBB Program, may elect to enroll in one or more of the following SEBB benefits: medical, dental, or vision coverage. These benefits will be provided for a maximum of 18 months on a self-pay basis.

Resolution SEBB 2019-06 (As passed on 03/07/2019)

SEBB continuation coverage eligibility for school employees not eligible for benefits under the SEBB Program Example

A bus driver, who has himself and his spouse enrolled in district benefits (medical, dental, or vision), is not anticipated to be eligible under the SEBB Program effective January 1, 2020.

- Is there a COBRA qualifying event? No, change in eligibility is not a qualifying event.
- Is this school employee and his spouse eligible for SEBB continuation coverage? Yes, based on adoption of SEBB 2019-06.
- What SEBB benefits are they eligible for? Medical, dental, or vision coverage.
- How long may this coverage continue? 18 months (similar to reduction of hours).

Resolution SEBB 2019-07 (As passed on 3/7/2019)

SEBB continuation coverage eligibility for dependents already on a SEBB Organization's continuation coverage

Resolved that, a dependent of a school employee who is continuing medical, dental, or vision coverage through a SEBB Organization on December 31, 2019 may elect to finish out their remaining months, up to the maximum number of months authorized by COBRA for a similar event, by enrolling in a medical, dental, or vision plan offered through the SEBB Program on a self-pay basis.

Resolution SEBB 2019-07 (As passed on 3/7/2019) SEBB continuation coverage eligibility for dependents already on a SEBB Organization's continuation coverage Example

A bus driver terminates his relationship with his domestic partner on June 22, 2019. The domestic partner elects continuation coverage under the terms of the school district's group health plan effective July 1, 2019, and is still enrolled in continuation coverage as of December 31, 2019. Are they eligible for SEBB continuation coverage?

- Is the domestic partner a COBRA qualified beneficiary? No.
- Is this domestic partner eligible for SEBB continuation coverage? Yes, based on adoption of SEBB 2019-07.
- What SEBB benefits are they eligible for? Medical, dental, or vision coverage.
- How long may this coverage continue? 36 months (similar to divorce).

TAB 8



Hearing Instruments Benefits Overview

Sara Whitley
ERB Finance Unit Manager
Financial Services Division
March 2, 2023

Benefit Comparison for Portfolio

	Kaiser Foundation Health Plan of the Northwest			
	Plan 1	Plan 2	Plan 3	
Hearing Instruments	\$0, one aid per ear every 60 months*			
Routine annual hearing exam	\$40	\$35	\$30	
	Kaiser Foundation Health Plan of Washington			
	Core 1	Core 2	Core 3	Soundchoice
Hearing Instruments	\$0, one aid per ear every consecutive 60 months*			
Routine annual hearing exam	\$30/\$40^	\$25/\$35	\$20/\$30	\$30
	Kaiser Foundation Health Plan of Washington Options			
	Summit PPO 1	Summit PPO 2	Summit PPO 3	
Hearing Instruments	\$0, one aid per ear every consecutive 60 months*			
Routine annual hearing exam	\$20/\$40	\$10/\$20	\$10/\$20	
	Premera Blue Cross			
	High PPO	Standard PPO	HMO	
Hearing Instruments	\$0, one aid per ear every 5 years*			
Routine annual hearing exam	\$0	\$0	\$0	
	Uniform Medical Plan (UMP)			
	Achieve 1	Achieve 2	UMP Plus	HDHP
Hearing Instruments	\$0, one aid per ear every 5 years*			\$0, one aid per ear every 5 years**
Routine annual hearing exam	\$0	\$0	\$0	15%**

*Not subject to deductible

^Specialist copay

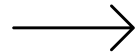
**Subject to deductible in UMP HDHP

Hearing Instruments

Evolution of the Benefit

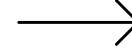
Prior to 2021

\$800 total
allowance for
hearing
instruments every 3
years



SB 5179

Requires coverage
of hearing
instruments every 5
years for employees
and dependents



2021 - Present




Member pays \$0
per hearing
instrument (per ear),
every 5 years

SB 5179 Operationalization in UMP

- SB 5179 – Effective date of legislation was January 1, 2019, however:
 - Implementation was subject to appropriation, which was first included in the 2020 supplemental budget with an effective date for the 2021 plan year
- Unlimited benefit implemented in UMP due to concerns regarding insufficient in-network access and an inability to have a specific UMP allowed amount that would attract additional in-network providers

Induced Utilization in UMP

Hearing Instrument Benefit

-  Suppressed demand prior to 2021 led to ~300% increase in utilization beyond original projections
-  Payment of billed charges has led to double the original projection of unit cost increases in UMP
-  No incentive for members or providers to avoid excessive cost options

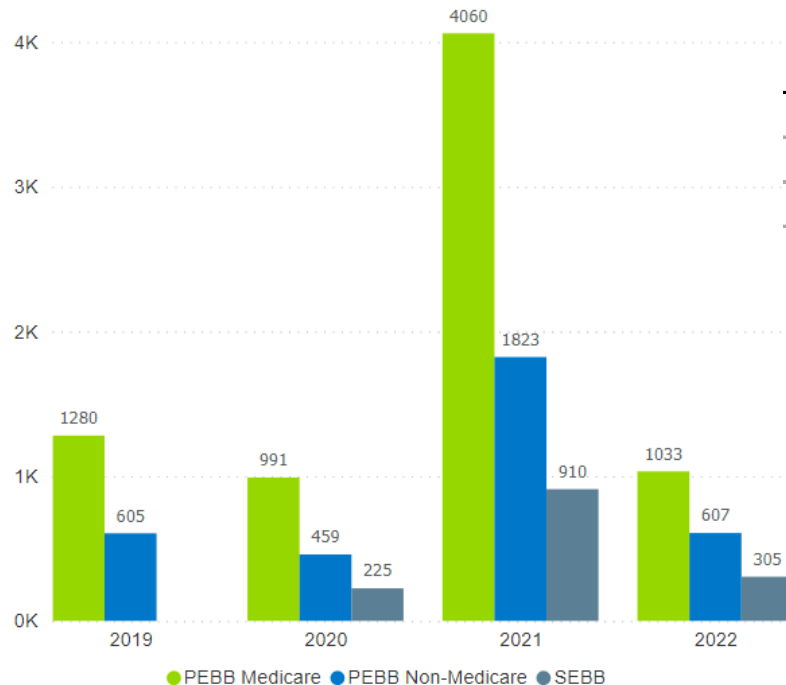
Benefit Utilization Highlights

Key Drivers

Utilization

Unit Cost

Unit Counts by Plan Year



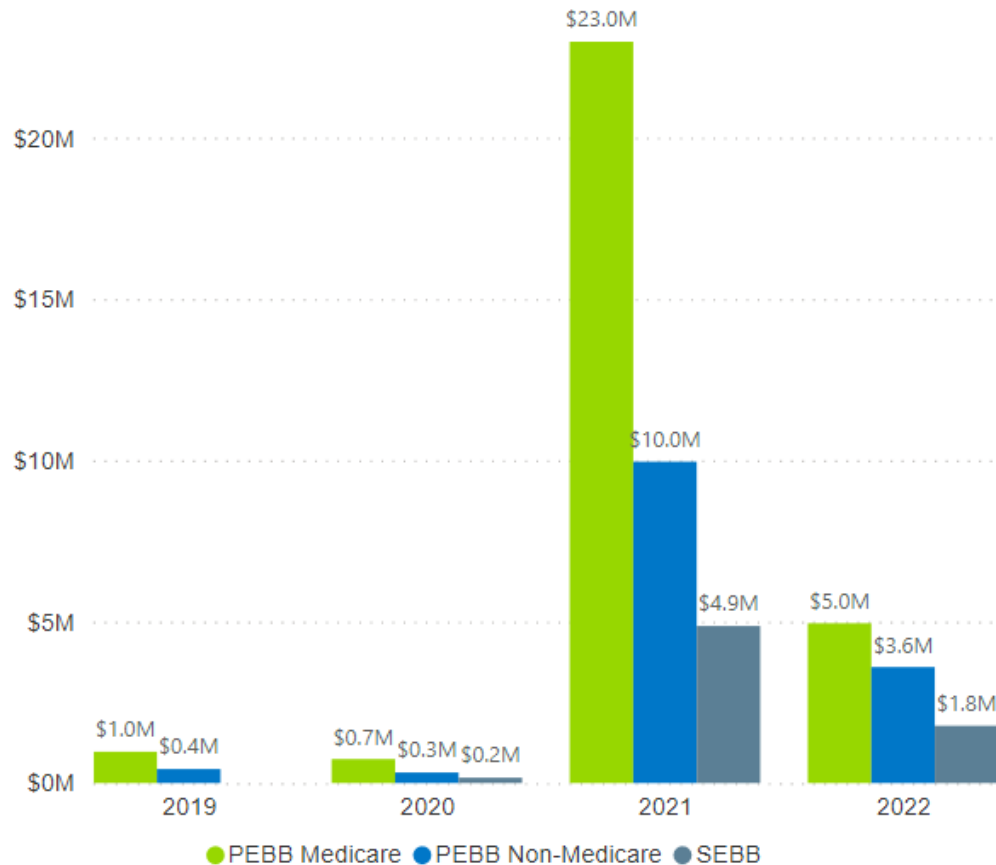
Average UMP Paid per Distinct Member

	2019	2020	2021	2022*
PEBB Medicare	\$798	\$800	\$6,079	\$5,635
PEBB Non-Medicare	\$752	\$749	\$5,932	\$7,380
SEBB		\$768	\$5,914	\$7,306

*2022 Claims incurred and paid through September 2022, incomplete data.

Benefit Utilization Highlights (*cont.*)

UMP Paid Amounts by Plan Year

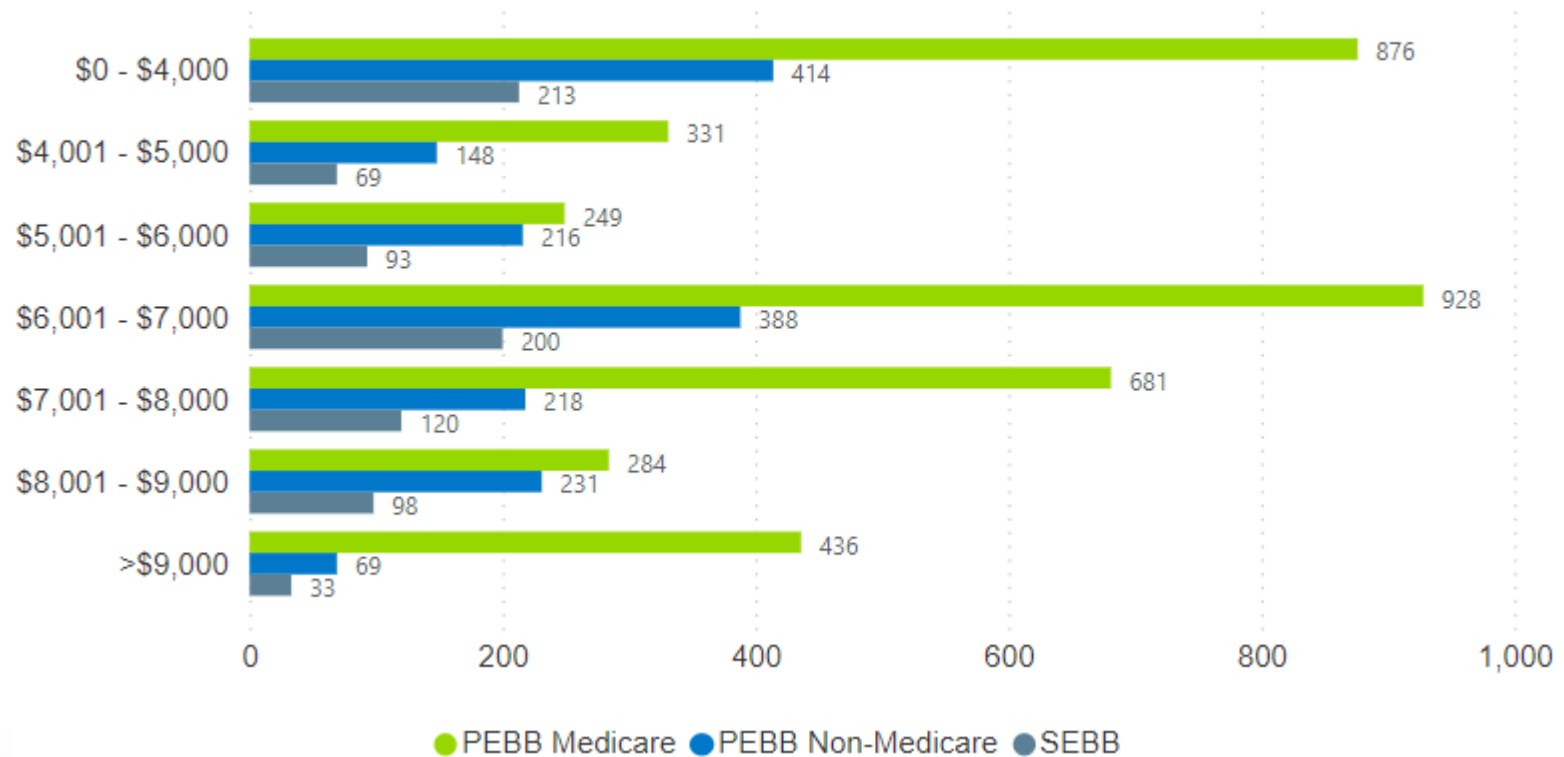


*2022 Claims incurred and paid through September 2022, incomplete data.

UMP Benefit Utilization Highlights (*cont.*)

Plan Year 2021

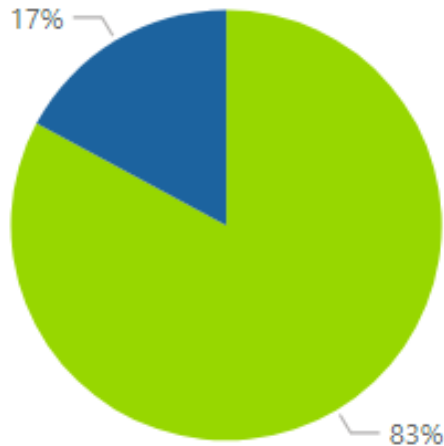
Count of Members by Cost Range



Benefit Utilization Highlights (*cont.*)

UMP Paid Amounts, Plan Year 2021

Plan Year 2021, PEBB + SEBB



- One Hearing Aid
- Two Hearing Aids

Average UMP Paid per Distinct Member

	2021
PEBB Medicare	\$6,079
PEBB Non-Medicare	\$5,932
SEBB	\$5,914

Hearing Instruments

Opportunity for Purchasing Strategy Adjustment in UMP

- Current unlimited coverage in UMP has led to unanticipated levels of health care spend related to hearing instruments
- Opportunity for purchasing strategy adjustment in UMP that could place downward pressure on premiums for UMP plans in both the SEBB & PEBB Programs
- More information about options later this Board season

Questions?

Sara Whitley
ERB Finance Unit Manager
Financial Services Division
Sara.Whitley@hca.wa.gov