School Employees Benefits Board
March 4, 2021
9:00 a.m. – 1:30 p.m.

Attendance by Zoom Only

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

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TAB 1
School Employees Benefits Board  
March 4, 2021  
9:00 a.m. – 1:30 p.m.

Aligning with Governor’s Proclamation 20-28  
all Board Members and public attendees will only be able to attend virtually

TO JOIN ZOOM MEETING – SEE INFORMATION BELOW

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<tr>
<td>9:00 a.m.*</td>
<td>Welcome and Introductions</td>
<td>Lou McDermott, Chair</td>
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<tr>
<td>9:05 a.m.</td>
<td>Meeting Overview</td>
<td>David Iseminger, Director Employees &amp; Retirees Benefits (ERB) Division</td>
<td>Information</td>
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| 9:15 a.m. | Approval of: April 2, 2020 Meeting Minutes  
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June 4, 2020 Meeting Minutes  
June 24, 2020 Meeting Minutes  
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Lou McDermott, Chair | Action |
| 9:25 a.m. | Follow Up from January 28, 2021 Retreat | David Iseminger, Director Employees & Retirees Benefits (ERB) Division | Information/Discussion |
| 9:30 a.m. | 2021 Legislative Session | Cade Walker, Special Executive Assistant, ERB Division | Information/Discussion |
| 9:50 a.m. | K-12 Non-Medicare Retiree Update | Molly Christie, Fiscal Information & Data Analyst, ERB Rates & Finance | Information/Discussion |
| 10:05 a.m.  
15 min. | Medical Flexible Spending Arrangement (FSA) and Dependent Care Assistance Program (DCAP) 2021 Leniency | Leanna Olive, Navia/Centers of Excellence (COE) Account Manager ERB Division | Information/Discussion |
| 10:20 a.m. | Annual Benefits Planning Cycle | John Partin, Manager Benefits Strategy & Design Section ERB Division | Information/Discussion |
| 10:40 a.m. | Break |  | Information/Discussion |
| 10:50 a.m. | Eligibility & Enrollment Policy Development | Stella Ng, Senior Policy Analyst  
Emily Duchaine, Regulatory Analyst Policy, Rules, & Compliance Section ERB Division | Information/Discussion |
| 12:15 p.m. | Break/Lunch |  |  |
The School Employees Benefits Board will meet Thursday, March 4, 2021. Due to COVID-19 and out of an abundance of caution, all Board Members and public attendees will attend this meeting virtually.

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: SEBboard@hca.wa.gov.


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Join Zoom Meeting
https://zoom.us/j/97972182215?pwd=MkEzcUp4Y3I5bVZvV1BDd1gwVldJZz09

Meeting ID: 979 7218 2215
Passcode: 901612

One tap mobile
+12532158782,,97972182215# US (Tacoma)
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Dial by your location
   +1 253 215 8782 US (Tacoma)
   +1 669 900 6833 US (San Jose)
   +1 346 248 7799 US (Houston)
   +1 312 626 6799 US (Chicago)
   +1 929 205 6099 US (New York)
   +1 301 715 8592 US (Washington DC)

Meeting ID: 979 7218 2215
Find your local number: https://zoom.us/u/aeDo5g4n6C
## SEB Board Members

<table>
<thead>
<tr>
<th>Name</th>
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<tr>
<td>Lou McDermott, Deputy Director</td>
<td>Health Care Authority</td>
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<tr>
<td>626 8th Ave SE</td>
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<tr>
<td>PO Box 42720</td>
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<tr>
<td>Olympia, WA 98504-2720</td>
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<td>V 360-725-0891</td>
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<td></td>
<td>Chair</td>
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| Kerry Schaefer              | Employee Health Benefits Policy and Administration |
| 1405 N 10th ST              |                                                  |
| Tacoma, WA 98403            |                                                  |
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| Pete Cutler                 | Employee Health Benefits Policy and Administration |
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| Dan Gossett                 | Certificated Employees                           |
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## SEB Board Members

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<thead>
<tr>
<th>Name</th>
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<tr>
<td>Katy Henry</td>
<td>Certificated Employees</td>
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<tr>
<td>230 E Montgomery AVE</td>
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<tr>
<td>Spokane, WA 99207</td>
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<tr>
<td><a href="mailto:Katy.henry@hca.wa.gov">Katy.henry@hca.wa.gov</a></td>
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<tr>
<th>Terri House</th>
<th>Classified Employees</th>
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<tbody>
<tr>
<td>Marysville School District</td>
<td></td>
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<tr>
<td>4220 80th ST NE</td>
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<tr>
<td>Marysville, WA 98270</td>
<td></td>
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<tr>
<td>V 360-965-0010</td>
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<tr>
<td><a href="mailto:terri.house@hca.wa.gov">terri.house@hca.wa.gov</a></td>
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<thead>
<tr>
<th>Wayne Leonard</th>
<th>Employee Health Benefits Policy and Administration (WASBO)</th>
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<tr>
<td>Assistant Superintendent of Business Services</td>
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<tr>
<td>Mead School District</td>
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<tr>
<td>608 E 19th Ave</td>
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<tr>
<td>Spokane, WA 99203</td>
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<tr>
<td>V 509-465-6017</td>
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<td><a href="mailto:wayne.leonard@hca.wa.gov">wayne.leonard@hca.wa.gov</a></td>
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<thead>
<tr>
<th>Alison Poulsen</th>
<th>Employee Health Benefits Policy and Administration</th>
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<tr>
<td>12515 South Hangman Valley RD</td>
<td></td>
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<tr>
<td>Valleyford, WA 99036</td>
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<tr>
<td>C 509-499-0482</td>
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<tr>
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## Legal Counsel

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V 360-586-6561
Katy.Hatfield@atg.wa.gov

2/23/21
SEB BOARD MEETING SCHEDULE

2021 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 28, 2021 - 9:00 a.m. – 4:00 p.m.
March 4, 2021 - 9:00 a.m. – 2:00 p.m.
April 7, 2021 - 9:00 p.m. – 2:00 p.m.
May 5, 2021 - 9:00 a.m. – 2:00 p.m.
June 3, 2021 - 9:00 a.m. – 2:00 p.m.
June 24, 2021 - 9:00 a.m. – 2:00 p.m.
July 15, 2021 - 9:00 a.m. – 2:00 p.m.
July 22, 2021 - 9:00 a.m. – 2:00 p.m.
July 29, 2021 - 9:00 a.m. – 2:00 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
TAB 2
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 approves 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
April 2, 2020
Health Care Authority
Sue Crystal Rooms A & B
Olympia, Washington
9:00 a.m. – 10:30 a.m.

Members Present via Phone
Lou McDermott, Chair
Dan Gossett
Pete Cutler
Katy Henry
Alison Poulsen
Terri House
Wayne Leonard
Dawna Hansen-Murray

SEB Board Counsel
Katy Hatfield

Call to Order
Lou McDermott, Chair, called the meeting to order at 9:03 a.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 is telephonic only and will address only those topics necessary and routine to complete the regular cycle of activity in our Board season.

Meeting Overview and Prior Meeting Follow Up
Dave Iseminger, Director, Employees and Retirees Benefits (ERB) Division, provided an overview of the agenda and a follow up from March 5, 2020 Board Meeting.

Legislative Update: SEBB 2020 Supplemental Budget
Tanya Deuel, ERB Finance Manager, Financial Services Division. Slide 2 – Final Funding Rate. Funding rates are set per employee per month. Everything in the budget was adequate to maintain the current level of benefits. HCA has no significant concerns with the underlying assumptions or the final funding rates.

Slide 3 – SEBB Final Funding Rate. The SEBB final funding rate was set at $1,000 for the 2020-21 school year. The numbers for January through June through fiscal year 2020 have remained at $994. Then July through August at $1,056.
Slide 4 – Final Conference Budget Funding. There were three items in the final conference budget, the first being funding for audit capabilities. This funding was for two FTEs within the SEBB Program to support future audit functionality.

The second item was $15,000 for the K-12 Non-Medicare risk pool. HCA received one-time funds to work towards implementing the risk pool changes between the PEBB and SEBB Programs. Currently K-12 employees who retire, but are pre-Medicare eligible, come into the PEBB active risk pool as a Non-Medicare retiree. This change would allow for those early retirees who retire pre-Medicare, to stay within the K-12 active risk pool, giving them access to all the plan offerings they had as an active employee.

The third item is our spending authority for the third-party administrator. HCA received $18.2 million for increased spending authority to align with the increased self-insured enrollment we saw in the medical and dental plans. This is a technical spending authority to allow us to spend those increased administrative dollars.

Slide 5 - Continued Conference Budget Funding. HCA received $75,000 in spending authority to do a Request for Information (RFI) for a diabetes management program. Currently, the SEBB Program has a virtual diabetes prevention program but not a diabetes management program. This funding would allow for the PEBB and SEBB Programs to see what is available in the marketplace for a diabetes management program for future implementation.

HCA also received $2 million in relation to Senate Bill 6189, funding to implement prohibiting dual enrollment between the PEBB and SEBB Programs.

Budget language also directs HCA to analyze impacts of charging a varied funding rate for the SEBB Program when employees waive medical, but still enrolled in dental, life, and LTD coverage.

Dawna Hansen-Murray: Is there a risk of this being vetoed?

Dave Iseminger: All three items on Slide 4 were in the Governor’s proposed budget. It would be very extraordinary for something proposed in the Governor’s supplemental budget and passed by the legislature to be removed by the Governor using a veto.

On Slide 5, the diabetes request for information is not a specific provision item within the budget. It is based in the funding rate and in behind the scenes documentation. There isn’t anything that could be stricken via the veto power on that piece.

ESSB 6189 has been signed and it would be very unlikely for the related funding to then be vetoed.

Wayne Leonard: I have a question about the audit capabilities funding.

Dave Iseminger: Audit capabilities is an ability for the agency to do eligibility audits on a routine systemic basis. Historically, within the PEBB Program, we have used appeals to monitor how employers were following the eligibility rules. When we learn something
in appeals, we go back to see if there is something to change from rules or do training with organizations. The funding for these positions will allow us to do a regular cadence of eligibility audit checks with employers to monitor, more on the front end, compliance with administering the eligibility rules.

Wayne Leonard: Will these two FTEs primarily be working in Olympia or will they be visiting me at some point?

Dave Iseminger: They will primarily be in Olympia. There would be more interactions electronically with these staff. At this point, we are not anticipating significant travel, but that's always within the realm of possibility. The audits would be statewide, or could occur for any district or any type employer.

Legislative Update: Bills
Cade Walker, Executive Special Assistant, ERB Division. I will give you an overview of the legislative session that recently ended. Slide 2 – Overall, the ERB Division ended up tracking and analyzing 384 pieces of legislation for the 2020 session. That includes about 190 or so bills from the 2019 session reintroduced by rule. It also includes bills that had substitutes included. The number of analyses performed may not necessarily reflect the number of bills we were tracking, as those were replaced by substitutes, second substitutes, etc. Overall, the amount of work done by ERB, either in a lead capacity or a support capacity, was substantial, even for a short session.

Slide 3 – Legislative Update – ERB High Lead Bills. This is our cascade slide to show the high impact bills we were tracking and how many made it through the legislative process. ERB had four high priority bills make it through both chambers, which does not include the budget bill. The four bills we had been tracking did make it to the Governor’s Office, two of which we’ll spend time discussing today.

Slide 4 – SEBB Program Impact Bills. Several pieces of legislation we were tracking did not make it through this session. I call those out by striking through them so you are aware that those pieces of legislation did not pass. House Bill 2458, regarding optional benefits offered by school districts did pass and has been signed by the Governor. This bill prohibits school districts from offering optional benefits to their employees that compete with basic or optional benefits offered through the SEBB Program or the Health Care Authority, such as benefits under our Cafeteria Plan. It delineates optional benefits that school districts may offer if not offered by the SEBB Program. It also expands the SEB Board's authority to study, and when funding is available, to offer additional optional benefits to employees on a voluntary basis for SEBB Program subscribers.

Lastly, it requires school districts and carriers to work with the SEB Board and the Health Care Authority for any optional benefits offered and to modify, remove, or
discontinue any benefit offered by districts that are determined to be in competition with the SEB Board or Health Care Authority offered benefits.

**Dave Iseminger:** The bill, as passed and signed by the Governor, is in the appendix of Cade’s presentation. We will have an additional presentation at a future meeting about optional benefits, picking up where we left off in January, in light of this new information.

The legislation has a list of enumerated benefits eligible for districts to offer. The right is reserved for this Board to step in at a future point. I want to make sure the Board’s aware of where we are at this point. There is nothing currently in the works to begin procurement activities for any of those benefits for the 2021 calendar year or the upcoming school year. We’ll provide more details in the future. Launching additional benefits would require a variety of actions. We’re not planning further discussion with you about any intent to proceed with the consolidation of any of the benefits on that enumerated list. It’s simply that the legislation reserves the right for the Board to later consider consolidating and offering those benefits. In the meantime, districts can offer anything that’s on that list.

**Cade Walker:** The list of optional benefits delineated in the legislation and signed by the Governor includes: emergency transportation, identity protection, legal aid, long-term care insurance, noncommercial personal automobile insurance, personal homeowners or renters insurance, pet insurance, specific disease or illness triggered fixed payment insurance, hospital confinement fixed payment insurance, or other fixed payment insurance offered as an independent, non-coordinated benefit regulated by the OIC, travel insurance, and VEBA accounts.

Slide 5 – SEBB Program Impact Bills – Eligibility. These bills concern SEBB Program member eligibility. There was only one bill that actually passed this year. The other bills died in committee.

Gross Substitute Senate Bill 6189 underwent substantial changes. It was signed by the Governor and it does the following. The Joint Legislative Audit Report Committee (JLARC) will conduct a study to identify the number and types of part-time employees and their eligibility for SEB Board benefits. This report is due to the Legislature September 1, 2021. The Health Care Authority and OSPI are asked to participate with this report by providing information to JLARC.

Second, there is a report due by the Health Care Authority regarding waiver, where we must analyze the impacts of changes to the requirement that school employers must remit premiums for employees who waive medical coverage. HCA is to consider the impacts of having a policy that allows SEBB Program subscribers to waive medical, and any other potential policy implications regarding waiver that may be useful.
School districts also have increased reporting. They must report data related to substitute teachers, including hours worked by each substitute and the number eligible for SEBB benefits to OSPI.

The bill also has a prohibition on dual enrollment beginning Plan Year 2022. Dual medical, dental, and vision coverage under SEB Board benefits and PEB Board benefits is prohibited. The SEB and PEB Boards are instructed to adopt policies to reflect the single enrollment requirements.

Lastly, there was language included to address eligibility regarding COVID-19 and the declared state of emergency. Language to preserve eligibility during this time was included in this bill for employees who would otherwise lose eligibility because of school closures or changes in operations.

**Dave Iseminger:** I will add context to two pieces. The report on the variable funding rate culminated from discussions and concerns districts have been raising about paying the funding rate for individuals who waive their medical benefits. When we say “a variable funding rate,” that means is there a way to have a one funding rate for individuals who don’t waive medical and a separate funding rate for individuals who do waive medical? Add on to that, are there other parts of the benefit package that can be waived?

As a Board, you’re probably aware the dental and vision benefits in their current structure are nonwaivable, mandatory benefits. This report also envisions looking at other possible changes. What is the impact of making other parts of the portfolio waivable?

The funding rate as it exists today includes an assumption of the medical waiver rate. We described that assumption process in the past when we set up the program. It was assumed to be similar to PEBB, which was about an 8% waiver rate. During the open enrollment, we saw closer to 13%. We’ve tried to describe to individuals, and hopefully, at the board retreat, that as we go forward in the next rate setting, the more current waiver information will be used to set the next funding rate. That will be reflected in the future funding rate.

This report would have us describe ways to do the funding rate. The report is to give context to the concern districts raised about needing to pay for benefits when an individual waives.

The second piece I want to add is that both the PEB and SEB Boards do have a role. HCA will bring you resolutions over the next year or so related to the legislative requirement to limit members to a single enrollment within medical, dental, and vision within the programs. Going back to what I said a moment ago, there’s no current way to
waive dental. That’s the same rule in both programs. There is literally, within the framework right now, no way to limit enrollment to a single dental enrollment within the programs. We will have to bring something to the Boards to address the ability to waive dental for people who have dual eligibility within the programs, at the very least. That’s one example.

Another example is vision is an embedded benefit in medical in the PEBB Program, but a standalone benefit in the SEBB Program. As it’s structured today, if you are in medical in the PEBB Program, you would inherently not be able to have SEBB Program vision. Because vision is embedded in one and not the other, it will have to be looked at and some decisions brought to the Board.

**Cade Walker:** Slide 6 – Topical Areas of Introduced Legislation. We were tracking two pieces of legislation pertaining to provider and health care credentialing that passed and were signed by the Governor. We will work with our carriers to make sure we understand more fully what additional implications there may be. We’ll be looking at the implementation of those changes, which will have minor impact on overall program administration.

On the pharmacy side, there was a lot of legislation but not much made it through. ES2HB 2662, which is pending signature by the Governor today, pertains to the cost of insulin. We also tracked substance use disorder and various durable medical equipment (DME) coverages. Some DME coverage bills did pass. Several substance use disorder bills passed as well. HCA will be implementing those pieces of legislation over the coming months.

**Covid-19 Response Update**

**Dave Iseminger,** Director, ERB Division. I'm going to describe, at a higher level for the agency, a COVID-19 update. Jean Bui will highlight specific things our carriers have done in response to COVID-19. It's been a very fast month.

In the early days, HCA was leveraging our contacts to secure ventilators for our state. HCA can directly account for having secured 200 ventilators for distribution and use in the state. Before it was requested, HCA identified any stockpile of personal protective equipment we had and handed it over to the Department of Health (DOH) for distribution in hospital settings. We had over 1,000 units in our storage for an emergency and this was an appropriate time to use it.

HCA also purchased and begin distributing Zoom licenses to help providers continue seeing patients using telehealth and without physical health encounters. Those licenses were prioritized, and we've been trying to push their use, especially for smaller providers that might have less infrastructure, are more rural, or had not as quickly embraced telehealth. We’ve distributed over 900 Zoom licenses to different parts of the
state. If anyone knows any providers who are looking for them there is an application process on our main HCA website, COVID page.

As the Governor issued one of his proclamations that suspended elective and non-urgent services in both the medical and dental setting, the agency worked to release funds from the disaster relief fund to help rural hospital settings particularly impacted by the transition away from elective surgeries and procedures in the short term.

HCA’s Call Center staff, particularly those units that have served the Medicaid population, have been working and supporting the Health Benefit Exchange with their special open enrollment period that’s been activated to allow those who are uninsured additional opportunities to become insured as a result of COVID-19. We are also evaluating options for those same Call Center employees to provide support to the Employee Security Department (ESD), as they have a significant increase of unemployment claims for processing.

Lou McDermott: They had over 133,000 applications for the week, and the week prior it was 14,000, and a week prior to that, it was 4,000. They’re overwhelmed.

Dave Iseminger: The ESD is also the entity responsible for the new Paid Family and Medical Leave Program that launched January 1. HCA is trying to see how we can provide staffing support to our sister agency.

The Health Care Authority has also been coordinating with the Insurance Commissioner's Office. They thought about preparing and issuing two separate emergency orders for the commercial market in Washington. Items in those orders included actions HCA has already done. Jean will highlight this related to early refills of prescriptions, the postponing and prohibiting of elective surgeries, and gaining access to telehealth and telemedicine.

HCA is in the midst of launching a new endeavor with Limeade, our SmartHealth vendor, to leverage the platform to create something very similar to SmartHealth that would provide resources to people in the Medicaid population, as well as individuals filing for unemployment claims. Think of it like SmartHealth for a COVID situation, highlighting behavioral health resources, promoting virtual job fairs, information about food banks, where to find food if food security is your concern, and directing people to online resources at DOH and ESD for unemployment. We are working on that new venture, so more to come.

A little bit closer to home at the Health Care Authority, we now have over 90% of our staff who are fully teleworking. In the ERB Division, in a span of nine calendar days, we went from 10% of the Division teleworking to 100% of the Division teleworking, except for some intermittent things where people have to come in for an hour or two once a
week. The agency is heavily committed to our staff’s safety and being able to support the Stay at Home, Stay Healthy order with over 90% of our agency staff teleworking on any given day.

HCA has also been lobbying the IRS for a variety of changes. One of those the IRS has already responded to, clarifying that first dollar coverage in a high deductible health plan can cover COVID-19 testing and treatment. We’re making sure the deductible, and for people who are in the high deductible health plan, was not a limiting factor for seeking treatment.

Another piece we have before the IRS, that is pending, is a request to make it easier to make benefit election changes for FSAs and DCAPs mid-year, as well as extending the grace period incurred deadline for the prior plan year in the PEBB Program from 2019.

HCA has also been working on a variety of eligibility questions and insights. We’ve provided technical assistance on that section of ESSB 6189 that put a measure in place for part-time eligible SEBB Organization employees particularly, who would be impacted by school closures, day care closures, and quarantine.

We’re providing eligibility rule guidance to state agencies, as well as higher education, particularly for quarter-to-quarter faculty who have a very different spring quarter than they ever imagined 30 days ago.

We have worked on pieces we’re bringing to you for action shortly related to continuation coverage. This afternoon we have a special PEB Board Meeting, also to consider similar measures that we’re bringing to you. They will also be considering a provision that would allow expanded PEBB Program eligibility in state agencies and higher education institutions who are hiring specific positions, like research positions for COVID-19, health care professionals, individuals working in medical facilities, basically those urgent areas where an influx of workforce is needed, looking at a way to provide temporary expanded eligibility in the PEBB framework.

Jean Bui, Manager, ERB Division Portfolio Management and Monitoring Section. I am here to present some of the actions the SEBB and PEBB carriers have taken in response to the COVID-19 state of emergency. In the ERB Division, we’ve had standing weekly calls with the medical carriers on COVID-19 to get regular updates from them, and to provide them with information on the actions HCA is taking, or proposing to take, pertaining to COVID-19.

In response to Governor Inslee’s order halting all non-emergency dental procedures for two months, Delta Dental of Washington is pledging $10 million in grants and advance payments to ease financial hardship brought on by the COVID-19 state of emergency.
Kaiser Washington and Delta Dental are working together to provide lunches with a few extras to children displaced from their school districts, which they depend on for meals. Kaiser and Delta are coordinating with school districts with high populations of kids eligible for free lunches, to give them toothbrushes, toothpaste, and coloring books, along with a sack lunch each day.

As Dave mentioned, we are doing a lot of coordination with the OIC, and all of the health plans have implemented the OIC orders for COVID-19 testing with no member cost shares.

All of the health plans have expanded telehealth visits, override for members refilling prescriptions sooner than plan allowance, and postponement of elective surgery.

All of the plans have regular communications with members regarding COVID-19 including websites with specific plan information pertaining to COVID-19.

HCA and our carrier for long-term disability, The Standard, had planned to conduct an enrollment event for SEBB Program subscribers to have another chance to select Supplemental Long-Term Disability Insurance during the month of May this year. Due to the COVID outbreak, the decision was made to hold this event during open enrollment for Plan Year 2021. They will be able to elect supplemental coverage effective January 2021.

Additionally, SmartHealth tiles have been designed to engage members who are staying at home and targeted to some of the issues pertaining to COVID-19, specifically, telehealth, managing stress and anxiety, and ways to exercise while you're working from home.

HCA has requested that Navia Benefit Solutions, our Medical Flexible Spending Arrangement (FSA) and Dependent Care Assistance Program (DCAP) contractor, to extend the grace period for claims receipt from the current date of March 15 to May 15 for both FSA and DCAP. As Dave mentioned, we have a letter to the IRS lobbying for more flexibility on these benefits. But in the meantime, we have requested that grace period extension for now.

**Eligibility and Enrollment Proposed Resolutions**

**Rob Parkman**, Policy and Rules Coordinator, ERB Division. Slide 3 – Introduction of Proposed Resolutions. Today, I am introducing five resolutions, two of which we hope you take action on today. The first two resolutions address issues with the current COVID-19 situation. Our goal today is to introduce and take action on these resolutions. The third and fourth resolutions are amending past resolutions approved by the Board. The need to amend these resolutions was brought to our attention by SEBB Program Benefits Administrators after they reviewed this year’s rules. The last resolution deals with an error correction issue.
Slide 4 – Proposed Resolution SEBB 2020-07 – COVID-19 Continuation Coverage Eligibility. This resolution will effectively add two months after the state of emergency has ended to eligibility for continuation coverage. The use of the term continuation coverage is purposeful. It is a defined term within the SEBB Program and includes all the different provisions through which continuation coverage can be continued. I have three examples for this proposed resolution.

**Dave Iseminger:** I want to add additional context for the Board. After the Governor prohibited elective and non-urgent procedures, we began to receive questions from both PEB and SEB Board members who are currently on COBRA coverage, who are saying, “My coverage ends on March 31. I have things planned within the next, two weeks. Now I don't know what my insurance situation will be later in the year, and more importantly, I've already met my deductible. If I go on the Exchange and get a new plan, I have to reboot my accumulators. Is there anything you can do?” That was the genesis of this resolution, questions after the elective surgery prohibition in the Governor's proclamation.

We did think about the need to extend it beyond the state of emergency because once the emergency is officially over, there will be an influx of people who need to catch up on things they wanted to do. We anticipate there will be a flood and we wanted to create enough of a window after the emergency is over. That's why we recommended the additional two months after the emergency is over.

**Rob Parkman:** Slide 5 – COVID-19 Continuation Coverage Eligibility – Example #1. If, hypothetically, the emergency period ends April 30, 2020, and the subscriber’s continuation coverage ends March 31, 2020, the subscriber’s continuing coverage may be extended through the emergency period and the two months post emergency period to end June 30, 2020.

For these examples, we developed a wire diagram with a timeline. At the bottom left of the slide, the emergency was declared on February 29, 2020. According to our story, on March 31, 2020, the continuation coverage ended for this subscriber. April 30, 2020 was the end of the emergency. In this example, their continuation coverage eligibility will be extended until June 30, 2020 or they will get that full two-month extension past the end of the emergency.

Slide 6 – COVID-19 Continuation Coverage Eligibility – Example #2. If, hypothetically, the emergency period ends April 30, 2020, and the subscriber’s continuation coverage ends May 30, 2020, the subscriber’s coverage may be extended to June 30, 2020 because the subscriber’s continuation coverage ended following the end of the emergency period and before the end of the two-month extension period.
On the wire diagram, the proclamation was issued on February 29, 2020. The emergency ends on April 30, 2020. In this case, our subscriber’s continuation coverage would have ended on May 30, and their eligibility would have ended on May 30, 2020. Because of this, they’re going to get one additional month. Now their continuation coverage would end on June 30, 2020.

Slide 7 – COVID-19 Continuation Coverage Eligibility – Example #3. If, hypothetically, the emergency period ends April 30, 2020, and the subscriber’s continuation coverage ends June 30, 2020, no extension is given to the subscriber because the subscriber’s continuation coverage ends the last day of the two-month period following the end of the emergency period.

On the wire diagram, the proclamation was issued on February 29, 2020. The end of the emergency is on April 30, 2020. June 30, 2020 was both the end of the extension period and the end of the continuation coverage for the subscriber. In this example, there would be no extension.

**Lou McDermott: Vote – Resolution SEBB 2020-07 COVID-19 Continuation Coverage Eligibility**

**Resolved that,** beginning February 29, 2020, the date that Governor Inslee declared a state of emergency in Proclamation 20-05, the maximum period of continuation coverage is extended until two months after the date the Governor terminates the state of emergency.

Pete Cutler moved and Terri House seconded a motion to adopt.

**Pete Cutler:** This is Pete, and I move to adopt the resolution.

Voting to Approve: 8
Voting No: 0

**Lou McDermott:** Resolution SEBB 2020-07 passes.

**Rob Parkman:** Slide 9 – Proposed Resolution SEBB 2020-08 – COVID-19 Enrollment Timelines. An additional paragraph was added to extend the deadline further, and to extend any other enrollment deadlines, as needed.

**Dave Iseminger:** I will provide more context on this resolution as well. I received questions in advance about this resolution. This would apply as, written in the first paragraph, only to continuation coverage situations. It would not include an extension of 30 days to the standard 31-day deadline for a new hire to make their benefit elections. That was a deliberate distinction in this resolution. Under IRS rules for
Cafeteria Plans, for pretax payroll deductions of medical premiums, you can't go beyond the 31-day period already enacted within rules and under a SEB Board policy. If the IRS comes up with something new, we will evaluate that. This resolution is written to be limited to a small subset of the population.

Another issue we heard as the COVID-19 emergency came up was some individuals didn’t have internet access at home, especially before the telecommunication companies started providing mobile WiFi, lifting data caps, etc. Those individuals told us they go to their public libraries to use the internet, and the public libraries are closed. They have no access to get the form because HCA lobby services are also closed. They can’t use the internet or come in person to get a paper form. What do they do?

There's a plethora of different impacts that the COVID-19 situation has generated for people to be able to make COBRA and other continuation coverage elections. Although SEBB My Account is very snazzy and allows employees to do their initial enrollment election, it doesn't have a way for a continuation coverage electronic election either. We are still paper based when it comes to continuation coverage elections. It was important to us to bring something to you that could provide some relief here.

We have consulted with the carriers and already received some feedback. We haven't heard from all carriers, but generally there has not been any significant concern related to a retro enrollment of continuation coverage. It would be if there are services provided during this retro period. It’s possible they would need to be evaluated as whether they were in or out of network. Those are the preliminary concerns the carriers have raised. As we go further into implementation, we will work through to get to the best result possible for members.

The last paragraph is important because the COVID situation is changing daily. We learn something new every day. I will allude to the fact that we have a PEB Board Special Meeting this afternoon, which 73 hours ago didn't exist, to create an entirely new prong of eligibility to incentivize and support new or rehired workers going into response positions for COVID-19. We're not in an environment where delaying action for a week to put together a Board Meeting is really going to suffice given what we’re working on. So, we're asking the Board to give us a broad direction, that extending deadlines, especially in the area we've identified now, is the right thing to do. That gives the agency the direction you support that as a general policy position. Let HCA do the administrative work as we identify what changes are needed in this evolving environment. This would limit the agency’s authorization to do this during the state of emergency.

Rob Parkman: Slide 10 – COVID-19 Enrollment Timelines – Example #1. If, hypothetically, a school employee's last day to enroll in SEBB continuation coverage was April 30, 2020, and the state of emergency terminated on May 15, 2020, then the
enrollment period for that subscriber will increase to June 14, 2020. In this example, the subscriber gets the 30-day extension.

Slide 11 – COVID-19 Enrollment Timelines – Example #2. If, hypothetically, a school employee’s last day to enroll in SEBB continuation coverage is May 31, 2020, and the state of emergency terminates on May 15, 2020, then the enrollment period for that subscriber would not change and the deadline would remain May 30, 2020. In this example, the extension was not used.

Katy Hatfield: Could you explain why the extension doesn't apply for Example #2?

Rob Parkman: Because the emergency terminated on May 15 and your continuation coverage ended on May 30, outside of the emergency period.

Katy Hatfield: Okay, thank you.

Lou McDermott: Vote – Resolution SEBB 2020-08 COVID-19 Enrollment Timelines

Resolved that, beginning February 29, 2020, the date that Governor Inslee declared a state of emergency in Proclamation 20-05, any enrollment timelines established for continuation coverage subscribers will be extended to 30 days past the date the Governor terminates the state of emergency.

The Health Care Authority is authorized during the state of emergency, as described above, to extend this deadline further and extend any other enrollment deadlines, as needed to meet the needs of the state and SEBB Program subscribers.

Wayne Leonard moved and Pete Cutler seconded a motion to adopt.

Fred Yancey: Pardon my ignorance here, but I have a couple comments. Is the difference between 2020-07 and 2020-08 -- is -08 really just related to COBRA? Is there a continuing coverage issue? That's question number one.

And question number two is it strikes me that the second paragraph in this resolution ought to be a whole separate resolution because it applies to the whole range of SEBB Program policies I believe, not just these ones connected to continuing coverage. I think that broadens in actuality more coverage than just that first paragraph would indicate, if you understand my remark.

Dave Iseminger: Fred, the difference between 2020-07 and 2020-08 for continuation coverage is 2020-07 is about the authority to expand the benefit period, the length of coverage allowed. 2020-08 is, for lack of a better word, the bureaucratic paperwork, when the form is due in order to enroll.
The first one passed was about extending the ability to have coverage. The second one is about the enrollment process and procedures themselves. That's the distinction, but both are addressing continuation coverage specifically.

We did consider whether to have the second paragraph in 2020-08 as a separate standalone resolution. But the recommended wording is to say it extends this deadline further, the deadline that's within this resolution, and then all other enrollment deadlines. Because 2020-08 is about the procedural enrollment processes, we felt it made more sense to include it in the context of that resolution and say “the Board would authorize HCA to further refine both the deadline that's in the resolution itself, as well as all other enrollment deadlines,” as there are some that are determined.

Our thinking in putting it all together was a singular resolution about enrollment deadlines and processes, addressing a very specific one in paragraph one, and then saying the world can further evolve and the Board agrees, in general, there might be other instances where HCA should take the steps to do a similar extension in another context.

**Fred Yancey:** Thank you, Dave. I'm still confused on the difference between 2020-07 and 2020-08. You have one with a two-month period under which somebody could respond and the other was one month. It strikes me that you said one was the outgrowth of the other, so why wouldn't it be two months for both? But we can discuss this offline. My ignorance doesn't need to be dealt with. Thanks.

**Dave Iseminger:** If we identify any disconnect that the deadline would need to be further, the second paragraph would give the authority to take care of any type of technical corrections if they do exist.

**Wayne Leonard:** Following up on Mr. Yancey's question. On Resolution 2020-08, second paragraph, this extension of enrollment timelines is only during a declared state of emergency. Is that correct?

**Dave Iseminger:** Yes, Wayne.

Voting to Approve: 8
Voting No: 0

**Lou McDermott:** Resolution SEBB 2020-08 passes.

**Rob Parkman:** The next two proposed resolutions are to amend past resolutions due to feedback from stakeholders.
Slide 13 – Proposed Resolution SEBB 2020-04 – Amending Resolution SEBB 199-02 – Anticipated Work Hours Eligibility Range Under RCW 41.05.740(6)(e). The recommendation is to strike the word “no more” and insert the word “last” in the second bullet so that SEBB 199-02 now reads:

A SEBB Organization engaging in local negotiations regarding eligibility for school employees under RCW 41.05.740(6)(e) shall negotiate within the range of anticipated to work hours described below:
- No less than 180 hours per school year; and
- Less than the threshold to meet the SEB Board’s eligibility established pursuant to RCW 41.05.740(6)(d).

SEBB 199-02 was passed by the SEB Board at the March 7, 2019 Board Meeting. A copy of that resolution is in the Appendix. One stakeholder raised concerns, after reviewing the SEBB Program rules after the launch of the Program, regarding the ceiling of work hours for eligibility for RCW 41.05.740(6)(e). You may remember (6)(e) is related to locally negotiated eligibility, and the concern raised was a conflict with the bottom number of work hours for the eligibility criteria within RCW 41.05.740(6)(d).

As currently written, the ceiling for RCW 41.05.740(6)(e) is 630 hours and the eligibility floor for RCW 41.05.740(6)(d) is 630 hours. This revised policy resolution address that one-hour issue.

Considerations: We need clear understanding on the differences between (6)(e) and (6)(d) eligibility standards. We believe the intent of this resolution was always to require a school employee, if they were eligible for (6)(d) eligibility, to receive benefits and only receive (6)(e) benefits when they were not eligible for the regular (6)(d) benefits. As of now, there are no SEBB Organizations using (6)(e) eligibility. This is currently not an issue, but SEBB Organizations may start using (6)(e) eligibility as soon as this fall.

Slide 14 – Proposed Resolution SEBB 2020-05 – Amending Resolution SEBB 2018-12 Effective Date of Coverage for School Employees Eligible for the Employer Contribution. SEBB 2018-12 is amended to add the following to the end of the resolution: Except that when a school employee establishes eligibility for new employer contribution towards SEBB Benefits at any time in the month of August, the benefits begin on September 1 only if the school employee is anticipated to work 630 hours in the coming school year.

SEBB 2018-12 would now read:

For September each year, a school employee who has establishing eligibility for the employer contribution towards SEBB benefits, and whose first day of work is on or after
September 1, but not later than the first day of school for the current school year, as established by the SEBB Organization, the effective date of coverage is the first day of work.

For a school employee who is establishing eligibility and whose first day of work is at any other time during the school year, the effective date of coverage is the first day of the month following the day the school employee establishes eligibility for the employer contribution toward SEBB benefits. Except that, when a school employee establishes eligibility for the employer contribution towards SEBB benefits at any time in the month of August, SEBB benefits begin on September 1 only if the school employee is anticipated to work 630 hours in the coming school year.

SEBB 2018-12 was passed by the SEB Board at the June 4, 2018 Board Meeting. A copy of that Resolution is included in the Appendix.

SEBB Benefits Administrators reviewed the rules and had concerns with the conflict between rules when a newly eligible school employee establishes eligibility in the month of August. By rule, they would have their benefits start on September 1, which is also the start of the next school year.

Considerations: RCW 41.05.740 is read so that SEBB benefit eligibility is aligned to each school year. To address this issue identified by our stakeholders, HCA is recommending approval of Resolution SEBB 2020-05 to amend Resolution SEBB 2018-12.

Slide 16 – Effective Date of Coverage for School Employees Eligible for the Employer Contribution – Example #1. A school employee has worked 630 hours as of August 21, 2020. They earned the employer contribution as of that date and their benefits will start on September 1, 2020, the start of the next school year, because their SEBB Organization has anticipated this school employee will work 630 hours in the school year that starts on September 1, 2020.

Is this school employee eligible for SEBB benefits in the next school year? Yes. When will their benefits begin? September 1, 2020.

Slide 17 - Effective Date of Coverage for School Employees Eligible for the Employer Contribution – Example #2. A school employee has worked 630 hours as of August 21, 2020. Their SEBB Organization does not anticipate this school employee will work 630 hours in the next school year. They are not SEBB benefits eligible.

Is this school employee eligible for SEBB Benefits into next year? No.
This example would tie back to the two-year presumed lookback of eligibility contained in SEBB 2018-36 approved by the Board on November 8, 2018, if this happened the second year. This would be the first year. If they were not eligible this year, they would not get benefits the next year. If they get 630 again in year two, the two-year lookback presumed eligibility resolution would kick in. For year three, unless there was a rebuttal of that eligibility, they would receive benefits.

Slide 18 – Proposed Resolution SEBB 2020-06 – Error Correction for Incorrect Information. If a SEBB Organization or a contracted vendor provides incorrect advice regarding SEBB benefits to a school employee that they relied upon, the error will be corrected prospectively with enrollment in benefits effective the first day of the month following the date the error is identified. The Health Care Authority approves all error correction actions and determines if additional recourse is warranted.

This is a new resolution that works with the other two error correction resolutions passed last year, SEBB 2019-09 – Fail to Provide Notice or Accurately Enroll, and SEBB 2019-10 – Enrolled in Coverage When Not Eligible. The part about recourse is warranted, and is also included in these two resolutions, which are in the Appendix for your review. This same resolution was passed last year by the PEB Board.

Considerations: Eligibility enrollment rules can be complex and sometimes Benefit Administrators provide incorrect information to school employees, which they act upon with poor results. The passage of this resolution allows correction of these types of errors through the error correction process and not the appeals process. If a SEBB Organization or contracted vendor must correct eligibility enrollment errors they were part of, the SEBB Organizations and contract vendors will correct those eligibility enrollment errors prospectively and the Health Care Authority will determine if it warrants additional recourse. Recourse may include up to and including reimbursements of dollars paid on claims or dollars paid for other coverage by the employee while the error was in effect. It may also include retroactive enrollment.

Dave Iseminger: When these types of errors occur, there is an urgency to fix it prospectively, as quickly as possible. A prospective fix does not preclude additional recourse. This was a very robust conversation at the PEB Board Meeting last year. There are actually refinements reflected and included in the proposal before you today to be clearer, specifically that end clause that has “and determines if additional recourse is warranted.” That would be on top of a prospective fix. I don't want anybody to walk away with the impression that there would be a prospective enrollment and anything in the past is swept under the rug and never addressed. When an error like this happens, the immediate task is to fix things for the first of the upcoming month as fast as possible, and then look at the historical part that needs cleanup.
**Pete Cutler:** I appreciate David’s comments. I have to admit my reaction is this just strikes me as being very broad and very vague. And having worked with benefit administration, with Retirement Systems especially for several years, I know that broad, vague language often ends up extending benefits or situations beyond what the people who drafted the resolution, had in mind. I’ve sent comments to David. I’m just hoping we get more briefing on what the PEB Board did. I guess especially just that concept of additional recourse is a very vague term and it does not necessarily indicate that anyone is going to be held accountable for mistaken advice or decisions they’ve made. I think having accountability for the SEBB Organization and the contracted vendor is an important principle. I just want to get that on record.

**Dave Iseminger:** Pete, I do have the comments you had about this one and we'll work through those to give some additional response and insight in time for the May meeting. Our first priority was the resolutions we were asking you to take action on today. We’re looking at your questions.

**Pete Cutler:** Great, thanks very much, Dave.

**Rob Parkman:** Slide 19 – Next Steps. I will incorporate Board feedback and then start the stakeholdering process. I’ll bring these back to the Board at the May 7 Board Meeting for action.

**Public Comment**

**Julie Salvi** representing the Washington Education Association. First, I just wanted to thank the Health Care Authority for all the work they’ve been doing to bring the resolutions that were briefed today, and all the work related to addressing COVID.

I have one other idea I wanted the Board to consider as we go forward. It is not emergent. But looking to next fall when enrollment determinations will be made, most of the determinations will be made based on the hours someone is expected to work. But then the Board has also adopted those other policies to say, well, and so what I’m thinking of is, if someone has had two years of working 630 hours, they would be deemed eligible. And this year is just going to look different. The law that was passed was intended to protect individuals who may have been just at that cusp of working 630 hours and they may have that work disrupted for this very unexpected reason of a COVID emergency.

If there’s a way to look at that two-year lookback rule to say something like, “if someone would have received their eligibility this year and had worked 630 hours in the other year,” something like that to give a little grace period for this unexpected time would be fabulous. Thank you.

**Preview of May 7, 2020 SEB Board Meeting**

**Dave Iseminger**, Director, Employees and Retirees Benefits Division, provided an overview of potential agenda topics for the May 7, 2020 Board Meeting.
Next Meeting
May 7, 2020
9:00 a.m. – 1:15 p.m.

Meeting adjourned at 10:37 a.m.
May 7, 2020
Health Care Authority
Sue Crystal Rooms A & B
Olympia, Washington
9:00 a.m. – 11:30 a.m.

Members Present via Phone
Lou McDermott, Chair
Terri House
Dawna Hansen-Murray
Pete Cutler
Wayne Leonard
Dan Gossett
Katy Henry
Alison Poulsen

SEB Board Counsel
Katy Hatfield

Call to Order
Lou McDermott, Chair, called the meeting to order at 9:01 a.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 is telephonic only and will address only those topics necessary and routine to complete the regular cycle of activity in our Board season.

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

There is no specific follow up to the April meeting, but I did want to provide two general updates. The first is the status of open enrollment appeals. We are near the finish line. HCA had 8,505 appeals, with 98% fully adjudicated, leaving only 172 appeals to complete. All of the 172 are instances which require engaging with either the school district or directly with the member themselves to understand exactly what relief was being requested.

For example, some indicated, “I got enrolled in the wrong medical plan” without indicating the medical plan they believed they were supposed to be enrolled in. Originally about 500 subscribers needed contacting throughout the appeal process to
get that level of information. We’re down to about 150 subscribers that represents those 172 appeals. The final appeals should be resolved in the next week or two.

The second update is the result of the COBRA COVID resolutions passed at the last Board Meeting. HCA brought a recommendation to expand the option for the number of months an individual can be on self-pay continuation coverage and this Board passed those resolutions, as did the PEB Board. Between the two programs, we had 120 individuals whose COBRA or continuation coverage would have terminated during the COVID period. We’ve reached out to all 120 of them. Although we don’t have a breakdown by Program, to date, 30 have elected to maintain that continuation coverage on a self-pay basis, 40 declined to take that option for additional coverage, and 50 are still in the consideration phase.

Optional Benefits
Cade Walker, Executive Special Assistant, ERB Division. Slide 2 – Overview. I’ll give a brief review of legislation passed this session.

Slide 3 – HB 2458 (2020). There are three main points I want to review. First, this legislation prohibits school districts from offering any form of basic or optional benefits that compete with SEB Board offered benefits or benefits offered under the authority of the Health Care Authority. Benefits offered under HCA authority are benefits under our cafeteria plan such as the Medical Flexible Spending Arrangement (FSA) and the Dependent Care Assistance Program (DCAP).

The legislation delineated particular benefits school districts may offer, if not otherwise offered by the SEBB Program. It further authorizes the SEB Board to study and offer (pending funding) the same delineated benefits. These benefits must be voluntary and employee paid. Though school districts may continue to offer VEBA that is employer funded.

Lastly, this legislation requires school districts, health carriers, vendors, and the Health Care Authority to work together to modify, remove, or discontinue any district-based benefit that competes with SEBB or HCA offered benefits.

Dave Iseminger: In the Appendix of Cade’s presentation is a copy of the legislation as signed by the Governor. I want to draw particular attention to “term life insurance”. There have been questions on this subject. If the Board offers a term life insurance, which is the product the SEBB Program offers, can the district offer whole life insurance? If this Board offers long-term disability, can a district do short-term disability? If the Health Care Authority offers a full FSA, can a district offer a limited FSA?

The legislation is very clear. It's any form of the basic or optional benefit. It includes all disability products since there’s one offered within the Program. All FSA is off the table. All life insurance is off the table. This has been a consistent question this past year.

Cade Walker: Slide 4 – HB 2458 (2020). Delineated benefits articulated in this bill are: emergency transportation, identity protection, legal aid, long-term care insurance, noncommercial personal automobile insurance, personal homeowners or renters insurance, pet insurance, fixed payment insurance (specific disease, illness-triggered,
hospital confinement, etc.) travel insurance, and the Voluntary Employees Beneficiary Association (VEBA) accounts.

Specific disease, illness-triggered, hospital confinement, or other fixed payment insurance does include cancer insurance, which came up often in conversations.

The SEB Board may offer delineated benefits but is not required to. If the Board wants to consider new benefits, HCA recommends benefits start no sooner than the 2021 Board year for administration purposes to ensure a timely study to gather information and the ability to plan accordingly.

**Dave Iseminger**: Does the Board wish to request the agency to start analyzing any of these benefits sooner than next Board year? With the Program being new, and the changing world we’re living in right now, our energy is probably better spent elsewhere at this time. Next Board season is our recommendation for the earliest start date of the process. As we’ve described over the past two years, it takes anywhere from 18 to 24 months to generate a new benefit. Even if we were to start in 2021, it would be effective in January 2023 at the earliest.

In the meantime, the districts can offer any of these benefits. Does the Board agree with this recommendation? It’s not a formal vote. [***There was a pause of silence.***] I will assume silence is general agreement.

**Cade Walker**: Slide 5 – Annual Timeline. This slide is our proposed timeline for the reporting process for the school districts and the Health Care Authority for the reporting of optional benefits. The legislation requires the school districts to report the optional benefits they are providing to their employees by December 1 of every year. Appreciating this is going to be an annual process, we’ve tried to streamline this moving forward, and appreciate that there may be some adjustments in timing as years progress.

HCA anticipates in the November - December timeframe, similar to last year, sending a survey to school districts to report the optional benefits they’re providing to HCA, with a due date of December 1 every year.

The January - February timeframe is when HCA would submit the results of that survey to the SEB Board to fulfill the consultation requirements in the legislation. We could discuss trends, identify competing benefits, and discuss next steps.

Between February and August of each year, HCA would engage with school districts and carriers with competing components of benefits, or to phase out the district offered benefit.

If the competing benefit can be modified to become compliant, it would not be competing with SEBB or HCA offered benefits. That process would likely require a filing by the carrier to the Office of the Insurance Commissioner (OIC). HCA would work closely with the carrier and the school district to ensure adequate timing so the benefit could be offered at the start of the school year. HCA will need a good working relationship with the carriers and districts when we identify benefits that can be
modified. Otherwise, the ending of a benefit does not necessarily have the same sort of strict timeline. It can be phased out for the next school year.

**Dave Iseminger:** HCA will work and be reasonable with both the carriers and the districts, especially on the timeline, because depending on when filings happen with OIC, and their cyclical nature with regulating so many different parts of the commercial market, some times of the year are better than others. As long as there's a good faith effort between both the district, the carrier, and ourselves, if it talks longer time expected, we will be reasonable about that aspect of working together to comply with the statutory intent as passed in this recent bill.

**Cade Walker:** Slide 6 – 2019 Optional Benefits Survey Results. You saw this information at the January Board Meeting. I've condensed and modified some of the results based on language from the legislation. From our results, 267 out of 304 SEBB Organizations submitted responses, which we felt was a substantial turnout rate. There were 717 optional benefits reported from these organizations, with 23 different benefit types, not including one-off benefits submitted. Those other benefits they fit into other categories.

Of the districts reporting, 19 SEBB Organizations reported at least one benefit that was likely to compete with either the SEB Board or Health Care Authority offerings. That breakdown was as follows: 11 districts offering a competing life insurance product, 8 offering a competing disability product, 8 offering an accidental death and dismemberment policy, 6 offering an FSA benefit, and 3 with DCAP.

In accordance with the legislation that passed, these conflicting benefits do not include the specific disease illness triggered, hospital confinement, or other fixed payment insurances, such as cancer insurance, that are not currently offered by the SEB Board or the Health Care Authority.

The intent of this presentation is to consult with the Board and get your perspective on the disposition of these competing benefits before we start to engage with the 19 identified districts based on the survey results.

Before going further, we wanted to go through this first level of review with you to discuss our proposed process for engaging with the districts. After we address these first five benefit types with the 19 organizations (life insurance, disability, AD&D, FSA, DCAP), we will share the outcome with the Board. Then the Board can let us know if you want us to take steps on other benefits identified that may be in conflict with the SEB Board or HCA offerings.

**Dave Iseminger:** HCA’s proposal this first year, as we sort through the operational aspects of the process, is to focus on the more obvious conflicting benefits. That does not mean to imply any of the other optional benefits reported are okay. Based on what we learned in the survey, we would focus on the 19 organizations that reported clear, or likely, conflicts. That is not an endorsement or an implicit ratification that everything else is fine. As things are presented to us and it becomes more apparent, if there is an obvious conflict while we're going through this process, it would be addressed. As we get into the gray areas, HCA will reengage with the Board about an intent to move forward in addressing those potential conflicts in a phase two approach.
Cade Walker: Slide 7 – Plan for Engaging with School Districts. As noted earlier, we have 19 districts we need to contact to discuss with them their optional benefit offerings that we feel are likely in conflict with SEBB or Health Care Authority offering authority.

The first step, HCA will confirm the information provided last December is still accurate those benefits are being offered to their employees and work to resolve those issues. I suspect some districts reported benefits currently offered that will no longer be offered as of January 1, 2020.

We then anticipate getting the carriers’ names and contact information, brokers, if necessary, who were assisting the districts with those benefits. We will begin the process of reaching a resolution.

It’s anticipate the competing optional benefits will be resolved prior to the start of the next school year, whenever possible, appreciating that processes take time, filing with OIC. HCA will work to comply with the legislation as quickly as possible, while being reasonable with the substantial efforts to come into compliance.

Slide 8 – Communications. HCA will work to modify communications, refreshing the guidance disseminated Fall 2019, the most substantial communication regarding optional benefits. We will revise the training offered through our Outreach and Training Unit to school districts regarding optional benefits and the changes from House Bill 2458.

Dave Iseminger: There have been a variety of questions asked about the timeline for refreshing guidance. The effective date of the legislation is June 11. We may or may not have the FAQs and guidance on our website refreshed before then. We will work on that over the next four to eight weeks. The website has been flagged to indicate it’s pending review of HB 2458 and should not be relied upon. At the same time, we will be contacting the 19 initial districts Cade highlighted in his presentation.

Cade Walker: In a soon to follow public release of proposed rules, WAC 182.30 incorporates HB 2458 requirements into our SEBB Program rules, which will be communicated as they go out for review to the external public.

Slide 9 – Action Items. HCA will reach out to the identified school districts to determine actions needed to resolve the competing benefits issues. The survey from last fall will be updated to take into consideration the new requirements and laws from HB 2458 in preparation for a Fall 2020 release.

Dave Iseminger: In the Appendix, new Section 3(2) states: “The Health Care Authority, in consultation with the School Employees’ Benefits Board, shall review the optional benefits reported by school districts...” It goes on to talk about before beginning the process of engaging with the district. This is that presentation. HCA’s recommendation to the Board is the agency proceed with discussing obvious conflicts with the identified 19 districts, and work toward resolution as we engage in the process. We're making our recommendation and consulting with you as a Board to see if you have any concerns about this first phased approach. Does the Board have questions or comments?
Pete Cutler: I want to confirm my silence is purposeful. I appreciate you clarifying this is the consultation you mentioned under Section 3(2) of the bill. So thanks.

Dave Iseminger: Thanks, Pete. Noted for the record, silence was purposeful. I was most curious whether you had any follow-up questions. So, thank you for that.

Pete Cutler: My pleasure.

Covid-19 Update

Dave Iseminger, Director, ERB Division and Jean Bui, Manager, ERB Division Portfolio Management and Monitoring Section.

Jean Bui: I will share some of the actions taken by the PEBB carriers in response to the COVID-19 state of emergency. HCA has continued to have weekly calls with the medical carriers on COVID-19 to get regular updates and provide them with information on actions HCA is proposing.

Kaiser Northwest has begun scheduling some of the more urgent elective surgical procedures. All of the health plans have implemented for COVID-19 treatments no member cost share. For Premera, this is for January 1 through October 1, for Kaiser Permanente Washington and Kaiser Permanente Northwest, April 1 through May 31, and Uniform Medical Plans, March 5 through June 30.

Dave Iseminger: You may be wondering how Kaiser Northwest is scheduling certain types of surgeries given the Governor’s proclamation on elective surgeries in Washington. For clarification, Kaiser Northwest is in Southwest Washington and is primarily rooted in Portland, Oregon. There may be differences in the legal authority within Portland since it’s under the jurisdiction of a different governor. Our members may be able to access some of those services if they are in Oregon.

Jean Bui: HCA has authorized Navia Benefits Solutions, our FSA/DCAP contractor, to extend the grace period for claims’ submissions from the normal deadline of March 31, to May 15 for 2019 FSA and 2019 DCAP. Although the recent Federal Cares Act made some changes with the FSA, including authorization for certain over the counter items and menstrual products that are now claimable. HCA is currently analyzing other deadline extensions with our attorneys and vendors. HCA sought additional relief from the IRS for the 2019 and 2020 plan years for FSA, but there has been no response yet.

Premera has indicated antibody testing, billed in conjunction with a COVID test to diagnose, is covered with no cost share. However, the tests performed alone to diagnose COVID are not covered. Both Kaiser Northwest and Kaiser Washington have told us that COVID-19 serology testing test panels for influenza A & B, norovirus, and other coronaviruses, respiratory RSV, when billed in conjunction with a COVID-19 related diagnosis code, the testing will need to be determined to be medically necessary for coverage.

Uniform Medical Plan antibody testing, as the topic of testing is evolving rapidly and changing daily, they are currently pending claims for antibody tests. They are monitoring for new information from the FDA regarding validation of performance
thresholds, which will help direct the policy. UMP continues to provide updates as new information becomes available.

Dave Iseminger: Some of my comments bleed into the PEBB Program area but I still want to give you a sense of the overall picture. In addition to the COBRA resolutions this Board and your sister Board passed, we also presented to the PEB Board another eligibility piece of the puzzle they passed. It’s a piece of eligibility in the PEBB Program unique to hiring first responders. Higher education institutions are also part of the PEBB Program. So within the PEBB Program and higher education, there are also several hospital systems. We also have the State Patrol, as well as the Department of Health.

The PEB Board passed a special eligibility resolution that allows access to benefits retroactive to the beginning of the month in which they first work: first responders, individuals working on COVID research, Department of Health public health officials, and a variety of other COVID response settings. We had at least 60 individuals in the PEBB Program hired under those special eligibility rules established by the PEB Board.

There was an incentive for retirees to come back to the workforce. HCA worked with the Department of Retirement Services to reduce some barriers individuals might face if they were interested in accessing employment again. DRS was able to suspend some of the prohibitions that might have limited retiree rehires. HCA has been working on implementing that if a retiree bounces back into PEBB or SEBB eligibility as an active employee, their medical plan accumulators don't reboot if they stay with the same carrier and are in a similar plan. That way the accumulator reboot issue would not be a hindrance to individuals who have significant experience coming back into the workforce during this time.

HCA also worked with Limeade, our SmartHealth vendor. We launched a platform similar to SmartHealth for about 200,000 Medicaid eligible individuals to provide additional opportunities to promote various services within the state, as well as overall mental and physical well-being.

I reported last time that HCA secured Zoom licenses to help facilitate providers throughout the state who don't have the infrastructure for telehealth services. We continue to push those efforts out and provided around 900 or so Zoom licenses.

Lou McDermott: Since the program started, we have over 700,000 minutes between providers and patients.

Dave Iseminger: We’re actively pushing pieces regarding telehealth.

Looking at the overall financial impact of COVID-19, it feels like it's been going on for a long time, but from a claims experience standpoint, we’re nowhere near run out of even the first month. At our next Board Meeting, Megan Atkinson will describe the big picture thinking about the overall financial impacts of COVID-19. HCA has done internal analysis working with our carriers on both the Medicaid and ERB side.

Lou McDermott: HCA, on the Medicaid side of the house, is working hard with CMS to make heads or tails of the relief money that's coming out of the federal government and how it affect providers in Washington. We are trying to make sure we keep our
behavioral health providers and the hospitals going. There’s a lot of work between local government and the federal government to try and understand who’s going to do what and when. How much money is going to flow? What strings are attached to that money? What’s a gift? What’s a loan? There’s so much going on, it’s endless.

**Alison Poulsen:** I wanted to emphasize how impressed our Medicaid providers have been here in Eastern Washington with how quickly the Health Care Authority has been working, and how much the support has really mattered. I know I’ve got a different hat on today, but I think it is worth acknowledging government working effectively and efficiently through this process, and we’re really seeing it play out positively throughout the partners that Better Health Together works with.

**Dave Iseminger:** I appreciate that, Alison. I was also going to add that in the last 60 days, I’ve had more conversations with my counterparts in other states than I’ve had in the last two years. In addition to a lot of collaboration, as I’ve alluded to with DRS, with the Insurance Commissioner’s Office, with the University of Washington and their hiring for response within their hospital systems, there have been robust collaborations also across state lines.

We know Washington was at the beginning of this, and we’ve fortunately become a little less of an epicenter nationally. But when I talk with my counterparts in other states, the conversations would always start with, “I assume Washington has already addressed something like this, because you’re about two weeks ahead of us at everything.” Things done here in our state have pollinated to other places.

After implementation of the retiree rehire topic with DRS, and after our special Board Meeting with the PEB Board, and your April Board Meeting, New Jersey did very similar things modeled off what we did in Washington. There have been many different impacts. Some of which we’ll never know. There’s a lot of collaboration even across state lines, with regards to how state employee benefits are working nationally.

The work being done in Washington, specifically the retiree rehire, as well as the COBRA extension, are things other states picked up based on what we did. Recently I believe within the last week, the Federal Department of Labor issued additional guidance related to COBRA, which coincidentally has a 60-day timeline after the end of a declared emergency. That should sound familiar to the resolutions you passed last week. At the federal level, some of their guidance also ties things to a two-month period after the emergency is over. Maybe somewhere somebody saw things being picked up in different states that started here in Washington, and it may have had an impact in the other Washington.

**Eligibility and Enrollment Proposed Resolutions**

**Rob Parkman**, Policy and Rules Coordinator, ERB Division. Slide 3 – SEB Board Resolutions. Today, I am introducing three resolutions. The first and second resolutions are amending past resolutions approved by the Board. The last resolution deals with error correction issues.

Slide 4 – Resolution SEBB 2020-04 Amending Resolution SEBB 2019-02 Anticipated Work Hours Eligibility Range Under RCW 41.05.740(6)(e). This resolution amends
Resolution SEBB 2019-02. Four stakeholders provided comments on this resolution, all in support as written. The resolution has no changes since it was presented on April 2.

**Lou McDermott: Vote – Resolution SEBB 2020-04 - Amending Resolution SEBB 2019-02 Anticipated Work Hours Eligibility Range Under RCW 41.05.740(6)(e)**

Resolved that, SEBB 2019-02 is amended to strike the words “no more” and insert the words “less” in the second bullet, so SEBB 2019-02 now reads:

A SEBB Organization engaging in local negotiations regarding eligibility for school employees under RCW 41.05.740(6)(e) shall negotiate within the range of anticipated to work hours described below:

- No less than 180 hours per school year; and
- Less than the threshold to meet the SEB Board’s eligibility establishment pursuant to RCW 41.05.740(6)(d).

Wayne Leonard moved and Alison Poulsen seconded a motion to adopt.

Voting to Approve: 8
Voting No: 0

**Lou McDermott:** Resolution SEBB 2020-04 passes.

**Rob Parkman:** Slide 5 – Resolution SEBB 2020-05 Amending Resolution SEBB 2018-12 Effective Date of Coverage for School Employees Eligible for the Employer Contribution. Four stakeholders provided comments on this resolution. Three stakeholders supported the resolution as written and one stakeholder requested we change it to make it clear it also applies to employees eligible under the (6)(e) eligibility, often referred to as “locally negotiated eligibility.” HCA recommends adding, “be eligible for the employer contribution toward SEBB Benefits for the school year that begins on September 1,” near the end of the resolution, to make it clear this resolution applies to both 6(e) and 6(d) populations.

HCA recommends removing “anticipated to work 630 hours in the coming school year” from the end of the resolution (Slide 22). The resolution as presented at the March meeting is included in the Appendix.

Because of the recommended changes to the resolution, we updated Example 2. We are rescinding the current example and providing a new version to align with the updated resolution.

**Rob Parkman:** Slide 8 – Effective Date of Coverage for School Employees Eligible for the Employer Contribution – Example #2 (Rescinded) HCA is requesting this example be rescinded and replaced with Example #2 (Updated) to show the 6(e) eligibility we’re recommending be incorporated.
Slide 9 - Effective Date of Coverage for School Employees Eligible for the Employer Contribution – Example #2 (Updated). This updated example is our recommended replacement to Example #2 (Rescinded). The updated Example #2 would now read, “a school employee has earned the employer contribution as of August 21, 2020. Their SEBB Organization has not anticipated that this school employee will earn the employer contribution in the next school year so they are not SEBB benefits eligible. Is this school employee eligible for SEBB benefits in the next school year? No.”

If the Board approves the resolution, this would be Example #2 moving forward.

Lou McDermott: Vote – Resolution SEBB 2020-05 - Amending Resolution SEBB 2018-12 Effective Date of Coverage for School Employees Eligible for the Employer Contribution

Resolved that, SEBB 2018-12 is amended to add the following to the end of the resolution:

Except that, when a school employee establishes eligibility for the employer contribution towards SEBB benefits at any time in the month of August, SEBB benefits begin on September 1 only if the school employee is also determined to be eligible for the employer contribution toward SEBB benefits for the school year that begins on September 1.

SEBB 2018-12 now reads:
For September each year, a school employee who is establishing eligibility for the employer contribution towards SEBB benefits, and whose first day of work is on or after September 1 but not later than the first day of school for the current school year as established by the SEBB Organization, the effective date of coverage is the first day of work.

For a school employee who is establishing eligibility and whose first day of work is at any other time during the school year, the effective date of coverage is the first day of the month following the day the school employee establishes eligibility for the employer contribution toward SEBB benefits. Except that, when a school employee establishes eligibility for the employer contribution towards SEBB benefits at any time in the month of August, SEBB benefits begin September 1 only if the school employee is also determined to be eligible for the employer contribution toward SEBB benefits for the school year that begins on September 1.

Katy Henry moved and Wayne Leonard seconded a motion to adopt.

Peter Henry: I’m President of the Seattle Substitutes Association and I have a question about the 630 hours requirement to maintain benefits. I’m wondering what the SEB Board plans to do to modify the hourly requirement for this school year due to the fact that the schools are shut down and some folks were not permitted to work during the time schools have been shut down for a few months. I think we had about 115 days in Seattle. That means there’s 65 days left that we’re not eligible to work. I’m wondering what the Board is considering about this particular situation.
**Dave Iseminger:** Peter, I want make one piece clear. This resolution is about the effective date of coverage and not the underlying general eligibility piece. This resolution is about when coverage begins once eligibility is met, versus a separate question more related to what you're asking, which is how do you reach eligibility for benefits. That's the distinction, establishing eligibility versus the effective date of benefits.

The question you're asking, which I'll try to elucidate some more for the Board. Situations have come up where individuals, primarily in a substitute setting, where they were not designated by school districts as anticipated to work 630 hours this school year. The district then applied the two-year look-back rule the Board passed and still identified the individual as not anticipated to meet eligibility requirements. In those circumstances, the individual, if they actually worked 630 hours, would meet eligibility per another Board resolution passed sometime in the past two years. What has come up in this particular instance is, as schools shut down in light of the COVID epidemic, there were individuals who were actually getting near to working 630 hours, but had not actually worked 630 hours. With schools shut down, they no longer had hours to pick up. Although they thought they would possibly reach eligibility, because schools shut down, they were not able to reach that eligibility threshold.

I want the Board to know this question has been coming up the last 45 days due to COVID. I've asked Barb Scott and her team to look at eligibility to consider bringing something to the Board. Is there a point where we might recommend to the Board that if somebody reaches a certain percentage of the 630-hour requirement, there needs to be a relook at the employer anticipation to work estimate. We're in the preliminary stages to see if we can bring something to the Board to look at the eligibility framework on this point. In my opinion, it falls under a COVID response situation. Is that context helpful, Mr. Henry?

**Peter Henry:** Yes. Thanks very much. What's your name?

**Dave Iseminger:** David Iseminger. I'm the Director of the ERB Division.

**Peter Henry:** Good, so I can email you. Thank you.

Voting to Approve: 8
Voting No: 0

**Lou McDermott:** Resolution SEBB 2020-05 passes.

**Rob Parkman:** Slide 10 – Resolution SEBB 2020-06 Error Correction for Incorrect Information. We had feedback from five stakeholders and we are recommending some changes. Two stakeholders supported the resolution as written. Three stakeholders had concerns with this resolution. One wanted more clarity that the information had to come from the SEBB Benefits Administrator, not just anyone within a SEBB Organization. Based on this input, we are recommending that “SEBB Organization” be replaced with “Benefits Administrator” near the start of the resolution.
Another stakeholder requested clarity that HCA could allow for retroactive error corrections if HCA determined it to be appropriate action. Based on this input, HCA recommends adding “which may include retroactive enrollment,” near the end of the resolution. We used “enrollment” instead of “corrections” to match SEBB 2019-09, another error correction resolution approved by the Board during the meeting on May 16, 2019. The resolution presented at the April meeting is located in the Appendix.

Dave Iseminger: The language added at the end, some of the stakeholder feedback pointed out the phrase about retroactive enrollment had been in prior error correction resolutions. We did find that compelling feedback and populated it in this resolution the same way it was in other resolutions. In the original error correction resolution discussion, there was a robust discussion about that phrase. The way it was added here is the same way it was added in prior error correction resolutions per those discussions last year.

Lou McDermott: Vote – Resolution SEBB 2020-06 – Error Correction for Incorrect Information

Resolved that, if a Benefits Administrator or a contracted vendor provides incorrect advice regarding SEBB benefits to a school employee that they relied upon, the error will be corrected prospectively with enrollment in benefits effective the first day of the month following the date the error is identified. The Health Care Authority approves all error correction actions and determines if additional recourse, which may include retroactive enrollment, is warranted.

Terri House moved and Alison Poulsen seconded a motion to adopt.

Pete Cutler: I had some concerns with the first version of this resolution and I think these two changes based on feedback are both helpful. However, maybe it's just my paranoia with having dealt with challenges in both the HCA and DRS area. I think it would be helpful if the reference to a Benefits Administrator was more clear when referring to, “if a SEBB Organization Benefits Administrator provides incorrect advice.” There are a lot of folks who make money giving advice related to employee benefits of various types, who could give an employee bad information. The employee could claim that was why they made a certain decision and now want to change their mind. Anyway I thought that would be a helpful clarification. But, in either case, with or without the amendment, I support the resolution.

Dave Iseminger: Rob, is Benefits Administrator, in rules, a defined term already? And if so, what is that definition?

Rob Parkman: Based on the passage of this resolution, we have already leaned forward and created a definition of Benefits Administrator in the draft SEBB rules. In one minute I could tell you what that is.

Pete Cutler: That's fine for me. Just knowing it will be defined in rule is great. Thank you.
Rob Parkman: Yes. Based on the passage of this resolution, we will incorporate a definition of Benefits Administrator within the SEBB WAC rules.

Pete Cutler: Great. Thank you.

Lou McDermott: Rob, will the definition alleviate Pete’s concerns?

Rob Parkman: I believe it will. It clearly states that it's the SEBB Organization Benefits Administrator that routinely is asked to provide that information. We've tried to narrow it down to the benefits group within the SEBB Organizations.

Lou McDermott: Pete, is that satisfactory?

Pete Cutler: Yes. That sounds great. Thank you.

Wayne Leonard: I had a question because I saw a couple comments where some people were concerned about liability. From the way it’s written, is it just liability for correcting an error like a monthly premium or changing plans? Is there other liability? For example, in this first open enrollment period, questions came to my staff about, “I have this health condition.” “I take this medication.” “I'm getting cancer treatments in Seattle. Which plan should I enroll in?” We're not insurance experts and we're not capable of answering those kinds of questions. If someone can't get through, or can't get their answers from a carrier, they could act on our advice. I don't know what the liability is. Is it just switching plans? Is it just changing a monthly premium for one, because I saw some concerns about what the school district's liability might be? Do you have any answers on that?

Dave Iseminger: Wayne, I'll take a crack at answering that, and Rob, please correct anything I’ve misunderstood about error correction. In general, error correction could be a plan switch or enrolling them in benefits or disenrolling them in benefits. Typically, error correction comes up around an eligibility determination where somebody wasn’t given a proper affirmative eligibility determination and was denied benefits. That's why you see, Wayne, this particular resolution is talking about prospective enrollment, and then discussion and identification of retro enrollment when warranted. In that instance, the liability is focused on the monthly premium amount.

The genesis of error correction in the PEBB Program was multi-year class action litigation about alleged improperly withheld or denied eligibility determinations. The whole genesis of error correction is really about whether people were properly enrolled in benefits at all. It's primarily about being enrolled or disenrolled in benefits. The liability being described here is primarily the monthly premium.

Rob Parkman: I would say these can come in different forms and each one gets evaluated separately. I know there were comments about this and there has to be an agreement that there was more information to go error correction. If there is not agreement between the employer and the employee, it would actually go the appeals route. It's really just defining which route to go - if there's agreement between the employer and employee.
Dave Iseminger: Thanks, Rob. Wayne, I’ll just add that when you hear me say “primarily,” you and your colleagues may ask what part isn’t part of the premium? That very last part of this resolution, as an example, is if there is additional recourse warranted. There could be something agreed upon that is an identified appropriate recourse. I can’t think of an instance where something has been approved that is not basically retro enrollment and premium-related. But if there is any sort of other recourse determined to be warranted that has some sort of financial impact that everybody agrees on, and that HCA then approves, that could be some liability. I don’t have a specific example. Rob, do you know of any examples that are not premium based that have been authorized as part of error correction?

Rob Parkman: No, that is a lot of them. It could be they were told they couldn’t enroll a dependent and then later it turned out they could. But that could also change the premium depending on the details.

Dave Iseminger: Sometimes the error has been about a dependent. So, it is significantly primarily the premium portion that is the liability, Wayne. Is that helpful?

Wayne Leonard: Yes, thank you.

Katy Hatfield: Dave, I can think of another example. Sometimes, for instance, if an employee did not enroll when they could have enrolled, and then they find out about it, maybe four months later, and there’s a question about whether or not retroactive enrollment should be provided to the employee. The employee said, “You know, actually, I don’t need retroactive enrollment because during that four months, I only went to the doctor one time and I paid the doctor $240. If you pay me the $240, that’s good for me.” Then the employer, the employee, and HCA could all agree that rather than retroactive enrollment, the employee will be given that small amount of money. That’s just another example.

Dave Iseminger: Thanks, Katy.

Voting to Approve: 8
Voting No: 0

Lou McDermott: Resolution SEBB 2020-06 passes.

Rob Parkman: Slide 11 – Next Steps. On Slide 27 of the Appendix, we need to update Example #2 that supports SEBB 2020-08 that we briefed at the April 2 meeting. It was very rapidly determined to be incorrect and we would like to update it, as these examples are used by our Outreach and Training Unit, Communications Unit, and by SEBB Organizations. It’s important they be correct.

Slide 24 – Example Clarification to SEBB 2020-08. This is information brought forward from the April 2 Board Meeting. Slide 25 is the actual draft resolution, SEBB 2020-08 COVID-19 Enrollment Timelines. There was no change to the proposed resolution.
**Dave Iseminger:** Rob, SEBB 2020-08 was passed by the Board at the last meeting. You're clarifying the example. You said it's a proposed resolution. It's actually enacted by the Board at this point.

**Rob Parkman:** I agree. Slide 30 is the approved resolution.

Slide 26 – COVID-19 Enrollment Timelines – Example #1. There is no change to this example.

Slide 27 – COVID-19 Enrollment Timelines – Example #2 (Rescinded). This example needs to be replaced. The last part of the example is incorrect. So where the problem was. So if hypothetically, a school employee’s last day to enroll in continuation coverage was May 31, 2020, the state of emergency terminated on May 15, 2020, then the enrollment period for the subscriber would not change and the deadline would remain May 30, 2020. It’s the last part of this example which is incorrect.

Slide 28 – COVID-19 Enrollment Timelines – Example #2 (Updated). This slide is the updated version. It reads: If (hypothetically), an employee’s last day to enroll in SEBB continuation coverage is May 31, 2020, and the state of the emergency terminated on May 15, 2020, then the enrollment period for that subscriber will be extended to June 14, 2020 because the subscriber’s continuation coverage enrollment period ended following the end of the emergency period, and before the end of the 30-day extension period.

**Dave Iseminger:** It was brought to our attention the math was off. We were supposed to do 30 days past May 15 and we had only done 16 days. People rely on the examples we provide in these slides more than you could possibly imagine. We’re trying to correct the record and the math. It’s not a substantive change from the policy proposal that was passed. It’s the illustrative example that needed to be corrected. There’s no action for the Board to take.

**Rob Parkman:** Slide 29 – COVID-19 Enrollment Timelines – Example #2, further clarifies this update. Bottom left starts with the Governor issuing his proclamation on February 29. Moving to the right, in our updated example, we have May 15 is the end of the emergency. Then we have May 31 as regular continuation coverage enrollment ended; and in this case, they would get additional days, all the way out to the end of June 14, 2020.

Slide 30 – Resolution SEBB 2020-08 COVID-19 Enrollment Timelines. This is the resolution approved at the April 2, 2020 SEB Board Meeting and there are no changes to this resolution.

**Public Comment**

**Mr. Brown:** I work as a certified substitute for Lake Washington and North Shore School districts. One of the concerns I had has already been addressed. But I personally have around 760 hours of substitute service credit for this year, but I don't qualify for benefits because of the "no stacking" rule. It’s something I could have
worked with if I would have been notified at the beginning of the year that, even as a substitute, I had the opportunity to get benefits.

Historically, substitutes weren’t given benefits. And the two districts, at least the two school districts that I worked for, never notified substitutes directly that they now had the opportunity to qualify for those benefits. I just happened to stumble across that at the end of the first semester. Because of that “no stacking” rule, I tried to adjust so that I could work for just one school district. And then COVID came along and I am not going to be able to qualify for benefits now.

I know this question was raised earlier, but I just want to bring up this “no stacking” rule and how it affects substitutes. When in my experience, most substitutes that are working as a substitute, as kind of their major income, work for more than one school district. At least in my example, the school districts did not notify substitutes that they now have the possibility of even being eligible to qualify and put a significant burden on me being able to qualify, in which the situation is right now. If COVID hadn’t happened, I would have been qualifying this year, this week actually, for benefits. But now because of COVID, unless something is taken into account I won’t qualify for this year, and I won't be able to qualify until at least February of next year.

I just wanted to bring that up, how much that ruling of the stacking affects substitute teachers, and also, how, if you think about it, it also limits the ability of substitute teachers to be effective in a substitute situation.

Peter Henry: Peter Henry again, president of the Seattle Substitutes Association. I have a question about your look-back period. Even if a substitute is working and meets the 630 hours requirement in a single school district, I'm not sure if this is a state expectation, or it’s based on what the Benefits Administrator decides at a local school district, but if somebody's a full-time employee, and then becomes a substitute in the same type of job, the look-back period does not cover the time when they're a full-time employee. They need to be working two years as a substitute, 630 hours each year, in order to qualify for SEBB. I was wondering what the justification is for this? And you know, what are possible remedies? Thanks.

Dave Iseminger: Mr. Henry, we'll do some follow up with you to learn more about this particular situation. What often happens in our Board Meetings during public comment, somebody will raise a scenario, as you have, that's coming to different parts of our agency’s attention often for the first time. We will go into research mode to understand more, and then we'll be able to do some follow up with you; and then, as appropriate, follow up with the Board as well. We will outreach to you to further understand your comments.

Preview of June 4, 2020 SEB Board Meeting

Dave Iseminger, Director, Employees and Retirees Benefits Division, provided an overview of potential agenda topics for the June 4, 2020 Board Meeting.

Next Meeting

June 4, 2020
9:00 a.m. – 1:00 p.m.
Lou McDermott: The SEB Board met in Executive Session Pursuant to RCW 42.30.110(1)(l), to consider proprietary or confidential nonpublished information related to the development, acquisition, or implementation of state purchased health care services as provided in RCW 41.05.026.

The SEB Board reconvened to adjourn the meeting.

Meeting adjourned at 10:37 a.m.
School Employees Benefits Board  
Meeting Minutes

June 4, 2020  
Health Care Authority  
Sue Crystal Rooms A & B  
Olympia, Washington  
9:00 a.m. – 11:30 a.m.

Members Present via Phone
Lou McDermott, Chair  
Pete Cutler  
Dan Gossett  
Katy Henry  
Terri House  
Wayne Leonard  
Dawna Hansen-Murray  
Alison Poulsen

SEB Board Counsel  
Katy Hatfield

Call to Order  
Lou McDermott, Chair, called the meeting to order at 9:02 a.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 is telephonic only and will address only those topics necessary and routine to complete the regular cycle of activity in our Board season.

Chair McDermott shared a statement posted to the Health Care Authority website about health equity and social justice to acknowledge HCA’s intent to dedicate resources to focus on these issues.

Our Director, Sue Birch, sent the following email to HCA staff:

“Dear HCA Team: I want to share with you the statement we have just posted about health equity and social justice. While it is unusual for a state agency to comment on social issues, it is more than just a current event. This is a moment for us to reexamine our own approach to health equity and make concrete steps forward to ensure equal access to quality health care for all residents of our state. This is the moment to acknowledge that black lives matter.”
Too often, the quality and accessibility of health care is determined by someone’s zip code, skin color, and income. That is wrong and is the result of many years of systemic racism. We can and must do better for those we serve.

We have an opportunity to acknowledge the intersection between health, poverty, and race, and act accordingly. This is not easy or comfortable work, but it is necessary, and must be done in partnership with the communities most impacted by health disparities.

In the coming weeks, we will share a draft Health Equity Strategic Plan and ask for input. I also welcome any conversation with you. Please reach out if you want to share your thoughts with me.”

We are still working out the details of when and how to share the draft Health Equity and Strategic Plan but we'll share more information when it's available.

**Meeting Overview and Covid-19 Update**

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

Covid-19 – The IRS issued guidance related to Cafeteria Plan benefits. The Cafeteria Plan allows employees to take pretax payroll deductions for various benefits, such as their employee premium of the medical benefits, or if they elect a Medical Flexible Spending Arrangement (FSA) or a Dependent Care Assistance Program (DCAP) benefit. In March, HCA began lobbying the IRS to make some changes. There are often very stringent IRS rules related to those benefits. The IRS came forward with a significant amount of flexibility for employers across the country related to FSA/DCAP benefits and medical plan premium deductions.

With that guidance, we plan to have a limited open enrollment occur in July. The start date is targeted for July 1 with an end date of July 31. This opportunity is for both the PEBB and SEBB Programs to allow employees to make a couple of changes. At a high level, those changes would include an employee who’s currently in waived medical status to enroll without having to prove a qualifying event, like loss of coverage, marriage, or anything else. They could move from waived status into medical coverage. Also, any employee would have the ability to add a dependent with proof they met the dependent verification eligibility requirements. This limited enrollment period will not allow people to switch plans or drop coverage.

A second high-level piece, for medical FSAs and DCAPs individuals can change their elections prospectively. They can increase their election or decrease their election, though there are limitations on decreasing because you can't decrease below what you’ve already contributed or what you’ve already claimed year to date. Those who did not previously sign up for the benefit will have an opportunity mid-year to sign up for
both of those benefits if they want. These changes are prospective and change future payroll deductions.

Normally you have to prove something happened in your life for an open enrollment event to occur. HCA lobbied the IRS to say COVID was big enough that nobody should have to acknowledge that it impacted all our lives. Ultimately, the IRS agreed with that philosophy and created this change opportunity for employers for this year only.

Since the Board last met, there has been quite a bit of discussion about coverage for antibody or serology testing. All plans have some level of coverage for at least one test. I want to assure you there are advancements within all the plans for coverage, in at least some circumstances, and we’re working to be able to communicate those more widely to individuals.

I want to bring to the Board’s attention impacts of the proclamation issued that non-elective surgeries and procedures would be prohibited, which lasted about 60 days from mid-March through mid-May. Effectively, dental practices had minimal to no services provided. As a result of that, Delta Dental came to us and indicated they would refund one month of the year’s administrative fees back to the agency and the state.

In late April, the agency partnered with Limeade, our wellness vendor, to launch a similar SmartHealth type platform for about 10% of the Medicaid population. The contract we have for the PEBB and SEBB Programs now provides access to additional services, particularly, how to access various state services, how to access food banks, ways to coordinate unemployment claims. About 1,700 individuals on the Medicaid side have already registered and have been using that platform.

Lastly, I want to give you an update on the numbers of individuals who took advantage of the emergency COVID resolutions the Board passed in April. There were two resolutions, the hallmark of them allowing individuals who are self-paying for continuation coverage, like COBRA, the ability to extend that coverage longer than normally allowed if they were reaching the end of their maximum coverage period. This includes coverage that would have terminated in February, March, April, and May. In the SEBB Program, 117 individuals would have reached their maximum length of coverage, and 46 of them elected to continue paying for self-pay coverage. There were 30 individuals in the PEBB Program who took advantage of a similar resolution passed by that Board.

In following up to the May 7, 2020 Board Meeting, there were several pieces of public comment related to various substitute topics. The first was from Mr. Henry, who at last month’s meeting raised a question about a full- or part-time teacher, who is full- or part-time in one year, moves to a substitute position in the next school year, why is it that currently SEBB Organizations say that the prior year work is not included in the two-
year look back eligibility determination. If you go back to 2018, the Board passed SEBB Resolution 2018-36. That resolution is the two-year look back policy resolution. It refers to an employee who is returning to “the same type of position.” So, effectively, the question raised is are full- or part-time positions as substitute positions “the same type of position?” After preliminarily reviewing this scenario and the prior discussion when the resolution was adopted in 2018, HCA believes the policy could benefit from additional clarification. Policy and rulemaking are an iterative process. This is the next iterative process for this resolution.

HCA will work on a policy resolution that will go through wider stakeholder evaluation to clarify this point. Since this issue came up in Public Comment, I wanted to provide preliminary insight now, even though this will go through our normal process. A proposed resolution will come before the Board for consideration, stakeholdering, and then back to the Board at a subsequent meeting for action.

The draft resolution we plan to bring forward would reinforce the way that SEBB Organizations are currently administering the policy meaning full- and part-time positions are not the same for two-year look back purposes. There are a variety of reasons, one of them for, purposes of this preliminary response, is that even though the type of work may be the same, the work pattern itself may be more intermittent. Therefore, working on a consistent schedule in a prior school year is not a predictive of the amount of work that would come in a future intermittent position. Again, there are a variety of reasons, and we can discuss them as we go further into the policy development process. I wanted to preview with you the intent of a draft we will bring to you at a subsequent meeting.

Regardless of this ultimate clarification, I want to remind both the Board and SEBB Organizations that they’re currently already required to evaluate and make eligibility determinations for each way an employee could establish eligibility. HCA’s recommendation and training to SEBB Organizations is that they should always start with evaluating if the employee is anticipated to work 630 hours in the upcoming or current school year before they evaluate the two-year look back rule. An employee only needs to meet eligibility under any one prong, and they’re benefits eligible.

**Terri House:** I have a question about COVID. The open enrollment period for July for those who waived, how is that being communicated?

**Dave Iseminger:** We will use our normal paths. We will send a print mailing to all school employees to their physical address of record in SEBB My Account. We will also send information, forwardable messages, and other electronic communications, that districts will be able to use to convey to their school employees. Navia, our FSA/DCAP vendor, will send e-communications directly to those that have an account with them.
Alison Poulsen: You said a retired teacher wanted to access SEBB rather than PEBB eligibility. I don't know if that's a clarification point for now, or will that be addressed, because wouldn't they qualify for retirement benefits? SEBB wouldn't be the normal course of action?

Dave Iseminger: We will definitely be able to describe this and make sure this is part of the policy. Generally, yes, when a K-12 individual retires, depending on what pension plan they are under, there is eligibility for PEBB retiree coverage for retired school employees. I think one of the reasons individuals may be interested in if they can access employee coverage if they come back as a substitute, is the employer contribution as an active employee is greater than the explicit subsidy provided for PEBB retiree coverage. But you are correct, there is at least that eligibility, or in most instances, there should be eligibility for PEBB retiree coverage.

Pete Cutler: I think the Health Care Authority is taking the right approach on this. I think it's great to clarify it. But in my mind, there's no doubt at all that there's a very big difference when applying that two-year rule in terms of the look back between somebody who's continuing and for somebody who was signed up to leave the workforce as a retiree and then coming back on a substitute basis. I think you're taking the right approach in terms of clarifying it.

Wayne Leonard: I would agree with Pete simply because going from a full-time position into a substitute retired position is a significant change in job from year to year. You can't necessarily predict how much a retiree, even though they think they might want to sub more, whether they would want to actually continue to sub once they retire. I think it's a good idea to clarify that as well.

Dave Iseminger: In a separate public comment, a concern was raised, again in the context of substitutes, about eligibility requirements that permit stacking of worked hours only within a single SEBB Organization. Again, whether you could get eligibility by working at multiple schools within a district. But the policy that was recommended and passed during the program launch did not allow to add up hours across district lines. There was a question for the Board to either entertain revisiting the stacking rules, or at the very least, ensure clearer communications about the single district stacking rule. I believe the statement was that if there was more awareness of the single district stacking rule, individuals would have additional context, and they could consider offering perhaps their substitute services within a single district, so they could try to increase their opportunity to reach benefit eligibility.

On this issue, there are a couple of different moving parts, but I'll remind the Board that there is a JLARC study. JLARC is the policy studying wing of the Legislature. Under legislation passed this past session, JLARC will do an analysis related to substitutes and substitute eligibility. We'll get into this later, but we know there are going to be
significant economic impacts on both state and school district budgets when it comes to the results of the recent and ongoing pandemic. Revisiting the stacking rule would continue to potentially expand eligibility, and under these circumstances where substitute eligibility is being analyzed, there are tremendous challenges we'll all be facing at both state and school district levels with budgets. Our advice and recommendation is to not revisit the current single district stacking policy. However, HCA will plan to work with both SEBB Organizations and stakeholders, specifically organizations that represent substitutes, to help raise awareness about the stacking rule. We know that there was so much information that was provided on the massive change that was happening with the SEBB Program. The nuance about stacking could easily have been lost within the messaging. HCA will do a concerted effort with organizations for substitutes to make sure there's more awareness about that single stacking rule.

**Alison Poulson:** I don't quite understand all the dynamics behind substitute teachers but one of the questions that gets raised for me - is there an equity issue of folks needing to be in multiple districts to blend together enough work to support their families and so forth? And would that disproportionately affect their ability to get health insurance?

**Dave Iseminger:** That is an area we are aware of and will need to dig into. I think that is the heart of any revisiting of the stacking rule. We are aware there are some positions, for example, a school nurse, or in some instances, a paraeducator, depending on the size of the school district, where there simply may not be enough work for that individual type of work that would require crossing district lines to be able to stitch together something that is more akin to a full-time position. That is an area we need to study more about the types of positions. I think our understanding, as an agency, is there is a substitute shortage in general, and there is likely significant opportunity to be able to focus an individual's substitute services within individual districts to maybe be able to reach the eligibility requirements. When we revisit the stacking rule, I think you've hit on the piece where the work needs to be done by the agency to understand the different types of positions where there might be that inequity. That gets back to the statement Lou read earlier from Director Birch about a commitment to working on various health equity issues. A subset of stacking is an area we could look at. Thank you for raising that thought.

**Pete Cutler:** I strongly approve of the effort to improve the communication on this. Obviously, folks when they retire, or when they're looking at substitute options, should understand the framework. I also think it's really important not to make any changes until we have the JLARC analysis. That's based, in part, on my prior experience with both the Health Care Authority and Retirement Systems of dealing with situations, and the incredible administrative headaches, and the incredible risk of miscommunication, which leads to litigation, when you have employment spread among multiple employers,
and you’re expecting them somehow to coordinate their reporting. I think it’s an area to be very careful about doing an analysis of the administrative impacts, and then specifically the JLARC study, before trying to take on an expansion eligibility.

Dave Iseminger: As Board Members, you may have heard from some of your school employee colleagues, regarding a SEBB My Account breach. HCA has assessed and there is no evidence of a breach of SEBB My Account or Pay1. I know that it’s been very frustrating for many Washingtonians, school employees, state employees, private sector employees, pretty much most Washingtonians, with some of the challenges related to fraudulent unemployment insurance claims that have been filed. We’ve had a couple of questions asking if there are security concerns related to SEBB My Account or Pay1. Anytime there has been a question about our systems, we have diligently researched it as quickly as possible. The few instances where a concern was raised ended up being confusion about the differences between SAW and SEBB My Account. SAW is Secure Access Washington, the state portal needed to create an account in order to access SEBB My Account. The confusion was about SAW not SEBB My Account.

2020 Annual Rulemaking
Rob Parkman, Policy and Rules Coordinator, ERB Division. I will provide a high-level overview on this year’s rulemaking and highlight the most significant changes and rulemaking actions being considered.

Slide 2 – Rulemaking Timeline. This month we will file the CR 102, which is our proposed rulemaking, and conduct a public hearing on the proposed amendments and rules in July. After the public meeting, we’ll file a CR 103, the final rules that go into effect next year. In September, we adopt what will be effective by October 1, to support the school year.

Slide 3 – Focus of Rulemaking. There are four categories of rulemaking. They are: Administration and benefits management, regulatory alignment, amendments within HCA authority, and implement SEB Board policy resolutions.

Slide 4 – Administration and Benefits Management. This category adds additional detail about what happens if your health plan becomes unavailable due to either a change in the contracting area, or the eligibility for Medicare, to assist with the administration of this process. We added that you must select the new health plan within 60 days of your previous health plan becoming unavailable.

Amending SEBB Program rules to clean up inconsistencies includes global changes made across all three chapters of rules.
We rescinded rules specific to the SEBB Program’s first open enrollment. These rules were related to Go Live and are no longer needed for the steady state of the program. Going forward, we will clean up rules and remove them as appropriate.

Slide 5 – Administration and Benefits Management (cont.). There is a list of entities a school employee could be awaiting the outcome of a hearing and we added a court to that list of entities.

Slide 6 – Regulatory Alignment. This area deals with how we implement new legislation. A new section of rule was added within our enrollment section, WAC 182-30, to implement House Bill 2458 from the 2020 legislative session. This bill was about SEBB Organizations who wanted to offer optional benefits. This WAC section provides additional details on the process of how that could be accomplished.

There was another area of confusion about when a school employee regains employment, they had eligibility, went out on one of the special leave without pay leaves for up to 29 months, and then come back. That is a regaining employee. The question was if they should receive 31 or 60 days to make the election. To align with IRS regulations, we’re clarifying that they should receive 31 days to make new elections as a regaining employee.

Slide 7 – Amendments within HCA Authority. HCA is adding clarity to the eligibility certification process. There are two certification processes, and we have administrative policies that lay out these processes. One process addresses extended dependents, the other with disabled dependents. The clarification is you need either the event date or when the certification process is complete. Enrollment would follow. We need to be clear that the certification has to be complete.

Another amendment changed the words “entitled to” to “enrolled in” within our rules when someone is entitled to Medicare. This clarification more accurately reflects the meaning within our rules to mirror the federal rules.

HCA added additional details to the error correction rule to make it easier to administer. The Board has passed three resolutions dealing with error correction and we’ve added more detail to the actual process that needs to be followed to support those resolutions.

Slide 8 – Amendments within HCA Authority (cont.). RCW 41-05-009 contains the requirements for notification of eligibility. A change was made to ensure school employees have at least a minimum amount of time to make benefit elections.

HCA amended the Family and Medical Leave Act (FMLA) rule to remove the ability to take away benefits while still receiving the employer contribution, to align with other rules.
HCA clarified the steps in the appeals process when a SEBB Organization fails to render a decision. When an appeal is received, the SEB Board has 30 days to render a decision. If there is no timely decision, the rules now state the appeal is deemed denied allowing the employee to take the next step in the process, to come to HCA for the next level of appeal.

Slide 9 – Implement SEB Board Policy Resolutions. The Board passed the following resolutions this year:

- SEBB 2020-01 Inclusion of Paid Hours
- SEBB 2020-02 Benefits Eligibility After Returning to Work
- SEBB 2020-04 Amending SEBB 2019-02 (Anticipated Works Hours Eligibility Range Under RCW 41.05.740(6)(e))
- SEBB 2020-05 Amending SEBB 2018-12 (Effective Date of Coverage for School Employees Eligible for the Employer Contribution)
- SEBB 2020-06 Error Correction for Incorrect Information

Resolution SEBB 2020-03 is missing from this list. The resolution was passed at the May 2020 meeting and is about rate setting. It’s not captured in rules but included within the procurement process.

Dave Iseminger: I’ll add that HCA did not anticipate codifying in the formal Washington Administrative Code the COVID resolutions. They are intermittent and putting them forward would require repealing them, so we are relying on the Board’s policy statements in the implementation. If somehow the pandemic goes on for several years, we might reevaluate codifying those rules, but for now, they won’t go through the formal rulemaking process. The policy resolutions would be the basis for our continued implementation.

COVID-19: Potential Financial Impacts

Megan Atkinson, Chief Financial Officer, Financial Services Division. HCA is still gathering data on the impacts of COVID-19. We have not been in this time period very long and there is an inherent lag in getting health care utilization data. It takes time for a claim to work its way through the system and show up in our financials. We then allow time for those claims to mature. We are just now starting to get data from the actuaries and our managed care partners about the utilization we’re seeing. The utilization will fall potentially in two buckets.

There is the utilization contraction from the Governor’s initial Stay Home, Stay Healthy directive, and the restrictions on optional and non-emergent care. This significantly hit contractual areas in the health care system like dental and primary care visits. There is also unexpected utilization related specifically to COVID testing, COVID diagnosis, and COVID treatment. We are now in the gathering utilization information phase for
calendar year 2020. We have initiated bid rate development and procurement with all of our plans. We are just getting ready to do the third turn of rates with our managed care partners. A lot of those conversations are looking at rate development for calendar year 2021. There is a lot of conversation about how much of the contracted utilization will bleed over into calendar year 2021, which none of us know, yet.

There are conversations about the care that has been taken out of the system, currently, how much of that care is lost care, and how much of that care is postponed care. Before the pandemic, there may have been visits to urgent care that might not be happening now. That is a care visit that is not going to come back. However, well visits or routine checkups that were postponed will eventually be scheduled.

What needs to be modeled is how that care comes back into the system. How much of it comes back in calendar year 2020? How much of it will come back into calendar year 2021? Essentially, the utilization patterns are changing. We are having to make assumptions, collect data, make more assumptions, and then lock down modeling. Currently we are assessing what has happened to date, trying to predict how that will play out over the next 18 to 24 months, and work on rate development calendar year 2021 based on those predictions.

On the self-insured Uniform Medical Plan (UMP) side, we pay Regence (our third party administrator) a per member/per month amount to adjudicate claims, provide customer service, and do our contracting. But the actual payment of claims comes out of a state account. As the utilization contraction has happened, the balance in that account is continuing to grow because we are not paying the volume of claims we anticipated. The modeling described earlier about the utilization contraction, and then assumptions about how the utilization comes back into care, will directly impact the balance in that fund if we end the year with a balance that is materially different than what we have been modeling at the point in time the funding rates were set. Potentially, the balance in the fund will be taken into consideration when setting the following year's funding rate. This dynamic is well known and experienced in our PEBB Program. Obviously SEBB is new and so we haven't been in this subsequent year dynamic yet. This is additional information we will bring to you as we progress in our procurement cycle, in rate setting, and as we talk with you later in the summer about Board approval of employer and employee premiums.

We're having similar conversations with our managed care partners about the utilization contraction they're experiencing and how that plays out for their business and financial models. Our partners, Premera and Kaiser, have very different business models so the utilization contraction will probably play out differently for our two partners.

**Dave Iseminger:** Lest anyone thinks that this balance Megan described is suddenly a robust amount of money, I wanted to remind the Board that when the initial funding rate
was set up, there is a reserve requirement for all of these accounts. The reserves need to be built up over time, and the modeling that was put into the funding rate, ultimately passed by the Legislature, had the building of those reserves over multiple years to ensure the accounts have a cash flow, a solvency around them, and meet various Office of the Insurance Commissioner (OIC) recommendations for reserve requirements for a plan of our size. The reserves cannot be used for other things in state government.

Megan Atkinson: I want to always caveat utilization with the fact that, again, it generally takes a long time for health care plans to mature. In addition, from a health care utilization perspective, January and February of 2020, were “normal.” We ended up with our Stay Home, Stay Healthy directive hitting hard in March and April, with additional clarification from the Governor in May, where some utilization started picking up. Now we’re into June where more and more counties are moving into Phase 2 with utilization picking up. None of us know what’s going to happen in the future, but if we stay on that trend line, by the time we annualize the utilization contraction over the 12 months, it will be less of an impact than what it felt like when we were all Staying Home, Staying Healthy in March and April.

Lou McDermott: Didn’t the SEBB Program borrow money?

Megan Atkinson: Yes. There were startup loans with assumptions about the payback of those loans in our funding rate. This is always going to be the case as we move into our second year of SEBB where we have the loan repayment requirements, initial funding rates set with a lot of assumptions, and not as much data as we would have preferred. And then we have the impact of the pandemic. We have so many puts and takes happening in the SEBB financials for a program that we’re only in our second year.

Pete Cutler: I very much appreciate Megan’s overview of the different factors, the puts and takes. I don’t see that it has a lot of relevance in terms of decision making by the Board, but I imagine you’re going to have some really interesting conversations with OFM, and legislative staff, and legislators who are dealing with a very large state budget shortfall. But I wish you luck on those discussions.

SmartHealth
Heidi Helsley, SEBB Health Promotion Consultant, Wellness Washington, ERB Division. I support school organizations with their employee wellness programs and promote SEBB wellness benefits.

Slide 3 – Why Does Wellness at Work Matter? HCA offers school employees opportunities to improve their well-being with free SEBB wellness benefits. This is a proactive approach investing in helping employees build healthy habits that can reduce health risks and manage chronic health conditions. This is beneficial to both the
employee and the employer. Studies show when employees believe their employers care about their well-being, they’re likely to be more engaged, satisfied, and productive, which means better employee retention, better productivity, and an overall better experience for both the employer and the employee.

Slide 4 – SmartHealth. SmartHealth is a free wellness benefit. It’s a secure online, mobile friendly, voluntary wellness program that both supports and rewards employees as they work towards their well-being goals.

Slide 5 – 2020 SmartHealth Levels. In addition to the intrinsic value employees gain through SmartHealth participation, they can qualify for a $125 wellness incentive by earning 2,000 SmartHealth points by November 30, 2020. The $125 wellness incentive is applied to next year’s medical deductible or deposited into their health savings account. Level 1 is to complete the well-being assessment to earn 800 SmartHealth points, which counts toward the 2,000 points needed to complete Level 2 to qualify for that $125 incentive. We encourage participants to keep going even when they reach Level 2. At Level 3, which is 4,000 points, participants earn a wellness champion badge.

Slide 6 – SmartHealth: Whole Person Approach. HCA’s SmartHealth focuses on for key life areas: physical, emotional, financial, and work life. Individuals use this SmartHealth well-being assessment to self-report how they’re doing in 34 different life dimensions. The assessment results identify the employee’s strengths and areas for improvement, then SmartHealth offers activities that align with these individual assessment outcomes to support them in improving their well-being.

Slide 7 is a snapshot of the SmartHealth portal. There are a variety of activities in addition to the ones offered to individuals based on their well-being assessment. Activities have been added to help participants learn about COVID-19 resources.

SmartHealth is also available to employees covered under the Public Employees Benefit Board Program, which includes state agencies, public agencies, and higher education organizations. Recently, 230,000 Apple Health Medicaid members were given access to SmartHealth.

Slide 8 – SmartHealth & Generation Wellness. HCA partnered with Generation Wellness, a leader in workplace wellness, who has been working with schools throughout the world to teach educators techniques to help kids regulate and reduce their stress so they can focus on learning. Through our partnership with Generation Wellness, we’re able to offer trainings to Washington school employees that teach them simple practices, based on neuroscience, to help reduce their stress, improve connections with self and others, and enhance their well-being. Staff can earn SmartHealth points by participating in these trainings and earn continuing education clock hours. Generation Wellness developed exclusive videos for SmartHealth,
focusing on a different wellness topic each month like goal setting, mindful eating, and gratitude. Each video is accompanied by an activity used to apply that concept.

Slide 9 – Participant Comments. Participants have shared positive comments about the trainings and videos, indicating they like and appreciate these offerings, and can apply what they learned to their work and lives.

Slide 10 – Secure. Private. Confidential. SmartHealth adheres to stringent HIPAA privacy standards. Federal law prohibits disclosure of participants’ identifiable information to employers. Only anonymized and aggregate data is shared. Limeade, the company that manages SmartHealth, doesn’t share participants’ identifiable health data with employers, medical plans, health savings accounts, or HCA. They do provide a data file to medical plans and health savings accounts so they can apply the incentive the participant earned, but no health data is shared. We can provide information about the types of activities and organizations employees collectively are engaged in, and the top areas identified for improvement so the organization can plan their employee wellness activities. However, if a school district has fewer than 20 participants, no data is revealed to protect confidentiality.

Slide 11 – SEBB Program Initial Open Enrollment. This open enrollment was the first opportunity for school employees participating in SEBB to connect with SmartHealth. During that 45-day period, nearly 17,000 school employees signed up for SmartHealth. Completing the well-being assessment during open enrollment qualified the primary subscriber for a one-time $50 Wellness incentive, which was applied to their 2020 deductible or deposited into their health savings account. 14,363 employees took advantage of that opportunity. SmartHealth participation numbers slowly continue to increase. As of June 3, an additional 3,393 employees joined SmartHealth, totaling 20,177 school employees currently using SmartHealth.

Slide 12 – Support and Resources. HCA is working with SEBB Benefit Administrators in identifying others in schools who are championing employee wellness efforts asking for their help in encouraging staff participation in SmartHealth and other SEBB wellness benefits. HCA offers support and resources such as ready-made promotional messages, video links that can be emailed to staff, tool kits with promotional posters, flyers, and digital monitor slides. Custom activity tiles to support a district’s employee wellness campaign or activities can also be developed.

Slide 13 – 2020 Outreach. COVID-19 caused us to pivot our 2020 outreach strategy, but our approach remains the same: connecting and supporting. When we can, we’ll attend health and wellness events and Benefits Fairs and trainings to directly promote SmartHealth and other SEBB wellness benefits to employees. We’re continuing to reach out to Benefit Administrators and other school employee influencers who can share SmartHealth with coworkers.
In April, each superintendent was individually emailed a message they could share with employees to encourage participation in SmartHealth for their well-being, especially during COVID-19. We’re connecting virtually with representatives as much as we can.

HCA is looking at ways to partner with programs like Healthy Schools Washington and Child Nutrition to support school organizations’ wellness committees, share SEBB benefit information with employees through the Office of the Superintendent of Public Instruction (OSPI) newsletters, trainings, and their email contacts. We continue to explore using social media, the SmartHealth community feed, and modifying our promotion materials.

The deadline for this year’s $125 incentive is November 30.

**SEBB Open Enrollment Member Communications Survey Results**

*Michelle George*, Communications Manager, HCA Communications Division. Slide 2: Purpose of Survey. HCA conducted a survey in January of our SEBB Program members to better understand enrollees’ experiences during their first annual open enrollment. We specifically wanted information about open enrollment communications to improve member experiences for future open enrollments. Not in scope of the survey was enrollee satisfaction with plan choices, benefit costs, or program rules.

Slide 3 – Survey Timeline & Methodology. The survey was conducted by DHM Research. We invited participants to take the survey by email. We also sent out forwardable messages to our SEBB Organizations to forward to their employees. We reached out to unions to get the message out about the survey. The survey was also posted on the HCA’s website. We had nearly 5,700 participants complete the survey in the month of January.

Slide 4 – Demographics of Survey Participants. Participants self-identified themselves and they were 18% male, 80% female, 2% did not disclose. The majority were in the 35 to 54 age range. They also responded to their location, whether they worked in Eastern or Western Washington, and whether the staff was certificated or classified. This slide also compared those numbers to the general SEBB Program population and a lot of those numbers align with the general SEBB Program population.

Slide 5 – Key Takeaways. We found that the majority of our participants were satisfied with our open enrollment communications. They were mostly satisfied with the availability, the quality of the information, and how easy it was to enroll. Most participants said they accessed all types of information about the SEBB Program easily, and information about the benefits was the easiest to access. Most participants felt like they had enough information to make an informed decision during.

Slide 6 – Key Takeaways (cont.). Both SEBB My Account, our online enrollment portal, and the School Employee Initial Enrollment Guide, were used most often during SEBB
open enrollment. Both the employee Enrollment Guide and HCA’s website were viewed as the most helpful communications. Participants preferred to receive their information either from their employer or HCA as most trusted sources. Rather than just being dissatisfied with member communications, the participants were more likely unaware of some aspects of our communications and customer service. An example of that would be the SEBB My Account technical support call center.

Slide 7 – Satisfaction with SEBB Program’s Open Enrollment. 64% of the survey participants were very or somewhat satisfied with open enrollment communications and 34% were somewhat or very dissatisfied.

Slide 8 – Satisfaction with These Aspects. For availability and quality of information, two-thirds were very or somewhat satisfied. The ease of enrollment, about two-thirds were very or somewhat satisfied. Customer Service Center for SEBB My Account, a vendor we hired to provide customer service support for people having difficulty using SEBB My Account, about one-third said they were very or somewhat satisfied with that customer service center. Another one-third said it was not applicable, they did not use the customer service center. Customer service from our health plans or other providers, 43% said they were very or somewhat satisfied, 24% said it was not applicable, they did not call customer service for our health plans or other providers.

Slide 9 – Ease with Finding Information. 68% said it was very or somewhat easy to find information on costs, including their premiums, premium surcharges, or deductibles. 57% found it easy to find information about the provider networks. 67% of the participants said it was easy to find plan options where they lived. Nearly 70% said it was also very easy or somewhat easy to find information on the benefits, or general information about the SEBB Program.

Slide 10 – Have Enough Information for an Informed Decision? Overall, about two-thirds of the SEBB Program members said they had enough information to make an informed decision during open enrollment.

Slide 11 – Ways You Received Information Before Initial Enrollment Guide? Helpful? Survey participants said that mostly they heard from their employer. And was that information helpful? About 40% of the time. They also listened to coworkers, friends, or family. They received a few mail pieces from the HCA, such as the Intercom newsletter in June, and a reminder postcard about open enrollment in August. These were the three top ways they found information about the SEBB Program before they received the Initial Enrollment Guide in mid-September. Based on survey results, it’s important to send out the Initial Enrollment Guide in mid-September because it was a comprehensive communication piece that gave them all the details and answered a lot of the questions members had.
Slide 12 – SEBB My Account. Overwhelmingly, 97% employees enrolled in SEBB My Account and 77% found it very or somewhat helpful for them to enroll.

Slide 13 – ALEX Online Benefits Advisor. ALEX is an outside vendor HCA hired to provide the ALEX Online Benefits Advisor. It was hosted on the HCA’s website, and it was not only a consumer education tool about the different types of benefits the SEBB Program offered, but it helped in choosing plans based on answers participants provided about how they and their families used health care. 43% used ALEX and 73% of those found it very helpful in choosing their plans.

Slide 14 – Virtual Benefits Fair. HCA provided a Virtual Benefits Fair hosted on HCA’s website for people to access before and during the open enrollment period. Only 15% used the Virtual Benefits Fair, but out of those 15% who did, 74% found it very or somewhat helpful in choosing their SEBB plans.

Dave Iseminger: I am drawn to this data point about the utility of the Benefits Fair once individuals accessed it because I think our public health officials have foreshadowed that we could have a COVID-19 resurgence this fall. We are making a robust Virtual Benefits Fair that is a centerpiece of this fall’s open enrollment. Our importance will be focusing on making sure people are aware of it, how to access it, and knowing we can always improve. I’m encouraged those who used it found it helpful.

Michelle George: Slide 15 – In-Person Benefits Fairs. 18% attended an in-person Benefits Fair hosted by their employer and only 8% attended one hosted by the HCA. Those who did attend an HCA Benefits Fair, 61% found it very or somewhat helpful.

Slide 16 – HCA’s Website. 70% visited HCA’s website to learn about their SEBB Program benefits. Overwhelming 84% found HCA’s website very or somewhat helpful.

Slide 17 – School Employee Initial Enrollment Guide. This booklet was mailed to all school employees who are eligible in mid-September. 88% of the responders remember receiving it and 87% found it very or somewhat helpful.

Slide 18 – Next Steps. HCA is looking forward to identifying improvement opportunities for member communications, continuing to work with our SEBB Organizations Benefits Administrators as trusted sources for employee benefit information, and working with our SEBB Organizations to ask about their open enrollment experiences.

Slide 19 – SEBB 2021 Open Enrollment Period. The SEBB Program’s upcoming open enrollment period is October 26 through November 23.
**Stakeholder Training Update**

**Jesse Paulsboe**, Outreach and Training Unit Manager, ERB Division. Slide 2 – Benefits Administrator Training: Webinars. The SEBB Program continues to transition into its steady state, shifting back to external training. In February, Outreach and Training scheduled a series of webinars addressing topics and issues the SEBB Benefits Administrators were likely to experience as the SEBB Program moved forward. The initial round of webinar training ended on May 1 and addressed the appeals process, SEBB My Account, making changes and additions (special open enrollment), terminations/loss of eligibility, eligibility training, and end of school year training. The webinars were recorded and added to the SEBB Benefits Administrator website for reference at any time.

Slide 3 – Benefits Administrator Training: Webinars (May – August 2020). Due to COVID-19, in-person training was changed to a webinar series. This series expanded on the original list of training topics and information pertaining to changes due to COVID-19. Training topics were changes related to COVID-19; eligibility and notification worksheets C & D; special open enrollment events; retirement, accounting, and billing; error correction; and preparing for the upcoming school year.

**Public Comment**

**Julie Salvi**, Washington Education Association. I wanted to bring up a comment that I had raised two meetings ago, where we have an ongoing question of how employees will be treated in the next two years given the disruptions of this year. We would request the Board at least look at, and discuss, if there would be any changes to the way the current two-year look back is written in the policies.

There are essentially two types of employees that I'm hearing from. Some are the part-time employees who may have had their schedule disrupted this year, who would normally be working 630 hours, but may not have reached that. They are having their benefits maintained this school year, given legislative action, but if there are questions about their eligibility in the next two years, if it's not obvious that they will meet 630 hours, they may not, if the district reverts to the two-year look back rule, there's questions about how this year would be treated.

Another set of employees are those who had not been determined to be eligible this year but had significant hours at the time school closed. These are primarily, but not exclusively, substitutes who may have been two days away from having the hours to qualify for benefits this year, but then substitute work dried up this year. There’s a question for those employees given the shortened school year and they worked hours in a single district, how may they be treated in the next two years?

I sometimes hear this rule talked about as expanding eligibility. I do not agree with that. It did not establish different eligibility than 630 hours, even under the policy you have
now if a district reverts to the two-year look back rule. There is also the language that will allow them to state their case as to why that person would not be deemed eligible. So instead of characterizing it as expanding eligibility, I would say it is worker protection so workers will be treated fairly by their employers and so that reasons are outlined. I would ask that the Board entertain this and discuss options. Lack of action by the Board could impact the lowest wage workers in K-12 and raise equity questions going forward. Thank you for your time.

**Dave Iseminger:** I want the Board to know HCA has been looking at these questions. I had not brought information back as a follow up, but the agency will have insights at a future Board Meeting. We have been evaluating this topic.

**Next Meeting**
June 24, 2020
9:00 a.m. – 1:00 p.m.

**Preview of June 24, 2020 SEB Board Meeting**
**Dave Iseminger,** Director, Employees and Retirees Benefits Division, provided an overview of potential agenda topics for the June 24, 2020 Board Meeting.

**Executive Session**
The SEB Board met in Executive Session Pursuant to RCW 42.30.110(1)(l), to consider proprietary or confidential nonpublished information related to the development, acquisition, or implementation of state purchased health care services as provided in RCW 41.05.026.

The SEB Board reconvened to adjourn the meeting.

Meeting adjourned at 11:47 a.m.
June 24, 2020
Health Care Authority
Sue Crystal Rooms A & B
Olympia, Washington
9:00 a.m. – 11:35 a.m.

Members Present via Phone
Lou McDermott, Chair
Pete Cutler
Dan Gossett
Dawna Hansen-Murray
Katy Henry
Terri House
Wayne Leonard
Alison Poulsen

SEB Board Counsel
Katy Hatfield

Call to Order
Lou McDermott, Chair, called the meeting to order at 9:00 a.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 is telephonic only and will address only those topics necessary and routine to complete the regular cycle of activity in our Board season.

Meeting Overview
Dave Iseminger, Director, Employees and Retirees Benefits (ERB) Division, provided an overview of the agenda. Dave also provided a COVID-19 update. Carriers are currently applying cost share waivers for COVID-19 treatment. Kaiser Permanente will be waiving cost shares under their plans for the remainder of this calendar year.

The Health Care Authority, as an administrative task and part of the program launch, is performing an audit of the initial dependent eligibility work done in open enrollment. The audit processes started in January with our intent to proceed with outreach to school employees in March. That work has been delayed due to COVID-19. In the last week, we started the member outreach on those accounts that were flagged as part of the audit and that could not be verified independently with database checks, for example, with the Department of Health marriage registry or birth registry. We took a subset of
the overall approved dependent population, did data checks across various state
systems with our data sharing agreements, and identified about 760 members who
were part of roughly 5,000 sampled live audits that need additional outreach to audit the
dependent eligibility. We gave districts the heads up and provided a list of their
employees being contacted for this purpose. The work is being done by an HCA audit
team so there should be no significant burden on districts. We already have over 100
employees engaged and responding.

The sample size excluded anybody who went through the appeal process earlier this
year. It was drawn from individuals who had a simpler path during the initial open
enrollment. We anticipate concluding the audit by the end of the year and will report
back to you as we get more insight about the results.

**State Budget Forecast & Budget Reduction Options**

**Megan Atkinson**, Chief Financial Officer, Financial Services Division. Slide 2 – Big
Picture State Budget Background. For the current 2019-21 biennium that ends June
2021, the total budget is approximately $100 billion. About half of that is General Fund
State, our main state funds. HCA accounts for about $30 billion in total funds, but only
about $6 billion of that is General Fund State because both our PEBB and SEBB
monies come through our proprietary account. These are not considered General Fund
State, though some of their money may have been in their earlier life cycle. On our
Medicaid side, we have a fairly significant portion of federal match, which is not
considered General Fund State.

Slide 3 – COVID-19 Economic Impact. The state’s response to the COVID-19
pandemic has taken a significant toll on the state’s economy. On June 17, HCA
received the official state revenue forecast, which projects $9 billion dollars less being
collected over the next three fiscal years. The revenue shortfall was almost evenly
spread across the two biennium, approximately $4.7 billion and $4.3 billion. In the
current biennium, the 2019-21 biennium, we’re halfway through it, so having, a $4.7 -
$4.8 billion reduction in the current biennium essentially means for budgeting purposes
that adjusting the state’s budget to accommodate that lessened revenue will have to
occur in one fiscal year. Whereas, when we move into the next biennium, the 2021-23
biennium, its $4.3 billion predicted shortfall can be spread over the full two years of the
biennium. For budgeting purposes, I wanted to highlight this issue because it
concentrates a level of budget pressure in the second fiscal year of the current
biennium.

Slide 4 – Select Statewide Actions. The Office of Financial Management (OFM)
directed state agencies to make adjustments, which started back in May. There is a
hiring freeze and a freeze on some of our contracts and equipment purchases. There’s
the Voluntary Separation and Retirement Incentive. We received news last week that
Furloughs are being implemented that will impact all agencies, including HCA. Starting next week, staff will be furloughing one day per week, for the next four weeks. The Health Care Authority will remain open daily. We will rely on individual managers to adjust and balance across their division to ensure there are sufficient staff to continue operations daily. The general wage increase, or the COLA, that was planned for July 1 was canceled for agency directors, EMS, WMS, and exempt staff who make more than $53,000 per year.

Slide 5 – Spring 2020 Budget Option Directions. OFM also identified savings targets. The target for the Health Care Authority was about $462 million in General Fund State. We were asked to identify savings options for program reductions that could happen in the fiscal year starting July 1, 2021. HCA’s target represented about 15% of our General Fund State appropriation.

A specific reduction target was not specified for the PEBB and SEBB Programs because they are not directly funded by General Fund State. However, we did identify program changes/reductions that would have budget savings. We did that because we know that both the SEBB and PEBB Programs, while not directly appropriated from General Fund State, they receive General Fund State funding through the employer contribution. HCA identified some possible program changes for the PEBB and SEBB Programs. Those changes are in the Appendix and posted online.

On June 16, we received additional direction that when submitting our 2021-23 budget proposals due in September, to submit a budget proposal that is a 15% reduction from our maintenance level. Washington State Government has three tier levels for budgeting. Tier 1 is Carry Forward Level, the base level. It’s what you are already doing. No new programs or big adjustments.

Tier 2 is the Maintenance Level, which maintains current services. You can do adjustments like inflationary adjustments at maintenance levels and caseload adjustments at maintenance level, which are the most common and largest adjustments that happen at maintenance level. On our Medicaid program, in the current environment, as the economy has contracted, we have had increased caseload, more people applying for Medicaid. Adjusting for that increase in our Medicaid caseload is a maintenance level item. Maintenance level items often are dealt with in the Legislature, and in the legislative budget, and get scrutiny. They do not happen in a technical relationship between staff. They get attention in the legislative cycle.

Tier 3 is the Policy Level, sometimes called the Program Level. This level includes new policies, significant program changes, new direction, new programs, etc. Standing up the SEBB Program was a policy level decision. It required legislation. It was debated for many years. That’s a classic example of a policy level item.
For this directive, agencies will develop carry forward level for the next biennium, which HCA has already done. Then we will develop our maintenance level adjustments. Using our Medicaid example, HCA will write a decision package calculating the impact of our increased Medicaid caseloads. That will add money to our budget ask. If HCA had a pilot project that we had started but it wasn’t continued, there would be a negative maintenance level item to take that expenditure authority out of our budget.

Slide 6 – HCA’s Budget Options Submission. HCA will develop its maintenance level and submit our budget request to OFM in September, which will be 15% less than it would have been. Agency budget proposals will recognize the economic and revenue realities of the state, essentially operating with less money and curtailed programs and activities in the next biennium. HCA’s budget submission is in the Appendix and will also be available online on the OFM website.

Slide 7 – HCA’s Budget Options Submission (cont.). The submitted savings options are not a formal proposal by HCA. We submitted possible program reductions and program changes.

The ultimate goal of the Health Care Authority is to preserve our health care services and our health care programs because we understand the unique role that we perform at all times, but especially in times when families are struggling and under a large amount of economic, social, and possibly mental stress. These were not agency recommendations, just possibilities. OFM and HCA will continue working to refine our budget reduction ideas.

Slide 8 – HCA’s Budget Options Submission (cont.). We also identified which options needed statute changes or had collective bargaining implications. Some options may require Board action. Few options exist for SEBB and PEBB to make significant contributions to fiscal year 2021 because both the bargaining cycle and the purchasing cycle. We are well into calendar year 2020 and working on rate development for calendar year 2021. Once rate development is done, it will be difficult to make adjustments for the immediate state budget challenges. There are timing considerations on the PEBB and SEBB Program sides.

Slides 9 – SEBB & PEBB Program Submission Topics. Dave will walk us through this slide since they are program changes. This list is online and in the Appendix. This is not an exhaustive list.

Dave Iseminger: These topics are not formal proposals. In the Appendix, you will see these are all options that are either items HCA has been asked to cost out to describe a potential financial impact, if indeed, the option is something considered and implemented.
Dave Iseminger: I will describe these topics in four buckets and indicate instances where legislative authority, Collective Bargaining Authority, or the Board's authority is needed to act on any of these different areas.

Benefits Bucket. There are several topics in this bucket. There could be wholesale changes or elimination of the Wellness Program. The financial incentives of the Wellness Program are part of the Collective Bargaining Agreement so, there are collective bargaining implications with this topic.

In the PEBB Program only, under the PEBB Collective Bargaining Agreement, because of the closer employment relationship with state employees, there is an employer contribution made into a Medical Flexible Spending Arrangement for represented employees who make under $50,004 at a certain point in the year. That is a collectively bargained benefit that was launched this year in 2020, but it can be costed out to reduce or eliminate it.

Again, for the PEBB Program only, UMP Select was an additional plan offering this year. This Board will remember that when we brought you self-insured options for the SEBB Program launch, this Board authorized an additional plan, later named “UMP Achieve 1,” which is roughly an 82% actuarial value plan within the self-insured portfolio. That plan did not exist in the PEBB Program. HCA recommended the PEBB Board implement that plan and they recently authorized that new plan starting in 2021. There are potential cost savings to the state because of the way the funding formula works for the employer contribution in PEBB that is different than the way it is in SEBB.

HCA is working to restructure the Long-Term Disability Benefit, with a presentation scheduled to come before the Board in July. Essentially, the basic benefit would be retired, instead moving to a fully employee-paid optional benefits structure, creating it as an opt-out benefit. The Deferred Compensation Program (DCP) within the Department of Retirement Systems recently converted an opt-out mechanism for contributions. The retention rate was 90%. This has funding implications and Board benefit design authority overlap.

Another option is to delay the next Centers of Excellence bundle for both the PEBB and SEBB Programs. HCA performed a procurement looking at potentially having bariatric surgeries included, alongside current hips and knees and spine care bundles. There has been no implementation, only completion of the initial Request for Information (RFI).

There is the option of reducing the employer contribution for the Health Savings Account associated with an IRS qualified high deductible health plan. This option is listed as PEBB only because in the PEBB Program, their employer contribution at the single subscriber level is $700 per year. In SEBB, it's $375 per year. The option
described is if the programs were aligned by bringing the PEBB HSA contribution down to match the SEBB HSA contribution. That's why that's listed as PEBB only. The authority for making this change lies with either the Legislature or the Board.

Slides 10 – SEBB & PEBB Program Submission Topics (cont.). Eligibility Bucket. There is one topic in the Eligibility bucket, which would raise the number of hours required for the benefits maintenance eligibility rule for the PEBB Program only. Currently eight hours per month are required. The SEBB Program does not have a comparable rule. For the PEBB Program, once an individual earns eligibility, they maintain eligibility by being in pay status for at least eight hours a month. There's no annual eligibility reboot button in the PEBB Program. This maintenance rule is unique in the state employee context, but an option where that maintenance rule could be increased from eight hours per month to a different number, requiring legislative authority.

State Funding Bucket. In this bucket, there are three topics listed. The first topic is to change the employer/employee contribution split or formula, which is inherent to the Collective Bargaining Agreements of both programs. In the PEBB Program, it's the 85%/15% split on a tiered weighted average. In the SEBB Program, the employer medical contribution is 85% of an 88% actuarial AV plan. Those formulas or the splits could be changed via the Collective Bargaining process. HCA will participate in Collective Bargaining this summer for the next two-year cycle associated with the next biennial budget.

For PEBB only, HCA could add additional plan offerings or directly decrease the explicit subsidy, which could inherently lessen the total overall explicit subsidy paid by the state for retirees of the state. This does not impact the SEBB Program.

Slides 10 – SEBB & PEBB Program Submission Topics (cont.). Administrative Bucket. There are several topics in this bucket. Jean Bui, Manager of our Portfolio Management and Monitoring Section, previously described for you that in the Uniform Dental Plan, our third-party administrator Delta Dental returned some of the administration fee associated with the month of COVID-19 when dental procedures were lessened under the Governor's order to reduce elective and non-emergent services. Delta has refunded some of that fee. An accounting of those refunds is a way to influence the bottom line of the budget.

There is the option of simplifying the new criteria that was passed this recent legislative session related to prohibiting PEBB/SEBB dual enrollment in medical, dental, and vision plans. Before working to consider bringing policy statements forward on how to operationalize this topic, we realized there is a change in statute that could make implementation much more administratively simple, and result in our ability to return some one-time project IT funds back in the current operating budget. Current legislation
gives the potential for an individual to mix and match benefits across programs. So medical from PEBB, dental from SEBB, vision from SEBB, as a hypothetical. Administratively, it would be simpler to pick a program and have all the benefits within that program. If there is interest in returning $1 million between the two programs back for a simpler way of administering this, the Legislature could change that reference in the statute.

There is also the potential of staff reductions. Between the two programs, we currently have three vacant staff positions that could be eliminated going forward.

For the SEBB Program only, there were one-time only actuarial budget funds where there was a lower spend than was anticipated. That variance could be returned to the administrative budget.

Those are potential topics. There was another topic yet to be discussed that came up at last week’s PEB Board Meeting. It was mentioned that the tobacco surcharge and spousal surcharge could be changed. That is both Board or legislative authority. The budget bill describes that both of those surcharges shall be at least a certain amount. HCA brought resolutions to both Boards to set the amount and both Boards set those amounts at the minimum required under the budget language. The Legislature could change that number in the budget, which would inherently change how it's implemented in the program, or the Boards, independently, could change those numbers. That's another example of something that's been identified since our initial submission.

**Pete Cutler:** I have to admit this has been one of the most fascinating presentations for me of all of my history on the SEB Board. I can see there's going to be a lot of excitement and decision making in the coming months.

**Dave Iseminger:** It's going to be a challenging year.

Slide 12 – SEBB Program FY21 Timeline. FY21 starts in seven days. For calendar year benefits, any changes that happen in the program would impact the last six months of the fiscal year that is about to start. The next twelve months is where that concentrated $4.5 to $4.8 billion in revenue shortfall, as it's described, needs to be accounted for across the state.

As we lean forward, we talk about the cycles that exist within in PEBB and SEBB Programs, and any program changes that need to happen. Effectively, any decision making needs to happen now. As we get closer to the beginning of the plan year, or open enrollment, the options become more and more limited. Many of those options require either legislative action or going through the Collective Bargaining process.
An example of something that could change this year and still be implemented are the surcharge numbers in the operating budget. If that were to occur, depending on how close we are to open enrollment, how to communicate it, and how quickly can we get the information into our IT systems, HCA could pull it off. If that decision was made in July, it’s much easier to make it happen than if the decision is made in November. It all depends on the timing of any legislative action.

There are certain things we could change, like the HSA employer contribution. If HCA is sufficiently able to convey that type of change in the PEBB Program, we might be able to operationalize that before 2021. What we aren’t able to do is do a wholesale benefit change in time for 2021. For example, even if people wanted to lean forward and structurally change the Long-Term Disability benefit, that could not be accomplished for January 1, 2021. The options become more limited the closer we get to open enrollment.

HCA is not recommending any specific actions to this Board today. If you were to look at this comparable presentation from the PEB Board, we did have recommendations to them. The PEB Board acted on one recommendation, authorizing the UMP 82% AV plan. Depending on enrollment, the new plan offering could have overall program savings.

**Policy and Eligibility Resolution**

**Rob Parkman,** Policy and Rules Coordinator, ERB Division. One new proposed resolution was introduced.

Slide 2 – Clarification Needed. A comment was made at the May 7 Board Meeting asking about when a full- or part-time teacher moves to a substitute position the next year, why their prior teacher work is not included in the two-year lookback eligibility determination.

Slide 3 – Discussion and Recommendation. Resolution SEBB 2018-36, which established the two-year lookback eligibility, applies to a school employee returning to the same type of position. The type of work performed by two different positions may be the same, or similar, but the positions are not the same if the work pattern is not the same. For example, a consistent schedule and an intermittent schedule do not have the same work pattern. Also, working a consistent schedule in a prior year is not predictive of the amount of work in a future intermittent position. This question has prompted HCA clarifying the policy to reinforce how it is currently being administered by SEBB Organizations.

Slide 4 – Proposed Resolution SEBB 2020-09 – Amending Resolution SEBB 2018-36 – Eligibility Presumed Based on Hours Worked the Previous Two Years.
The recommendation is to amend SEBB 2018-36 by adding the following to the end of the second bullet: To count as the same type of position, both the type of work and the work pattern (consistent schedule compared to an intermittent schedule) must be similar between positions, or combination of positions, from one year to the next.

If Proposed Resolution SEBB 2020-09 is approved, Resolution SEBB 2018-36 would read as follows:

A school employee is presumed eligible if they:
- worked at least 630 hours in each of the previous two school years; and
- are returning to the same type of position (teacher, paraeducator, food service worker, custodian, etc.) or combination of positions with the same SEBB Organizations. To count as the same type of position, both the type of work and the work pattern (consistent schedule compared to an intermittent schedule) must be similar between positions or combination of positions from one year to the next.

A SEBB Organization rebuts this presumption by notifying the school employee, in writing, of the specific reasons why the employee is not anticipated to work at least 630 hours in the current school year and how to appeal the eligibility determination.

Resolution SEBB 2018-36, and the two examples supporting that position, as presented at the November 8, 2018 Board Meeting, are included in your Appendix for your review.

Dave Iseminger: I want to draw attention to the way the question was asked in public comment, which focused on words such as “full time” and “part time.” In the proposed recommendation for the proposed resolution, HCA is recommending not using the words “part time” and “full time,” but to more accurately describe the difference in the schedules that exist within this position. That is very deliberate and based on HCA’s experience in the PEBB Program through multiple class action litigations and how the phrase “part time” and “full time” can have unintended consequences.

Rob Parkman: Slide 5 – Example #1 – Rescind. This example was presented November 8, 2018 and will be rescinded and replaced.

Slide 6 – Example #2 – Rescind. This example was presented November 8, 2018 and will be rescinded and replaced.

Slide #7 – Example #1 – Updated. The only update to this example was to add the intermittent schedule aspect. The rest of the example remains the same.

Example #1 now reads: A bus driver (working an intermittent schedule) – A substitute bus driver working an intermittent schedule earned eligibility in April during each of the
prior two school years and is returning to a substitute bus driver position for the third year working an intermittent schedule.

The bus driver is eligible for the employer contribution, unless the SEBB Organization informs the bus driver, in writing, of the specific reasons why he/she is not anticipated to work at least 630 hours in the current school year.

Slide 8 – Example #3 is a paraeducator moving from an intermittent schedule to a consistent schedule. Example #3 is a substitute paraeducator working an intermittent schedule who earned eligibility in April during each of the prior two school years. He is returning to work for the same SEBB Organization in the upcoming year. But instead of working as a substitute, he has accepted a position to work a consistent schedule of four hours each day as a paraeducator. He is not returning to the same type of position. He went from an intermittent schedule to a consistent schedule and is eligible for the employer contribution towards SEBB Benefits because he is anticipated to work 630 hours in the coming school year given his consistent work pattern. In this instance, the SEBB Organization would not use the two-year lookback eligibility rule to determine his eligibility.

Dave Iseminger: This is a key issue we will continue to focus our outreach and training efforts on, that if any one prong of eligibility is satisfied, they are benefits eligible. We sometimes see potential confusion in eligibility determinations when people start with the two-year lookback period, when our advice would be to start with the anticipated to work 630 hours criteria. If an employee meets that criteria, you don't need to look at the two-year lookback rule. They are independent eligibility criteria. In future trainings, staff will recommend to first look at the 630-hour criteria for determining eligibility.

Rob Parkman: Slide 9 – Example #4. This is a new example with a teacher changing from working a consistent schedule to working an intermittent schedule and is not anticipated to work 630 hours the upcoming school year. This example is the opposite of Example #3. The teacher is not working the same type of schedule, so he is not eligible for the employer contribution towards SEBB Benefits when he returns to work in an intermittent schedule and not anticipated to work 630 hours.

Dawna Hansen-Murray: I don't have a question about it but I don't think I see an example. I don't know if we need it if the question was, the person was going to be working 630 hours. Do we need to do anything that says they have to do that consistently for two years before they get insurance eligibility again or is that overkill?

Rob Parkman: In Example 4, if that teacher was anticipated to work 630 hours with an intermittent schedule during the upcoming school year, they would actually be a returning employee. They had it in August, they will have it next year as anticipated.
They would continue forward. In that case, they would get eligibility through working 630 hours in the next year.

**Dave Iseminger:** Dawna, we will consider an additional example, based on the question you just asked, for possible inclusion when we bring it back for final review. Thank you for raising that as another piece we can look at, because the way Rob described that may not be intuitive to many people, and so that begs itself to be a potential additional example. Thank you for that feedback.

**Rob Parkman:** Slide 10 – Example #5. This example is a substitute food service worker moving to a new SEBB Organization. She worked an intermittent schedule, earned eligibility in April during each of the prior two school years, is moving to a substitute food service worker-type position with an intermittent schedule for the third year at a new SEBB Organization. She is not anticipated to work 630 hours. Although she is in the same type of position, she is not eligible for the employer contribution because she moved to a new SEBB Organization and is not anticipated to work 630 hours.

Slide 11 – Example 6 is a teacher who is retiring and returning to work. This teacher worked a consistent schedule for the last 20 years with benefits and is retiring on June 30, 2021. She will return to the same SEBB Organization as a substitute teacher who works an intermittent schedule starting on the first day of school in September 2021 but is not anticipated to work 630 hours in that new school year. She is not eligible for the employer contribution because she is not anticipated to work 630 hours, and she is no longer in the same position type because she’s moving from a consistent work schedule to an intermittent schedule.

**Pete Cutler:** My question has to do with all the situations where somebody goes from a regular schedule to an intermittent schedule. What happens when the employee thinks, they are going to work more than 630 hours in the year? Being a substitute teacher is a perfect example where the employee might think they have that expectation versus the employer thinking they will not get that many hours in. Do we provide any guidance regarding how those differing expectations are resolved?

**Rob Parkman:** Everyone should get a notice whether they are eligible or not. It sounds like the path you’re describing is the SEBB Organization would say they are not eligible so they would provide them with a notice indicating they are not eligible. The employee also has appeal rights. It would be difficult though because of the SEBB Organization’s anticipation of future hours worked.

**Dave Iseminger:** Pete, HCA would monitor through the appeals process to see if there is guidance we’re able to provide based on what we’re seeing within appeals.
Pete Cutler: I think it’s the employer that actually makes the offer to bring somebody in as a substitute. I can see why, for the first year that a person begins working as a substitute for an employer, there would be the difference to the employer’s expectation or assumptions. If a person does work more than the employer thought, the two-year lookback rule shifts the burden and the presumption. I imagine you’ll get more than a few appeals where, understandably, if the employer is not sure how much somebody is going to be working as a substitute, the employer doesn’t want to take on the cost of providing health coverage. But at the same time, if the substitute is really dedicated to working a lot, would really love to have that coverage. It seems like it is an important thing for communications.

Dave Iseminger: It is something we will monitor during the appeals process as part of the feedback loop. If patterns emerge, the agency is prompted to either provide additional training through Outreach and Training to SEBB Employers or identify additional policy recommendations that should be brought to the Board. This lookback rule is set up such that there is a presumption that must be rebutted in writing, which then gives an employee the specific reason for any appeal they might file.

Jennifer Matter: My question is, wouldn’t this also then just be, if that person in Example #6, let’s say that person does work 630 hours that first year, wouldn’t they still be ineligible for the second year because it’s a two-year lookback and you’re not going to look at their full-time work history when calculating that? So it’d be two years of having to go through the appeals process is what I’m hearing.

Lou McDermott: Who’s asking this question for the record?

Jennifer Matter from Seattle.

Dave Iseminger: I want to make sure I understand your question. You were looking at Example #6 and describing a scenario where in one of the two years the individual actually worked at least 630 hours but they did not in the second year? Or can you help me understand your question a little better again, please?

Jennifer Matter: The way you’re setting this new rule up, it’s someone starting a whole new job. So there’s no two-year lookback. It’s only the one year of subbing that you would look at. And if they do meet the 630 hours in that first year of subbing, that’s not two years. So does that qualify them for the benefits for the following year, or would it still be the same process of they would have to wait for two years?

Dave Iseminger: It would still be the same process of there needs to be a complete two-year employment lookback process. The underpinnings of this rule in both the SEBB Program, as it was passed, and in PEBB Program, from which this experience was drawn, is an employer reasonably could be wrong, at least once. They could be
wrong at least twice. But after you get two data points, it becomes harder to essentially say there is not a true anticipation when you’re hiring somebody back to the same type of position year over year. It’s really about having multiple data points to be able to ensure this eligibility exists. So the answer to your question is there does have to be two full years of employment history with the same employer for lookback rule purposes.

**Rob Parkman:** We will take any Board feedback about the proposed resolution. HCA will then send it out for stakeholdering, as we normally do, gather the stakeholder information, and bring that information back to the Board at the next meeting for possible Board action.

**COVID-19 Potential Eligibility Impacts**

**Rob Parkman**, ERB Policy and Rules Coordinator. Slide 2 – Section 5 – Engrossed Substitute Senate Bill 6189 (new section within Chapter 41.05 RCW). ESSB 6189, Section 5, has impacts to SEBB eligibility. This section will be codified within RCW 41.05, which contains RCWs on which HCA must take action and comply. It has yet to be codified, but the bill did pass.

Some of the key ideas from this section that may impact the SEBB Program are: In section (1), if a school employee is eligible for the employer contribution on February 29, 2020, they shall maintain their eligibility for the employer contribution as long as the Governor’s State of Emergency related to the novel coronavirus (COVID-19) stays in effect:

(1)(a), during any school closure, or changes in school operations for school employees. As part of this, school employees must continue to meet the statutory definition of school employees as is described in RCW 41.05.011(6)(b).

Slide 3 – Section 5 – Engrossed Substitute Senate Bill 6189 (new section within Chapter 41.05 RCW) (**cont**.). In Subsection (2), the main function causes Subsection (1) to expire when the state of emergency ends.

Subsection (3) addresses what happens when regular school operations resume. When the state of emergency ends, the school employee will maintain their eligibility for the employer contribution for the remainder of the school year. That is very important. If this goes into September 1 when the new school year starts, this could have an impact unless their schedule remained the same upon their return to work, or if they had a new schedule in effect at the start of the school year where they were anticipated to work the minimum hours to meet benefits eligibility.

Subsection (4) is a tie-back to Subsection (1).
Slide 4 – ESSB 6189 Eligibility Impacts. A major impact is we do not know when this emergency will end. It is important to know that school employees must remain a school employee, as described in the RCW I stated earlier. It is possible over time that some school employees eligible using this COVID-19 eligibility will no longer be a school employee. They could retire or quit and go to work somewhere else.

Dave Iseminger: The employer could also terminate the employment relationship.

Wayne Leonard: Going back to Slide 3, Subsection (3), “When regular school operations resume.” We’ve been told we will be starting up this fall, but with potentially new requirements in terms of social distancing and wearing masks. Would that be considered resuming normal operations?

Dave Iseminger: Wayne, I think you have identified an area that is ripe for interpretation and conversations. Staff also noted that the word “regular” is an interesting word to be in statute. I don’t know that we’re going to be able to answer that question today, but we are aware similar questions may arise. We are trying to figure out how to answer that question given the phrase in statute. The entire world looks different post COVID.

Wayne Leonard: I’m looking at Subsection (2) and Subsection (3) in combination. We will likely still be functioning under the Governor’s State of Emergency in September.

Dave Iseminger: You’re asking if there a relationship between the regular school operation and the ending of a state of emergency. We’ll take that under advisement as part of the related question as to what does “regular school operation” even mean. Thank you for flagging that because I haven’t heard anyone link those two Subsections together.

Rob Parkman: Slide 5 – COVID-19 and SEBB Program Eligibility. HCA received your request to look at COVID-19 related eligibility and the SEBB Program’s two-year lookback eligibility. Not all school employees who are eligible for the employer contribution on February 29, 2020 had worked 630 hours within this school year. They may have been anticipated at the start of the school year to work 630 hours but may not have worked those hours yet. The 630-hour standard is half time for a nine- to ten-month employee. If they were on that track, they would be around 210 hours short of hitting 630 hours when the emergency kicked in. If they didn’t work more hours in this school year, it may impact their eligibility for the two-year lookback in future years.

There were also some school employees who are not eligible for the employer contribution on February 29, 2020. They were not anticipated at the start of the year to work 630 hours but were on a path to work 630 hours within the school year, if a regular
year would have taken place. If they didn’t work any more hours in this current school year, it would impact their eligibility for the two-year lookback in future years.

For school employees who work intermittent schedules, there is no guarantee they would have actually worked 630 hours in the remainder of the school year. Some SEBB Organizations have written policies limiting the number of hours for employees working intermittent work schedules. Also, a school employee may have intended to work the additional hours, at that point in time, but decided later to withdraw themselves, or not request additional hours if it was a regular school year.

Slide 6 – Possible Course of Action (COA). The following are courses of action in response to the concerns raised. COA 1 - Use the current rules with no changes for the 2019-2020 school year. Count just the hours worked. Make no adjustments for the impact of the state of emergency on future applications of the two-year lookback rule.

COA 2 - Count the 2019-2020 school year as a 630+ hours year, regardless of the actual number of hours worked, only for purposes of the two-year lookback rule, and the school employee was eligible for the employer contribution on February 29, 2020. If they were not eligible for the employer contribution on February 29, 2020, then use the current rules.

COA 3 - Count the 2019-2020 school year as a 630+ hours year, regardless of the actual number of hours worked, only for the purposes of the two-year lookback rule, and the school employee was scheduled with the SEBB Organization to work 630 hours.

Katy Henry: In COA 2, when it talks about “only for the purposes of the two-year lookback rule, as long as the school employee was eligible for the employer contribution,” I’m thinking about substitutes. For a substitute, if they had been anticipated to work 630 hours, but had not yet reached 630 hours by February 29, would they be eligible?

Rob Parkman: For COA 2, if they were eligible on February 29 for the employer contribution, then it would count as a “good year”, or 630+ hour year using the two-year lookback in the future. Even if they were short a couple hundred hours, it would count if they were eligible on February 29 for the employer contribution.

Katy Henry: I think my question is did they have to have worked the 630 hours to be considered eligible?

Dave Iseminger: Katy, I think the hallmark of this course of action is saying if you had eligibility for purposes of the 2019-2020 school year under the legislative eligibility requirement, the 2019-2020 school year counts as having been met, regardless of what you worked, for purposes of the two-year lookback period, anytime the 2019-2020
school year is part of that lookback period. I think the short answer to your question is the person does not have to have actually worked 630 hours under COA 2.

**Rob Parkman:** Slide 7 – Recommendation. Okay. HCA recommends COA 1. Use the current rules with no changes. For the 2019-2020 school year, count only the hours worked. Make no adjustment for the impact of the state of emergency on future applications of the two-year lookback rule. There are several reasons for our recommendation. For one, the two-year lookback rule is complex. Also, there are over 300 SEBB Organizations within the program currently and maintaining consistent application among SEBB Organizations is important. And finally, nobody knows how long this emergency will last. It is possible it may cause unintended consequences the longer it lasts.

**Dave Iseminger:** Ensuring consistent application to the two-year lookback rule is already one of the more challenging parts of ensuring consistency in the eligibility framework given its complexity. Adding in another layer to that process will make it that much harder to ensure consistent application.

**Pete Cutler:** Am I right that the soonest this would potentially impact an employee in terms of their ability to have coverage, or not have coverage, would be September of 2021? They need two years under the rules, and the program didn't begin until January 2020, assuming 2019-20 school year would be the first year and the upcoming school year would be the second. The first time the two-year lookback rule could result in somebody having coverage would be September 2021, if I understand it correctly.

**Dave Iseminger:** Pete, I think the first time this would impact an employee would be September 2020. Even though we have not had two years of the program, if an individual has been working in the same SEBB Organization for multiple years, they still look at the employment pattern pre-SEBB launch as part of the lookback period. When the program launched, and the initial eligibility determination was made, this two-year lookback already existed. Although a district or SEBB Organization may not have necessarily, in the rearview mirrors of the 2018-2019 and 2017-2018 school years, realized how work patterns would have influenced SEBB eligibility.

Districts were advised that they needed to look at any historical work pattern information they had in applying the two-year lookback rule for the program launch. The 2019-2020 school year for the next school year’s two-year lookback purposes, is just one of the two years they look at. For the eligibility determinations that are made this fall, the two-year lookback rule would look at the 2019-20 school year, and the pre-SEBB Program 2018-2019 school year. It's not that this rule doesn't go into effect until there are two complete cycles of the SEBB Program. Districts do look at the preceding two school years independent of when the program launched.
**Pete Cutler:** Hearing your explanation, I can understand the idea that you’re looking back to employment patterns, regardless of what health plans were offered. That explains why this is a matter with a little more urgency to come to a decision soon rather than having the luxury of another six months to think about it.

**Dawna Hansen-Murray:** In the determination, this would affect a lot of our substitute bus drivers, and it would actually impact them for two years. Am I correct? If they did not hit the 630 hours this year, they would not be able to use the two-year lookback in September, and then they would also have this as their second year in the 2021-22 school year.

**Rob Parkman:** That sounds correct.

**Dawna Hansen-Murray:** Is there an appeal process? That’s a two-year impact.

**Rob Parkman:** Yes, there is always an appeal process dealing with eligibility determinations.

**Dawna Hansen-Murray:** But having that proof, you would be basically telling the district that, “No, you know I’m going to hit 630 hours, because I did this year, and I did it the year before last, before there was a pandemic.”

**Dave Iseminger:** Back in example 5, I was trying to highlight that. Remember, all of the ways to determine eligibility are independent of each other and satisfying any one prong gets an individual employee their eligibility. So independent of the two-year lookback rule, if someone is told, “You are not anticipated to work 630 hours,” under the core eligibility prong, they can appeal that determination, independent of itself, to say here is why. It may or may not be reasons that are similar or overlap with the whole concept embodied within the two-year lookback rule. But anytime anyone gets a negative benefits eligibility determination, they have an appeal right. Whether it’s under the two-year lookback rule, or the main – what I always think of as the main eligibility prong. So if an employee has a reason and support, they can submit an appeal of their negative benefits eligibility determination presenting why they meet any eligibility method.

That's one of the complexities here, if there is reason and evidence to support that the person is anticipated to work 630 hours, that can come as an appeal completely outside the context of the lookback rule. The lookback rule ensures that year over year, if an individual is hired back into the same type of position, there are multiple data points indicating you always get to 630 even if we didn't anticipate it. There comes a point when there’s a presumption that the employer must overcome. But in those situations, like you were describing, if that bus driver has a reason to believe they are eligible this coming year, they can always challenge that independent of the two-year lookback rule.
application. And that would be the process even if the two-year lookback rule didn’t exist.

**Dan Gossett:** I guess my concern really comes up with someone who is working an intermittent schedule and was not eligible for benefits on February 29. It seems like there’s a real possibility that the two-year lookback rule resets to zero. No matter if they had one year with 630 hours worked. They would then be moving into the second year, it seems like because of when schools closed, everybody would go back to zero, unless they were working almost every day on an intermittent schedule.

**Dave Iseminger:** I do think part of the extra complexity here is when schools closed. There was a date when the Governor’s proclamation went into effect closing all schools statewide. But there was a period before that when school districts were shutting down on different schedules. Depending on who has snow days and when their first day of school was, maybe one school district was on the 140th day of instruction when everything got shut down for them. Another school district may have been on day 145, while another was on day 147. There are many different permutations. That’s more complexity that exists within this concept of trying to find anything that might accommodate the pandemic’s impact on the 2019-2020 school year. But I do agree with your underlying assumption, it makes it very difficult to fulfill the lookback requirements related to the 2019-2020 school year, unless you worked 630 hours.

**Dan Gossett:** Another one is someone who works an intermittent schedule and was eligible on February 29. They maintain their benefits during the state of emergency. But when the state of emergency ends, I guess my question comes down to, let’s say, pick a date, September 1 it ends. Would they then still be eligible the following year, when they didn’t actually work 630 hours during the current school year, the 2019-2020 school year?

**Rob Parkman:** They were anticipated this year, they didn’t actually hit 630, then they start the next year. If they were anticipated this last year to work 630 hours, it is certainly possible they could be anticipated to work 630 hours the next year. As Dave said, the first choice is to look at that. If they didn’t meet that the second year, then one of the eligibility methods is to use the two-year lookback. If we go with COA 1 and they did not work 630 hours this year, it wouldn't count as a “good year” for them within the two-year lookback.

HCA is asking for the Board’s thoughts on how to move forward on this subject.

**Dave Iseminger:** HCA’s recommendation to make no changes would effectively mean we would not go forward with stakeholdering. If there are no changes, nothing more is needed. A policy would not be required, just clarification on context.
Rob Parkman: Hearing no comments, is the recommendation of COA 1 accepted?

Pete Cutler: I don’t have a specific proposal, so I guess by definition, we continue to use current rules unless a Board Member has a specific motion to propose a different policy that gets seconded and voted on. I’m not prepared to propose one, but I’m not saying that I would vote for COA 1 if I heard a different option proposed and a strong argument made for it. I guess you don’t really need a vote from us to continue the status quo.

Katy Henry: I would second what Pete said. Off the top of my head, I don’t have replacement language that I would propose at this moment, but I am really not comfortable with the current policy recommendation. I would like a little time to think about how else to write language that might better meet what I think Dan and I, and maybe Pete, are thinking about.

Dave Iseminger: Katy, I appreciate that. It sounds like there’s not a specific other option right now. I think that is the hallmark of this question. It's very challenging to figure out a specific proposal that balances a variety of competing interests, and it's not for wont of trying. It’s actually one of the reasons it took the agency so long to bring forward this presentation for conversation. As Julie Salvi mentioned during public comment in multiple meetings, most recently earlier this month, we've been trying to identify different ways this could be addressed. We ultimately landed on the presentation we had today, which described a couple of options, but with the recommendation to keep the status quo.

I understand some of the difficulties that policy position may face, but it has become extraordinarily challenging to find something else that balances all the interests. If Board Members have any ideas and want to reach out to me about other specific proposals that could be vetted, I’m more than willing to do that. I would remind the Board that if there is an actual policy proposal the Board wants to consider, as we look forward to the July calendar, we’re at the point where it’s weeks between Board Meetings, which any policy position the Board wants to review has more limited stakeholdering that can occur. There’s no legal requirement that you have a four-week period between introduction and action on a resolution, but I would ask if there are ideas that Board Members have about other alternative proposals to reach out to me as early as you can so we could do as much stakeholdering of any alternative proposals beyond the agency's recommendation in time for the next Board Meeting.

2021 Annual Procurement

Lauren Johnston, SEBB Program Procurement Manager, ERB Division. Slide 2: Medical Procurement Work Plan. This slide is an overview of the Request for Renewal (RFR) process, which is used to make changes or modifications to benefits and rate negotiations, if applicable, and any kind of contractual changes that would go into effect on January 1, 2021.
The RFR was released on March 30 of 2020 with written responses received up to May 8. Preliminary negotiations were May and June 2020. The first public presentation of the rates will be mid-July, with final Board action at the end of July 2020.

Slide 3 – Hearing Benefit Change. All of the medical carriers will have a hearing benefit change. Per legislative action during the 2018 session, HCA decided to cover one hearing instrument per ear every five years. This is coverage, in full, at in-network providers. There will be no cost share to the member. It will 100% covered by the health plan with no balance billing by providers.

Slide 4 – Uniform Medical Plan (UMP) 2021 Benefit Changes. The only update for the UMP High Deductible plan is the hearing instrument mandate takes affect once the deductible is met.

UMP Plus and Puget Sound High-Value Network (PSHVN) will have service area changes.

Slide 5 – 2021 Benefit Changes (cont.). UMP Plus and Puget Sound High-Value Network have added a new partner with Confluence Health, which increased their service area for 2021 to Chelan County and Douglas County. They are also adding The Everett Clinic, which will join no later than January 1, 2021, but could potentially come onboard earlier. There are no service area changes in 2021 for the UW Medicine Accountable Care Network.

Slide 6 – 2021 Network Partners – PSHVN. This slide has an overview of the network partners for the Puget Sound High-Value Network for 2021. The majority are the same as they were this current year, with the additions of Confluence Health in Chelan and Douglas Counties and The Everett Clinic.

Slide 7 – 2021 Network Partners – UW Medicine ACN. They have the same network partners in 2021 as they had in 2020.

UMP Plus – Counties Served. The gold color is both Puget Sound High-Value Network and UW Medical ACN. The green is where Puget Sound High-Value Network is only, and the blue is where the UW Medicine ACN is only.

**Dave Iseminger:** The amount of work it took to get to this point, regarding the county service areas and the partnership that Puget Sound High-Value Network was able to establish with Confluence, took months. It’s not an easy task to expand service areas with the UMP Plus model where there is additional risk taken on by the network and the partner providers within that network. It’s been several years since we’ve had a county expansion for UMP Plus. Getting those two counties colored green on Slide 8 took a lot of work by a lot of people, both in and outside of the agency.
**Lauren Johnston:** Slide 9 – 2021 Benefit Changes. The next few slides are changes to benefits for the fully insured medical plans. The only change for Kaiser Foundation Health Plan of the Northwest is adding the hearing instrument mandate to all of their plans.

Slide 10 and Slide 11 – 2021 Benefit Changes (cont.). The only change for Kaiser Foundation Health Plan of the Northwest is adding the hearing instrument mandate to all of their plans and the same for Kaiser Foundation Health Plan of Washington Options Plan.

Slide 12 – 2021 Benefit Changes (cont.). Premera Blue Cross is adding the hearing instrument mandate to all of their plans, as well as adding a virtual Diabetes Prevention Program. They're also adding bariatric surgery for all three of their plans, with coverage limited to in-network facilities. Although Premera currently has a Diabetes Prevention Program, it's not a virtual program that is being offered by the Kaisers or by UMP. This Program will be new to members. Currently, none of the Premera plans cover bariatric surgery so this will also be a new benefit to members in those plans.

**Dave Iseminger:** Premera’s changes will now align them with the rest of the portfolio.

**Katy Henry:** A lot of the members I work with in Northeast Washington, in counties like Pend Oreille, Stevens, and Ferry, most of their clinics are Providence owned. They weren't able to use Premera because there was no relationship between Providence and Premera. Do you know if that has changed for the upcoming year?

**Lauren Johnston:** That will not be changing for the upcoming year. Providence is not being added to the Premera network offered to SEBB.

Slide 13 – 2021 Benefit Changes (cont.). Currently, Davis Vision covers three tiers for progressive lenses and anti-reflective coating. For 2021 they're going to add a fourth coverage tier for both progressive lenses and the anti-reflective coating, which will have a discounted copay to the member. In 2021 members will have a $175 copay for progressive lenses and an $85 copay for anti-reflective coating, instead of paying 100% of the retail price. There will be no increase to their current rates and their rate guarantee remains in effect for 2021.

Slide 14 – Fully Insured Service Areas. There are no changes to counties in which the plans are offered. Service areas will remain in effect in 2021. However, it is our intent for Kaiser Northwest, Kaiser Washington, Kaiser Washington Options, and Premera to be expanding to full live or work. As an example, if you live in Snohomish County and have access to the Premera Standard Plan and you work in a school district in King County, you would now have access to the Premera High PPO as well. It gives you another plan option. This would be for anybody who lives or works anywhere in the
state, or that lives in Idaho or Oregon and works in a school district in Washington State.

**Dave Iseminger:** I know this was a challenging piece to communicate to school employees. I want to remind the Board that when we brought to you last year the criteria for live or work that described districts that crossed county lines, or were in a county that touches another state, that was done because we saw in the data there were about 20,000 school employees with commute patterns that crossed county lines from where they live to where they worked. Without any criteria, those 20,000 individuals wouldn't have been able to access plans based on their work. What we brought to you last year, with that more limited exception criteria, addressed about 5,000 of those 20,000 of school employees. With this further liberalization of the live or work service area requirement, now all 20,000 of those families, or school employees, would have potentially additional access, depending on exactly which school district they work in.

We're excited to bring this forward and to have made that a little bit easier for people to understand and be able to communicate that during this open enrollment. That means that throughout the portfolio, all the plans are based on live or work, except for the Uniform Medical Plan Plus. That would be the one plan where the service area is still based on where an individual lives, and that is rooted in the contractual agreements with the networks for those plans.

**Lauren Johnston:** Slide 15 - Fully Insured Provider Network. There are no major provider network changes to any of the fully insured medical plans for 2021.

Slide 16 and Slide 17 – No Benefit Changes for 2021. The Uniform Dental Plan TPA, DeltaCare Dental Plan, and Willamette Dental of Washington are all currently within their rate guarantee and there are no benefit changes to those plans. There are also no benefit changes to EyeMed Vision Care or the MetLife Vision Plans. They are also currently in their rate guarantee. Are there any more questions?

**Public Comment**
**Anne Ellis:** For the couple of Board Members who mercifully and thankfully are considering an alternative to the 630 hours and two years of eligibility. For intermittent employees, our school year was truncated. And I think a really, an equitable way of addressing 2019-2020, is to figure out how long the school year was for intermittent employees who had their school year truncated. And basically, if you take the district that had the shortest number of days, then you don't have to worry about deciding between different districts and figure out how many regular hours were in that truncated school year, divide that by two, and that becomes the hours needed, you know, the half time hours needed to qualify. It makes it really easy, and if the Board is already anticipating that the rates of sticking with 630 are a requirement for 2019-20 is going to
result in folks appealing, then why not proactively, preemptively, anticipate the appeals that are going to be burdensome for each intermittent employee who needs to appeal, and just do something that is simple, and basically equitable, and just doing the right thing with respect to health care.

**Lindsay:** My name is Lindsay and I am a substitute for Seattle. And first, I want to say thank you. I know that this is a tremendous amount of work, and I can only imagine the complications that you guys are up against in terms of COVID, and the budget, and what that looks like. So, I completely understand. Coming from the perspective of how do we make this simple and easy for people. But I kind of want to give you a different perspective.

The substitutes are, across the board, whether it's a substitute bus driver, to a substitute teacher, to a paraprofessional, admins, all of us, right now we are an extremely vulnerable population. The majority of us have not been getting paid. Those of us who were able to get unemployment insurance, thank God, more than likely we're losing that as of when school ended because we don't qualify for unemployment insurance over the summer. That means we're still waiting for those answers. Nobody is able to find work. There are no jobs that we usually have available to us over the summer. So, economically, you're talking about an extremely vulnerable population who are basically waiting for other people to make decisions about what's going to happen to us. On top of which we don't know that we're going to actually have work in September.

I personally have about 430 hours for this school year. If I do not get eligibility for 2019-20, that means I don't qualify for insurance for another two years. Which the possibility of not qualifying in two years, because if we don't go back to school in September, there's no way for me to get those hours. And it's tricky. It's really hard and I understand that. I just really want to emphasize that we're already taking so many hits that losing the potential for having health insurance is going to be devastating to a lot of people. And I would really just ask that you look and see if there are some alternatives to what your resolution was that was presented today. Thank you.

**Julie Salvi:** I wanted to ask the Board to consider something other than the course of action that was recommended today. And I'm glad that there will be a chance for Board Members to continue to reflect on that. Educating members -- educating school districts about the two-year lookback that it's not the only way to gain eligibility is helpful. But it will not be enough. Without a change in the policies at hand this year is going to harm those on the margins of eligibility for the next two years because school districts have not been consistent in how and when they expect someone to meet eligibility. We've had districts make a very fair determination about eligibility and others who take an approach of "prove it to me," which resulted in some members being a few hours away from eligibility when schools suddenly closed during the pandemic. They were more than on their way to meeting the eligibility standards, but didn't have that chance in this
school year, and will likely be consistent employees again once schools resume. But if districts continue to take that approach, they are going to be haunted until they get two regular school years in a row. So, I recommend that the Board does consider some kind of short-term adjustment to this rule. It can be tied to the 19-20 school year so then it won't live on forever. But that would be a way to bring some clarity and consistency to the entire system and offer protections for members that they are treated fairly. Thank you for your time.

Peter Henry: The question I wanted to ask before was I understand that it's possible for employees who are denied by the district to appeal, but you need grounds to appeal. And so far, Dave, I've not heard any grounds for a successful appeal. It just seems to be based on some indeterminate pattern that may or may not exist. What would constitute a successful appeal?

Dave Iseminger: Peter, it's hard for me to give an example and I have to explain why it's hard for me to give an example. It's because at the end of the day, because of my particular role in the program, the appeal process authority ultimately stems up to me. If I give a specific example today, it would potentially set precedence in appeals. So, I'm very hesitant to give you a specific, direct, clear answer that I think you're looking for. What I believe I can say is, and I managed the appeals process in one of my other past roles previously here at the Health Care Authority, I know enough about the appeals process, and the type of information that people may or may not have available that I can imagine there would be evidence or proof that an individual might be able to bring forward to say "this is why I believe I actually do meet the 630 hours requirement."

In the PEBB Program, initial eligibility is based on anticipated to work 80 hours a month for six months. There are individuals who appeal in that framework and they are able to provide evidence that is compelling, as it has come up the chain, that we actually give guidance back to the employers, whether it's in the PEBB Program or the SEBB Program.

I can't give you a specific answer now without potentially setting too much precedence. But I can say that I have every confidence there will be evidence in certain scenarios that would be compelling, in fact, enough to show that you do meet 630 hours despite the initial negative eligibility determination.

I recognize that this answer I'm giving you is probably not comforting because you want a concrete example. Unfortunately, the authority that I have within the appeals process gives me extreme hesitancy to give a specific answer here today. I do know that based on my experience in the appeals process within the PEBB Program for the last seven years there will be evidence people can provide.
Peter Henry: Thank you. I do have a follow-up question. The first appeal is through the district. If a district has a pattern of denying the appeals, is there a mechanism in place once the employee has proven the district is incorrect by actually working 630 hours? Is there some process where they can get reimbursed for the medical expenses they’ve undergone where they should have been given, in retrospect?

Dave Iseminger: That concept is called is error correction. There are several rules about error correction. If it is determined there was a mistake in eligibility, there are various courses of action that can be reviewed for what is the appropriate remedy. It can include a wide range of things. Sometimes it’s retroactively enrolling in coverage. Other times it may be that the individual doesn't want retroactive coverage, but they do have a claim they want covered. Those things can be negotiated as part of error correction. Any error correction that is granted ultimately does have to be approved by the Health Care Authority to ensure consistency across the system. So, the short answer is there is a mechanism by which circumstances related to incorrect eligibility determination can have a correction made in the system. And if we do see patterns, we use that to inform future policy changes, or training to our entire programs.

Fred Yancey: My question and concerns goes back to Megan’s presentation, particularly Slide 5, regarding looking at budget reductions. The statement made on this slide is that PEBB and SEBB Programs are not directly funded by the General Fund appropriations, and therefore, a specific reduction target was not provided for these programs. Yet, Health Care Authority projected, I believe, three different scenarios showing various cuts within the explicit subsidy part. So the question is, why did they do that? Then the second part of my question is, and I thought I heard, and this is my confusion, I apologize, that these are not part of General Fund because they're employer paid so it's not generally General Fund money because it's only General Fund money as a result of employer contributions. I'm confused as to if it's General Fund or not General Fund. And the statement I read earlier implied it's not General Fund, yet Health Care Authority chose to outline three different scenarios of changes to the explicit subsidy. You understand my question?

Megan Atkinson: Fred, the designation of the PEBB and SEBB funds as not being General Funds, what that means, is when the funding is appropriated, and we have some accounts that are not appropriated, but the accounts the PEBB and SEBB Programs stem from are not General Fund State funds. They're not components of that fund. However, we receive revenue, as the employer contribution, and the origin of the majority of that revenue is General Fund State. For example, on the PEBB side are funding rates appropriated in the various state agency budgets. About 42% of that is General Fund State appropriation. So, the Health Care Authority receives appropriation in our administration budget from General Fund State sources for a portion of our employer contributions that we make on behalf of our employees. Similarly, on the SEBB Program, that allocation in the state operating budget for the state funded FTEs,
those are General Fund State. Since we knew, and we are aware, that the origins, if you will, of a great deal of the PEBB and SEBB funding is General Fund State, we did budget reduction scenarios, because if any of those budget reduction scenarios are adopted, then it contributes to the solution of the budget problems facing the General Fund. Is that helpful?

**Lou McDermott:** And Fred, while you're describing a technicality, we have a good working relationship with the Legislature and OFM. It would be disingenuous for us not to put anything on the table on a program. If this program was worth 100 bucks and that technicality you described existed, maybe we could get away with not saying anything. But this is billions, and billions, and billions of dollars’ worth of program, which origins are a substantial amount from General Fund State. We had to do it.

**Dave Iseminger:** Fred, I'll point you on Slide 5, the fourth bullet – even though we weren't given a specific reduction target, because it was rooted in General Fund State reduction, all parts of government were asked to identify savings to contribute to what was then thought to be just barely a $2 billion shortfall in the next fiscal year. Now we know it's closer to $4.5 to $5 billion. If you go back to the very first slide, roughly 9-10% of the state budget comes through these two programs. Given the magnitude, we had to describe options, particularly those that have been considered and evaluated in prior budget fiscal emergencies, and things that were able to be costed. I do want to make it clear for Board Members that the subsidy Fred is asking about is the Medicare Explicit Subsidy that is part of the retiree population in the PEBB Program. It's not a specific subsidy in this program, though it does have some entanglements because of the K-12 remittance in this program.

**Fred Yancey:** Well, I understand your point, but you know, it's a substantial amount of money, and the Legislature appropriates it, and then it floats to school districts as part of their allocation, as Megan correctly said. I appreciate it, their formula generated benefit dollars, you know, which they then kick back to Health Care Authority to offset retirees. I understand all of that. I just ask, why Health Care Authority felt compelled to create this for them, for your agency to point that out, when the Legislature is fully cognizant of it, and that would be almost a separate issue. But that's fine. I got the answer. I heard an answer, and certainly I know that you're looking at substantial -- you need to make cuts. But that's a huge cost to the state. Although, I question whether it's a cost to Health Care Authority and you describe cutting money that's not really Health Care Authority money, because it's flow through money in my way of thinking. That's all I have to say.

**David Posner:** I'm a teacher sub in Seattle. You know, one way or the other, unless it's a significant surge in the virus, schools are going to be delivering some degree of in-person school come fall. And substitutes are going to be needed, and they're going to be in and out of multiple classrooms, multiple schools, meeting with lots of kids and
adults in each of those different settings. Right now, I know in Seattle the percentage of substitutes that qualified for SEBB was I think, maybe, 15% or 20% of our subs. I think statewide it’s considerably less than that. What’s going to be asked of substitutes in the fall is for them to go into these different settings, and really exposing themselves, without the benefit of health insurance. And that is something that really needs to be looked at. I’m asking if this Board has the authority to temporarily waive an eligibility requirement under these health emergency circumstances; and if you don’t, and it has to go through the Legislature, we would like the Board to consider recommending to the Legislature that some of these restricted criteria be waived this year. Thank you.

Anne Ellis: I would just like to say that I realized you guys meeting by phone has required an adjustment and probably some inconvenience on your part. But this is a really large state and I would appreciate it if you would consider going forward, that you have phone meetings so that you guys and your meetings are more accessible to those of us whose lives your decisions impact.

Lou McDermott: Are you suggesting that when we go back to in-person meetings that we have an open phone line to the public, because we do that. Or are you suggesting something else that I’m not understanding?

Anne Ellis: If you already do that then that's great. It would be great if it were more broadly advertised.

Lou McDermott: It’s on the agenda that gets posted. As a matter of fact, you can sign up for a listserv, and you'll get emails that will give you all the information you need.

Anne Ellis: Oh great. Okay, thank you.

Dave Iseminger: I believe we have about 1,500 people on that listserv today that receive those notifications.

Barbara McPherson: I’m a substitute teacher in Auburn School District. I’ve been told that my benefits will end August 31. Under the legislation that was passed, it says that my benefits should continue as long as there’s a state of emergency. My question is if the state of emergency lasts into September, October, is the district obligated to continue my benefits?

Dave Iseminger: We don't like to answer individual circumstance questions in the Board Meeting, but with you flagging it this way, I will have staff reach out to you, and/or the Auburn School District, to understand the exact factual pattern, and go forward, and provide some support to your individual scenario outside of the Board Meeting.
Next Meeting
July 16, 2020
9:00 a.m. – 3:30 p.m.

Preview of July 16, 2020 SEB Board Meeting
Dave Iseminger, Director, Employees and Retirees Benefits Division, provided an overview of potential agenda topics for the July 16, 2020 Board Meeting.

Dave acknowledged that this was John Bowden’s last Board Meeting since he is retiring. John was hired to manage stakeholders for the launch of the SEBB Program. He was very aware of the K-12 world in his prior incarnations as state employee, including studying K-12 consolidation at JLARC. He’s been a very valuable resource for me during the program launch. He’s a great resource for stakeholdering for many parts of the K-12 system. I want to take a moment to acknowledge the commitment he made because he was able to retire before the SEBB Program journey started. And like many public servants, he took an additional personal sacrifice to remain a state employee to contribute to the launch of the SEBB Program. I really can’t thank him enough for his support in helping launch this program. I just wanted to thank John publicly!

Lou McDermott: And John, on behalf of the Board, thank you so much for all the work you did. This was a massive effort. I know hundreds of people were involved here at HCA. I know thousands of people were involved throughout the state and you were a huge part of it. I really appreciate your work and wish you only the best in retirement.

Pete Cutler: I worked with John on the K-12 issues even before SEBB was created. I also wish him the very best in retirement. I think John, you’ll find that you enjoy it way more than you even imagined.

John Bowden: I want to say Lou, Dave, Pete, thank you all very much. I appreciate those words and it’s been a pleasure helping get the SEBB Program started.

Executive Session
The SEB Board met in Executive Session Pursuant to RCW 42.30.110(1)(l), to consider proprietary or confidential nonpublished information related to the development, acquisition, or implementation of state purchased health care services as provided in RCW 41.05.026.

The SEB Board reconvened to adjourn the meeting.

Meeting adjourned at 11:40 a.m.
School Employees Benefits Board
Meeting Minutes

July 16, 2020
Health Care Authority
Sue Crystal Rooms A & B
Olympia, Washington
9:00 a.m. – 12:00 p.m.

Members Present via Phone
Lou McDermott, Chair
Wayne Leonard
Katy Henry
Dan Gossett
Pete Cutler
Terri House
Dawna Hansen-Murray
Alison Poulsen

SEB Board Counsel
Katy Hatfield

Call to Order
Lou McDermott, Chair, called the meeting to order at 9:07 a.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 is telephonic only and will address only those topics necessary and routine to complete the regular cycle of activity in our Board season.

Meeting Overview
Dave Iseminger, Director, Employees and Retirees Benefits (ERB) Division, provided an overview of the agenda. Dave also provided a COVID-19 update. Carriers are currently applying to waive cost shares for COVID-19 treatment. Kaiser Permanente will be waiving cost shares under their plans for the remainder of this calendar year.

Follow Up of June 24, 3030 Meeting
I have a follow-up for the next agenda item, Policy Resolution, that when it comes to cost shares members would experience related to treatment for COVID-19, there have been changes in some of the dates the plans are applying. Currently, all plans, except Premera, are waiving medical cost shares for COVID-19 treatment until December 31. The Premera plans' date is October 1. The rest of the plans have waived cost shares
related to treatment for COVID-19 through the end of the calendar year. I will continue to keep you apprised of any other changing developments.

HCA has received several requests, on both the PEBB and SEBB side, for more information about COVID-19, testing, and what is covered under their plan. We are working on a communication, a summary of benefits chart related to COVID-19 testing, for Benefit Administrators at SEBB Organizations and our PEBB Human Resource departments, so they can share that information with their employees.

**Policy Resolution**  
Rob Parkman, Policy and Rules Coordinator, ERB Division. There is one resolution for action today.

Slide 2 – SEB Board Resolution. Resolution SEBB 2020-09 it to amending Resolution SEBB 2018-36, which was approved at a previous Board Meeting. That Resolution is included in the Appendix.

Slide 3 – Clarification Needed. A question raised at the May 7 Board Meeting generated this conversation. No changes have been made to this slide since the June 24 Board meeting.

Slide 4 – Discussion and Recommendation. This is the same slide that was presented at the June 24 Board Meeting on this subject. No changes were made to this slide.

Slide 5 – Resolution SEBB 2020-09 Amending Resolution SEBB 2018-36 Eligibility Presumed Based on Hours Worked the Previous Two School Years. This is the same Resolution that was presented at the June 24 Board Meeting. HCA conducted our normal stakeholdering process and we received six comments. Five were in support of this resolution and one had concerns and wanted changes. The stakeholder with concerns wanted a change to the resolution that allowed flexibility for this year, as it relates to the two-year lookback eligibility method, because of the COVID-19 issue. HCA is recommending no changes to the resolution as it was introduced at the June 24 Board Meeting.

Dave Iseminger: The request to make changes to address COVID-19 is the embodiment of Dan and Katy’s resolution, which further supports bifurcating these issues and continuing them on their separate paths for consideration.

Rob Parkman: I agree. There is some overlap on the comment.

Dawna Hansen-Murray: As a classified employee, this actually hurts our members, as our world is backwards to this. In the classified world, we start out as a substitute, and when positions become available, because we have no seniority as a substitute, we come in at a very low number, let’s say, two hours a day. Two hours a day does not
give us benefits. So, looking at the two-year lookback rule, I'm still doing the same job whether I'm driving a bus for two hours a day guaranteed, because then I'm now represented by the union. I get my vacation. I get my personal leave days. I get my paychecks spread out over the entire year. Those are some of the benefits of becoming a permanent employee as opposed to a sub. With this rule, and adding that line in, I can no longer count the hours I was getting as a sub, because I'm still going to be subbing to fill in my hours. I'm going to be giving up my health care in order to become a permanent employee. That's very detrimental to our world.

I see the difference between the teacher world and our world. But that's how our world works. You start as a playground teacher, or as a Kinder assistant, and you build your seniority, you apply for higher hourly positions to get those benefits. You may have been a very loyal five-year sub in transportation, and when a position is posted for a midday run that's permanent, you have to decide whether you want that permanent position or stay being a sub to keep your benefits. The two worlds are very different. I will be voting no on this.

Alison Poulsen: Dave, can you help crystallize this a bit more? If I vote yes, is that keeping it as it has been, or is this a change to how it was last year?

Dave Iseminger: Alison, thanks for that question. When this topic was brought up in public comment a few months ago, we identified that the policy itself had some ambiguity, which prompted us to make a recommendation to solidify, and remove that ambiguity from the policy statement. What we understood in how districts had been applying this is the resolution before you today. It would codify the practice the majority of districts have been applying during the initial launch of the SEBB Program. I guess a characterization of this resolution is codifying the existing practice of the district, given the ambiguity that was in the policy.

Rob Parkman: We are trying to clarify what “same type of position” due to the questions and comments coming to us about that subject.

Pete Cutler: I'm struggling with Dawna's input and I want to make sure I understand it. I'm not sure if it's possible to have a substitute position where the person is not considered a permanent employee, and then they move to a -- I don't know what would be considered a permanent substitute, but if in both of those cases, their hours are intermittent and they're not guaranteed at a certain level, then it would seem to me that in the current role they would continue to be able to do the two-year lookback. But whereas if they went from a substitute intermittent position to a permanent position that had a consistent schedule where you could predict whether you were going to reach the 630 hours, then if once they move into the consistent position, which could be permanent, they basically would come down to you, if you're expected to work 630 hours and you would get the insurance coverage going forward. And if you weren't
expected to work 630 hours, under your consistent position, then this would make it
clear that you don't get health insurance. But it wouldn't be a function of this rule, it
would just be a function of the underlying policy, that if you're not expected to work 630
hours in a month, then you haven't met the eligibility threshold. Am I understanding this
correctly?

**Dawna Hansen-Murray:** When a person becomes a permanent employee, that may
not be in a sub position. It may be a permanent route for a bus driver, and it may only
be a two-hour permanent route. The other hours they pick up to their full paycheck
would be in sub hours. If I read this correctly, it's saying that once you take a
permanent position, now the two-year lookback rule would start over. You would not
have insurance for two years until you could prove that you were building up those
hours to get 630 hours.

**Pete Cutler:** Rob, if somebody's working in a school position where they have a certain
minimum number of hours guaranteed, in this case, because they have at least one
route that's two hours a day, but they're also a substitute for additional hours, would that
be considered an intermittent schedule position?

**Rob Parkman:** Slide 9 is a very close example. Example #3 is close to this situation,
just slightly different. This example shows an employee that went from an intermittent
schedule to a consistent schedule, which is, I think how this story is playing out. The
only difference here is the example had them working four hours a day which allowed
them to hit 630 hours. What I'm hearing in this situation is they're only getting two hours
a day, so they would not have reached 630 hours with the consistent schedule from a
two-year lookback. Our first eligibility method is working 630 hours in the year. If that is
reached, the two-year lookback would not be used.

**Pete Cutler:** Rob, as I understand it, Dawna's suggesting the position is a mix of a
baseline of a consistent schedule, but it assumes the person will also be working
additional hours. That seems to be a hybrid that I don't think Example #3 addresses.

**Rob Parkman:** I agree. Example #3 is the closest. It's been changed a little bit.
Instead of the four hours, it sounds like two hours consistent, and additional intermittent
hours to make the 630 hours within that year is what I think I heard.

**Dave Iseminger:** Rob and Pete, I'll share how I've understood this from the various
conversations. I'll use Dawna's example of a bus driver in a fully intermittent position,
like a per diem type setting. They have no guarantee of any specific hours. They pick
up lots of hours. Year one they get 630 hours, year two they get 700 hours. They're
still in that intermittent, substitute type position, and they consistently over the last two
years reached, or exceeded, the 630-hour threshold. But their employment status with
the district is as a substitute. Then a permanent position becomes available instead of
this non-permanent, or substitute, or per diem type situation. They apply for the permanent position because they see other advantages than being on that fully intermittent schedule. It is permanent status versus non-permanent substitute status. And as it happens in many other positions in K-12, people can pick up additional hours, but their rooted employment situation is now in a permanent position with some guaranteed consistent schedule.

It's that shift from a fully non-perm substitute classification to a permanent position, which is under this policy statement that says there is a break in that experience. Dawna’s classified example is the inverse of what prompted this policy.

I'll remind the Board, two months ago when this came up, the core scenario being discussed was a full-time teacher whoretires and then comes back as a retiree to substitute. The question was, “Why doesn’t the full-time consistent schedule that I had for multiple years, or decades, count?” There was a discussion about how going from the consistent permanent schedule status to an intermittent schedule status is a break.

This policy, when you mirror it out in the classified world, as Dawna is describing, I think people are understanding correctly. To have the policy be paralleled across all the population is impacting the two different major groups, classified, and you can use that differently, but consistently from a policy standpoint.

Lou McDermott: Vote – Resolution SEBB 2020-09 - Amending Resolution SEBB 2018-36 (Eligibility Presumed Based on Hours Worked the Previous Two School Years)

Resolved that, SEBB 2018-36 is amended to add the following to the end of the second bullet: To count as the same type of position, both the type of work and the work pattern (consistent schedule compared to an intermittent schedule) must be similar between positions or combinations of positions from one year to the next.

SEBB 2018-36 now reads: A school employee is presumed eligible if they:
- worked at least 630 hours in each of the previous two school years; and
- are returning to the same type of position (teacher, paraeducator, food service worker, custodian, etc.) or combination of positions with the same SEBB Organization. To count as the same type of position, both the type of work and the work pattern (consistent schedule compared to an intermittent schedule) must be similar between positions, or combinations of positions from one year to the next.

A SEBB Organization rebuts this presumption by notifying the school employee, in writing, of the specific reasons why the employee is not anticipated to work at least 630 hours in the current school year and how to appeal the eligibility determination.
Alison Poulsen moved, and Wayne Leonard seconded a motion to adopt.

**Dawna Hansen-Murray:** Is there any way to, we’d have to vote this down first, but something that would be more specific to the teacher side so that it doesn’t harm the classified side?

**Pete Cutler:** My concern is a little bit different. In my mind, this policy assumes that all positions can be classified as either one with a consistent schedule or one with an intermittent schedule. And I think what Dawna has brought up is, apparently there’s hybrids and I’m not comfortable that it deals with a hybrid situation. I’m okay with supporting it for dealing with what it covers explicitly, which is when you move from something that’s fully intermittent to scheduled or vice versa. But I think the Health Care Authority still has work to do to sort out if, in fact, you have hybrid positions where the employer offers a minimum level of hours, but with the understanding that the person could be working more than that, then I think you have something that’s more akin to the issues related to having an intermittent work schedule, where you don’t want somebody not getting health care coverage because the employer doesn’t think you’re going to get work 630 hours year in and year out. That employee works enough extra hours to get up to 630 hours. I think we have some unfinished business, but I’m okay with approving this one motion for this one resolution for what it does cover.

**Wayne Leonard:** In reading this resolution, my interpretation is a little different. And maybe this is just another example of different school districts interpreting these rules differently. But I believe in Dawna’s example, like with a bus driver, that if a bus driver had a three-hour position and was going to get 540 hours, and then they continued to sub, and then exceeded 630 hours, I believe in my district, we would count that, and continue that employee’s benefits. I think that is indicated in the second bullet point where it says, “that the same type of position, both the type of work and work pattern.” The last part of that also says, “that it must be similar between positions or combinations of positions from one year to the next.” I’m pretty sure in my school district we would count those hours and they would exceed 630 hours. That driver would continue to be eligible. I don’t know if that’s the similar interpretation applied in other school districts, but I think that’s how we would interpret it here.

**Dave Iseminger:** Wayne, I think it was helpful to point to that phrase “or combination of positions.” I agree a little bit with what everybody is saying. I’ll go back to a word that I said for the last three years: iterative, iterative, iterative. There are different pieces that have been stakeholdered along this road that led us to this new iteration of this part of the policy. I agree with Pete that there can be more information to describe hybrid positions. It may be taken into account already, although maybe not as articulately described, because of that phrase of “combination of positions” as Wayne just outlined.
I think, at a bare minimum, there’s more description we can bring as an agency about how this is playing out, and if it’s more examples that need to describe the hybrid type of situation, or more explanation, or refinement related to that phrase of “combination of positions,” I agree that the work is not done. I just hope that the Board can make this next step in the iterative process on this policy.

**Lou McDermott:** Dave, do you feel Wayne’s comments fall within the resolution as it's written, the way he described, what the school district would do?

**Dave Iseminger:** The district would have the authority to implement it the way Wayne described. What I’m not as confident in saying is that there aren’t other ways a district can also interpret it. But I think that the policy statement, as it’s written now on Slide 5, Wayne, in his capacity as a Business Administrator, could interpret and apply it the way that Wayne described.

**Rob Parkman:** I agree internal district stacking could play into this and it would support how Wayne described it.

**Lou McDermott:** I would like to remind the Board that my experience on the PEBB side, I picked up PEBB after it had been around for over 30 years. My entire time with PEBB, we made rule changes as the world changed, and as certain issues came to light. I know when Dave got the position, and he now runs the PEBB Program, he continues to make eligibility changes throughout his tenure. And it will go on and on. I hope the Board feels like it is an iterative process. Sometimes there are intended consequences, and sometimes there are unintended consequences, and those do reveal themselves in hearing anecdotal information, when friends and family, who are in the system who say, “Hey, did you know x, y and z?” And it may have been the intent, may not have been the intent. I hope the Board understands that we are trying to move closer to articulating all the various components of eligibility, but we will never really get there 100%. It will evolve over time.

**Terri House:** On what Wayne said, that he would do it and take that into consideration. Some districts would not. Then we have the gray language, like Rob spoke of. It would be up to each business manager to decide how their district would interpret it. I see that as being unfair to classified employees because a lot of them do pick up extra time to build up their daily schedules and fill in time.

**Lou McDermott:** The system has a lot of different ways of leveling itself out and one of them is through appeal. As these members find themselves in situations where they feel like the rule that’s in play is not being interpreted, or it’s being interpreted to the strictest letter, and some of the gray stuff, not in their favor, they have the opportunity to request appeal. The Health Care Authority will hear that appeal, if they go through their SEBB Organization first. If the SEBB Organization says no, it comes to HCA. Then we
have the opportunity to adjudicate that appeal based on the rules we have in place, based on the policy discussions we have behind the scenes, based on Board discussions, based on intent, based on all these different factors.

I wish we could use all the perfect words in the universe to articulate something, but when we do, it normally comes back with a one-off situation that we could never have anticipated, and those get resolved through that process. While it is possible that the districts will implement this differently, my hope is that through the appeals process, we can then normalize and educate the districts on why they lost the appeal, and they need to change some of their practices. I hope that talks to your statement.

**Dave Iseminger:** That then leads to more information, more specific patterns that can lead to additional iterative policy resolutions, brought to the Board to refine the policy, and keep moving, keep turning the wheel on improving the language.

**Voting to Approve:** 4
  Wayne Leonard
  Pete Cutler
  Alison Poulsen
  Lou McDermott

**Voting No:** 4
  Katy Henry
  Dan Gossett
  Terri House
  Dawna Hansen-Murray

**Lou McDermott:** Resolution SEBB 2020-08 does not pass.

**Dave Iseminger:** That means SEBB Resolution 2018-36 will not change. The existing ambiguity in the policy statement that's been described continues, we'll continue work to provide guidance to districts about the authority they have within that ambiguity, and work on additional policy resolutions to tackle this issue at future Board meetings. I want to remind people that the status quo is maintained.

**COVID-19 Potential Eligibility Impacts Update**


Slide 3 – RCW 41.05.740(6)(d). This RCW is included to show the Board’s authority.

Slide 4 – Background. HCA presented information at the June 24 Board meeting on COVID-19 school closure impacts for the 2019-2020 school year, as that school year
relates to the two-year lookback policy. HCA recommended no change to the policy at that meeting.

Slide 5 – Board Input Received. After that meeting, HCA received input from Board Members Katy Henry and Dan Gossett on a resolution related to the COVID-19 state of emergency. The resolution is out for stakeholdering, which concludes on July 20. As of 1 p.m. on July 15, HCA has received 24 responses. Two stakeholders supported the resolution, 21 stakeholders did not, and one provided no position.

Of the 21 that came back indicating no support for the resolution, 18 of them either had as their primary reason, or included within a number of reasons, the increased cost to SEBB Organizations given the current budget issues. Five of them either had as a standalone issue, or again, within a mix of issues, workload for their staff, and complexity of the eligibility administration – or eligibility system within the SEBB Program. One stakeholder had a long list that didn’t fall in either of the cost or time to administer categories.

Dave Iseminger: The Board Members will receive copies of the comments along with their Briefing Books for next week’s meeting. Comments received by Monday’s deadline will be in a supplemental email to you before next week’s meeting.

Rob Parkman: Slide 6 – Proposed Resolution SEBB 2020-10 Amending Resolution SEBB 2018-36 – Eligibility Presumed Based on Horus Worked the Previous Two School Years. The proposed resolution submitted by Katy and Dan reads as follows:

SEBB 2018-36 is amended to add the following as a new third bullet: For purposes of this policy only, a SEBB Organization must count the 2019-2020 school year as having met the 630 hours requirement if the school employee (a) worked at least 630 hours during the 2019-2020 school year or (b) worked at least 500 hours between September 1, 2019 and March 16, 2020.

SEBB 2018-36 now reads: A school employee is presumed eligible if they:
- worked at least 630 hours in each of the previous two school years; and
- are returning to the same type of position (teacher, paraeducator, food service worker, custodian, etc.) or combination of positions with the same SEBB Organization. To count as the same type of position, both the type of work and the work pattern (consistent schedule compared to an intermittent schedule) must be similar between positions or combinations of positions from one year to the next. [Text in italics is pending Board approval at the July 16, 2020 meeting.]
- For purposes of this policy only, a SEBB Organization must count the 2019-2020 school year as having met the 630 hours requirement if the school employee (a) worked at least 630 hours during the 2019-2020 school year or (b) worked at least 500 hours between September 1, 2019 and March 16, 2020.
A SEBB Organization rebuts this presumption by notifying the school employee, in writing, of the specific reasons why the employee is not anticipated to work at least 630 hours in the current school year and how to appeal the eligibility determination.

Slide 7 – Discussion.

Katy Henry: Here’s a little bit of the background on why we proposed this amendment. 500 hours is nearly 80% of the regular standard of 630, and during the 2019-20 school year, the in-person work days in the schools varied, but they were roughly 72% of a full 180-day student school year. Those employees who worked 500 hours were more than on pace to have achieved eligibility during the school year had the pandemic not disrupted the year.

The hope was that this change would bring more consistency among school districts in the application. Some districts had granted eligibility for substitutes, expecting them to meet the 630 hours. Those districts had made a good faith effort to follow the rules and were obligated to keep those employees in SEBB eligibility. But other districts took a stance that said employees had to prove they would work the 630 hours and did not have all of the expected eligible substitutes on the rolls at the same time that the school shut down. Some substitutes were days away from gaining eligibility for benefits and lost it due to the pandemic. So those individuals might have to wait a whole year so they will have the chance to prove their work history to a district. Similarly, employees are in very different circumstances due to different policies and approaches of different school districts. The hope was to try to bring some consistency in the application across districts.

Wayne Leonard: I need clarification. Most of the public comment and correspondence we got was specifically in reference to substitute employees, but the amended resolution doesn’t specifically say substitute employees. It could refer to all employees that maybe didn’t reach the 630 hours. I think from our perspective in my district, we were told by the Governor and Superintendent of Public Instruction to continue to pay people, and so we did, and we continued to count hours, and we continued to make work opportunities in daycare, or food service delivery available. To clarify, does this amended policy only refer to -- or is it only applicable to substitutes, whether they’re certificated or classified substitutes?

Rob Parkman: I would say no, this applies to all school employees, not just substitute employees.

Wayne Leonard: If an employee, for example, was scheduled for only three hours a day, and they worked three hours a day, and got 540 hours in for the year, they would now be eligible for SEBB Benefits?
Rob Parkman: The way the third bullet is written it really incorporates the first bullet for this one school year, and this additional 500-hour eligibility for September through March 16, so it would count for anyone that fits within that.

Dave Iseminger: The answer to your question, Wayne, from Rob was yes. It does not distinguish between any type of employees, any school employee, which is defined, I believe, both in statute and rule, but definitely in rule. Any individual who has worked 500 hours between the date ranges, for lookback purposes only for the 2019-2020 school year, would pass the test for that part of the lookback rule when the 2019-2020 school year is part of the lookback calculation.

Katy Henry: But to be eligible, they would also have to meet the first bullet, correct?

Dave Iseminger: In the other year that is part of the lookback calculation, correct, in order to get a rebuttable presumption of eligibility in the existing year. So yes, you're right, Katy. There are still two years that have to be looked at. It's just anytime one of those two years is the 2019-2020 school year the threshold essentially includes anybody who actually worked 500 hours between September 1 and March 16. But there's still that second year. Sometimes that will be the year two, and other times it'll be year one, depending on where you are in time. But there is another year that has to be looked at, too. And then at the end of the day, that creates a rebuttable presumption of eligibility, but again, that could be rebutted in writing by the SEBB Organization.

Katy Henry: I have a follow-up math question, I guess, in response to Wayne. If somebody was a three-hour a day employee, would they have hit the 500 hours by March 16? I don't know that they would have.

Wayne Leonard: No, they wouldn't have by March 15, but under the Governor's guidance to continue to pay people and to continue to make the work options available, they could have. I think the confusion for me is that in some of the correspondence and public comments, there was this assumption that the school year was cut short by the pandemic. But the school year was extended. The school year went online and teachers worked and other school employees worked. It was my assumption from the public comment that it was mostly substitutes that didn't have the opportunity to work, and that this change only applied to substitutes because the regular school year for school employees was not cut short, it got extended, and employees could continue to work. I guess my assumption about this amendment was incorrect. And I'm struggling a little bit with that right now.

Dan Gossett: Rob, you gave feedback from stakeholders that you received so far. Those people oppose but you didn't give a summary of the two groups -- two stakeholders who were for this resolution. Could you share that with the Board please?
Rob Parkman: Sure. One just said it was a fantastic idea. It was about three or four words. That was it. The other one provided quite a lot of input that was mostly against 2020-09. They provided pretty much comments just fully supporting 2020-10. For the two people that supported it, they just really came right out and said support. It was the people that didn't support that provided quite a list of reasons why they didn't support.

Dan Gossett: Thank you.

Dawna Hansen-Murray: This also applies to our hybrid people, like a bus driver who’s working contracted three hours a day. They missed all their opportunity to pick up their extra hours.

Pete Cutler: I want to weigh in that I share the concerns about administrative complexity, but on this resolution, it seems like what’s being proposed provides a very bright line with the 500-hour standard. It’s been mentioned, it is a close approximation to a standard that somebody would’ve hit if they were on pace to have 630 hours over the full school year. I think I support it because I think that is what the Governor and the state has generally taken the position that in this first year, when it was totally unpredictable there would be a pandemic that would just totally turn schedules and plans upside down, employees should be held harmless from unforeseeable impacts.

If HCA has information on why it is not simple to administer, I’d be open to hearing refinements. But in general, I think it’s a good policy. I would want to stress this is appropriate only for the 2019-20 school year, where there was no warning about what was coming. I think there’s going to be a number of people’s schedules that will be impacted. There will be budgetary impacts and probably budgetary cuts in any programs that are not basic education related, given the state’s economic and budget problems. So while I think this makes sense for its limited purpose for 2019-20 school year. I want to go on the record in advance that I would be more concerned about extending it as a blanket policy going forward.

Dave Iseminger: I’d like to make this a suggestion. Currently we’re at the introduction stage of this resolution for ongoing stakeholdering. I do know we have stakeholders who plan to provide public comment on this resolution during the public comment period at the end of the meeting. We will provide you with all of the written, as well as a summary of that feedback, as we always do with your Briefing Book, on both the feedback we received to date, plus the feedback that comes in next Monday.

There’s still a lot of baking to do on this resolution based on the discussion today and some of the issues that were brought up. I will be talking with Dan and Katy about their resolution to determine if there are refinements they think should be made based on Board feedback and stakeholder feedback. This resolution will be brought back to the
Board next week. If there are refinements, they will be authored by Katy and Dan, with administrative support and stakeholdering support from HCA.

This is an extraordinarily complex issue. There are so many pros and cons. There is no silver bullet, which led back to HCA’s recommendation last meeting to maintain the status quo. There is no decision before you today. This is a preliminary discussion related to the introduction. There’s still stakeholder feedback to receive and describe. I do appreciate the context. Are there other comments, with that context, as I’ll be turning to Dan and Katy after this meeting to talk about any refinements to their proposal.

Wayne Leonard: Are you asking for more Board comments?

Dave Iseminger: I wanted to remind the Board of the context. I get wary when people start announcing their votes when there’s still lots of stakeholder feedback to come. I was trying to temper and remind people the context we’re in right now, which is introduction and general discussion. It’s certainly germane for more Board discussion. Katy and Dan will have to think about these pieces. I’ll talk with them about any refinements they want to make. So sure, go ahead, Wayne.

Wayne Leonard: In general, I had indicated before that I was in support of keeping the current rule as it was, 630 hours. I talked about this with the budget items last year, that I thought 630 hours is pretty generous, pretty low bar actually, in terms of being eligible for medical benefits. And then my confusion over whether this was just subs doesn’t help me clarify that in my mind. One of the things going forward, this is a one-year waiver. I think we need to understand that, like Pete mentioned, in terms of the following years. There is going to be significant budget cuts. This pandemic has resulted in the state projecting an $8.8 billion deficit, and K-12 is certainly going to be impacted by that.

But on another note, in Mead, we’re trying to make plans to reopen for next year, and it's already becoming clear that a lot of that instruction due to staff safety concerns will be back online and not in-person instruction. This is not going to be a one-year thing, I don't think. It’s going to be very difficult for some of the substitutes, or for some of the other personnel that was affected, to get the 630 hours next year as well, if they didn’t get it this year. That's another concern because right now it's being proposed as a one-year exception. I’m concerned whether this would be rolled into a second one-year exception when we're going to be greatly impacted by state budget cuts going forward in the following years.

**Vision Benefit Design** Resolution

Laura Johnston, SEBB Program Procurement Manager, ERB Division. Slide 2 – Objective. New resolution introduced to add a fourth tier to Davis Vision’s progressive lens and anti-reflective benefit.
Slide 3 – 2021 Davis Vision Benefit Change. The 2021 proposed change is adding a fourth coverage tier to the progressive lenses, which would include $175 copay instead of the current benefit where the member pays the full retail price. There is also a proposed change to add a fourth coverage tier for the anti-reflective coating, which would include an $85 copay to members instead of the current benefit where the member pays full price. These changes will not result in a rate increase. HCA currently has a rate guarantee that will remain in effect with these changes.

Slide 4 – Proposed Resolution SEBB 2020-11 Davis Vision – Benefit Change. The proposed resolution reads:

The SEB Board endorses Davis Vision’s addition, with no rate increase to the SEBB Program, of a fourth coverage tier to the:
- Progressive lens benefit for which SEBB Program members will have a $175 copay
- Anti-reflective coating benefit for which SEBB Program members will have an $85 copay

Slide 5 – Next Steps. HCA will bring this resolution to the Board for action at the July 23 Board Meeting. No stakeholdering is anticipated at this time since this is a positive change to the member with no additional costs.

Dave Iseminger: HCA traditionally stakeholder all resolutions, but as state employees are furloughed once a week now due to budget crunches, time is of the essence for staff. In this particular instance, it’s a positive benefit change at no additional cost to anybody, I’m supporting my staff in not spending the energy to send this one for stakeholder review just to get emails back to say, “We support this, we support this, we support this.”

2021 Rates Overview
Megan Atkinson, HCA Chief Financial Officer
Tanya Deuel, ERB Finance Manager, Financial Services Division.

Megan Atkinson: I want to review the process HCA goes through to get final bid rates, employee premiums, and contributions. We kick off the procurement cycle with information, bid rate templates, and instructions going out to our plan partners. Parallel to that, we kick off our rate development process with our contracted actuaries for our self-insured plan. We do several rounds of rate development on both sides, the self-insured and the fully insured side of the house. At each subsequent round of rate development, we have questions, we get answers, we provide feedback. We signal to the partners what we’re hoping to see in procurement. We ask questions about the data they’ve given. I think where we’ve ended this year is a really good spot. I feel good about the premiums and bid rates. Tanya will get into the details.
I would like you to keep this concept in mind. There are two ways to look at the ending point. One is to remember we have this purchasing work stream heavily focused around bid rate, trend assumptions, utilization experience, etc. Then we take those bids and layer on top of that the machinations and calculations we go through to get to employee premiums, which is heavily driven by statutes, resolutions, and the Collective Bargaining Agreement.

I’m anticipating a lot of conversation around how a particular percentage increase in a bid rate can translate to a very different percentage increase for an employee contribution. Tanya has slides to help you understand that.

**Tanya Deuel:** Slide 4 – Employer Medical Contribution: Medical (Sample Illustration). This slide is a simple illustration of how the employer medical contribution, or the EMC, is calculated. As a reminder, it is set in the Collective Bargaining Agreement, the EMC will be an amount equal to 85% of the monthly premium for the self-insured branded Uniform Medical Plan with the estimated actuarial value of 88%. The UMP Achieve 2 is the plan that the EMC is benchmarked against. The UMP Achieve 2 bid rate is $588. Multiply that bid rate by 85% to get the EMC of $500. The employee contribution is $588 minus $500 equaling $88 for the employee contribution.

Slide 5 – Determining Employee Premiums (Sample Illustration). In this sample illustration, there are three different plan bid rates, Plan A, Plan B, and Plan C. Plan A is $700, Plan B is $650, and Plan C is $600. The EMC is benchmarked off a single plan and is a flat amount. That amount is then subtracted from each plan’s illustration. Plan A is $700 minus $500 = $200 employee contribution. Plan B is $650 minus $500 = $150 employee contribution and Plan C is $600 minus $500 = $100 employee contribution.

Slide 6 – Determining Employee Premiums by Tier (Sample Illustration). We will use the same three Plans, A, B, and C and the employee contributions from the previous slide. Plan A had a single employee contribution of $200. For Tier 1, the single employee, would be $200. $200 multiplied by one is $200 employee premium. For Tier 2, and adult subscriber and their spouse or state registered domestic partner would be $200 multiplied by 2 = $400 employee premium. Tier 3 is the employee and child or children. It doesn’t matter how many children are on your account, the multiplier will always be 1.75. So, $200 multiplied by 1.75 = $350 employee premium. Tier 4 is the full family composition, the employee, spouse or state registered domestic partner, and their children. Plan A would be $200 multiplied by 3 = $600 employee premium. The process is the same for Plan B and Plan C.

Slide 7 & Slide 8 – Employee / Employer Premium Contribution. The first set of SEBB portfolio plans is on Slide 7 are sorted alphabetically by plan. These slides show the proposed 2021 employee contribution (single subscriber), the employer medical
contribution, and the proposed 2021 total composite rate for each plan. The Employer Medical Contribution is $555 for all plans. There is no change in the EMC from the current plan year to plan year 2021. The proposed 2021 total composite rate is the bid rate proposed by the carriers. The employees then pay the composite bid rate minus the EMC.

**Megan Atkinson:** I want to underscore the Employer Medical Contribution remaining the same is simply a function of where the UMP bid rate came in. It's not required to remain the same. In fact, because medical inflation typically is positive every year, we would have expected the Employer Medical Contribution to go up. It stays flat because of where we are in preparing the bid rate for our UMP product.

**Tanya Deuel:** Correct. Slides 9 & Slide 10 – Employee Premium Contributions. These slides show the percentage change year over year from plan year 2020 to 2021. These slides are new for the SEBB Program because we didn’t have previous year numbers to compare to. You will see this slide in future presentations.

These slides list the plans alphabetically, showing single subscriber employee contributions comparing plan year 2020 against plan year 2021, and the percentage and dollar amount of the changes from 2020 to 2021. This is where we will talk about Megan’s comments on the impact of the bid rate percentage change versus the employee contribution percentage change. There may be some larger percentage increases because the EMC remained flat this year. The Uniform Medical Plan bid rates came in with no increase. They were completely flat from plan year 2020 to 2021. Since the EMC is derived by the math on UMP Achieve 2, and the UMP Achieve 2 bid rate staying flat, the EMC remains flat. So, any increases by the other carriers are borne by the employees.

If we compared the year over year change in the bid rate by carrier (Slides 7 & 8), it's a smaller number than what you're seeing here. For example, Kaiser Northwest saw about a 2% increase in their plan bid rate year over year. KP Washington was less than 1%, KP Washington Options was around 4.5%, Premera was around 1%, and UMP remained at 0% increase. While these increases on the total bid rate are relatively small and well within reason of what we see typically year over year in a bid rate change, because of the way the EMC works for the Collective Bargaining Agreement, there some increases on the employee side.

For example, Kaiser Washington Core 1 has an employee premium for plan year 2020 of $13 and a proposed premium of $16 for plan year 2021. That is a $3 increase for the employee. That is a relatively small number comparing a $16 premium to a $13 premium, but it shows a 23% increase on the employee premium contributions slide. Due to the dynamic of the EMC, the employer contribution, and these small numbers,
you're going to see some larger increases on the employee contributions when you look at the percent increase.

**Katy Henry:** Is there any data about the number of subscribers enrolled in each plan?

**Dave Iseminger:** Katy, to clarify, did you ask for subscriber, or subscriber and dependent?

**Katy Henry:** Subscriber only. I'm interested in knowing the KP WA Options enrollment versus KP NW.

**Dave Iseminger:** I'll go through all of them. I'll use slides 9 & 10, start at the top and work my way down. These are June 2020 enrollment numbers, subscriber count. So KPNW 1 is 823; KPNW 2 is 1,825. I'm going to start rounding! KPNW 3 is 2,100; KPWA Core 1 is 2,300; KPWA Core 2 is 9,350; KPWA Core 3 is 2,300; KPWA Options 1 is 3,300; KPWA Options 2 is 6,000; KPWA Options 3 is 8,200; KPWA SoundChoice is 14,400; Premera High PPO is 14,500; Premera Peak Care is 900; Premera Standard PPO is 17,000; UMP Achieve 1 is 15,800; UMP Achieve 2 is 20,700; for UMP Plus the PSHVN about 1,700; and UW, about 1,800. Then the UMP High Deductible is 5,200.

Staff will put together a slide with this information that we'll include in Board materials for next week’s meeting.

**Tanya Deuel:** Slide 11 and Slide 12 – Employee Contribution by Tier. The slide set up is the same as the previous slides, so, using the same rates from previous slides for single subscriber, follow that same math for each of the remaining tiers.

The next set of slides are employer contributions for dental, vision, basic life and AD&D, and basic long-term disability. Slide 14 – Dental Premiums. This slide has dental premiums by tier. These are employer paid. Employees do not pay for dental. The Delta Care and Willamette plans are in a rate guarantee, and the Uniform Dental Plan, our administrator for that plan, is also in a rate guarantee.

Slide 15 – Vision Premiums. These premiums are 100% employer paid and in a rate guarantee.

Slide 16 – Basic Life/AD&D and Basic Long-Term Disability. Basic benefits are employer paid and in a rate guarantee.

Slide 17 – Proposed Resolutions. The proposed resolutions are carrier specific and not by plan. They are by carrier. Each carrier will independently have their own proposed resolution. I'll read through the first one and summarize the rest.
Slide 18 – Proposed Resolution SEBB 2020-12, KPNW Medical Premiums. The SEB Board endorses the Kaiser Foundation Health Plan of the Northwest employee premiums.

By the Board passing this resolution, it would adopt all of the rates and the plan design for KPNW.


Slide 20 – Proposed Resolution SEBB 2020-14, KPWAO Medical Premiums. The SEB Board endorses the Kaiser Foundation Health Plan of Washington Options, Inc. employee premiums.


**Dave Iseminger:** This is the SEB Board’s first time through the standard cycle. There are no resolutions on the other benefits because the Board’s authority is related to setting employee premiums. Since there are no employee premiums on the other rates Tanya described, you won’t see rate resolutions for the other rates year over year.

**Tanya Deuel:** These resolutions will be on the agenda for the July 23 meeting for Board action.

**SEB Board Clinical Update**

**Emily Transue, MD, MHA,** Associate Medical Director, Clinical Quality and Care Transformation Division. Slide 2 – Roles and Opportunities. Part of the role of the PEB Board and SEB Board is about improving care, experience, and value for the members in the PEBB and SEBB Programs. We also think about our role in market transformation, how can we use HCA’s influence and market share for all Washingtonians.

Slide 3 – Some Areas of Focus. Today we’ll discuss telehealth, primary care, shared decision making, and public option/Cascade Care.

Slide 5 – Telehealth. Telehealth has been slowly expanding over the last few years with some of the drivers being access in rural areas, urgent care minor issues, and behavioral health. These were already happening prior to COVID-19.
There were limiting factors in the growth of telehealth, partly due to patient and provider comfort. A lack of clarity around billing processes for telehealth as we came into COVID-19, questions around privacy, and you can only do a very limited physical exam by telehealth.

Slide 6 – Telehealth (cont.) COVID-19 accelerating these existing trends toward telehealth for several reasons. You can’t catch COVID-19 over your Zoom connection to your doctor. There is a safety aspect. You avoid exposure risks of in-person care. When offices were shut down, this was the only way people could get care. It also really limited provider exposure, as well as the use of protective equipment for providers, which is important, particularly when the supplies were limited. There was an increased awareness that virtual care does a lot of things well. Because of COVID-19, there was a strong incentive to overcome those barriers for providers, patients, and payers.

Slide 7 – Telehealth: COVID-19 Driven changes. What has changed? Payment for virtual visits, both by video and by phone, are currently paid at parity with in-person visits. We’ve seen increased use of telehealth by both specialized platforms and vendors, as well as traditional providers who have learned how to do virtual care. There was some relaxation at a federal level of certain requirements, such as the enforcement of rules around how a platform was set up to be HIPAA compliant. A lot has been done to help telehealth expand.

Slide 8 – Telehealth: Post-COVID-19 Future. What does the post-COVID-19 future look like? HCA expects an increased level of telehealth will continue. We’re having active discussions around when is a virtual care visit just as good as an in-person visit? When do you need that in-person visit, particularly around the detailed physical exam? We’re in a time of rapidly emerging patient and provider preferences. The future is uncertain, but HCA will be watching closely and thinking about how to use telehealth.

Slide 10 – Primary Care: What Should it Look Like? I am a primary care doctor so this is very dear to my heart. When I talk about primary care, I’m talking about what current care ought to be, which can be encapsulated in ideas like the Primary Care Medical Home, where the primary care office takes a whole person approach. It’s the person’s first contact for all of their needs. It’s the “quarterback model” with someone directing and coordinating someone’s care, if they have specialists involved, making sure there’s good communication. This is not the gatekeeper idea of primary care where you must go through this to get to there! It’s wherever you are, there is somebody who has ultimate responsibility for making sure your care is appropriate, coordinated, and helping you navigate through if needed.

Primary care does prevention, maintenance, and chronic disease management for those who have chronic diseases, as well as acute care management. It is a broad
array of care with a proactive, team-based approach to care. It’s a system when there is a patient that is not doing well and you haven’t seen them in a while. The team reaches out to the patient to schedule an appointment to make sure everything is happening that needs to be. It takes a team.

Slide 11 – Challenges in Primary Care. Primary care doctors tend to work longer hours for lower pay. It’s more stress than many specialists see. There is a lot of workforce struggle in this field. It’s hard to get enough time to spend with patients and to have those meaningful encounters and interactions than the traditional model. There tends to be inadequate funding to staff a primary care team. To do this well, you need to have staff who can reach out to people on the phone to say we need to get you in. It takes funding if you’re not billing directly so the current model doesn’t support it very well.

We have made positive changes in health reform in recent years, such as cost containment, increased out-of-office contact. This great work around health reform frequently lands on the shoulders of primary care without a compensation method for that additional time being spent doing this work.

Slide 12 – Primary Care Associated with Higher Quality. There is strong evidence, and this is just one piece, that having better primary care is associated with higher quality. This data on this slide is Medicare data and somewhat old, but there are lots of iterations of this. It basically shows that with primary care workers, you tend to see an increase in the quality of care being delivered. The arrow identifies Washington. So more primary care docs, higher quality care.

Slide 13 – And Lower Costs. Costs tend to come down when there is a stronger primary care workforce.

Slide 14 – But…A Fundamental Disconnect. We know the quality goes up and the costs go down when primary care is supported. Yet it’s a very small slice of the whole overall for primary care when resources are allocated. About 5% - 7% of total cost of care goes to primary care. This is estimated out of the commercial population but it tends to be similar across different models and over time. We know it’s important, but we’re not investing in it very well relative to its importance.

Slide 15 – Primary Care Washington and HCA Efforts. Last year, the Office of Financial Management was tasked to develop a way to measure how much is spent on primary care. We have requirements for reporting that in our contracts. There may be legislation going forward to require an increase in the spending levels. The Bree Collaborative has a workgroup on primary care this year addressing primary care spend and some other issues, which is led by Dr. Judy Zerzan, HCA’s Chief Medical Officer.
Slide 16 – WA State Primary Care Program. HCA is working to develop a Washington-specific primary care program. HCA has been meeting with both primary care providers and health plans to see what a Washington model would look like. How does HCA frame what we expect from primary care and come up with a methodology to both ensure we’re getting what we expect and compensating for it appropriately in a way that works for both primary care providers and payers. This would include a new payment model, it might include workforce changes, IT strategy, etc. We have meetings on this topic scheduled through fall 2020. HCA also launched a website a few days ago. We will make sure everyone gets the link.

Slide 18 – What is Shared Decision Making? Shared decision making is an important clinical topic HCA has a strong role in. The official definition is, “A process in which clinicians and patients work together to make decisions and select tests, treatments, and care plans based on clinical evidence that balances risks and expected outcomes with patient preferences and values. And each of those highlighted words has some importance that we’ll talk about. (National Learning Consortium, HealthIT.gov, 2013)

Slide 19 – Don’t Providers Already Do This? If you ask groups of providers, we tend to say, “Yes, of course we do that.” But it turns out that we actually don’t. It involves specific skills that aren’t part of traditional training, including making sure we’re reviewing all the appropriate options, including their risks and benefits; looking at a patient’s values around a decision; helping the patient think through the implications and weigh other options; and sharing control with the patient.

Slide 20 – What is/isn’t Shared Decision Making? Some things are obvious that we shouldn’t do. If you have a broken bone, you need it set. No decision sharing. Some things are clearly a bad idea, like giving antibiotics for a common cold. No decision sharing.

There are areas where there is more than one reasonable thing to do and the decision depends on somebody’s preferences. For example, I had a patient looking at spinal surgery in a setting where some people get a better from the surgery and some people don’t have much change. There are a significant number of people who will get worse. My patient’s life revolved around ballroom dancing. He was willing to take a whole lot of risk for the possibility of being able to continue dancing that somebody with a different set of values might not have taken. The idea is to elicit preferences and choices, what matters to somebody, and how to make sure they’re making the right choice for them with all of the evidence available.

Slide 21 – Health Care Authority Role in Shared Decision Making (SDM). HCA does different things in this area. We created Certification of Patient Decision Aids (PDA), which are tools to educate patients about their options and elucidate their values. We promote SDM and PDA in our purchasing goals. We provide training and support to
providers. HCA has a role in convening statewide discussions about how to make this work an expectation that everyone has around their care, rather than an interesting curiosity that happens sometimes.

Slide 22 – Bree SDM Workgroup 2019. Last year the Bree Collaborative looked at ways to increase communication and endorse frameworks on how this could be done for provider implementation. It defined roles for different stakeholders (providers, patients/community/ health plans, employers, etc. The workgroup also identified high priority clinical focus areas.

Slide 23 – Bree SDM: Areas of Focus. These areas include surgical/procedural where there is that preference and specificity, like spine surgery, hip replacement; advance care planning; screening for different types of cancer, including how and when it is done; and a number of topics around behavioral health.

Slide 24 – Shared Decision Making. Our next steps and future efforts include a summit in the fall of 2020. It was planned for spring, so we will see what happens. HCA is looking at additional ways to build shared decision making into contracts and how to support implementation efforts.

Slide 26 – Bree Collaborative Update. This is a group of experts from many different stakeholder groups across the state who look at areas of variation to make recommendations on how to best approach a variety of problems. Topics currently being worked on include primary care, colon cancer screening, oncology, and reproductive health.

Possible 2021 topics include telehealth, cervical cancer screening, opioid use in the elderly, and looking back at total joint bundles. We will update you all on these recommendations as they come.

Slide 28 – Cascade Care (Senate Bill 5526) Three Main Parts. Cascade Care is also known as the Public Option. The legislation that created Cascade Care has three major parts. One is the definition of the standard plan, a code defining what Washingtonians should be able to expect from plans they purchase on the exchange, looking at lowering deductibles, increasing transparency around cost sharing, and increasing the number of pre-deductible services. It was identified that a lot of people weren’t able to use their benefits from some of the exchange plans because many of them had deductibles. It created this look at standard plans.

The Public Option Plans are essentially a standard plan that also includes a number of additional quality and value requirements.
The bill contains a third piece around looking at additional possibilities. Currently through the Health Benefit Exchange, people get a premium subsidy if they are up to 400% of the federal poverty level under the Affordable Care Act. This bill asks what it would look like to increase that to 500%. Cascade Care is separate from Medicaid and separate from PEBB and SEBB. These are plans to be offered on the Exchange. HCA is helping to inform what those look like and connect to the principles we use for our own internal members.

Slide 29 – Multi-Agency Joint Effort. This is a multi-agency effort which includes the Health Care Authority, the Health Benefit Exchange, and the Office of the Insurance Commissioner.

Slide 30 – Cascade Care Implementation Timeline. Work started on this effort in the summer of 2019 to develop what those standard plans looked like, then developed the request for proposals for the actual Cascade Care and Public Options plans, and we are now into the procurement process around that.

Slide 31 – Quality, Value, and Affordability Standards for Cascade Care. Overall, the price on these plans can't be more than 160% of Medicare for the same services, primary care providers have to be making at least 135% of what Medicare will be paying for them, and there are provisions for rural critical access hospitals and community hospitals who'd actually be getting essentially at or above Medicare rates.

There are also requirements around quality and value to participate that include Bree recommendations and health technology assessment implementation, and value-based purchasing, focusing on maintaining and improving health.

Slide 32 – Guiding Principles for Program Development. In general, the principles for this have been to increase affordability and value, while aligning with state purchasing standards. Success is dependent on getting carrier and provider participation. We’ve worked hard to minimize administrative barriers to that engagement. We anticipate that over time there will be a continual process of developing and refining what this looks like. We are in the initial development stage laying the groundwork for phasing in additional requirements and standards.

**Pete Cutler:** I want to thank Dr. Transue for her presentation. The Health Care Authority’s initiatives related to health market transformation are, in my view, the most valuable and most important contribution HCA makes. We do a lot of things as an efficient purchaser but improving the quality and value of health care delivered for all residents of Washington State is not often on people's radar. It’s an incredibly valuable thing the department does. I appreciate this update.
Supplemental Long-Term Disability (LTD) Benefits Options
Jean Bui, Manager, Portfolio Management and Monitoring Section, ERB Division
Marcia Peterson, Manager, Benefits Strategy and Design Section, ERB Division

Jean Bui: Slide 2 – Overview. The current long-term disability benefit is inadequate to cover the needs of SEBB Program subscribers. There is a very low likelihood that we will have the ability to improve the basic LTD benefits due to receiving no additional funding for basic LTD for the 2019-2021 biennium and the current state fiscal challenges brought on by the COVID-19 pandemic.

Although we offer supplemental employee LTD coverage, only a little over 18% of SEBB Program subscribers have enrolled. HCA has a special enrollment opportunity and push for SEBB Program subscribers to enroll in supplemental coverage during open enrollment this fall. It was planned for the spring of this year but was postponed due to the pandemic. The question is how do we increase participation in supplemental coverage?

Slide 3 – Three Types of Group Disability Coverage. There are three types of group disability coverage. Short-term covers an employee’s salary during a short-term disability that prevents the employee from being able to work their usual job. This would include pregnancy, accidental injuries, and illnesses. Short-term coverage has been replaced by the Washington State Paid Family Medical Leave Program.

Long-term disability covers an employee's salary during a longer-term disability. This is a situation when the employee is unable to perform with reasonable continuity the duties of their job. There is a correction to the third bullet, which should read sickness, injury, or pregnancy after the benefit waiting period, usually 90 days, through the employee’s maximum benefit period, which is specific to each claim. We will include updated slides in your Briefing Book for next week’s meeting.

Slide 4 – Three Types of Group Disability Coverage (cont.). Social Security disability results in the inability of the employee to engage in any substantial gainful activity. This is medically determinable and could be the result of a physical or mental impairment. The disability is expected to last for at least 12 months or to result in death.

These three types of disability benefits, along with an employee’s sick leave and vacation leave, are the income protection for employees facing a disability that makes them unable to work.

Slide 5 – Nationwide Disability Facts. One in four people, now age 20, will experience a disability during their career. Only about 20% of people have disability insurance. Approximately 50% of adults could not cover their salary for three months, and 40% of adults do not have enough cash on hand to cover a $400 emergency expense.
Slide 6 – Factors in Whether to Select Disability Insurance. Part of the challenge of why individuals don’t select disability insurance is that the product is not well understood. People don't understand what is considered a disability. The product descriptions aren't relatable.

Often employees are unlikely to understand the incidence of a disability unless they have personally experienced a disability or had family members or friends who experienced one. LTD products are often complex and hard to understand, resulting in employees defaulting to no choice at all, especially when the value of the benefit is questionable. They rely on the employer’s selection as their default option assuming it would be adequate to meet their needs. In the case of the SEBB Program, that would be a maximum monthly benefit of $400.

Slide 7 – Current SEBB Program LTD Benefit. This slide compares the current SEBB Program LTD benefits. The basic benefit covers 60% of the first $667 of monthly income. This is $100 up to a maximum benefit of $400 per month and the basic benefit is 100% employer paid. The supplemental benefit covers up to 60% of the first $16,667 of monthly income and this is $100 up to a maximum benefit of $10,000 per month. The supplemental benefit is 100% employee paid.

Marcia Peterson: I want to introduce our guest presenter, Paula Williamson. While Jean and I were researching this topic, it occurred to us to talk to our own human resource staff about what they are encountering when HCA employees in the PEBB Program encounter a disability and whether they have basic or supplemental coverage. We were blown away by our discussion with Paula.

Paula Williamson, HCA Protective Leave and Accommodation Manager. HCA has about 1,400 employees. I've been doing this job at HCA for about nine years. Thank you for the opportunity to share with you my experiences, give you context for why this benefit is important to people, and give you an understanding of the human impacts of the current system, the way it is set up.

When people start employment with the state, they are faced with a number of decisions. They're learning a new job, they're faced with decisions about different benefits packages, including what retirement package to sign up for. This may be their first job and they aren't thinking about the course of their 30-year career and what it's going to look like toward the end of their career. Often, the default option is to do nothing regarding signing up for additional, or supplemental benefits related to long-term disability because it's not on their radar.

What ends up happening is through the course of people's employment, as we hit our 40s, 50s, and 60s, a large percentage of us are faced with chronic conditions, or maybe
more acute conditions such as a stroke, or maybe early onset Alzheimer's, chronic conditions like rheumatoid arthritis, multiple sclerosis, or Parkinson's, any of those types of conditions that we probably can all name a family member or friend who has had, especially when you think about cancers as well. Through the course of people's employment, when they hit those years, they may develop these conditions where they're really no longer able to continue to work in any regular capacity, and they're facing those decisions about what is the next step of my life going to be.

In my role, I step in and try to help them navigate what those next steps are. And once we've gone through protected leaves and tried to accommodate to make the determination that the individual is not able to continue to work. Sometimes they'll remember something about, “Oh, don't we have a long-term disability benefit?” For those with PEBB Program coverage, the basic benefit is $240. The basic benefit for the SEBB Program, which is only $400, isn't that much more when you're facing not being able to work.

When we are looking at someone stepping away from work, I go into the system and look up whether they made that very wise decision to do the optional buyup and find out they didn't. I get to share with them the benefit they thought would protect them amounts to $240. For you, it would amount to $400 per month. This is a very hard conversation to have with someone. Not only are they facing the onset of a condition that is life altering, painful, and frightening, but now they're looking at not being able to provide any meaningful support to their family. I'll tell you that when I go into the system and I see that someone has the supplemental package, that conversation goes a lot better because it gives them hope that at least, even though they're facing this incredibly difficult condition, they're going to be able to provide some meaningful support to their family as they exit the workplace.

Lou McDermott: I'd like to comment on this. My time as PEBB Director, which I think was five years, this is one of my greatest regrets of not being able to do anything about this. Part of the issue is with the amount of money it required from General Fund State to make the basic benefit more like the optional benefit, we just couldn't get over that hurdle. In recent years, as Dave's taken over the program, we've had additional discussions. It was revealed to us there was another program that state employees have access to, deferred compensation. Some changes have been made to that program so more people would be benefiting from it. I think that was sort of the basis for this change. I want to let the Board Members know this is a super, super important benefit and really something I wish I could have done during my time. I hope we're able to get this across the finish line for SEBB and for PEBB. So, Paula, thank you for that testimony.

Marcia Peterson: We're very motivated to try to improve this benefit for employees and we know both Boards are also very motivated around this benefit.
Slide 8 – Options to Improve Disability Coverage for SEBB Program Subscribers. One option is to continue to request funding from the Legislature for increasing the basic benefit to a maximum monthly benefit of $1,500. Our Financial Services Division indicates it will cost about $7.5 million for the SEBB Program, and more than double that for the PEBB Program. In this climate, it seems unlikely, to say the least.

HCA could also try to increase the percentage of those employees who opt-in to that supplemental benefit. We tried that. For PEBB Program members, we did a one-time open enrollment in March 2019 for the supplemental plan and a few people took advantage of that. The percentages went from 28% enrolled in supplemental to 34%, which isn't much of an increase, although 34% is right around what you see for enrollment for this kind of benefit among public employees. This fall we're going to open it up again for SEBB Program members.

Another option is using automatic enrollment with an option to opt-out for existing employees and new hires.

Slide 9 – Proposing an Opt-Out Benefit for LTD Supplemental. We are unlikely to get additional funding to improve the basic benefit. Improving communications regarding the benefit hasn't seemed to result in huge increases, probably for all of the reasons Jean talked about earlier, people don't understand it and also some people prioritize differently. HCA is proposing an opt-out benefit as a way to increase enrollment and ensure more subscribers have comprehensive coverage.

Slide 10 – Automatic Enrollment with Opt-Out. We are talking about using a behavioral economics approach to develop a policy, which is the study of how people make decisions. When we make decisions, research shows we don't always make the most rational choices. We don't necessarily make choices that benefit us because we're subject to all kinds of influences when making those choices.

Policymakers use behavioral economics to design programs and to nudge people towards good choices. For example, trying to improve food choices. In school cafeterias, the fruits and salads are first as opposed to the coconut cream pie. People tend to choose the salads and by the time they get to the end of the line, they don't have room for the coconut cream pie. It's really about trying to make it easier for people to make good choices and a bit harder for them to make bad choices. We're nudging, not making anything mandatory.

We found when people are automatically enrolled in a benefit or program with the option to opt-out, they tend to stick with the default option their employer chose.
Slide 11 – Automatic Enrollment with Opt-Out (cont.). Employers use this a lot for 401k programs. Washington’s Department of Retirement Systems (DRS) used this approach to encourage newly hired full-time state employees to take advantage of the state’s Deferred Compensation Program. At DRS, 30 days after being hired, employees receive a notification letter regarding the program indicating they’ve been enrolled but they have 30 days to opt out. HCA has looked at the numbers for years and DRS had a pretty low percentage of people who had opted into this program. When they started enrolling employees automatically with the opt-out option in 2017, DRS maintained a 90% retention rate.

Slide 12 – Possible Opt-Out Supplemental LTD (Existing Employees). HCA is considering a similar option for the supplemental LTD program. For a January 1, 2022 start date, HCA is proposing all SEBB Program subscribers not already enrolled in supplemental LTD coverage would receive a letter in fall of 2021 letting them know they’re being auto enrolled in supplemental LTD with the option to opt-out. If they did opt-out, they would be subject to Evidence of Insurability (EOI) if they chose to re-enroll later. They would be eligible for and have the first payroll deduction in January 2022.

We want your feedback on this, whether at this meeting or later, or email or call us. We’re really interested in your feedback on how you think some of these elements would work.

Slide 13 – Possible Opt-Out Supplemental LTD (New Hires). New hires would also be automatically enrolled and receive a letter letting them know they have a 31-day new hire period to opt-out. Coverage would be effective the first calendar day of the following month, like other benefit selections. They could also opt out in the future.

We request your feedback on this slide as well. They could opt-out at any time, but if they wanted coverage later, they would be subject to Evidence of Insurability. It’s HCA’s belief, as well as Standard’s, the vendor, there is the potential that rates could be lower under the opt-out enrollment approach. Our hope is if more people enroll in supplemental, the premiums would be lower compared to today’s rates.

**Dave Iseminger:** I want to provide the same clarification I had provided yesterday at the PEB Board Meeting. For clarity, to summarize the last couple of slides the current planned proposal is: the Basic benefit would be eliminated, that $400 benefit in SEBB and the $240 benefit in PEBB, making the LTD benefit offering in the portfolio only the supplemental employee paid benefit package, which individuals would be automatically enrolled with an opt-out option.

I’d be very interested in your feedback of the opt-out mechanism, the frequency or timing of the opt-out. There are at least two ideas, one being once a year during the annual open enrollment and the other at any point with changes effective the first of the
following month. HCA is leaning toward proposing the opt-out option at any point with changes effective the first of the following month.

This presentation flushes out that one line item highlighted by me during Megan’s and my presentation about the budget options presented and submitted to OFM earlier in June. This is a more detailed explanation of that one line on that chart. It was not clear at yesterday’s PEB Board Meeting that the proposal includes eliminating, retiring, ending - all of those words - the basic benefit. But that is inherently part of this current proposal.

**Pete Cutler:** This is a topic near and dear to my heart. I like this proposal from what I’ve seen so far. Getting away from having an illusory benefit provided by the employer to making it very clear the benefit is provided as an employee-paid option I think would be a good policy. I like the opt-out. I hope it can be made so people can opt-out not retroactively but prospectively, just so there’s no sense of being trapped in a benefit. I think the premiums are small enough and I guess at the next Board meeting it would be good to know what kind of premiums we’d be looking at. If somebody is automatically enrolled, how much would be coming out of their paycheck? Anyway, I think it’s a good idea.

I am curious with evidence of insurability. Now, if somebody does not enroll in the supplemental optional long-term disability benefit at the time they are employed, are they subject to evidence of insurability requirements if they wanted to enroll later?

**Dave Iseminger:** Yes. Right now if you don't elect during your initial 31-day window, you go through evidence of insurability. Sometimes people call it the Statement of Health. Basically, you answer questions about the current status of your health.

We can certainly work on describing a premium calculation, illustrative scenarios based on the current rate. But moving to an opt-out benefit, the rates people pay today wouldn't be the rates under this new idea. HCA is working with Standard on more details. We do know that with the anticipated higher participation retention, the rates would be lower because there will be more people enrolled in the benefit. I want to foreshadow that this idea would likely come with a reduction in the supplemental rates, as well.

**Wayne Leonard:** I assume, too, that with eliminating the basic benefit, it would be one of those benefits still under SEBB’s authority so no one else would be able to offer it. It would only be allowed to be offered through the SEBB Program. Correct?

**Dave Iseminger:** Yes.
Wayne Leonard: I would echo some of Pete’s comments about liking to see the rates. I’ve had a private policy for many years because the state plan I think is the same as it was when I first got married. It’s really low so I got a private plan, but I think because of the evidence of insurability, my rates seem like they’ve been very good over the years compared to even the supplemental benefit we currently offer. It would be interesting to see their rates on a program like that. I don’t know if you can tell us, typically, how much of the employee population cannot meet EOI?

Dave Iseminger: We will take that as additional follow-up.

2021 SEB Board Meeting Dates
Dave Iseminger, Director, ERB Division. Dave presented the 2021 SEB Board Meeting Schedule. These dates are filed with the Code Reviser. The meetings are scheduled from 9 a.m. to 2 p.m. However, meeting times may change based on the agenda.

Public Comment

Barbara Posthumus, Associate Superintendent of Business and Support Services, Lake Washington School District. We are the second largest district in the state. We serve over 31,000 students in Kirkland, Redmond, and Sammamish. I’m speaking on behalf of the School Alliance, which involves multiple school districts. We urge the Board to reject the proposed Resolution SEBB 2020-10 for the following reasons, and one of our main concern, of course is cost. This change is unanticipated, it’s not included in our district budgeting process. The increased costs, there’s no funding provided by the Legislature to cover these costs. As you know, districts are already dealing with significant costs increases due to COVID-19, and this would just exacerbate that problem.

We believe lowering the threshold to 500 hours is arbitrary. There are many variations among school districts on days in the school calendar. Employees in schools may have more school days and more potential to achieve the 500 hours. There’s no way to know which employees would have actually worked 630 hours had schools not closed early. Some may not have chosen to work these additional hours and others may work in districts that would not have permitted employees to reach the threshold.

It’s important that we maintain the integrity of the SEBB Program and consistently apply rules, rather than create exceptions that only serve to address a lone irregularity. We urge SEBB to take a careful and balanced approach before modifying established resolutions in reaction to a specific SEBB situation. That concludes my comments. Thank you for giving me the opportunity to testify.

Matthew Knott, President, Washington Association of School Business Officials (WASBO) and Director of Business Services, Central Valley School District. I’m here
Today to speak on behalf of WASBO in opposition of the proposed amendment to SEBB Resolution 2018-36. Washington State has been dealt unprecedented economic impacts due to COVID-19. The 630-hour two-year lookback is the current policy and should remain as is. Amending the SEBB policy would place additional economic hardships on school districts throughout the state.

The recent revenue forecast has projected a significant deficit that, without a doubt, will impact Washington State schools for many years. Understandably, there will be entities that would like exceptions based upon the current situation. However, nobody could ever had predicted what 2020 would hold for all of us and our economy. In addition to the unknown economic factors, the current 630-hour rule does not provide all the necessary funding for districts to fully cover health benefits for its employees. The only way districts can currently pay for these additional costs without the funding for SEBB is with levy dollars which has been reduced due to the McCleary decision. Many districts across the state will be seeking a levy renewal approval next year. At this time, it is unknown how the voters will respond to these levies.

The unemployment rate is significantly higher and K-12 education has yet to be fully impacted by the increased unemployment rate. The voters may not approve or renew a levy at the same $1.50 rate, let alone an increase at the $2.50 rate based on the current economic situation. Instead, the ground on which districts will ask voters to approve levies next year will most likely negatively impact our financial situation.

Yesterday afternoon, WASBO surveyed its membership and so far, we’ve received feedback from over 30 districts in opposition of this draft policy resolution. Their comments showed a clear pattern of opposition. I will read a few of them now. “This is not the time for added cost to school districts. We are already facing layoffs for many of our staff.” 95% of those responses indicated that if the changes in this resolution pass, it will cause further layoffs. “630 hours are already such a low number of hours, by lowering it further, it puts a heavier financial burden on school districts.” “Please consider the time it will take to go back and recalculate the hours to find employees who qualify, as well as the costs for the administrative load this will place on districts. They’re already strained with COVID-19 related expenditures and loss of revenue.” And there are several more comments like that regarding the financial strain. I encourage the Board to follow the recommendation of the Health Care Authority and keep the 630-hour rule intact. Like Barbara, thank you for the opportunity to speak.

**Julie Salvi**, Washington Education Association. Two issues I wanted to touch on. First, I wanted to say that I do have some concerns with the state entertaining proposals to walk away from a basic disability benefit right after we just launched the SEBB Program. I will save further comment on that until more detail and information is available. And then of course, I wanted to speak on the policy being considered related to the hours for this prior school year that was disrupted by a pandemic.
We’re in unusual times. I support all the background that Katy had provided and will not reiterate all of that. But I want to remind the Board that this is an employee protection. This is not changing or lowering a standard. It is one other way where districts would look back to see if employees have a history of, in this case, being on target to meeting a standard for a full year had the full year happened.

And then as you look at the Board policy in total, there's still a way for a district to come back and look at the two-year lookback, say, “Yep, you meet that standard, but yet we don't expect you to work the 630 hours this year.” That may get to some of Wayne's questions about we don't know what school will look like this year. While this is one employee protection, it gives a consistent standard across the state of how the districts should look at a very unusual year. It is not the complete and full protection for employees that I think many employees would want, but it is one way to introduce fairness into the situation. As Katy mentioned, we had individuals who were a day or two away from gaining eligibility and are looking at very disrupted benefits for the next two years because of a pandemic, and because of the very different ways districts have approached this eligibility.

In the end, we recognize as school districts become regular, 630 hours is the standard. It is out there. This is one way to take a step back, look at the impact of the pandemic, and look at what may be fair, at least for the district to come and really look at whether that person would be expected to work 630 hours next school year. Thank you for your time. I will put more comments in writing. That will be coming. Thank you.

Mitch Thompson, Battleground School District. Does the Board actually have the authority to change the hours? Hours are set by the Legislature for 630 hours for eligibility. I did send an email requesting an AG opinion as to whether the Board has the authority to change those hours for eligibility. I sent in my list yesterday at 2:22 p.m., so they probably didn’t make it to the Board yet, but I'm going to try to get through them all in the next two minutes and 20 seconds.

The state funding formula drives a number for full-time equivalent positions based on student enrollment and assumes a multiplier of how many individuals would be benefits eligible if they worked at least 630 hours. The multiplier is too low and does not adequately cover benefits eligibility associated with that threshold. Due to the organization of the school day, we can't simply hire fewer individuals and have those individuals we have work more hours.

For example, food service, you can’t serve lunch all day long. You only do it in the middle of the day. So, I can't just add more time to my food service employees. I need more food service employees. The same with bus drivers. I have a certain number of
routes. I can't just add more routes to one driver because the drivers all have to have their kids to school at a specific time.

The substitute teacher state funding formula does not adequately cover the number of substitute teachers that must be deployed to cover the basic sick leave for permanent teachers. Further, for the substitute teachers that are assumed, the state funding and total dollar amount is inadequate to cover the cost benefit for substitute teachers who do qualify after working 630 hours. In the prototypical funding model, the calculation for subs is for four days, while teachers are given 12 annual days. In that same calculation, there's no allocation for medical benefits, retirement benefits, or even paid family medical leave, which are all required by law. Yet subs are eligible for retirement and medical after 630 hours.

Districts are also required to provide sick leave to our substitute employees and those costs aren't included in the state allocation either. These benefits are paid out of other district funds taking money from other programs. The more we're required to provide eligibility for our employees and our substitutes, the less money there is for other programs. If this goes through, we're going to have to look at other ways of reducing programs. It's after May 15. We can't simply lay off people at this point. By law, we had to notify them by May 15. There's a lot more in my document for you guys.

Fred Yancey, Washington Association of School Administrators (WASA) and AWST. First, I have a question regarding the long-term disability proposal. I don't need an answer today, but somebody raised the question about the rates and it would be nice to get a sense of what the rates would be. Secondly, would this be tiered rates depending on the amount an employee chooses or is it that $1,500 figure that was quoted as an example earlier? Different question. I'm not sure if that's the maximum amount. And then what about present employees? Do they have an opportunity to take advantage of it or would they be mandatorily opted in as well?

Regarding the resolution, I'll have more remarks next month at the meeting because you'll have the public comment as the Board moves to adopt it. A couple quick remarks. One is I would be interested in the answer to the question, "Does the Board have the authority to change the statute and change the number of hours?" They can certainly interpret and apply certain hours like sick leave, or vacation leave. They could count those towards the 630. But can they change that legislative base behind the 630. Just a question I'd be interested to know.

My concern for today, and I have a couple of them, but one is the issue of precedent. I agree that it's unusual times, and I agree that health insurance and benefits are critical for everybody. However, you've got the question of affordability, and more importantly, I think you have a question of precedent. I think next year, given the uncertainty, it's quite possible that the Board will be asked to say, "Hey, we're still in uncertain times.
What about an employee for 500 hours, would you apply this again? What about 450? What about 300?” I mean, where do you draw the line? I think 630 is the line and you should hold that line, tragic though it may be for some employees. That’s it for now and I appreciate the time. I’ll have more next month. Thank you very much.

**Brian Sims**, Washington State School Directors’ Association. I’m commenting about your consideration of Resolution 2020-10. If you think about it for a minute, the rationale for a presumptive eligibility scheme based on a two-year lookback is that the past is a reasonable prediction of the future in stable times. But I think it’s safe to bet the 2021 school year is not going to be like the past. We’ve got a great deal of uncertainty. Facing a presumptive eligibility based on pre-pandemic behavior is irrational. The second problem about this is you’ve got districts who have been working within the eligibility rules of SEBB for intermittent employees, and part time by limiting those employees to a level of work that is below the threshold. For you to then potentially pull the rug out of those budget controls by saying, “Never mind, 630 doesn’t matter anymore, it’s 500.” It really is a -- I’m searching for the right word and remaining tasteful at the same time. It really pulls the rug out from under those budget people who thought they were trying to keep things balanced. The third is obvious. It is going to be an additional unfunded cost for the school districts. Thanks very much.

**Anne Ellis**: I am from the Seattle School District, a substitute. I would like to express my appreciation to the Board for their considered approach to this unusual situation and a very humane approach to an unusual situation. I am also gratified to hear the courage in contemplating that 2021 may also be an unusual school year and it may also be appropriate to make some modifications to the two-year lookback rule in terms of the hours.

I understand the comments of previous speakers. I really wonder, not having data in front of me, how much of an impact it’s going to be financially to change hours from 630 to 500. My personal situation is I receive my health insurance from my husband and his employer, so even though I work historically 85% of eligible days, I have not been accessing the health care to which I’m entitled. I am not an additional cost. I just wonder how many other people there are like me in terms of people being very concerned about the budget because this is a humane, decent approach in a very challenging time.

On a separate note, and this may be too far down in the weeds for the Board to be concerned about, but with respect to vision coverage, even though I’ve been opting out of medical, I opted into the vision and dental. When I called the vision insurance provider to see if my medical vision provider was on their plan, each insurance company I called said they could not tell me unless I was an enrolled member. I can’t imagine this is anything you guys intended to happen that we don’t know if our provider is on
their list until after we’ve enrolled in their plan. They admitted it seemed rather illogical and didn’t make any sense, but nonetheless, that is the situation. And I’m done.

**Lou McDermott:** Thank you. We will look into that issue.

**Shelley:** Thank you. My question is whether the SEB Board is going to be offering guidance about ESSB 6189 as it relates to SEBB benefit eligibility going into the next school year. Specifically, the legislation states employees who are eligible for the employee contributions as of 2/29/2020 maintain that eligibility during the state of emergency under certain scenarios, one of which is during closures, or changes in school operations. And in the event our state of emergency extends into the next school year, which at this point looks pretty likely, how does this legislation affect benefit eligibility? For example, an employee eligible for SEBB benefits back on 2/29 who receives notification of an FTE reduction for the next school year. Normally that employee’s benefits would end 8/31/2020. However, our question is, if the state of emergency extends into the next school year, does this employee’s benefits eligibility also extend past 8/31? Thanks.

**Lou McDermott:** Thank you and we will address that at the next board meeting.

**Peter Henry,** Vice President, Seattle Substitutes Association. Thanks very much for taking my comments. I really appreciate it. I want to really thank the Board for considering a modification to the three proposals that were discussed last meeting about modifying the hours requirement. It’s really hard for me not to get personal when I hear people talking about budget. No doubt there’s a problem with district budgets, although none of the people who talked claiming there was going to be a severe cost impact had any information on how much the costs could be. None of those people, I’m sure, are going to be losing their benefits the next school year the way many subs may. We need to really think down to a personal level, how can we make sure that people don’t lose their health care? And going down to 500 hours is a great step in the right direction.

In Seattle, the proportionate amount would actually be 402 hours, so we’re about halfway there, but it’s a real move in the right direction. And I want to really thank the Board for considering this. You know, it’s the fault of the Legislature in the first place for not funding this. I completely get it, that districts are having to make cuts because they weren’t given the adequate funding by the state and that needs to change. But right now, subs need to know they are not going to get their health insurance taken away for no fault of their own because they did not have the opportunity to work what they would have expected. Thanks very much. Take care.
Next Meeting
July 23, 2020
9:00 a.m. – 11:00 a.m.

Preview of July 23, 2020 SEB Board Meeting

Dave Iseminger, Director, Employees and Retirees Benefits Division, provided an overview of potential agenda topics for the July 23, 2020 Board Meeting.

Meeting adjourned at 11:52 a.m.
TAB 4
Number of 2021 Bills Analyzed by ERB Division

<table>
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<tr>
<th></th>
<th>ERB Lead</th>
<th>ERB Support</th>
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<tr>
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<td>27</td>
</tr>
<tr>
<td>Low Priority</td>
<td>10</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>23</strong></td>
<td><strong>77</strong></td>
</tr>
</tbody>
</table>

High Priority Bill Hearings (some bills have multiple hearings) 48

As of February 25, 2021
2021 Leg. Session – ERB High Lead Bills

- **2/15** Origin Chamber – Policy: 5 bills
- **2/22** Origin Chamber – Fiscal: 2 bills
- **3/9** Origin Chamber – Rules/Floor: 1 bill
- **3/26** Opposite Chamber – Policy: 2 bills
- **4/2** Opposite Chamber – Fiscal: 1 bill
- **4/11** Opposite Chamber – Rules/Floor: bills

Last day of regular session is April 25
Upcoming Session – Agency Request Legislation

- SB 5322: Prohibiting dual enrollment between SEBB and PEBB Programs
  - Sponsored by Senator Robinson
  - Clarification to 2020 ESSB 6189(4)
  - Would require an eligible member to enroll in the health benefits (medical/dental/vision) in a single program
  - Currently, the legislation prohibits dual enrollment, but it is unclear whether an eligible member could enroll in different health benefits across the two programs
HB 1052 – Group Insurance Contracts

• HCA submitted written testimony in support
• Aligns the insurance code with long-standing HCA statutory requirements that state agencies engage in performance-based contracting.
• Performance standards (or performance guarantees) allow HCA to hold carriers accountable for service to PEBB/SEBB Program members
• Examples:
  • Health care claim processing timeliness/accuracy
  • Customer service metrics
Topical Areas of Introduced Legislation

- Paid Family & Medical Leave
  - HB 1073
  - SSB 5097
- Pharmacy
  - SB 5020 — Rx drug price increases
  - SB 5075 — Access to pharmacy services
  - SB 5076 — Mail order Rx services
  - SB 5195 — Opioid overdose medication
- Eligibility
  - HB 1040 — Health care coverage for retired or disabled school employees
Topical Areas of Introduced Legislation (cont.)

• Provider/health care services
  • SB 5018 – Acupuncture and Eastern medicine
  • SB 5088 – Naturopath scope of practice
  • SB 5222 – ARNP reimbursement rates
  • HB 1196/SB 5326 – Audio-only telemedicine
  • 2SSB 5313 – Health insurance discrimination
• Expanded Durable Medical Equipment (DME)
  • HB 1047 – Hearing instruments for children
• Open Public Meetings Act
  • HB 1056 – Public meetings/emergencies
Questions?

Cade Walker, Executive Special Assistant
Employees and Retirees Benefits Division
cade.walker@hca.wa.gov
TAB 5
K-12 Non-Medicare Retiree Risk Pooling Update

Molly Christie
Fiscal Information & Data Analyst
ERB Rates & Finance
March 4, 2021
Legislative Report

• Submitted January 17, 2019

• Directed HCA to analyze the most appropriate risk pool for retired and disabled school employees

A risk pool is a group of individuals whose medical risks and costs are combined to calculate premiums. Pooling risk offsets the costs of members who use more benefits by those who use fewer. The amount of risk calculated for the entire pool impacts premiums.
Current Risk Pool Structure

- **PEBB Program Non-Medicare Risk Pool**
  - State & Other* Employees
  - State & Other* Non-Medicare Retirees
  - Non-Medicare School Retirees

- **PEBB Program Medicare Risk Pool**
  - State & Other* Medicare Retirees
  - Medicare School Retirees

- **SEBB Program Risk Pool**
  - School Employees

*Other includes political subdivisions, non-represented ESDs, COBRA, LWOP, etc., employees or retirees and their dependents*
2019 Report Recommendation

Create a Non-Medicare Risk Pool for the SEBB Program

PEBB Program Non-Medicare Risk Pool
- State & Other Employees
- State & Other Non-Medicare Retirees

PEBB Program Medicare Risk Pool
- State & Other Medicare Retirees
- Medicare School Retirees

SEBB Program Non-Medicare Risk Pool
- School Employees
- Non-Medicare School Retirees
Impacts

• Minimizes member disruption
  – New Non-Medicare school retirees can select from same plans available under the SEBB Program for continuity of benefits
  – Existing Non-Medicare school retirees would remain in the PEBB Program
  – All Medicare-eligible retirees would transition to PEBB Medicare Risk Pool

• Minor rate impacts*
  – Gradual increase of 0.0-1.0% on SEBB Non-Medicare bid rates due to greater average cost associated with retirees
  – PEBB rates would gradually decrease by same magnitude

*Based on 2018 SEBB Program enrollment assumptions and 2017 risk scores for State Non-Medicare Retirees
Considerations & Next Steps

- Creating a Non-Medicare Risk Pool for the SEBB Program requires changes to existing statute (RCW 41.05.022)
- Changes unlikely in 2021 legislative session for implementation by January 1, 2022
- HCA will update the Board on the new anticipated implementation date when statute changes are confirmed
Questions?

More Information:

Molly Christie, Fiscal Information & Data Analyst
Financial Services Division
molly.christie@hca.wa.gov
TAB 6
Medical Flexible Spending Arrangement & Dependent Care Assistance Program (FSA & DCAP) 2021 Leniency

Leanna Olive, Senior Account Manager
Employees & Retirees Benefits Division
March 4, 2021
Overview

• Refresh the Board regarding:
  o Medical Flexible Spending Arrangements (FSA)
  o Dependent Care Assistance Program (DCAP)

• COVID-19 impacts and federal legislation

• Impacts on SEBB Program participants & employers
Salary Reduction Plan

Authorizes “before tax” benefits funded through voluntary payroll deductions:

- **Medical Flexible Spending Arrangement (FSA)**
  - Employees pay pre-tax for eligible out-of-pocket medical expenses
  - $2,750/year for 2021, with annual IRS COLAs
  - Pre-funded with a grace period

- **Dependent Care Assistance Program (DCAP)**
  - Employees pay pre-tax for eligible dependent care expenses
  - $5,000/year maximum: no COLAs, not pre-funded, no grace period
COVID-19 in the 2020 Plan Year

- **Initial closures**: March through the end of May
- **Limitations on access to medical and dependent care**
  - Elective surgeries and other health services suspended
  - People choosing to stay away from medical/dental settings
  - Daycare marketplace is hit hard
- **FSA and DCAP:**
  - Payroll deductions continue with less ability to use them
  - Deadlines for using or losing
  - Pandemic trajectory going forward in 2020: unknown
Spring closures depressed claims through May, then again when winter arrived.
COVID-19 in the 2020 Plan Year

The May decline is a result of closures March – April. Although daycares started opening in the summer, claims didn’t increase until the beginning of the school year due to school schedules.
Federal actions addressing FSAs

• IRS Memo 2020-29 introduces 2020 leniency
  o Limited Open Enrollment (LOE), July 2020
  o Initiating accounts, increasing or decreasing annual elections

• Consolidated Appropriations Act (December 2020):
  o Recognizes the COVID impact on tax-advantaged accounts
  o Congress created more prospective leniency opportunities
Actions for SEBB Participants

• **Extended 12-month grace period for DCAP**
  Unspent 2020 funds can be used for 2021 expenses

• **FSA allowances for terminated employees**
  Termed employees in 2020 & 2021 can spend down their balances for services incurred in the plan year they termed without electing COBRA

• **Increased eligibility age for dependent care**
  Age for eligible dependents increases from 12 to 13 for 2021

• **Election changes without Qualifying Event**
  o FSA/DCAP accounts can prospectively increase/decrease annual election
  o No new accounts
  o 3 opportunities: March, June, and September
    ▪ Each district sets their own deadline within those months
2021 Communications

- **December 2020**: HCA received notice of leniency provisions
- **February 9, 2021**: School district Business Administrators were notified of the leniencies via GovDelivery
- **February 16, 2021**: Updated forms and enrollment guides posted to Navia’s website for SEBB Program members
- **February 17, 2021**: HCA website updated to announce leniencies
- **February 17 and 18, 2021**: February newsletters notify members of changes
Final insights

• New leniency is anticipated to benefit SEBB Program participants, so 2020 deductions are less likely forfeited

• HCA is working closely with Navia Benefit Solutions and Benefits Administrators
  o Benefits Administrators were surveyed and preferred three election changes rather than monthly election changes

• Important for SEBB participants to understand that 2 years of “leniency” is due to COVID
Questions?

More Information:
http://pebb.naviabenefits.com/

Leanna Olive, Senior Account Manager
Employees & Retirees Benefits Division
leanna.olive@hca.wa.gov
TAB 7
Annual Benefits Planning Cycle

John Partin, Manager
Benefits Strategy and Design Section
Employees and Retirees Benefits Division
March 4, 2021
SEBB Benefits Cycle
for Benefit Year 2023

**Start:** March 2021
Identify New Benefit Ideas
(SEBB, Customer Service, Market, others)

**End:** January 2023
Launch of New Benefits

2022 Legislative Funding

2022 Open Enrollment/
Implementation of New Benefits

2022 Board Vote

Propose New Benefits in
Operating Budget

Research and Evaluation of
New Benefit Ideas

Jan - March

April - June

Jul - Sept

April - June

Oct - Dec

Jan - March

July - Sept

Oct - Dec

2021

2022
Discussion

Are there any new benefit ideas you would like explored in the upcoming benefit cycle?
Questions?

John Partin, Section Manager
Benefit Strategy and Design
Employees and Retirees Benefits Division

john.partin@hca.wa.gov
TAB 8
Eligibility & Enrollment Policy Development

Stella Ng
Senior Policy Analyst
Policy, Rules, and Compliance Section
Employees and Retirees Benefits Division
March 4, 2021

Emily Duchaine
Regulatory Analyst
Policy, Rules, and Compliance Section
Employees and Retirees Benefits Division
(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 41.05.740(7)

(7) School employees shall choose participation in one of the health care benefit plans developed by the school employees' benefits board. Individual school employees eligible for benefits under subsection (6)(d) of this section may be permitted to waive coverage under terms and conditions established by the school employees' benefits board.
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 Resolutions

SEBB 2021-01  Amending SEBB 2018-25 When The Employer Contribution For SEBB Benefits End

SEBB 2021-02  Amending Resolution SEBB 2018-53 School Employees May Waive Enrollment In Medical

SEBB 2021-03  SEBB Benefits Enrollment Requirements When PEBB Benefits Are Waived
## Introduction of Proposed Resolutions

<table>
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<th>Resolutions</th>
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<td>SEBB 2021-04</td>
<td>Resolving Dual Enrollment When A School Employee’s Only Medical Enrollment Is In PEBB</td>
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<td>SEBB 2021-05</td>
<td>Resolving Dual Enrollment Involving Dual Subscriber Eligibility</td>
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<td>SEBB 2021-06</td>
<td>Resolving Dual Enrollment Involving A SEBB Dependent With Multiple Medical Enrollments</td>
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Introduction of Proposed Resolutions

SEBB 2021-07 Resolving Dual Enrollment Involving A Member with Multiple Medical Enrollments As A Dependent

SEBB 2021-08 SEBB Benefit Automatic Enrollments When PEBB Benefits Are Auto-Disenrolled

SEBB 2021-09 Enrollment Requirements When A School Employee Loses Dependent Coverage In PEBB Benefits
Proposed Resolution SEBB 2021-01
Amending Resolution SEBB 2018-25
When the Employer Contribution for SEBB Benefits End

SEBB 2018-25 second bullet is amended to strike the word “or” from the end of the sentence. The third bullet is amended to strike the period and insert a semicolon.
Proposed Resolution SEBB 2021-01
Amending Resolution SEBB 2018-25
When the Employer Contribution for SEBB Benefits End (cont.)

Also add the following new fourth to seventh bullets:

• The school employee who returns from approved leave without pay, who maintained or established eligibility under SEBB 2020-02, who subsequently has a change in work pattern such that the school employee will no longer work the minimum hours required to meet SEBB eligibility criteria. In this case, eligibility for the employer contribution ends as of the last day of the month in which the change is effective;

• The 9- to 10-month school employee hired late in the year and eligible for the employer contribution under SEBB 2018-32, who subsequently has a change in work pattern such that the school employee is no longer anticipated to be compensated for at least 17.5 hours a week in six of the last eight weeks counting backwards from the week that contains the last day of school. In this case, eligibility for the employer contribution ends as of the last day of the month in which the change is effective;
Proposed Resolution SEBB 2021-01
Amending Resolution SEBB 2018-25
When the Employer Contribution for SEBB Benefits End (cont.)

• The 12-month school employee hired late in the year and eligible for the employer contribution under SEBB 2018-32 who subsequently has a change in work pattern such that the school employee is no longer anticipated to be compensated for at least 17.5 hours a week in six of the last eight weeks counting backwards from the week that contains August 31, the last day of the school year. In this case, eligibility for the employer contribution ends as of the last day of the month in which the change is effective; or

• The school employee hired later in the year and eligible for the employer contribution under SEBB 2018-32 who is no longer anticipated to work 630 hours the next school year. In this case, eligibility for the employer contribution ends as of the last day of the month in which the change in the anticipation occurs.
Proposed Resolution SEBB 2021-01
Amending Resolution SEBB 2018-25
When the Employer Contribution for SEBB Benefits End

SEBB 2018-25 now reads:

The employer contribution toward SEBB benefits ends the last day of the month in which the school year ends. The employer contribution toward SEBB benefits will end earlier than the end of the school year if one of the following occurs:

• The SEBB Organization terminates the employment relationship. In this case, eligibility for the employer contribution ends the last day of the month in which the employer-initiated termination notice is effective;

• The school employee terminates the employment relationship. In this case, eligibility for the employer contribution ends the last day of the month in which the school employee’s resignation is effective; or
Proposed Resolution SEBB 2021-01  
Amending Resolution SEBB 2018-25  
When the Employer Contribution for SEBB Benefits End (cont.)

- The school employee’s work pattern is revised such that the school employee is no longer anticipated to work 630 hours during the school year. In this case, eligibility for the employer contribution ends as of the last day of the month in which the change is effective;

- The school employee who returns from approved leave without pay, who maintained or established eligibility under SEBB 2020-02, who subsequently has a change in work pattern such that the school employee will no longer work the minimum hours required to meet SEBB eligibility criteria. In this case, eligibility for the employer contribution ends as of the last day of the month in which the change is effective;

- The 9- to 10-month school employee hired late in the year and eligible for the employer contribution under SEBB 2018-32 who subsequently has a change in work pattern such that the school employee is no longer anticipated to be compensated for at least 17.5 hours a week in six of the last eight weeks counting backwards from the week that contains the last day of school. In this case, eligibility for the employer contribution ends as of the last day of the month in which the change is effective;
Proposed Resolution SEBB 2021-01
Amending Resolution SEBB 2018-25
When the Employer Contribution for SEBB Benefits End (cont.)

- The 12-month school employee hired late in the year and eligible for the employer contribution under SEBB 2018-32 who subsequently has a change in work pattern such that the school employee is no longer anticipated to be compensated for at least 17.5 hours a week in six of the last eight weeks counting backwards from the week that contains August 31, the last day of the school year. In this case, eligibility for the employer contribution ends as of the last day of the month in which the change is effective; or

- The school employee hired later in the year and eligible for the employer contribution under SEBB 2018-32 who is no longer anticipated to work 630 hours the next school year. In this case, eligibility for the employer contribution ends as of the last day of the month in which the change in the anticipation occurs.
When the Employer Contribution for SEBB Benefits End
Example #6 (New)

Example: Jenn is a certificated school employee (teacher) originally hired at the beginning of the 2020-2021 school year who goes out on approved leave.

Jenn returned from approved leave without pay in March 2021 and has been receiving SEBB benefits since April 1, 2021. She decides to change from full time to quarter time effective May 14, 2021. She is no longer anticipated to work sufficient hours during the school year to meet SEBB eligibility criteria.

• When does the employer contribution for SEBB benefits end? May 31, 2021.
When the Employer Contribution for SEBB Benefits End

Example #7 (New)

**Example:** Bob is a classified school employee (bus driver) whose work pattern will be revised such that he will no longer be anticipated to be compensated for 17.5 hours per week.

Bob is a 9- to 10-month school employee hired on April 5, 2021, is anticipated to work 630 hours the next school year, to be compensated for at least six weeks in the last eight weeks before summer break on June 21, 2021, and he is receiving SEBB benefits. On May 14, 2021, he notifies Sequim School District he will only work 10 hours a week effective May 24, 2021.

- When does the employer contribution for SEBB benefits end? May 31, 2021.
Example: Nancy is a classified school employee (bus driver) and will no longer work 630 hours during the next school year.

Nancy is a 9- to 10-month school employee hired on May 4, 2021, is anticipated to work 630 hours the next school year, and to be compensated for at least 17.5 hours a week for at least six weeks in the last eight weeks before summer break on June 21, 2021, and she is receiving SEBB benefits. On June 22, 2021, Kent School District notifies Nancy she will no longer be working the next school year.

• When does the employer contribution for SEBB benefits end? June 30, 2021
Dual Enrollment Policy Proposals
RCW 41.05.742 Single enrollment requirement

Beginning with the 2022 plan year, individuals are limited to a single enrollment in medical, dental, and vision plans among school employees' benefits board and public employees' benefits board plans. However, individuals may be enrolled in both public employees' benefits board and school employees' benefits board plans as long as those enrollments are across different types of plans, such as medical, dental, and vision. The school employees' benefits board and the public employees' benefits board shall adopt policies to reflect this single enrollment requirement.
SB 5322: Refining the Dual Enrollment Prohibition

SB 5322: Prohibiting dual enrollment between school employees' benefits board and public employees' benefits board programs:

Beginning with the 2022 plan year, individuals are limited to a single enrollment in medical, dental, and vision plans (among) in either the school employees' benefits board (and) or the public employees' benefits board (plans. However, individuals may be enrolled in both public employees' benefits board and school employees' benefits board plans as long as those enrollments are across different types of plans, such as medical, dental, and vision). The school employees' benefits board and the public employees' benefits board shall adopt policies to reflect this single enrollment requirement.
(7) School employees shall choose participation in one of the health care benefit plans developed by the school employees' benefits board. Individual school employees eligible for benefits under subsection (6)(d) of this section may be permitted to waive coverage under terms and conditions established by the school employees' benefits board.
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.
Resolving the Issue of Dual Enrollment in PEBB and SEBB Benefits

- Challenges and Limitations
- Language used throughout this presentation
- Examples of dual enrollment in the PEBB and SEBB Programs
- What school employees can do to resolve dual enrollment
- Guidelines and principles for resolving dual enrollment on behalf of the employee
- Recommended policy resolutions
Challenges and Limitations in Implementing the Requirements of Resolving Dual Enrollments

• Member engagement

• Limitations with current technology

• Limitations on Board power

• HCA staff time and effort

• Training and outreach needs

• Federal requirements and IRS rules
Language Used Throughout This Presentation

• Auto-enroll: The school employee or dependent will be automatically enrolled by HCA into dental and/or vision.
• Auto-disenroll: The school employee or dependent will be automatically dis-enrolled by HCA from medical, dental, and/or vision.
• Employee: All employees of state agencies, higher education institutions, employer groups, tribal governments, and other entities described in RCW 41.05.011(6)(a).
• School employee: All employees of school districts and charter schools, represented employees of educational service districts, and (beginning January 1, 2024) all employees of educational service districts.
Examples of Current Dual Enrollment in the PEBB and SEBB Programs

• A school employee is enrolled in SEBB dental and SEBB vision, but not SEBB medical. They are enrolled in PEBB medical as a dependent.

• A school employee is also a professor at the University of Washington. They are enrolled in both SEBB medical and PEBB medical.

• A school employee is also an employee at the Department of Ecology. They waived medical in both PEBB and SEBB because their spouse works for Boeing and they are enrolled in their spouse’s medical. They are enrolled in PEBB dental, SEBB dental, and SEBB vision.

• A school employee and an employee have a child who is enrolled as a dependent in both PEBB medical and SEBB medical.
Examples of Future Dual Enrollment in the PEBB and SEBB Programs

• A school employee’s spouse is enrolled as a dependent in SEBB medical coverage. The spouse gets a job at the Secretary of State’s Office. They waive PEBB medical coverage but remain enrolled in PEBB dental.

• A newly eligible school employee has a child who is already enrolled as a dependent in PEBB medical and PEBB dental. The school employee enrolls in SEBB medical, SEBB dental, SEBB vision, and enrolls the child in SEBB vision.

• A school employee’s spouse is enrolled in SEBB medical as a dependent. The spouse gets a job with the Department of Commerce and is now a PEBB-eligible employee. They enroll in PEBB medical.
How Will School Employees Know What to Do?

- During fall 2021:
  - Inform the members and the school organizations in our newsletters, enrollment guides, plan change forms, website, GovDelivery, etc.
  - Send out a separate notice to members informing them how they can resolve their current dual enrollment during the annual open enrollment.
- School employees who gain initial eligibility or who have a special open enrollment event and could potentially dual enroll:
  - Information will be included in guides and forms provided to the school employee.
  - Customer Service; Outreach and Training efforts.
What Can School Employees Do to Resolve Current Dual Enrollment?

During the open enrollment period in fall 2021 for plan year 2022, school employees who are currently dual enrolled can choose either the SEBB Program or the PEBB Program for their medical, dental, and vision plans for themselves and for all their covered dependents.
What Can School Employees Do to Avoid Dual Enrollment?

School employees who become newly eligible for the employer contribution toward SEBB benefits, or who experience a special open enrollment and who are already enrolled in PEBB benefits, can choose to enroll in SEBB benefits or they can waive their enrollment in SEBB and maintain their enrollment in PEBB. They must make their decision within thirty-one days of gaining or regaining eligibility, or within sixty days when there is a special open enrollment.
What If the School Employee Does Not Act to Resolve Dual Enrollment on Their Own?

The SEBB Program will need to act on behalf of the school employee by auto-enrolling them into one program and auto-disenrolling them from the other program.

This will be determined according to certain guidelines and principles.
Guidelines/Principles For Resolving Dual Enrollment

1. Look at where the school employee and/or their dependent(s) get their medical.
2. Determine whether they are enrolled as an employee or as a dependent.
3. If they are enrolled as an employee in both programs or as a dependent in both programs, determine the length of time they have been receiving benefits in each program.
4. If necessary, auto-enroll the employee and/or their dependent(s) in dental (and if in SEBB benefits, in vision).
5. Respect the default requirements for each program.
6. Avoid creating a gap in any coverage.
Proposed Resolution SEBB 2021-02
Amending Resolution SEBB 2018-53
School Employees May Waive Enrollment In Medical

SEBB 2018-53 is amended to add the words:

“Exception: A school employee may waive their enrollment in a SEBB medical plan to enroll in a PEBB medical plan only if they are enrolled in a PEBB dental plan. In doing so, the school employee also waives their enrollment in SEBB dental and SEBB vision.”
Proposed Resolution SEBB 2021-02
Amending Resolution SEBB 2018-53
School Employees May Waive Enrollment In Medical

SEBB 2018-53 now reads:
A school employee who is eligible for the employer contribution toward SEBB benefits may waive their enrollment in a medical plan if they are enrolled in other employer-based group medical.

Exception: A school employee may waive their enrollment in a SEBB medical plan to enroll in a PEBB medical plan only if they are enrolled in a PEBB dental plan. In doing so, the school employee also waives their enrollment in SEBB dental and SEBB vision.
Proposed Resolution SEBB 2021-03
SEBB Benefit Enrollment Requirements When PEBB Benefits Are Waived

An employee who waives PEBB medical and PEBB dental for SEBB medical must be enrolled in a SEBB dental and SEBB vision plan. If necessary, they will be automatically enrolled in the associated subscriber’s SEBB dental and SEBB vision plans.
Proposed Resolution SEBB 2021-04
Resolving Dual Enrollment When A School Employee’s Only Medical Enrollment Is In PEBB

If the school employee is enrolled only in SEBB dental and SEBB vision, and is also enrolled in PEBB medical, and no action is taken to resolve their dual enrollment, the school employee will remain in their PEBB benefits and they will be auto-disenrolled from the SEBB dental and vision plans in which they are enrolled. The school employee’s enrollments in SEBB life, AD&D, and LTD will remain.
Proposed Resolution SEBB 2021-04

Example #1

Example: Jane is a teacher at Olympia High School and is currently enrolled in SEBB dental and SEBB vision as a school employee, but she is not enrolled in SEBB medical because she waived. Her spouse Bob is an employee at the Department of Ecology. Jane is enrolled in PEBB medical as a dependent under his account.

Neither Jane (a school employee) nor Bob (an employee) takes any action in response to attempts from HCA asking them to choose which plan Jane stays in.

• How does HCA resolve the school employee’s dual enrollment? Jane, a school employee, will remain in PEBB as a dependent because that is where she is enrolled in medical. She will be auto-disenrolled from her SEBB dental and SEBB vision plans.
Proposed Resolution SEBB 2021-05
Resolving Dual Enrollment Involving Dual Subscriber Eligibility

If the school employee is enrolled in SEBB medical as a school employee and is also enrolled in PEBB medical as an employee, and the school employee has been enrolled in PEBB benefits longer than they’ve been enrolled in SEBB benefits, but no action is taken by the school employee to resolve their dual enrollment, they will remain in their PEBB benefits and will be auto-disenrolled from their SEBB medical, SEBB dental, and SEBB vision plans. The school employee’s enrollments in SEBB life, AD&D, and LTD will remain.

If a school employee is not enrolled in any medical, but is enrolled only in PEBB dental, SEBB dental, and SEBB vision, the school employee will be kept in SEBB benefits and auto-disenrolled from PEBB dental.
Proposed Resolution SEBB 2021-05
Example #1

**Example:** Mary is a custodian at Ballard High School and at the University of Washington.

Mary has worked for the UW since 2001 and has been enrolled in PEBB benefits as an employee the entire time. Mary became eligible for SEBB benefits in 2020 in her position at Ballard High School. She enrolled in SEBB medical as a school employee, so she is currently enrolled in both PEBB medical as an employee and SEBB medical as a school employee.
Proposed Resolution SEBB 2021-05
Example #1 (cont.)

Mary does not act in response to attempts from HCA asking her to affirmatively choose enrollment in either PEBB or SEBB benefits.

• How does HCA resolve the school employee’s dual enrollment? Mary will remain in her elected PEBB benefits because that is where she has been enrolled the longest. She will be auto-disenrolled from her SEBB medical, dental, and vision plans.
Proposed Resolution SEBB 2021-05
Example #2

**Example:** Paolo is a facilities manager with the Department of Transportation (DOT). He also teaches at Timberline High School.

Paolo waived medical in both programs because his wife works for Boeing and he is enrolled in medical under her plan. Because he is eligible for both PEBB as an employee and SEBB as a school employee, he is enrolled in PEBB dental, SEBB dental, and SEBB vision. He has worked for DOT since 2015 and became eligible for SEBB benefits in 2020.
Proposed Resolution SEBB 2021-05
Example #2 (cont.)

Paolo does not act in response to attempts from HCA asking him to affirmatively choose enrollment in either the PEBB or SEBB plan(s).

• How does HCA resolve the school employee’s dual enrollment? Even though Paolo has been enrolled in PEBB dental longer than he has been enrolled in SEBB dental and SEBB vision, he will be kept in SEBB so that he doesn’t lose his SEBB vision coverage. He will be auto-disenrolled from PEBB dental.
Proposed Resolution SEBB 2021-06
Resolving Dual Enrollment Involving A SEBB Dependent With Multiple Medical Enrollments

If a school employee’s dependent is enrolled in any SEBB benefits and the dependent is also a PEBB eligible employee who is enrolled in PEBB medical as an employee, and no action is taken by either the school employee or the dependent to resolve the dependent’s dual enrollment, the dependent will remain in PEBB benefits and will be auto-disenrolled from the school employee’s SEBB medical, dental, and/or vision plans in which they are enrolled.
Example: Linda is an employee with the Washington State Department of Health. Her spouse Julie is a bus driver for Salish Middle School.

Linda is currently enrolled in SEBB dental and SEBB vision under Julie as a dependent. She is also enrolled in PEBB medical as an employee. Neither Linda nor Julie act in response to attempts from HCA asking them to affirmatively choose enrollment for Linda in either PEBB benefits or SEBB benefits.
Proposed Resolution SEBB 2021-06
Example #1 (cont.)

• How does HCA resolve the school employee’s dependent’s dual enrollment? Linda will remain in PEBB benefits because the PEBB Program is where she is enrolled in medical as an employee. She will be auto-disenrolled from her spouse Julie’s SEBB dental and SEBB vision plans.
Example: Charles is an employee with the Department of Commerce. His spouse Maria is a receptionist at Salish Middle School.

Charles is currently enrolled in SEBB medical under Maria as a dependent, and he is also enrolled in PEBB medical as an employee. Neither Charles nor Maria act in response to attempts from HCA asking them to affirmatively choose enrollment for Charles in either PEBB benefits or SEBB benefits.
Proposed Resolution SEBB 2021-06
Example #2 (cont.)

• How does HCA resolve the school employee’s dual enrollment? Even though Charles is enrolled in medical in both programs, he will remain in PEBB medical because he is only enrolled in SEBB medical as a dependent, and he is enrolled in PEBB medical as an employee. He will be auto-disenrolled from his spouse Maria’s SEBB medical, as well as any SEBB dental and SEBB vision plans in which he is enrolled.
Proposed Resolution SEBB 2021-07
Resolving Dual Enrollment Involving A Member With Multiple Medical Enrollments As A Dependent

If a school employee’s dependent is enrolled in both PEBB medical and SEBB medical as a dependent and has been enrolled in PEBB benefits longer than they have been enrolled in SEBB benefits, but no action is taken to resolve the dual enrollment, the dependent will remain in PEBB benefits and will be auto-disenrolled from the school employee’s SEBB medical, dental, and/or vision plans if they are enrolled.

If a school employee’s dependent is not enrolled in any medical but is enrolled only in PEBB dental and in SEBB vision (with or without SEBB dental) as a dependent, the dependent will be kept in SEBB benefits and auto-disenrolled from PEBB dental.

Exception: If there is a National Medical Support Order or a court order in place, enrollment will be in accordance with the order.
Proposed Resolution SEBB 2021-07
Example #1

Example: Carl works for the Office of Financial Management. His wife Melanie works for Roosevelt Elementary School and is a school employee. They have one child, Cooper, who is currently enrolled on both their plans.

Cooper is enrolled as a dependent in both PEBB medical and SEBB medical. He’s been a dependent in PEBB medical longer than he has been enrolled as a dependent in SEBB medical.
Proposed Resolution SEBB 2021-07  
Example #1 (cont.)

• How does HCA resolve the dependent’s dual enrollment? Even though Cooper is enrolled in medical in both programs, he will remain in PEBB medical because he has been enrolled in PEBB benefits longer than he has been enrolled in SEBB benefits. He will be auto-disenrolled from SEBB medical and any SEBB dental and SEBB vision plans he is enrolled in, as well.
Proposed Resolution SEBB 2021-07
Example #1 (cont.)

• What if one parent/legal guardian responds to HCA’s notice to resolve the dependent’s dual enrollment and the other parent/legal guardian does not? The SEBB Program will perform the action requested by the parent/legal guardian who responded. If both parents/legal guardians give conflicting responses, the SEBB Program, will work with the parents/legal guardians to determine which plan the dependent child will remain in and which one they will be removed from.
Proposed Resolution SEBB 2021-07
Example #2

**Example:** Frank works for the Secretary of State. His wife Debra works for Capital High School and is a school employee. They have one child, Ella, who is currently enrolled on both their plans.

Ella is not enrolled in either PEBB medical or SEBB medical. However, she’s enrolled in PEBB dental, SEBB dental, and SEBB vision as a dependent. She has been enrolled as a dependent in PEBB dental longer than she has been enrolled as a dependent in SEBB dental and SEBB vision.
Proposed Resolution SEBB 2021-07
Example #2 (cont.)

• How does HCA resolve the dependent’s dual enrollment? Even though Ella has been enrolled in PEBB dental longer than she has been enrolled in SEBB dental and SEBB vision, she will be kept in SEBB so that she doesn’t lose her vision coverage. She will be auto-disenrolled from PEBB dental.
Proposed Resolution SEBB 2021-08
SEBB Benefit Automatic Enrollments When PEBB Benefits Are Auto-Disenrolled

If a school employee’s dependent, who is also an employee who was auto-disenrolled from their PEBB dental as a result of PEBB Board Resolution PEBB 2021-XX*, the school employee’s dependent will be automatically enrolled in the school employee’s vision plan. They will also be automatically enrolled in the school employee’s dental, if they are not already enrolled.

*will be assigned when presented for final action
Example: Bruce works for HCA. His husband Steve works for Tumwater High School and is a school employee.

Bruce is currently enrolled in SEBB medical under Steve as a dependent. He is also enrolled in PEBB dental as an employee. He is not enrolled in PEBB medical because he affirmatively waived medical when he became eligible for PEBB benefits.
Proposed Resolution SEBB 2021-08
Example #1 (cont.)

• How does HCA resolve the dependent’s dual enrollment when he is also enrolled in PEBB dental as an employee? Bruce would remain in SEBB benefits because that is where he is enrolled in medical. He would be auto-disenrolled from PEBB dental and automatically enrolled in SEBB vision. If he wasn’t already enrolled in SEBB dental, he would automatically be enrolled in SEBB dental.
Proposed Resolution SEBB 2021-09
Enrollment Requirements When A School Employee Loses Dependent Coverage In PEBB Benefits

If a school employee who is eligible for the employer contribution towards SEBB benefits was enrolled as a dependent in PEBB benefits and is dropped by the PEBB subscriber, HCA will notify the school employee of their removal from the PEBB subscriber’s account and that they have experienced a special enrollment event. The school employee will be required to return from waive status and elect SEBB medical, SEBB dental, and SEBB vision. If the school employee's SEBB Organization does not receive the school employee's required forms indicating their medical, dental, and vision elections within sixty days of the school employee losing PEBB benefits, they will be defaulted into employee-only SEBB medical, SEBB dental, and SEBB vision.
Guidelines/Principles Recap

1. Medical prioritized over non-medical
2. Subscriber status prioritized over dependent status
3. Longevity of enrollment
   • Exceptions: SEBB Vision and NMSN/court order
4. If necessary, the employee and/or their dependent(s) will be auto-enrolled or auto-disenrolled into dental and/or vision
5. We will respect the default requirements for each program
6. No gaps in coverage
Next Steps

• Incorporate Board feedback in the proposed policies

• Send the proposed policies to stakeholders (after today’s meeting)

• Bring recommended policy resolutions to the Board for action at the April 7, 2021 Board Meeting
Questions?

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Emily Duchaine, Regulatory Analyst
Policy, Rules, and Compliance Section
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Emily.Duchaine@hca.wa.gov
Appendix
Resolved that, the employer contribution toward SEBB benefits ends the last day of the month in which the school year ends. The employer contribution toward SEBB benefits will end earlier than the end of the school year if one of the following occurs:

- The SEBB organization terminates the employment relationship. In this case eligibility for the employer contribution ends the last day of the month in which the employer-initiated termination notice is effective;
- The school employee terminates the employment relationship. In this case, eligibility for the employer contribution ends the last day of the month in which the school employee’s resignation is effective; or
- The school employee’s work pattern is revised such that the school employee is no longer anticipated to work 630 hours during the school year. In this case, eligibility for the employer contribution ends as of the last day of the month in which the change is effective.
When the Employer Contribution for SEBB Benefits End

Example #1

**Example:** Classified school employee (bus driver) who receives an employer-initiated termination

This school employee was *anticipated* to work 630 hours or more during the school year and has been receiving SEBB benefits. On **November 13, 2020**, this school employee received an *employer-initiated termination notice* effective immediately.

- When does the employer contribution for SEBB benefits end? **November 30, 2020.**
When the Employer Contribution for SEBB Benefits End

Example #2

**Example:** Classified school employee (bus driver) who quits working in the middle of the school year

This school employee was *anticipated* to and actually did work more than 630 hours during the school year and has been receiving SEBB benefits. On **April 13, 2021**, this school employee turns in a *resignation letter* effective immediately so he can work for another employer.

- When does the employer contribution for SEBB benefits end? **April 30, 2021**.
When the Employer Contribution for SEBB Benefits End

Example #3

**Example:** Classified school employee (bus driver) work pattern is revised such that the school employee is no longer anticipated to work 630 hours during the school year.

This school employee was *anticipated* to work 630 hours or more during the school year and has been receiving SEBB benefits. On **October 13, 2020**, this school employee’s work pattern is revised *effective immediately* such that the school employee is *no longer anticipated* to work 630 hours during the school year.

- When does the employer contribution for SEBB benefits end? **October 31, 2020.**
When the Employer Contribution for SEBB Benefits End

Example #4

Example: Classified school employee’s (paraeducator) work pattern will be revised such that he is no longer anticipated to work 630 hours during the school year.

This school employee was anticipated to work 630 hours or more during the school year and has been receiving SEBB benefits. On October 13, 2020, he is notified that he is no longer anticipated to work 630 hours during the school year because one of the students he is supporting is leaving the district over Winter break resulting in a cut in hours effective January 4, 2021.

- When does the employer contribution for SEBB benefits end?
When the Employer Contribution for SEBB Benefits End

Example #5

Example: Certificated school employee (teacher) who turns in a resignation letter in early summer that is effective August 15, 2020

This school employee was anticipated to work 630 hours or more during the school year and has been receiving SEBB benefits. On June 13, 2020, in order to help her district plan for the next school year, she turns in a resignation letter indicating she will not be returning to the district for the next school year. The effective date of the resignation letter is August 15, 2020.

• When does the employer contribution for SEBB benefits end? August 31, 2020.
Policy Resolution SEBB 2018-32
Mid-year hires anticipated to work 630 hours in the next school year
(As approved on Nov 18, 2018)

Resolved that, a school employee who is not anticipated to work 630 hours in the current school year because of when they are hired, but is anticipated to work at least 630 hours the next school year, establishes eligibility for the employer contribution toward SEBB benefits as of their first working day if they are:

• A 9- to 10-month school employee anticipated to be compensated for at least 17.5 hours a week in six of the last eight weeks counting backwards from the week that contains the last day of school; or

• A 12-month school employee anticipated to be compensated for at least 17.5 hours a week in six of the last eight weeks counting backwards from the week that contains August 31, the last day of the school year.
Policy Resolution SEBB 2018-53
School employees may waive enrollment in medical
(As approved on December 13, 2018)

Resolved that, a school employee who is eligible for
the employer contribution toward School Employees
Benefits Board (SEBB) benefits may waive their
enrollment in a medical plan if they are enrolled in
other employer-based group medical.
Policy Resolution SEBB 2020-02
Benefits Eligibility After Returning to Work
As adopted on 01/27/2020

Resolved that, effective January 1, 2020, school employees who return from approved leave without pay will maintain or establish eligibility for the employer contribution if their work schedule, had it been in effect at the start of the school year, would have resulted in the employee being anticipated to work the minimum hours to meet SEBB eligibility in the school year. A school employee who regains eligibility under this policy establishes eligibility for the employer contribution towards SEBB benefits as of the date they returned from approved leave, and coverage will become effective the first day of the month following the employee’s return to work.
TAB 9
Overview

• Long-Term Disability (LTD) Insurance
  o Benefit overview
  o Implementation timeline
    • New employees
    • Existing employees
  o Opt-out design communication strategies
  o Proposed employee-paid LTD rates
  o Similar situated employer with Opt-out design
  o Opt-out policy resolution
# Proposed Employee-Paid LTD Benefit

## 60% Default Plan

- Covers 60% of the first $16,667 of monthly income
- Up to a maximum benefit of $10,000/month
- Minimum monthly benefit of $100 or 10% of the LTD benefit before deductible income (whichever is greater)
- Benefit Waiting Period (whichever is greater): 90 days, period of sick leave, and/or period of Washington Paid Family & Medical Leave
- Opt-out at any time with cancellation effective the first day of the following month

## 50% Buy Down Plan

- Covers 50% of the first $16,667 of monthly income
- Up to a maximum benefit of $8,333/month
- Minimum monthly benefit of $100 or 10% of the LTD benefit before deductible income (whichever is greater)
- Benefit Waiting Period (whichever is greater): 90 days, period of sick leave, and/or period of Washington Paid Family & Medical Leave
- Opt-out at any time with cancellation effective the first day of the following month
Employer-Paid LTD Benefit

- Covers 60% of the first $667 of monthly insured income
- Up to a maximum benefit of $400/month
- Minimum monthly benefit of $100 or 10% of the LTD benefit before deductible income (whichever is greater)
- Benefit Waiting Period (whichever is greater): 90 days, period of sick leave, and/or period of Washington Paid Family & Medical Leave
## Implementation Timeline

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Q1 JAN-MAR</strong></td>
<td></td>
<td><strong>January 1st</strong></td>
</tr>
<tr>
<td>Policies &amp; Certificates</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Issue electronic and print member certificates to include Opt-out LTD language</td>
</tr>
<tr>
<td>Office of the Insurance Commissioner (OIC) Filing</td>
<td>Language supporting the Opt-out LTD plan design should be filed with the WA OIC as soon as possible. Language needs to be approved by the WA OIC prior to Opt-out effective date and before communicating the Opt-out design change</td>
<td></td>
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<tr>
<td>Employee Communications &amp; Marketing Support</td>
<td>Draft key messages to support Opt-out and vet with HCA for approval</td>
<td>Draft and finalize 2022 employee communication and marketing pieces using key messages for Opt-out</td>
</tr>
<tr>
<td>Benefits Administration Support - HCA</td>
<td>Identify all HCA and Standard plan administration materials that need to be updated to support Opt-out plan design: LTD Administration manual, HCA intranet language and links to materials. Other customized training and education pieces. Update accordingly.</td>
<td>Roll out updated and new employee communication pieces to support Opt-out</td>
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<td><strong>Q2 APR-JUN</strong></td>
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<td><strong>Q3 JUL-SEP</strong></td>
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<td><strong>Q4 OCT-DEC</strong></td>
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Proposed Opt-out Employee-Paid LTD
Starting January 1, 2022

• New hires
  o SEBB Program subscribers *would be automatically enrolled* (90-day benefit waiting period & 60% plan)
  o New hires would receive a letter letting them know they have their 31-day new hire period to Opt-out
    ▪ Coverage would generally be effective the first calendar day of the following month (similar to all other benefits election)
  o Subscribers can Opt-out but would be subject to evidence of insurability (EOI) if they choose to re-enroll (or increase from 50% coverage). The cancellation/termination would be effective the first day of the month following the termination date.
Proposed Opt-out Employee-Paid LTD Starting January 1, 2022 (cont.)

• Existing subscribers
  o All SEBB Program subscribers *not already enrolled* in employee-paid LTD
  o Subscriber would receive a letter in fall 2021 letting them know they are being auto-enrolled in employee-paid LTD (90-day benefit waiting period & 60% plan)
  o Evidence of Insurability (EOI) will not be required for the Opt-out transition
    ▪ The Standard has agreed to allow prior EOI declines under the Opt-out design
  o First payroll deduction in January 2022
  o Subscribers can Opt-out but would be subject to EOI if they choose to re-enroll (or increase from 50% coverage). The cancellation/termination would be effective the first day of the month following the termination date.
Opt-out Communication Strategy

• The ERB Outreach & Training Unit team will provide training to SEBB Program Benefits Administrators and forwardable email messages for communication to employees
• Ongoing information will be provided through our SEBB newsletter and GovDelivery emails
• Targeted letter mailed to SEBB Program subscribers who are not currently enrolled in employee-paid LTD
  – This letter will also be emailed to SEBB Program members who have subscribed to the SEBB GovDelivery
• The SEBB Program will provide an FAQ and Fact Sheet
• HCA webpage(s) will be updated with information about the Opt-out transition
### Proposed Preliminary Employee-Paid LTD Rates

<table>
<thead>
<tr>
<th>Age</th>
<th>Current Rates</th>
<th>60% Default Plan</th>
<th>50% Buy Down Plan</th>
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<tr>
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<tr>
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<td>$2.10</td>
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<table>
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<th>Age</th>
<th>Current Rates</th>
<th>60% Default Plan</th>
<th>50% Buy Down Plan</th>
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<tr>
<td>0-29</td>
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*PMPM = Per Member Per Month
**Note: Rates & Plan Design are subject to WA State Office of the Insurance Commissioner approval.
Similar Situated Employer with Opt-out Design

- Standard has an employer with 110,000 lives that has a similar Opt-out plan design
  - They have a default 60% employee-paid benefit, and they can choose a cheaper 50% option or drop coverage entirely
  - Prior to implementing the auto-enroll, they had 45% participation in the LTD with 35% in the 60% plan and 10% in the 50% Plan
  - After implementing the auto-enroll, 22% opted out of coverage entirely
Employee-Paid LTD Premiums & Benefits

### 60% LTD Plan
(90-day benefit waiting period & Age 40)

Calculating a subscriber’s insured monthly pre-disability earnings

Example 1:

<table>
<thead>
<tr>
<th>Monthly Earnings</th>
<th>$2,583</th>
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<tbody>
<tr>
<td>($31,000 ÷ 12 months)</td>
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<td>Rate (0.0032) x 0.0032</td>
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<tr>
<td>Monthly Premium Due</td>
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*Maximum monthly benefit when submitting a claim: $1,550*

### 50% LTD Plan
(90-day benefit waiting period & Age 40)

Calculating a subscriber’s insured monthly pre-disability earnings

Example 2:

<table>
<thead>
<tr>
<th>Monthly Earnings</th>
<th>$2,583</th>
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<tbody>
<tr>
<td>($31,000 ÷ 12 months)</td>
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<tr>
<td>Rate (0.0020) x 0.0020</td>
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*Maximum monthly benefit when submitting a claim: $1,291.50*

*amount before reduction by Deductible Income*
### Employee-Paid LTD Premiums & Benefits (cont.)

<table>
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<th>60% LTD Plan</th>
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<td>(90-day benefit waiting period &amp; Age 40)</td>
<td>(90-day benefit waiting period &amp; Age 40)</td>
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</tbody>
</table>

Calculating a subscriber’s insured monthly pre-disability earnings

**Example 3:**

- **Monthly Earnings**: $4,250 ($51,000 / 12 months)
- **Rate (0.0032)** x **0.0032**
- **Monthly Premium Due**: $13.60

*Maximum monthly benefit when submitting a claim: $2,550* (amount before reduction by Deductible Income)

**Example 4:**

- **Monthly Earnings**: $4,250 ($51,000 / 12 months)
- **Rate (0.0020)** x **0.0020**
- **Monthly Premium Due**: $8.50

*Maximum monthly benefit when submitting a claim: $2,125* (amount before reduction by Deductible Income)
### Employee-Paid LTD Premiums & Benefits (cont.)

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<th>60% LTD Plan</th>
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<td><strong>(90-day benefit waiting period &amp; Age 40)</strong></td>
<td><strong>(90-day benefit waiting period &amp; Age 40)</strong></td>
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<tr>
<td>Calculating a subscriber’s insured monthly pre-disability earnings</td>
<td>Calculating a subscriber’s insured monthly pre-disability earnings</td>
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**Example 5:**

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<th>Monthly Earnings</th>
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<td>($81,000 ÷ 12 months)</td>
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<td>($81,000 ÷ 12 months)</td>
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</tr>
<tr>
<td><strong>Rate (0.0032)</strong> x <strong>0.0032</strong></td>
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<td><strong>Rate (0.0020)</strong> x <strong>0.0020</strong></td>
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<tr>
<td>Monthly Premium Due</td>
<td><strong>$21.60</strong></td>
<td>Monthly Premium Due</td>
<td><strong>$13.50</strong></td>
</tr>
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</table>

*Maximum monthly benefit when submitting a claim: $4,050*  

*amount before reduction by Deductible Income*
Proposed Resolution SEBB 2021-10
Employee-Paid Long-Term Disability (LTD) Insurance

Effective January 1, 2022, SEBB 2018-39 is rescinded and the SEBB Program will instead offer the following employee-paid LTD design:

Two separate employee-paid LTD insurance choices including: (a) coverage at 60% or (b) coverage at 50%. Both choices will have the following features:

- The following Benefit Waiting Period (the longer of): 90 days; the period of sick leave (excluding shared leave) for which the employee is eligible under the employer's sick leave, paid time off (PTO), or other salaried continuation plan; or the end of Washington Paid Family and Medical Leave Law for which the employee is receiving benefits
- No Choice Sick Leave
- Choice Pension
- A Maximum Monthly Benefit of $10,000 for the 60% coverage and $8,333 for the 50% coverage
Resolution SEBB 2018-39
Employee-Paid Supplemental Long-Term Disability (proposed to rescind effective December 31, 2021)

Resolved that, the SEBB Program will offer the following Employee-Paid Supplemental LTD Plan Design:

• Waiting Period - Later of 90 days or End of the State Paid Family Medical Leave Benefit
• No Choice Sick Leave
• Choice Pension
• Maximum Monthly Benefit $10,000 (60% of $16,667)
Proposed Resolution SEBB 2021-11
Employee-Paid Long-Term Disability (LTD) Insurance
Enrollment Procedures

• All school employees who are eligible for the employer contribution towards SEBB benefits as of December 31, 2021, and not already enrolled in supplemental LTD insurance, or did not make an election (reducing or declining coverage) during an enrollment period established by the Health Care Authority in 2021, will be auto-enrolled in employee-paid LTD insurance at the 60% coverage level with an effective date of January 1, 2022.

• A school employee who becomes eligible for the employer contribution towards SEBB benefits on or after January 1, 2022 must make an election (reducing or declining coverage) during the benefit election period established in SEBB Resolution 2018-13. If the school employee fails to timely elect coverage, the school employee will be defaulted into coverage according to Resolution SEBB 2021-12. The effective date of coverage will be according to SEBB Resolution 2020-05.
Proposed Resolution SEBB 2021-11
Employee-Paid Long-Term Disability Insurance Enrollment Procedures (cont.)

• After January 1, 2022, a school employee at any time may elect to reduce employee-paid LTD to the 50% coverage plan or fully decline employee-paid LTD. The effective date of the change in coverage will be the first day of the month following the date the SEBB Organization receives the required form.

• A school employee who seeks to increase coverage from the 50% coverage plan to the 60% coverage plan, or access previously declined employee-paid LTD, will be subject to evidence of insurability. The effective date of the change in coverage will be the day of the month the contracted vendor approves the required form.

• Any school employee who declines employee-paid LTD insurance will remain enrolled in employer-paid LTD insurance.
Proposed Resolution SEBB 2021-11
Example #1

Ashley is a 41-year-old current paraprofessional on SEBB benefits, making $31,000 annually who did not previously enroll in supplemental LTD insurance in the SEBB Program. During the fall 2021 enrollment period set by HCA, Ashley does not convey an election to opt-out or decline employee-paid LTD insurance under the new LTD opt-out enrollment process.

What LTD benefits does she have effective January 1, 2022? **Ashley is automatically enrolled in employee-paid LTD insurance at the 60% coverage level and employer-paid LTD insurance**
Proposed Resolution SEBB 2021-11
Example #1 (cont.)

On January 31, 2022, Ashley looks at her pay stub and sees a deduction of $8.26 for LTD insurance. She calls her school district and asks about the deduction. After learning more information, on January 31, 2022, she submits an election request to opt-out entirely from employee-paid LTD insurance.

What is the effective date of the requested change in employee-paid LTD insurance? **February 1, 2022**

Will she receive a refund of the $8.26 premium for January 2022 coverage? **No, the change in coverage is prospective**
Proposed Resolution SEBB 2021-11
Example #2

Shawn is a newly hired paraeducator on January 15, 2022 and determined to be eligible for the employer contribution for benefits that same day. For employee-paid LTD insurance, Shawn submits an election on February 12 to enroll at the 50% coverage level.

What is the last day he could submit a timely election? **February 15, 2022**

When will all his SEBB benefits, including employee-paid optional LTD benefits, start? **February 1, 2022**

Will the SEBB Organization have any LTD premium to return to him? **It depends on the SEBB Organization’s payroll timelines, but the same processes could be used that already exist for premiums associated with the SEBB medical plan default enrollment**
Example #3

Jamie is a new teacher hired, begins working, and is determined to be eligible for the employer contribution for benefits on September 2, 2022. The first day of the district’s school year is September 7. For employee-paid LTD insurance, Jamie submits an election on October 1 opting-out of all employee-paid LTD insurance.

What is the last day she could submit a timely election? **October 3, 2022**

When will all her SEBB benefits, including employee-paid LTD benefits, start? **September 2, 2022**

Will the SEBB Organization have any LTD premium to return to her? **It depends on the SEBB Organization’s payroll timelines, but the same processes could be used that already exist for premiums associated with the SEBB medical plan default enrollment**
Proposed Resolution SEBB 2021-12
Amending Resolution SEBB 2018-54 Relating to Default Enrollments

SEBB 2018-54’s fourth bullet is amended by striking the word “and” from the end of the sentence; the fifth bullet is amended by replacing the word “basic” with the word “employer-paid” and adding the word “; and” to the end of the sentence; and adding following new sixth bullet “Enrollment in employee-paid long-term disability insurance at the 60% coverage level”.
Proposed Resolution SEBB 2021-12
Amending Resolution SEBB 2018-54 Relating to Default Enrollments

SEBB 2018-54 now reads:

The default election for an eligible school employee who fails to timely elect coverage will be as follows:

• Enrollment in employee-only medical coverage;
• Enrollment in employee-only dental coverage;
• Enrollment in employee-only vision coverage;
• Enrollment in basic life insurance; and
• Enrollment in employer-paid basic long-term disability insurance; and
• Enrollment in employee-paid long-term disability insurance at the 60% coverage level.
Proposed Resolution SEBB 2021-13
Amending Resolution SEBB 2018-38
Employer-Paid Basic Long-Term Disability

SEBB 2018-38’s title is changed by striking the word “Basic” and adding the word “Insurance”, and the first bullet is amended to insert the words “; the period of sick leave (excluding shared leave) for which you are eligible under the employer's sick leave, paid time off (PTO), or other salaried continuation plan (excluding vacation leave);” after the words “90 days” and before the word “or”.
Proposed Resolution SEBB 2021-13
Amending Resolution SEBB 2018-38
Employer-Paid Basic Long-Term Disability Insurance

SEBB 2018-38 now reads:

The SEBB Program will offer the following Employer-Paid LTD Plan to subscribers beginning January 1, 2020:

• Waiting Period – Later of 90 days; the period of sick leave (excluding shared leave) for which you are eligible under the employer's sick leave, paid time off (PTO), or other salaried continuation plan (excluding vacation leave); or End of the State Paid Family Medical Leave Benefit

• No Choice Sick Leave

• Choice Pension

• Maximum Monthly Benefit $400 (60% of $667)
Next Steps

• Incorporate Board feedback in the proposed policies
• Send the proposed policies to stakeholders *(after today’s meeting)*
• Bring recommended policy resolutions to the Board for action at the April 7, 2021 Board Meeting
Initial Stakeholder Insights & Questions

• Focus on improving the employer-paid benefit instead
  – Prior Board and Agency Work pursued this approach, including a funding request during the State’s 2020 Supplemental Budget process

• Why do SEBB LTD rates seem higher than Pre-SEBB LTD rates some districts experienced?
  – Differences in the caps on the monthly salary insured and maximum monthly benefit
  – Inclusion of coverage for individuals who previously failed underwriting
  – Benefit coverage differences, such as:
    • SEBB LTD includes coverage for mental health disorders up to 24 months per period of disability whereas most commercial policies have a lifetime limit of 24 months
    • Standard commercial LTD policies have a maximum lifetime limit on chemical dependency or substance abuse conditions, but the SEBB LTD policy does not
  – Other benefit design differences, such as variation in benefit waiting periods, required versus non-required enrollment, and non-contributory versus contributory plan design (and the resulting tax differences)
Initial Stakeholder Insights & Questions (cont.)

• Does the Board have authority to make this plan design?
• Are the SEB Board and PEB Board decisions on the LTD benefit linked and are their rates connected?
• Administrative concerns related to timing of opt-out elections and premium collection
• School employees who do not convey their intent to opt-out will be frustrated about the default enrollment
• Would school employees need to annually opt-out of employee-paid LTD?
• Can HCA provide an example for how benefit waiting periods and sick leave balances interact?
Questions?

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Resolution SEBB 2018-13

Election Period

Resolved that, all of a school employee’s enrollment elections, including an election to waive if allowed, must be received no later than thirty-one days after the date the school employee becomes eligible for an employer contribution for SEBB benefits.
Resolution SEBB 2020-05
Effective Date of Coverage for School Employees Eligible for the Employer Contribution

Resolved that, for September each year, a school employee who is establishing eligibility for the employer contribution towards SEBB benefits, and whose first day of work is on or after September 1 but not later than the first day of school for the current school year as established by the SEBB Organization, the effective date of coverage is the first day of work.

For a school employee who is establishing eligibility and whose first day of work is at any other time during the school year, the effective date of coverage is the first day of the month following the day the school employee establishes eligibility for the employer contribution toward SEBB benefits. Except that, when a school employee establishes eligibility for the employer contribution towards SEBB benefits at any time in the month of August, SEBB benefits begin September 1 only if the school employee is also determined to be eligible for the employer contribution toward SEBB benefits for the school year that begins on September 1.