School Employees Benefits Board Meeting

July 7, 2022
School Employees Benefits Board
July 7, 2022
9:00 a.m. – 11:00 a.m.

Attendance by Zoom Only

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

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TAB 1
AGENDA

School Employees Benefits Board
July 7, 2022
9:00 a.m. – 11:00 a.m.

Subject to Section 5 of the Laws of 2022, Chapter 115, also known as HB 1329, the Board has agreed this meeting will be held via Zoom without a physical location.

TO JOIN ZOOM MEETING – SEE INFORMATION BELOW

<table>
<thead>
<tr>
<th>Time</th>
<th>Agenda Item</th>
<th>Location/Participants</th>
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<tbody>
<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>Dave Iseminger, Director Employees &amp; Retirees Benefits (ERB) Division</td>
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<tr>
<td>9:10 a.m.</td>
<td>Approval of Meeting Minutes:</td>
<td>TAB 3, Lou McDermott, Chair</td>
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<tr>
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<td>• July 15, 2021</td>
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<tr>
<td>9:15 a.m.</td>
<td>2023 Rates Overview</td>
<td>TAB 4, Tanya Deuel, ERB Finance Manager, Kate LaBelle, Fiscal Information Data Analyst</td>
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<td>Financial Services Division</td>
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<td>9:45 a.m.</td>
<td>Public Comment</td>
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<td>10:15 a.m.</td>
<td>Transition to Executive Session</td>
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<tr>
<td>10:20 a.m.</td>
<td>Executive Session</td>
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<tr>
<td>10:50 a.m.</td>
<td>Transition to Public Meeting</td>
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<td>10:55 a.m.</td>
<td>Closing</td>
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<tr>
<td>11:00 a.m.</td>
<td>Adjourn</td>
<td>Lou McDermott, Chair</td>
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*All Times Approximate

The School Employees Benefits Board will meet Thursday, July 7, 2022. Out of an abundance of caution, all Board Members and attendees will attend this meeting virtually.

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

Pursuant to RCW 42.30.110(1)(l), the Board will meet in Executive Session to consider proprietary or confidential nonpublished information related to the development, acquisition, or implementation of state purchased health care services as provided in RCW 41.05.026. The Executive Session will begin at 10:20 a.m. and conclude no later than 10:35 a.m.

No “final action,” as defined in RCW 42.30.020(3), will be taken at the Executive Session.

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

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

Join Zoom Meeting

https://us02web.zoom.us/j/81942590795?pwd=bFIBMXhFvNdqREcaU6nVRl1V5TaPgN.1

Meeting ID: 819 4259 0795
Passcode: 308470
One tap mobile
+12532158782,,81942590795#,,,,,*308470# US (Tacoma)
+16694449171,,81942590795#,,,,,*308470# US

Dial by your location
  +1 253 215 8782 US (Tacoma)
  +1 669 444 9171 US
  +1 669 900 6833 US (San Jose)
  +1 346 248 7799 US (Houston)
  +1 312 626 6799 US (Chicago)
  +1 646 931 3860 US
  +1 929 205 6099 US (New York)
  +1 301 715 8592 US (Washington DC)

Meeting ID: 819 4259 0795
Passcode: 308470
Find your local number: https://us02web.zoom.us/u/kdq9n7CddV
# SEB Board Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Representing</th>
<th>Address</th>
<th>Phone</th>
<th>Email</th>
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</thead>
<tbody>
<tr>
<td>Lou McDermott, Deputy Director</td>
<td>Chair</td>
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<td>V 360-725-0891</td>
<td><a href="mailto:louis.mcdermott@hca.wa.gov">louis.mcdermott@hca.wa.gov</a></td>
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<tr>
<td>Kerry Schaefer</td>
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<td>1405 N 10th ST, Tacoma, WA 98403</td>
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<td>Dawna Hansen-Murray</td>
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<td>Dan Gossett</td>
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# SEB Board Members

<table>
<thead>
<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Pamela Kruse</td>
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<tr>
<td>6440 Lake Saint Clair DR SE</td>
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<tr>
<td>Terri House</td>
<td>Classified Employees</td>
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<tr>
<td>Marysville School District</td>
<td>4220 80th ST NE</td>
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<td>Marysville, WA 98270</td>
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<td><a href="mailto:SEBBoard@hca.wa.gov">SEBBoard@hca.wa.gov</a></td>
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<tr>
<td>Amy McGuire</td>
<td>Employee Health Benefits Policy and Administration</td>
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<tr>
<td>Knox 111 Administrative Center</td>
<td>Olympia, WA 98506</td>
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<tr>
<td>111 Bethel Street NE</td>
<td>V 360-596-6187</td>
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<td><a href="mailto:SEBBoard@hca.wa.gov">SEBBoard@hca.wa.gov</a></td>
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<tr>
<td>Alison Poulsen</td>
<td>Employee Health Benefits Policy and Administration</td>
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<tr>
<td>12515 South Hangman Valley RD</td>
<td>Valleyford, WA 99036</td>
</tr>
<tr>
<td>Valleyford, WA 99036</td>
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<tr>
<td><strong>Legal Counsel</strong></td>
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<tr>
<td>Katy Hatfield, Assistant Attorney General</td>
<td>7141 Cleanwater Dr SW</td>
</tr>
<tr>
<td>PO Box 40124</td>
<td>Olympia, WA 98504-0124</td>
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<tr>
<td>V 360-586-6561</td>
<td><a href="mailto:Katy.Hatfield@atg.wa.gov">Katy.Hatfield@atg.wa.gov</a></td>
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<td>4/1/22</td>
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SEB BOARD MEETING SCHEDULE

2022 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 27, 2022 - 9:00 a.m. – 4:00 p.m.
March 3, 2022 - 9:00 a.m. – 2:00 p.m.
April 7, 2022 - 9:00 p.m. – 2:00 – p.m.
May 5, 2022 - 9:00 a.m. – 2:00 p.m.
June 2, 2022 - 9:00 a.m. – 2:00 p.m.
June 23, 2022 - 9:00 a.m. – 2:00 p.m.
July 7, 2022 - 9:00 a.m. – 2:00 p.m.
July 21 2022 - 9:00 a.m. – 2:00 p.m.
July 28, 2022 - 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

7/16/21
TAB 2
SCHOOL EMPLOYEES BENEFITS BOARD BY-LAWS

ARTICLE I
The Board and Its Members

1. Board Function—The School Employees Benefits Board (hereinafter “the SEBB” or “Board”) is created pursuant to RCW 41.05.740 within the Health Care Authority; the SEBB’s function is to design and approve insurance benefit plans for school district, educational service district, and charter school employees, and to establish eligibility criteria for participation in insurance benefit plans.

2. Staff—Health Care Authority staff shall serve as staff to the Board.

3. Appointment—The members of the Board shall be appointed by the Governor in accordance with RCW 41.05.740. A Board member whose term has expired but whose successor has not been appointed by the Governor may continue to serve until replaced.

4. Board Composition—The composition of the nine-member Board shall be in accordance with RCW 41.05.740. All nine members may participate in discussions, make and second motions, and vote on motions.

5. Board Compensation—Members of the Board shall be compensated in accordance with RCW 43.03.250 and shall be reimbursed for their travel expenses while on official business in accordance with RCW 43.03.050 and 43.03.060.

ARTICLE II
Board Officers and Duties

1. Chair of the Board—The Health Care Authority Director or his or her designee shall serve as Chair of the Board and shall conduct meetings of the Board. The Chair shall have all powers and duties conferred by law and the Board’s By-laws. If the regular Chair cannot attend a regular or special meeting, the Health Care Authority Director may designate another person to serve as temporary Chair for that meeting. A temporary Chair designated for a single meeting has all of the rights and responsibilities of the regular Chair.

2. Vice Chair of the Board—In December 2017, and each January beginning in 2019, the Board shall select from among its members a Vice Chair. If the Vice Chair position becomes vacant for any reason, the Board shall select a new Vice Chair for the remainder of the year. The Vice Chair shall preside at any regular or special meeting of the Board in the absence of a regular or temporary Chair.

ARTICLE III
Board Committees
(RESERVED)
ARTICLE IV
Board Meetings

1. Application of Open Public Meetings Act—Meetings of the Board shall be at the call of the Chair and shall be held at such time, place, and manner to efficiently carry out the Board’s duties. All Board meetings shall be conducted in accordance with the Open Public Meetings Act, Chapter 42.30 RCW, but the Board may enter into an executive session as permitted by the Open Public Meetings Act.

2. Regular and Special Board Meetings—The Chair shall propose an annual schedule of regular Board meetings for adoption by the Board. The schedule of regular Board meetings, and any changes to the schedule, shall be filed with the State Code Reviser’s Office in accordance with RCW 42.30.075. The Chair may cancel a regular Board meeting at his or her discretion, including the lack of sufficient agenda items. The Chair may call a special meeting of the Board at any time and proper notice must be given of a special meeting as provided by the Open Public Meetings Act, RCW 42.30.

3. No Conditions for Attendance—A member of the public is not required to register his or her name or provide other information as a condition of attendance at a Board meeting.

4. Public Access—Board meetings shall be held in a location that provides reasonable access to the public including the use of accessible facilities.

5. Meeting Minutes and Agendas—The agenda for an upcoming meeting shall be made available to the Board and the interested members of the public at least 24 hours prior to the meeting date or as otherwise required by the Open Public Meetings Act. Agendas may be sent by electronic mail and shall also be posted on the HCA website. An audio recording (or other generally-accepted electronic recording) shall be made of each meeting. HCA staff will provide minutes summarizing each meeting from the audio recording. Summary minutes shall be provided to the Board for review and adoption at a subsequent Board meeting.

6. Attendance—Board members shall inform the Chair with as much notice as possible if unable to attend a scheduled Board meeting. Board staff preparing the minutes shall record the attendance of Board members in the minutes.

ARTICLE V
Meeting Procedures

1. Quorum—Five voting members of the Board shall constitute a quorum for the transaction of business. No final action may be taken in the absence of a quorum. The Chair may declare a meeting adjourned in the absence of a quorum necessary to transact business.

2. Order of Business—The order of business shall be determined by the agenda.

3. Teleconference Permitted—A Board member may attend a meeting in person or, by special arrangement and advance notice to the Chair, by telephone conference call or video conference when in-person attendance is impracticable.
4. Public Testimony—The Board actively seeks input from the public at large, from enrollees served by the SEBB Program, and from other interested parties. Time is reserved for public testimony at each regular meeting, generally at the end of the agenda. At the direction of the Chair, public testimony at Board meetings may also occur in conjunction with a public hearing or during the Board’s consideration of a specific agenda item. The Chair has authority to limit the time for public testimony, including the time allotted to each speaker, depending on the time available and the number of persons wishing to speak.

5. Motions and Resolutions—All actions of the Board shall be expressed by motion or resolution. No motion or resolution shall have effect unless passed by the affirmative votes of a majority of the Board members present and eligible to vote, or in the case of a proposed amendment to the By-laws, a 2/3 majority of the Board.

6. Representing the Board’s Position on an Issue—No Board member may endorse or oppose an issue purporting to represent the Board or the opinion of the Board on the issue unless the majority of the Board approve of such position.

7. Manner of Voting—On motions, resolutions, or other matters a voice vote may be used. At the discretion of the Chair, or upon request of a Board member, a roll call vote may be conducted. Proxy votes are not permitted, but the prohibition of proxy votes does not prevent a temporary Chair designated by the Health Care Authority Director from voting.

8. State Ethics Law and Recusal—Board members are subject to the requirements of the Ethics in Public Service Act, Chapter 42.52 RCW. A Board member shall recuse himself or herself from casting a vote as necessary to comply with the Ethics in Public Service Act.

9. Parliamentary Procedure—All rules of order not provided for in these By-laws shall be determined in accordance with the most current edition of Robert’s Rules of Order Newly Revised. Board staff shall ensure a copy of Robert’s Rules is available at all Board meetings.

10. Civility—While engaged in Board duties, Board members conduct shall demonstrate civility, respect, and courtesy toward each other, HCA staff, and the public and shall be guided by fundamental tenets of integrity and fairness.

ARTICLE VI
Amendments to the By-Laws and Rules of Construction

1. Two-thirds majority required to amend—The SEBB By-laws may be amended upon a two-thirds (2/3) majority vote of the Board.

2. Liberal construction—All rules and procedures in these By-laws shall be liberally construed so that the public’s health, safety, and welfare shall be secured in accordance with the intents and purposes of applicable State laws and regulations.
TAB 3
DRAFT
School Employees Benefits Board
Meeting Minutes

July 15, 2021
Health Care Authority
626 8th Avenue SE
Olympia, Washington
9:00 a.m. – 11:15 a.m.

The Briefing Book with the complete presentations can be found at:

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

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 was telephonic only.

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

Continuing our tour around the state, today we're highlighting Yakima County. About 9% of the total population of Yakima County is served by the PEBB and SEBB Programs, and an additional 43% served by the Medicaid Program. Between PEBB, SEBB, and Medicaid, roughly 52% of the entire population of Yakima County is served by programs administered by the Health Care Authority.

Unemployment, uninsured, and poverty rates are higher than the statewide average. Unemployment is about a percent higher at 6.6% compared to the statewide average.
Yakima County has about double the uninsured rate from the statewide average, with about 13.5% of the county residents uninsured, and the statewide poverty rate average is 15% and it’s roughly 26% in Yakima County.

There's slightly lower hospital bed availability in the area compared to the state. There are significantly higher preventable hospital admissions and worse cardiac incidents compared to the state. I always learn something random, and for Yakima County it was the medical debt collection rate is double in Yakima County than what it is elsewhere in the state. I think it’s important to share those types of things, even if I can't share the reasons why because it starts to paint a different picture.

The last thing I'll highlight is the evolving relationship between Yakima Memorial and Virginia Mason in recent years. It’s an ongoing activity we continually monitor to be able to think about access issues within that county.

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

Since our last Board meeting, HCA has had a variety of questions from school districts, several angles in fact, related to the Long-Term Care Trust Act, and the ability for school districts to offer a long-term care benefit. This touches on the discussion we had the past couple years about who has what authority where. There was a piece of legislation passed two years ago that reestablished the guardrails. At a high-level, if a district wants to offer a product that would directly compete with a product line already offered within the SEBB Program, it doesn't fall within the local school district’s authority, regardless of whether it’s a slightly different flavor of a product line. SEBB has a term life insurance product. That means all life insurance is off the table from a local district’s authority.

The most recent legislation also highlighted a variety of topical areas that one day could be within the benefits authority of the program if the Board acted on it. There is a list of about ten different possible product lines, but unless and until the Board and HCA go forward, procure, and centralize purchasing for that benefit line, the districts have express authority to offer those products in the alternative. Long-term care is one item on the list. The question coming to HCA is there are various products authorized by the Office of the Insurance Commissioner. They fall in two buckets. One is a standalone long-term care product on its own. The other is a long-term care product that will have a rider with some other policies. Many times, the most frequent policy rider that’s added to it is a life insurance product line. We've had a variety of questions asking if districts are allowed to do a long-term care product with a life insurance rider. The answer is the same HCA provided in the past year or two when there have been life insurance riders to other product lines.

You may remember that sometimes with cancer insurance, or other disease specific insurance products, there were riders with AD&D insurance or life insurance. As a result of the most recent legislation, HCA said no because there is a complete
prohibition on the product line, which includes riders. Using that same precedent, HCA informed districts that asked the question they can offer a standalone long-term disability product and you can have riders, they just can’t be riders that conflict with the product line. This is a hot topic and I wanted to lay that out here for everyone.

**2022 Annual Procurement Update & Uniform Medical Plan (UMP) Benefit Resolution**

Lauren Johnston, SEBB Program Procurement Manager, ERB Division, provided a high-level summary of the 2022 benefit changes for UMP.

Slide 2 – Reminder of Changes to UMP had a list of upcoming changes.

Slide 3 – Reasons for Proposed Change for Uniform Medical Plan indicated why the change to the UMP Consumer Directed Health Plan (CDHP). This slide was presented at the June 24 meeting and provides additional background information.

Slides 4 & 5 – Recommended IRS Allowed Changes to UMP High Deductible, highlights chronic conditions, and proposed changes to the coverage. As an example, for diabetes, the glucometers are now covered under medical or pharmacy. Most of the continuous glucose monitors are moving under the pharmacy benefit, but specific ones will continue to be paid under the medical benefit. This is the only change since this was presented at the June 24 meeting and the Resolution reflects that change.

**Lou McDermott: Vote – Resolution SEBB 2021-15 – UMP High Deductible Preventive Care**

Resolved that, beginning January 1, 2022, the UMP High Deductible plan will allow coverage to treat certain chronic conditions, those presented at the July 15, 2021 SEB Board Meeting, before having to meet the plan deductible.

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

Voting to Approve: 9
Voting No: 0

Lou McDermott: Resolution SEBB 2021-15 passes.

Lauren Johnston: Slide 7 – IRS Notice 19-45 Discretionary Preventive Coverages: Under Review for 2023. There were questions as to whether other items could be covered under the IRS Notice 2019-45. This slide includes additional chronic conditions and services that could be covered under the high deductible plan, all under the pharmacy benefit. There wasn’t time this year to do a thorough analysis. These will be under review for 2023.

Slide 8 – 2022 Fully Insured Medical Plan Benefit Changes
Slide 9 – Kaiser Foundation Health Plan of the Northwest (KPNW) Benefit Changes. There will be changes to naturopathy, acupuncture, massage, rehabilitation services, and dental services for potential transplant recipients.

Slide 10 – KPNW Additional New Proposed Benefit Change. This change was approved in the Oregon legislative session, putting a cap at $75 for insulin. Ours is currently at $100. Kaiser asked if we wanted to implement this change for both of their Oregon and Southwest Washington markets and we said yes. This changes the out-of-pocket maximum cap for each insulin prescription bill from $100 to $75. It does not change the insulin drug tier or related tier costs where the member currently pays an amount below $75. They would continue to owe the lower cost share. This is a change for all Kaiser Northwest plan offerings.

Slide 11 – Kaiser Foundation Health Plan of Washington (KPWA/KPWO) Benefit Changes. These changes include the home infusion therapy change, urine drug screening tests, and the removal of the annual maximum out-of-pocket limit for KP Washington only.

Slide 12 – Premera Blue Cross Benefit Changes include adding a Quit for Life Program with no cost share to the member and expanding into Kittitas County.

**Chiropractic, Acupuncture, and Massage (CAM) Utilization Summary & Benefit Proposal for Uniform Medical Plan (UMP)**

Selena Davis, UMP Senior Account Manager, ERB Division and Sara Whitley, Fiscal Information and Data Analyst, Financial Services Division

**Selena Davis:** Slide 2 – Motivation for Proposal. HCA looked at increasing CAM therapy visit limits to address member requests while maintaining the value of these therapies, a predictable out-of-pocket amount, and cost neutrality.

**Dave Iseminger:** HCA has two programs, the PEBB and SEBB Programs, each of them unique. The Board doesn’t have the authority to add program expenditures to increase the bottom line of the program. In the PEBB Program, there is express budget language addressing that concept. That language hasn’t landed in the SEBB section yet. Since the beginning of the SEBB Program, we’ve discussed the importance of benefit swaps, not wholesale increases on the program. While there’s not the same exact express budget language in the SEBB Program yet, our understanding is the intent is the same. It’s important to stay within the overall macro budget of the program.

**Selena Davis:** Slides 3 & 4 – Guiding Principles – CAM Benefit Adjustment shows the goals to allow the flexibility of utilization requested of our members. A copay structure allowed us to increase the visit limits for all the CAM therapies. Increased visits also maintain the value of these therapies by giving members greater access to them. With the copay designed to be cost neutral, this proposal safeguards against future increase in costs.

Slide 5 – Current SEBB UMP CAM Benefit Design shows the current benefit. Members can self-refer to chiropractic and acupuncture, but they need a prescription from a provider for massage. And massage remains an in-network benefit only.
Slide 6 – Proposed UMP CAM Benefit Design, which proposes increasing the annual visits to 24 for each CAM therapy and having a co-pay of $15 across all CAM therapies.

**Sara Whitley:** Slide 7 – SEBB UMP Utilization Summary is specific to the SEBB population. HCA has only one year of utilization data for the SEBB population and this experience was captured during the pandemic. While we are able to provide a snapshot of utilization for 2020, it may not be indicative of future years when utilization patterns normalize. This table gives a count of distinct users of each benefit, average visits per distinct user, users at maximum benefit visit limit, and percent of users at maximum benefit visit limit.

Slides 8 – 10 – SEBB 2020 UMP Utilization provides additional detail around each of the three benefits in a table and a graphical representation of the information. The colored row on each slide highlights members at the benefit maximum of 16 visits.

**Dave Iseminger:** At the beginning of Sara’s comments, she highlighted there are some limits to the data we can capture during a pandemic. How that analysis was done is interesting! When we started the SEBB Program, there was a massive data collection process that helped inform the projections for building the program, so we have that trove of utilization data. As Board Members have pointed out, as the stakeholders, the pre-SEBB world had a benefit model for CAM therapy that is very similar to what we’re proposing here. It was a copayment model outside of the deductible with a treatment level cap, so various treatment levels. We looked at utilization in that pre-SEBB world, took our historical PEBB utilization data, which is a very robust set of historical pre-pandemic data, and used the PEBB historical data, with the utilization factor created from pre-SEBB data, to then create a projection for each of the programs. Like on the SEBB side, it got more complicated because we were challenged. We wanted to look at the utilization from 2020 but needed to be cautious about using it as the foundation for building this proposal. Those are the steps we went through. I hope that context is helpful.

**Selena Davis:** Slide 11 – CAM Benefit Adjustment Proposal. For the CAM benefit adjustment proposal to better meet our members’ needs, maintain the value of these therapies, limit our out-of-pocket costs, and maintain cost neutrality, HCA is proposing increasing the number of annual CAM therapy visits to 24 with a $15 copay per visit.

Slides 12 – 14 – Proposed Resolution SEBB 2021-17 UMP Chiropractic, Acupuncture, and Massage Benefits. This Resolution will come to the Board for action at the next Board meeting.

Slide 15 – Next Steps.

**Dave Iseminger:** Since the last SEB Board Meeting, we’ve had two PEB Board Meetings, and the comparable resolution was introduced and passed by the PEB Board yesterday. The first clause of the resolution says both Boards have to act at the same time. I wanted this Board to know the PEB Board has already completed its work on this topic.

**Pete Cutler:** I very much appreciate the robust fiscal analysis and utilization analysis. As a Board Member, I think that’s great. Now I am curious. Am I correct that the PEBB
limits for the CAM benefits, at least in the last couple years, is similar in terms of the numerical limits to what we currently have in SEBB?

**Dave Iseminger:** Pete, they are similar, with one notable difference. Chiropractic in PEBB, as of today, is 10 instead of 16. Otherwise, they match.

**Pete Cutler:** Was the utilization data at least similar in terms of the spread between the number of visits for the PEBB population as for SEBB in the last year?

**Sara Whitley:** Yes. The average visits per distinct utilizer were pretty similar. It was a bit higher in the PEBB population, with chiropractic coming in around seven visits per distinct utilizer, but the patterns themselves remain fairly similar with chiropractic having the highest number of distinct utilizers in both PEBB and SEBB. Massage came in second in the PEBB and SEBB populations, and the smallest distinct utilizers appear with the acupuncture benefit. The count is a little different between the two populations, but the patterns are very similar.

**Pete Cutler:** Great. That adds credibility even though it was a very unusual year for collecting the SEBB data. Thank you very much.

**Dave Iseminger:** I do want to add one other important piece. This whole presentation is solely about the Uniform Medical Plan, just the self-insured product offerings within the portfolio. During the rate negotiation process with the fully insured carriers, HCA alerted them that this was being analyzed and where we might land. None of the fully insured carriers indicated they wanted to propose any adjustments related to CAM therapies at this time. If this Board passes the Resolution and it goes forward, there might be ongoing conversations with the carriers, but they were aware of this proposal. We focused solely on UMP, the benefit this Board has the direct benefit offering authority and benefit design aspects.

**Dual Enrollment COBRA Eligibility Resolution**

Emily Duchaine, Regulatory Analyst, Policy, Rules, and Compliance Section, ERB Division. Slide 2 – SEB Board Policy Resolution. Resolution SEB 2021-16 – SEBB Continuation Coverage Eligibility for Employees’ Dependents is before you for action today. It allows dependents, or the school employee on behalf of the dependent, to continue SEBB dental, SEBB vision, or both, on a self-pay basis for up to 36 months after the dependent is auto-disenrolled. We received no stakeholder feedback.

Slide 3 – RCW 41.05.740(6)(d) is for your reference as to the Board’s authority.

**Lou McDermott: Vote – Resolution SEBB 2021-16 – SEBB Continuation Coverage Eligibility for School Employees’ Dependents**

Resolved that, if a school employee’s dependent was auto-disenrolled from SEBB dental, SEBB vision, or both, because the school employee was auto-disenrolled from SEBB benefits to remain in PEBB benefits, the dependent may elect to enroll in SEBB dental, SEBB vision, or both. These benefits will be provided for a maximum of 36 months on a self-pay basis.
Dawna Hansen-Murray moved, and Pete Cutler seconded a motion to adopt.

Voting to Approve: 9  
Voting No: 0

Lou McDermott: Resolution SEBB 2021-16 passes.

2022 Rates Overview
Tanya Deuel, ERB Finance Manager, Financial Services Division. Slide 2 – Overview of the proposed 2022 premiums. The next three slides will show how the Employer Medical Contribution (EMC) is determined and the employee contributions.

Slide 4 – Employer Medical Contribution (EMC) – Sample Illustration. The EMC is defined in the Collective Bargaining Agreement and is an amount equal to 85% of the UMP Achieve 2 bid rate. The example on this slide shows the formula of how the employee contribution is determined.

Slide 5 – Determining Employee Premiums – Sample Illustration, shows how it works for multiple plans. First, take each of the plan bid rates for all of the plans in the portfolio. In this example, there’s only three. For each of the plans, subtract the $500, regardless of plan selection.

Slide 6 – Determining Employee Premiums by Tier – Sample Illustration. For Plan A in this situation, Tier 1, there is a single subscriber. $200 x 1 = $200 premium. For Tier 2, there is a subscriber and spouse, or state registered domestic partner. Multiply it by two and the $200 single tier becomes $400. For Tier 3, subscriber and child, or children, it gets multiplied by 1.75, resulting in a $350 premium, and finally, Tier 4, subscriber, spouse, or state registered domestic partner, and child or children, multiplied by three, becomes a $600 premium. That logic is the same, regardless of which plan the member picks. It does not matter if the employee has one child or 10 children, the rate is the same regardless of how many children are enrolled in that plan.

Slides 7 & 8 – Employee / Employer Premium Contributions. These slides are sorted by carrier, then by plan. As described on the previous illustrative example, the EMC in the middle column is the same regardless of plan selection. This year, the EMC is $570. To line this slide up with the example we just walked through, start on the right, the total composite rate, which is generally our bid rate in most cases, subtract the EMC in the middle, and you get the employee contribution on the left.

Slides 9 & 10 – Employee Premium Contributions, compares rates employees are paying today versus what the proposed rates are for 2022. We’ll look at the change in subscriber rate in terms of percentages and dollars, as well as an enrollment count for the portfolio. Again, these are sorted by carrier. A reminder that the EMC being benchmarked on the Achieve 2, like we just walked through, has implications on some of the employee premiums. Due to that methodology, as certain plans have increases that are greater than the EMC, all of that increase is borne by our members. For plan year 2022, the UMP Achieve 2 bid rate which drives the employer premium, has a resulting increase to the EMC of 2.7%. For the bid rates that came in higher than that
2.7%, the employee who enrolls in those plans will experience that increase. Some of these increases look larger percentage wise here, but some are on smaller numbers. When there's an increase on a smaller number, some of those percentages look large.

On Slide 10, on UMP Achieve 2 you will see that it went from $98 to $101, a $3 increase for members this year. That's what the Employer Medical Contribution is benchmarked off of.

Slides 11 & 12 – 2022 Proposed Employee contribution by Tier shows the rates by Tiers, sorted by carrier and plan. The table shows the four Tiers, Subscriber, Subscriber and spouse or state registered domestic partner, Subscriber and child or children, and Subscriber, spouse or state registered domestic partner, and child(ren).

Slide 12 also has a reminder about the tobacco and spousal surcharges.

Slide 13 – Employer Contributions: Dental, Vision, Basic Life and AD&D, and Basic Long-Term Disability.

Slide 14 – Dental Premiums. Dental premiums are listed and are 100% paid by the employer for employees in the SEBB Program. The four Tiers are shown with the carriers associated premiums for each Tier. Delta Care and Willamette are both fully insured products, and the Uniform Dental Plan (UDP) is the self-insured dental product. All three are in a rate guarantee through plan year 2022, with the exception of the Uniform Dental Plan. Being self-insured, the Third Party Administrator (TPA) portion of this rate is in a rate guarantee, but we have an adjustment on rates every year based on actual claims experience, which was very minimal this year.

Slide 15 – Vision Premiums. Vision premiums are shown by Tier and carrier. These are 100% employer paid, as well and in a rate guarantee now through the next two years (through 2023). There were no changes from the prior year.

Slide 16 – Life and AD&D, and LTD Premiums. The basic benefits for Life and AD&D and LTD are 100% employer funded and have no rate changes for plan year 2022. Supplemental life is employee-funded with no rate changes for 2022. Supplemental LTD is also employee-funded but does have new rates based on the new redesign the Board adopted earlier in the season for the opt-out program.

Slide 17 – Basic Life and AD&D and Basic Long-Term Disability shows subscriber rates for Life and AD&D and LTD. These have not changed.

Slides 18 – 23 are the proposed resolutions. There is one resolution per carrier. When the Board adopts the resolutions, they're adopting all of the plans within that carrier, and all of the underlying plan design changes shared earlier this Board season.

Slide 19 – Proposed Resolution SEBB 2021-18 – KPNW Medical Premiums
Slide 20 – Proposed Resolution SEBB 2021-19 – KPWA Medical Premiums
Slide 21 – Proposed Resolution SEBB 2021-20 – KPWAO Medical Premiums
Slide 22 – Proposed Resolution SEBB 2021-21 – Premera Medical Premiums
Slide 23 – Proposed Resolution SEBB 2021-22 – UMP Medical Premiums
Slide 24 – Next Steps. HCA will request action be taken by the Board at the July 22 meeting on these premium resolutions.

**Benefit Update – Medical Flexible Spending Arrangement (FSA) & Dependent Care Assistance Program (DCAP)**

**Martin Thies**, Portfolio Management & Monitoring Section, ERB Division. Slide 2 – Overview. Today's presentation provides an update on the tax-advantaged accounts offered to SEBB subscribers. These benefits are authorized by the HCA’s Cafeteria Plan. This presentation is informational and does not require Board action.

Slide 3 – Benefit Recap. HCA maintains an annual salary payroll reduction plan, making it possible for employees to reduce their salary through payroll deductions, and thereby participate in these tax advantaged benefits. For SEBB Program subscribers in 2021, two such benefits were available: the medical FSA, whereby employees can deduct from their paychecks up to $2,750 for 2021, which can be used for eligible out-of-pocket medical costs. The IRS often adds a $50 COLA to this maximum election each fall. Secondly, the Dependent Care Assistance Program (DCAP) works the same way, but comes with a $5,000 annual maximum election that can be used for eligible dependent care expenses. Until now, the $5,000 maximum has not changed for decades.

Slide 4 – FSA/DCAP Savings. Because the payroll deductions are pre-taxed, employees don't pay income tax on the amount of their annual election. Nor do they or employers pay FICA taxes on these pre-tax elections. The table on this slide is a look at two years' experience with these accounts in SEBB. The SEBB participation number in 2021 dropped by over 35%, which is related to the pandemic in 2020.

Slide 5 – COVID -19 Impact & Response. Over the last 15 months, the pandemic had an enormous impact on how, and if, we accessed health care and dependent care. For a period, last year, elective surgeries were put on hold. People stayed home and didn't want to venture out, and viewed health care facilities, in particular, as risky. The childcare marketplace was in relative disarray with closures, lack of demand, and excess demand, if local centers closed their doors. The impact was that many were having a hard time claiming the funds they put aside in flexible spending accounts. They didn't have the expenses, through no fault of their own. The IRS responded in May of last year, issuing a memo allowing subscribers to initiate new accounts, and prospectively increase or decrease their payroll deduction within plan limits. HCA’s response was to host a one-month limited open enrollment last July for members to take advantage of these leniencies.

Slide 6 – COVID-19 Impact & Response (cont.). With the passage of December’s stimulus bill, more leniencies were introduced allowing HCA to offer more opportunities to members as noted on this slide. HCA is also allowing account holders to change their annual elections prospectively in 2021 – March, June, and September. The stimulus bill also increased the DCAP maximum election. It's been $5,000 for decades. The American Rescue Plan Act has for 2021 increased the DCAP election to $10,500 in March. Employees with 2021 DCAP accounts can take advantage of this increased maximum in September, if they haven't already. Preliminary data indicates SEBB DCAP annual elections increased nearly 20% from a snapshot taken in April before this opportunity was offered. Congress will need to act before the end of the
year to make this increased election permanent, otherwise the DCAP maximum will revert to $5,000 in 2022.

Lou McDermott: Marty, I have watched this program over the years, and to be honest, there haven’t been many changes. The program has been relatively intact for a long period of time. I'm happy to see the federal government and our agency provide this flexibility to people during the pandemic, because, obviously, many people were impacted financially. From the medical perspective, this is fantastic. I do appreciate this, and I appreciate that you're staying on top of it to make and monitoring it to ensure our members are benefiting from those changes. So, thank you so much.

Marty Thies: Thank you, Chair McDermott. Yes, COVID impacted this benefit, in particular, very hard. This benefit has been fairly steady over the years.

Slide 7 – Design Changes Coming in 2022. I'm shifting away from COVID to talk about upcoming changes for the 2022 plan year, which are listed on this slide. HCA is making some changes to tax-advantaged accounts that are intended to make these benefits more attractive, and to increase participation. First, we're introducing the limited purpose flexible spending arrangement. This will be the third flexible spending arrangement we offer to SEBB subscribers, in addition to the medical FSA, and the dependent care FSA called DCAP. The limited purpose FSA will function like the medical FSA, with the same minimum and maximum elections, and the same process from payroll deduction to claiming. UMP High Deductible subscribers cannot enroll in a medical FSA, but they can enroll in a limited purpose FSA. The IRS deems it compatible with a health savings account. No one can enroll in both the medical FSA and the limited purpose FSA in the same year. We think the addition of this arrangement will lead to more SEBB subscribers enrolling in tax-advantaged accounts, or at least giving them a try.

Slide 8 – Selected Eligible Expenses. This new FSA offering does come with a significant difference. Unlike the medical FSA, the limited purpose FSA can be used only for vision and dental expenses. As demonstrated on the table, using just a small selection of out-of-pocket expenses, the medical FSA covers everything the limited purpose FSA covers, but much more. The UMP High Deductible subscribers who are looking at possibly a LASIK procedure or orthodontia next year, the limited purpose FSA would be a great opportunity. Subscribers not in UMP High Deductible can, if they so choose, also opt to enroll in a limited purpose FSA, rather than a medical FSA, but it wouldn't make much sense, because the medical FSA in terms of eligible expenses is more versatile.

Slide 9 – Lowering the Minimum Election – from $240 to $120. The $120 minimum election will be the same for the medical FSA, the limited purpose FSA, and DCAP.

Slide 10 – Moving to Carryover. For 2022, HCA will change what happens to unspent funds at the end of each plan year. The FSAs can have a grace period or a carryover at the end of each year. The grace period gives those with unspent funds at the end of the plan year another 75 days to incur costs and then claim them by March 31. The carryover is when some, or all, of a participants’ unspent funds can be moved to, and used in, the next plan year. A plan sponsor can offer either of these, but not both. They also don’t have to offer either. Currently HCA's FSA benefit has a grace period.
Slide 11 – Moving to Carryover (cont.). For 2022, HCA will move to the carryover design, which does not apply to DCAP because the IRS does not allow a carryover with dependent care FSAs. Carryover is seen as more participant friendly than the grace period, making it easier to avoid forfeitures. The $550 maximum carryover is an IRS rule. The minimum carryover amount will be the new $120 minimum election amount. If the member is not enrolling in a medical or limited purpose FSA for the next plan year, the minimum amount that can be carried over is $120. Members will still need to pay attention to their enrollment and do what they can to use their funds.

Slides 12 – 14 – Carryover Examples #1 - #3.

Slide 15 – Carryover: Example Summary. This table summarizes the three examples.

Slide 16 – Timing of the Carryover. The current 2021 Medical FSAs will be subject to the grace period at the end of 2021, as always, because last fall participants enrolled in an FSA with a grace period. This fall, however, they will be enrolling in a medical FSA, or perhaps in a few cases, a limited purpose FSA, with a carryover to the subsequent year. The first carryover will take place in January 2023.

Slide 17 – Letting Subscribers Know. HCA Communications has prepared a comprehensive plan to explain the benefit change and the limited purpose FSA. This slide also lists other avenues for disseminating this information.

Dave Iseminger: I want to highlight one thing about the benefit. If school employees wonder whether their voice makes an impact, I can definitely say, in this instance, it has. During the inaugural open enrollment, it was all hands-on deck when it came to benefits fairs. I deployed myself to a few as well. I remember standing in a Bremerton community center talking to a school employee from the Central Kitsap School District who was really highlighting how she had loved the experience of a carryover rule. She wondered why the SEBB benefit was not going to be a carryover rule. It was one of her top three questions, which surprised me that it was in the top three! As the night went on, a second person asked me about it, and a third person. I was the designated person for answering FSA questions. When I went to Eastern Washington, similarly, I had questions about the benefit design of the FSA and why it was or wasn’t a carryover rule. And that, along with our Administrator, who had been nudging us to look at this as another modern change authorized by the IRS, is really what set the stage for what became the project, this presentation, and the changes for 2022. If you’re a school employee listening on the line, your voices do make a difference. It definitely did with this particular benefit design.

Lou McDermott: Marty, I appreciate the presentation today, all the information and work on this program. Thank you so much.

COBRA Subsidy Update
Kat Cook, Benefit Strategy Analyst, Benefits Strategy and Design Section, ERB Division. I’m the project manager for the COBRA subsidy implementation. Slide 2 – What is the COBRA Subsidy? The American Rescue Plan Act of 2021 (ARPA) was the COVID relief bill passed by the federal government in March. It created a 100% subsidy of the COBRA monthly premium for eligible individuals. Essentially, the federal
government will pay the COBRA premiums for eligible individuals with tax credits for employers. The intent was to help people who lost employer-paid health coverage during the COVID-19 pandemic to regain that coverage. Benefits found on the Health Benefits Exchange does not disqualify them from the subsidy. To be eligible through the SEBB Program, they would need to be a current or former employee of a SEBB Organization.

Slide 3 – Subsidy Denials lists reasons why someone’s application for the subsidy might be denied. Denied applicants would receive a letter noting the reason for the denial and outlining their appeal rights. HCA will handle the appeals, not the employers.

Slide 4 – Why Would Someone’s Subsidy End? Listed are some reasons why. Subsidized coverage is only available through September 30 unless Congress extends that deadline. If someone no longer has access to COBRA under the subsidy, that does not mean their SEBB Continuation Coverage eligibility has ended.

Slide 5 – 2021 COBRA Subsidy Statistics lists some statistics about the COBRA subsidy thus far.

Slide 6 – 2021 COBRA New Enrollees. This chart shows the newly enrolled COBRA individuals and those who were previously enrolled in COBRA.

Slide 7 – Retro-coverage on the COBRA Subsidy. There were two options to receive the SEBB Continuation Coverage extended election period which were during the extended election period or by choosing to enroll retroactively to the original date coverage was lost. The American Rescue Plan extended the election period with one caveat. In order to retro enroll, the outstanding balance must be paid by the subscriber in full to unlock the retro date benefit. If they didn't pay those retro premiums, they would be enrolled only to the subsidy period paid by the federal government starting April 1, 2021. To date, no SEBB COBRA subsidy enrollees chose to exercise this option.

Slide 8 – Continuation Coverage Utilization Trends. This slide includes COBRA and COBRA-like continuation coverage trends authorized by the Board. Full continuation coverage population is slightly larger than the federally authorized COBRA population due to Board-related extensions on continuation coverage, like Resolution SEBB 2020-07 discussed earlier, and others. These trends are similar within PEBB, with a marked increase in continuation coverage utilization in 2021. The only stark difference is subsidy uptake, which is three times higher in PEBB.

Slide 9 – Next Steps shows how we plan to move forward.

**Dave Iseminger:** Staff will prepare a retro look back on the entire process and do additional data review for the next Board season.

**Pete Cutler:** Given my concerns about health care administrative costs, my reaction is the average administrative cost per person who actually is approved for the benefit must be huge. I hope Congress doesn't continue to try these highly targeted type assistant programs that sound like they're helping a lot of people, but in reality, you have to spend a ton of money to do the administration of them and have a very small number of people
who actually end up benefiting. That’s not a question, just a soapbox statement. Thank you for your patience.

**Public Comment**  
**Julie Sali**, Washington Education Association. I’ll be brief today. For the record, I wanted to note our support of the proposed changes that are coming in the CAM, as well as the FSA changes. We do appreciate you being responsive to questions that our members have raised and continue to look at these issues and find ways to meet those needs. Thank you.

**Next Meeting**  
July 22, 2021  
9:00 a.m. – 11:30 a.m.

**Preview of July 22, 2021 SEB Board Meeting**  
**Dave Iseminger**, Director, Employees and Retirees Benefits Division, provided an overview of potential agenda topics for the July 22, 2021 Board Meeting.

Meeting adjourned at 10:28 a.m.
TAB 4
2023 Rates Overview

Tanya Deuel  
ERB Finance Manager  
Financial Services Division  
July 7, 2022

Kate LaBelle  
Fiscal Information & Data Analyst  
Financial Services Division
Employee Premium Contributions
Employer Medical Contribution (EMC)
Sample Illustration

UMP Achieve 2 Bid Rate

$588

($500)

= $88

Employee Contribution
Determining Employee Premiums
Sample Illustration

Plan bid rates

EMC

Employee contribution

A $700  B $650  C $600

($500)

A $200  B $150  C $100

$200  $150  $100

$500
### Determining Employee Premiums by Tier

#### Sample Illustration

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*Tiers 3 and 4 do not change when you have one child or multiple children covered.*
## Employee / Employer Premium Contributions

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<th>Draft 2023 Employee Contribution (Single Subscriber)</th>
<th>Draft EMC (Employer Medical Contribution)</th>
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- EMC is on a Per Adult Unit Per Month (PAUPM) basis
- Rounded to the nearest dollar
### Employee / Employer Premium Contributions (cont.)

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<th>Draft 2023 Employee Contribution (Single Subscriber)</th>
<th>Draft EMC (Employer Medical Contribution)</th>
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- EMC is on a Per Adult Unit Per Month (PAUPM) basis
- Total Composite Rate for the SEBB UMP High Deductible includes an employer Health Savings Account (HSA) contribution of $375 per year for Tier 1 and $750 per year for all other tiers
- Rounded to the nearest dollar
# Employee Premium Contributions

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</tr>
<tr>
<td>Kaiser Permanente WA Summit 3</td>
<td>N/A</td>
<td>$142</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

- **Employee Contribution (Single Subscriber)**
- **2022 to 2023 Change in Subscriber Rate**
- **Enrollment**
# Employee Premium Contributions (cont.)

<table>
<thead>
<tr>
<th>Plan</th>
<th>2022 Employee Contribution (Single Subscriber)</th>
<th>2022 to 2023 Change in Subscriber Rate</th>
<th>Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022 Proposed 2023</td>
<td>%</td>
<td>$</td>
</tr>
<tr>
<td>Premera Blue Cross High PPO</td>
<td>$87</td>
<td>$97</td>
<td>11.5%</td>
</tr>
<tr>
<td>Premera Blue Cross HMO</td>
<td>N/A</td>
<td>$25</td>
<td>N/A</td>
</tr>
<tr>
<td>Premera Blue Cross Standard PPO</td>
<td>$37</td>
<td>$49</td>
<td>32.4%</td>
</tr>
<tr>
<td>Uniform Medical Plan (UMP) Achieve 1</td>
<td>$37</td>
<td>$42</td>
<td>13.5%</td>
</tr>
<tr>
<td>UMP Achieve 2</td>
<td>$101</td>
<td>$105</td>
<td>4.0%</td>
</tr>
<tr>
<td>UMP High Deductible (with a health savings account)</td>
<td>$25</td>
<td>$28</td>
<td>12.0%</td>
</tr>
<tr>
<td>UMP Plus</td>
<td>$77</td>
<td>$83</td>
<td>7.8%</td>
</tr>
</tbody>
</table>
Employer Contributions:
Dental, Vision, Basic Life and AD&D, and Basic Long-Term Disability
Dental Premiums

<table>
<thead>
<tr>
<th>Plan Name</th>
<th>Subscriber Rate 2022</th>
<th>Subscriber Rate 2023</th>
<th>2022 to 2023 Change in Subscriber Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>DeltaCare</td>
<td>$41.33</td>
<td>$43.40</td>
<td>5.0%</td>
</tr>
<tr>
<td>Uniform Dental Plan</td>
<td>$49.76</td>
<td>$48.31</td>
<td>-2.9%</td>
</tr>
<tr>
<td>Willamette</td>
<td>$49.90</td>
<td>$49.90</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

- Employee premiums are paid 100% by the employer for all tiers.
Other Benefits

- The following will experience no benefit or rate changes in plan year 2023:
  - Vision
  - Basic Life and AD&D
  - Basic LTD
Proposed Resolutions
Proposed Resolution SEBB 2022-05
KPNW Medical Premiums

The SEB Board endorses the Kaiser Foundation Health Plan of the Northwest employee premiums.
Proposed Resolution SEBB 2022-06
KPWA Medical Premiums

The SEB Board endorses the Kaiser Foundation Health Plan of Washington employee premiums.
Proposed Resolution SEBB 2022-07
KPWAO Medical Premiums

The SEB Board endorses the Kaiser Foundation Health Plan of Washington Options, Inc. employee premiums.
Proposed Resolution SEBB 2022-08
Premera Medical Premiums

The SEB Board endorses the Premera employee premiums.
Proposed Resolution SEBB 2022-09
UMP Medical Premiums

The SEB Board endorses the Uniform Medical Plan (UMP) employee premiums.
Next Steps

We will ask the Board to take action on these premium resolutions at the July 21, 2022 meeting.
Questions?

Tanya Deuel
ERB Finance Manager

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