

School Employees Benefits Board Meeting

June 24, 2020

School Employees Benefits Board

June 24, 2020

9:00 a.m. – 11:35 a.m.

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

This Meeting is Telephonic Only

Table of Contents

Meeting Agenda	1-1
Member List.....	1-2
Meeting Schedule 2020.....	1-3
SEB Board By-Laws	2-1
State Budget Forecast & Budget Reduction Options.....	3-1
Policy and Eligibility Resolution	4-1
COVID-19 Look Back Response	5-1
SEBB Program Procurement.....	6-1

TAB 1

School Employees Benefits Board
June 24, 2020
9:00 a.m. – 11:35 p.m.

All Board Members will be attending by telephone.

All attendees should attend telephonically.

To attend telephonically:

Call-in Number: 1-866-374-5136

Conference ID Code: 60995706#

[Join Skype Meeting](#)

9:00 a.m.*	Welcome and Introductions		Lou McDermott, Chair	
9:05 a.m.	Meeting Overview		David Iseminger, Director Employees & Retirees Benefits (ERB) Division	Information
9:10 a.m.	State Budget Forecast & Budget Reduction Options	TAB 3	David Iseminger, Director Employees & Retirees Benefits (ERB) Division Megan Atkinson, Chief Financial Officer, Financial Services Division	Information/ Discussion
9:40 a.m.	Policy and Eligibility Resolution	TAB 4	Rob Parkman, Rules and Policy Coordinator, ERB Division	Information/ Discussion
9:55 a.m.	COVID-19 Potential Eligibility Impacts	TAB 5	Rob Parkman, Rules and Policy Coordinator, ERB Division	Information/ Discussion
10:15 a.m.	2021 Annual Procurement	TAB 6	Lauren Johnston, SEBB Program Procurement Manager, ERB Division	Information/ Discussion
10:30 a.m.	Public Comment			
10:45 a.m.	Executive Session			
11:30 p.m.	Reconvene Meeting			
11:35 p.m.	Adjourn			

***All Times Approximate**

The School Employees Benefits Board will meet Wednesday, June 24, 2020. Due to COVID-19 and out of an abundance of caution, all Board Members will attend this meeting by telephone. All attendees will also attend by telephone.

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)(I), 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 10:45 a.m. and conclude no later 11:30 a.m.

No "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.

Direct e-mail to: SEBboard@hca.wa.gov.

Materials posted at: <https://www.hca.wa.gov/about-hca/school-employees-benefits-board-sebb-program> by close of business on June 22, 2020.

SEB Board Members

Name	Representing
Lou McDermott, Deputy Director Health Care Authority 626 8 th Ave SE PO Box 42720 Olympia, WA 98504-2720 V 360-725-0891 louis.mcdermott@hca.wa.gov	Chair
Vacant	Employee Health Benefits Policy and Administration
Pete Cutler 7605 Ostrich DR SE Olympia, WA 98513 C 360-789-2787 pete.cutler@hca.wa.gov	Employee Health Benefits Policy and Administration
Dawna Hansen-Murray 9932 Jackson ST Yelm, WA 98597 C 360-790-4961 dawna.hansen-murray@hca.wa.gov	Classified Employees
Dan Gossett 603 Veralene Way SW Everett, WA 98203 C 425-737-2983 dan.gossett@hca.wa.gov	Certificated Employees
Katy Henry 230 E Montgomery AVE Spokane, WA 99207 V 509-324-2167 katy.henry@hca.wa.gov	Certificated Employees

SEB Board Members

Name

Representing

Terri House
Marysville School District
4220 80th ST NE
Marysville, WA 98270
V 360-965-0010
terri.house@hca.wa.gov

Classified Employees

Wayne Leonard
Assistant Superintendent of
Business Services
Mead School District
608 E 19th Ave
Spokane, WA 99203
V 509-465-6017
wayne.leonard@hca.wa.gov

Employee Health Benefits Policy
and Administration
(WASBO)

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

Employee Health Benefits Policy
and Administration

Legal Counsel

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

3/27/20



STATE OF WASHINGTON
HEALTH CARE AUTHORITY
626 8th Avenue SE • P.O. Box 45502 • Olympia, Washington 98504-5502

SEBB MEETING SCHEDULE

2020 School Employees Benefits Board (SEBB) 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, 2020 - 9:00 a.m. – 3:30 p.m.

March 5, 2020 - 9:00 a.m. – 3:30 p.m.

April 2, 2020 - 9:00 p.m. – 3:30 – p.m.

May 7, 2020 - 9:00 a.m. – 3:30 p.m.

June 4, 2020 - 9:00 a.m. – 3:30 p.m.

June 24, 2020 - 9:00 a.m. – 3:30 p.m.

July 16, 2020 - 9:00 a.m. – 3:30 p.m.

July 23, 2020 - 9:00 a.m. – 3:30 p.m.

July 30, 2020 - 9:00 a.m. – 3:30 p.m.

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

7/2/19

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: July 09, 2019

TIME: 1:24 PM

WSR 19-15-021

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



State Budget Forecast & Budget Reduction Options

Megan Atkinson, Chief Financial Officer
Financial Services Division
June 24, 2020

David Iseminger, Director
Employees & Retirees Benefits Division

Big Picture State Budget Background

- The most recently enacted state operating budget for the current '19-'21 biennium (ends June 2021):
 - Approximately \$101.87B (~\$50B is GF-S)*
 - Total approximate HCA expenditures \$30B (~\$6B is GF-S)
 - Includes non-appropriated PEBB & SEBB money received via funding rates
- Total PEBB & SEBB Program claims & third-party admin costs:

	'19-'21 Biennium
PEBB Program	~\$5.19B
SEBB Program	~\$2.79B Program expenses reflect 18 months of the biennium

- Combined PEBB & SEBB Program admin: ~\$65.7M (0.82%)

*This is an estimate based on subtracting the Governor's partial vetoes from the conference committee budget summary (http://leap.leg.wa.gov/leap/Budget/Detail/2020/hoSummary_0310.pdf)

COVID-19 Economic Impacts

- Combating the COVID-19 pandemic has taken a significant toll on the state's economy
- On June 17, an official update on the state's revenue forecast projected ~\$9 billion less being collected over the next three fiscal years (July 2020 through June 2023)

Select Statewide Actions

- Freeze on hiring, personal services, and equipment purchases instituted May 18, 2020
- Voluntary Separation and Retirement Incentive Program guidelines revised to allow all state agency participation
- Furloughs being implemented (once per week from 6/28-7/25; once per month August through November)
- General wage increase of 3% planned for July 1 cancelled for agency directors, EMS, WMS, and exempt staff making more than \$53,000 a year

Spring 2020 Budget Option Directions

- In mid-May, OFM identified \$462M in General-Fund State (GF-S) expenditures as savings target for HCA in FY21*
- This represents a 15% GF-S reduction target for HCA
- The PEBB and SEBB Programs are not directly funded by GF-S appropriations, therefore a specific reduction target was not provided for these programs
- However, all parts of government were asked to identify savings options to contribute to a combined target of \$1.9B for FY21
- On June 16, state agencies were directed to submit '21-'23 budget proposals with 15% GF-S reductions to maintenance level funds

* See Appendix: May 13, 2020 OFM letter *"Immediate actions to capture operating budget savings"*

HCA's Budget Options Submission

- In early June, HCA and other agencies submitted budget reduction options to OFM for the next several fiscal years
- HCA's submission included options for all parts of the agency's business, including the SEBB and PEBB Programs
- OFM began publishing agency submissions on its website* on June 8, 2020

* <https://ofm.wa.gov/budget/state-budgets/state-agency-fiscal-year-2021-savings-options>

HCA's Budget Options Submission (*cont.*)

- The submitted savings options are not a formal proposal and do not necessarily reflect either the agency's or Governor Inslee's priorities
- HCA's ultimate goal is to preserve health care services for Washington residents to the extent possible, while the state addresses a significant revenue shortfall due to the COVID-19 pandemic
- OFM and HCA will continue working together to refine proposed budget reductions for the Governor and the Legislature to consider for both FY21 and the '21-'23 biennial budgets

HCA's Budget Options Submission (*cont.*)

- Several options require changes to state law
- Several options have potential collective bargaining agreement impacts
- Some options could be approved just by Board action
- Few options exist for the SEBB and PEBB Programs to make significant contributions to FY21
 - Most aspects of the program align with the calendar year, which is the midpoint of the state fiscal year
 - Even changes for January 2021 require decisions by the middle of 2020 to allow for implementation

SEBB & PEBB Program Submission Topics

- Benefits
 - Change or eliminate the wellness program
 - Change or eliminate the \$250 employer contribution to a medical Flexible Spending Arrangement (FSA) for represented employees (PEBB only)
 - Introduce UMP Select additional medical plan offering (PEBB only)
 - Restructure Long-Term Disability (LTD) Benefit
 - Delay implementation of next Centers of Excellence (COE) bundle
 - Reduce Health Savings Account (HSA) employer contribution (PEBB only)

SEBB & PEBB Program Submission Topics (*cont.*)

- Eligibility
 - Increase the benefits maintenance eligibility rule from 8 hrs/month (PEBB only)
- State Funding
 - Change the Employer/Employee contribution split or formula
 - Introduce retiree MA-PD plans that access CMS funds to lower retiree premiums and explicit subsidy contributions
 - Change the Medicare explicit subsidy level and K-12 remittance

SEBB & PEBB Program Submission Topics (*cont.*)

- Administrative
 - Account for administrative fee reductions related to COVID-19 that are returned by carriers
 - Simplify the new PEBB-SEBB dual enrollment prohibition criteria
 - FTE reduction
 - Actuarial budget variance (SEBB only)

SEBB Program FY21 Timeline

- Fiscal Year '21 is July 1, 2020 - June 30, 2021
- To implement any program changes for the 2021 plan year, which could impact the second half of state FY21, would require action essentially now
- Many options require legislative action or impact the collective bargaining agreement
- There are a few options within the Board's authority that could still be implemented in time to impact state FY21

Questions?

Megan Atkinson, Chief Financial Officer
Financial Services Division
Megan.Atkinson@hca.wa.gov

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

Appendix

- May 13, 2020 OFM letter “Immediate actions to capture operating budget savings”
- Agency June 2020 OFM submission: PEBB & SEBB Programs’ savings options

May 13, 2020 OFM Letter “Immediate actions to capture operating budget savings”



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555

May 13, 2020

TO: Agency Directors

FROM: David Schumacher
Director

A handwritten signature in blue ink, appearing to be "DS", written over the printed name of David Schumacher.

SUBJECT: IMMEDIATE ACTIONS TO CAPTURE OPERATING BUDGET SAVINGS

It has been more than six weeks since Washington began taking sweeping actions to combat the worst global pandemic in more than a century. The good news is these actions appear to be working to “flatten the curve” of COVID-19 cases and we are saving lives.

Unfortunately, these necessary efforts to combat the deadly coronavirus are taking a significant toll on our economy. We recently got our first glimpse of how state revenue collections will be impacted. As expected, the news was grim.

In an unofficial update to the state’s revenue forecast, the state’s chief economist projected that revenue collections over the next three fiscal years will be about \$7 billion lower than was forecast less than three months ago. The unofficial revenue update on April 30 is based on incomplete data, and we won’t have official projections until the next state revenue forecast in June.

It is clear, however, that we must start taking steps now to confront this fiscal crisis. Even using all of the reserves, if the unofficial forecast holds true, we estimate the state would still face a \$4.1 billion shortfall over the next three years.

Therefore, I am directing agencies to identify operating budget savings options from their fiscal year 2021 appropriations. OFM’s immediate combined savings options target is \$1.9 billion. (See the attachment for specific agency targets.) All agencies are not listed because they have little opportunity for Near General Fund savings. However, all agencies should identify savings they can make on their own or which require legislation and must be included in a second supplemental budget.

In addition, all agencies should be planning to propose reductions as part of their 2021–23 budget submittals. Any reductions taken in a second supplemental budget may help alleviate the scale of the budget problem next biennium.

Today the governor issued a directive requiring agencies to place a freeze on new hires, personal services contracts and equipment purchases, effective May 18, 2020. Some agency savings will be realized by complying with the freeze.

In looking for additional savings, agencies should:

- Identify under-expenditures, premium adjustments and efficiencies
- Focus mainly on Near General Fund accounts, but consider all accounts for savings
- Use other funds in lieu of General Fund-State whenever possible

- Reduce, delay or eliminate programs
- Identify programs or services that do not meet your core mission
- Look for opportunities to immediately realize savings through program changes that you anticipate proposing in your 2021–23 budget requests

During this exercise, please also consider the following:

- Central services charge programs (would the action drive up central service costs?)
- Offsets to savings (does the reduction to one program move the problem and cost to another program?)
- Overlapping programs (does the reduction cross programs and/or agencies?)
- Timing of savings (how long would implementation of reductions actually take?)
- Are legislative changes required to implement any of the savings options?

Please work with your [OFM budget analyst](#) so they are prepared with options by June 1. Use this [savings template](#) to identify your savings options and send it to ofm.budget@ofm.wa.gov and your budget analyst. Any savings that can be realized now will require agencies to submit allotment amendments that reflect the reductions.

Although this budget savings options exercise applies to cabinet agencies, I urge the presidents of higher education institutions, boards and commissions, and our separately elected officials to undertake a similar budget savings exercise within their agencies and jurisdictions.

Thank you for your efforts on this challenging task.

Attachment: Targeted Reduction Amount by Agency

FY 2021 Near-GFS Appropriations and Reduction Targets

(Dollars In Thousands)

	FY 2021 Appropriation	Reduction Amount 15%
Totals	\$ 12,492,924	\$ 1,873,939
<i>Governmental Operations</i>		
Office of the Governor	9,165	1,375
Office of the Lieutenant Governor	1,545	232
Public Disclosure Commission	5,456	818
Office of the Secretary of State	19,562	2,934
Office of the Attorney General	16,472	2,471
Caseload Forecast Council	2,063	309
Department of Commerce	144,041	21,606
Office of Financial Management	13,649	2,047
Department of Revenue	153,625	23,044
Board of Tax Appeals	2,598	390
Department of Enterprise Services	6,324	949
Military Department	11,403	1,710
Public Employment Relations Comm	2,291	344
Dept of Arch and Hist Preservation	2,328	349
Total Governmental Operations	390,522	58,578
<i>Other Human Services</i>		
Wash State Health Care Authority	3,082,951	462,443
Human Rights Commission	3,007	451
Criminal Justice Training Comm	31,339	4,701
Department of Labor and Industries	26,698	4,005
Department of Health	83,283	12,492
Department of Veterans Affairs	25,755	3,863
Dept of Children, Youth, & Families	1,035,774	155,366
Department of Corrections	1,208,986	181,348
Dept of Services for the Blind	3,971	596
Total Other Human Services	5,501,764	825,265
<i>Dept of Social & Health Services</i>		
Behavioral Health Administration	445,867	66,880
Developmental Disabilities Administration	933,712	140,057
Aging & Long-Term Support Administration	1,480,161	222,024
Economic Services Administration	364,389	54,658
Division of Vocational Rehabilitation	17,632	2,645
Administration/Supporting Services	36,863	5,529
Special Commitment Center	53,921	8,088
Payments to Other Agencies	41,064	6,160
Total Dept of Social & Health Services	3,373,609	506,041

	FY 2021 Appropriation	Reduction Amount 15%
<i>Natural Resources</i>		
Department of Ecology	30,955	4,643
State Parks and Recreation Comm	20,906	3,136
Rec/Conserv Funding Board	1,628	244
Environmental & Land Use Hearings	2,641	396
State Conservation Commission	8,208	1,231
Department of Fish and Wildlife	85,371	12,806
Puget Sound Partnership	4,798	720
Department of Natural Resources	67,017	10,053
Department of Agriculture	20,197	3,030
Total Natural Resources	241,721	36,258
<i>Transportation</i>		
Washington State Patrol	58,675	8,801
Department of Licensing	6,109	916
Total Transportation	64,784	9,718
<i>Public Schools</i>		
Non Basic Education	645,000	96,750
Total Non-Basic Education	645,000	96,750
<i>Higher Education</i>		
Student Achievement Council	400,323	60,048
University of Washington	374,741	56,211
Washington State University	248,308	37,246
Eastern Washington University	66,024	9,904
Central Washington University	66,276	9,941
The Evergreen State College	33,870	5,081
Western Washington University	89,530	13,430
Community/Technical College System	788,123	118,218
Total Higher Education	2,067,195	310,079
<i>Other Education</i>		
State School for the Blind	9,275	1,391
WA St. Center for Child Deafness	14,581	2,187
Workforce Train & Educ Coord Board	2,300	345
Washington State Arts Commission	2,513	377
Washington State Historical Society	3,818	573
Eastern Wash State Historical Society	2,841	426
Total Other Education	35,328	5,299
<i>Special Appropriations</i>		
Special Approp to the Governor	173,001	25,950
Total Special Appropriations	173,001	25,950

Agency June 2020 OFM Submission: PEBB & SEBB Programs' savings options

Budget Savings Options 2020

Dollars in Thousands

Agency: Health Care Authority

#REF!

Source	Agency Priority H, M, L	Impact 1-5	Program/Activity	GF-5				Other Funds				CBA Impact		FTE Change		Brief Description and Rationale	Effective Date (MM/YY)	Impacts of Reductions and Other Considerations	Law/Reg. Change Required (cite)
				FY 20	FY 21	FY 22	FY 23	Fund	FY 20	FY 21	FY 22	FY 23	Y/N	FY 20	FY 21				
			PEBB (General Government/Higher Ed = 45.2% GF)																
			Limeade Portal administration costs (only if financial incentives are also modified)					721			1,650	3,300				Estimate assumes a January 1, 2022 implementation date. Depending on implementation date, amounts in each fiscal period may change. The Limeade portal is important to remain as long as there are the other Wellness bargained benefits due to administration of the benefits.			
			Eliminate \$25 Amazon Gift Cards for completing Well Being Assessment (WBA)					721			1,125	1,125	Y			Estimate assumes a January 1, 2022 implementation date. Fiscal assumption is based on one CY. Depending on implementation date, amounts in each fiscal period may change.			
			Eliminate \$125 Reduced Deductible or Health Savings Account (HSA) deposit for earning 2,000 SmartHealth Points					721		-	1,847	3,694	Y			Estimate assumes a January 1, 2022 implementation date. Points to receive the incentive are earned in one CY and the incentive is applied in the next CY. Depending on implementation, fiscal amounts may vary. This estimate assumes members earn in CY2020 and use in CY2021, and then no incentive would be distributed in January 2022. 21% of eligible employees qualify for \$125. Assuming all use the entire \$125, this would be the max savings.			
			\$250 employer FSA contribution for represented employees who earn less than \$50,004					165			2,522	5,044	Y			Estimate assumes a January 1, 2022 implementation date. Additional accounting of funds may need to be reflected in OFM's budget.			
			Introduction of an additional self-insured medical plan enrollment option ("UMP Select" 82AV Plan)					721	2,500	5,000	5,000					Estimate assumes a January 1, 2021 implementation date. Assumes a 5% switching from UMP Classic at the average risk score, based on plan year 2020 bid rates and flat enrollment. A greater enrollment in UMP Select would result in additional savings.			
			Employer/Employee Contribution Split					721					Y						
			80/20							-	44,640	89,279							
			**Each 1% change in employer split = ~\$8 - \$9M																
			Eliminate \$2 Basic LTD benefit and maintain employee-paid optional LTD					721			1,746	3,491				Estimate assumes a January 1, 2022 implementation date. Implement optional LTD Opt Out benefit design making LTD entirely employee paid (DRS Deferred Compensation benefit model). Estimates include flat enrollment. Depending on implementation, fiscal period may change.			
			Introduction of Medicare Advantage Prescription Drug (MA-PD) plan(s)					721								Estimate assumes a January 1, 2021 implementation date. Saving assumptions are based on lower monthly plan premiums, which results in Medicare explicit subsidies lower than the full \$183/month.			
			Enrollment Scenario 1 (1,500 in year 1 becoming 3,000 in year 2)						410		1,365	2,047							
			Enrollment Scenario 2 (5,000 in year1 becoming 7,500 in year 2)						1,638		4,776	6,825							
			Delta Dental - COVID-19 admin fee reduction for Uniform Dental Plan (25% x 4 months for self-insured)					438		558	-	-							
			Raise 8 hours/month maintenance eligibility rule requirement to 16 hours/month					721			4,142	8,712				Estimate assumes a January 1, 2022 implementation date. Increase maintenance hour rule to 16 hours per month vs the current 8 hours per month. Based on data from 2018 this would impact approximately 4,500 subscribers. Depending on implementation date, fiscal period estimates will change.			RCW 41.05.065(4)(j)
			Delay implementation of Centers of Excellence (COE) bariatric bundle					439		525	250	250				Received funds in the 2019-21 biennial budget to implement a third COE bundle for bariatric surgery with an intended launch date of 1/1/2022. The FY21 dollars are for implementation, where the FY22-FY23 dollars were the per case administrative fees.			

																	ESSB 6189 Included a prohibition on dual enrollment between PEBS and SEBB. HCA received funds in the 2020 Supplemental to implement this legislation and the associated IT impacts. The agency can implement in a way that would allow for returning \$1M of those funds (50% PEBS/50% SEBB) pending legislative language change.				ESSB 6189 (2020) Section 4	
		Dual enrollment implementation simplification			418		500		-	-												
		Changes to Medicare Explicit Subsidy (see three options below)			721																	RCW 41.05: .022; .068; .075; .080; .085; .195; .197
		Option 1 - End Medicare Retiree subsidy. Assumes a start date of January 1, 2022 and include the state's portion of the explicit subsidy costs. Does not include what would be saved for employer groups or K12 remittance (included on SEBB list). Estimates also assume RDS Revenue of ~\$21M no longer goes to the state GF (included on the PEBS list).							38,196	82,031												
																	Option 1 included in total below					
		Option 2 - End Medicare Explicit subsidy for dependents and only provide it for subscribers. Assumes a January 1, 2022 start date and includes what would be saved from state's share of the explicit subsidy savings. Unknown impacts to RDS revenue. The loss of ~\$21.7M in GF revenue is not included in this option's estimate.							13,587	28,736												
		Option 3 - Reduce Medicare Explicit subsidy to \$168/month (recently increased to \$183/month in calendar year 2020). Assumes a January 1, 2022 start date. Estimates include the K12 portion of the explicit subsidy cost in K12 Remittance dollars.							1,794	7,337												
		Reduce Health Savings Account (HSA) employer contribution in Consumer-Directed Health Plans (CDHP)							3,300	6,600												
		FTE - HSC4 in Wellness (100% PEBS Funded)			721													Estimate assumes a January 1, 2022 implementation date. Reduce \$700/\$1,400 HSA contribution to \$375/\$750 (matching current SEBB Program employer HSA contributions).				
					418			108	108	108												
		FTE - ERB FIDA PEBS or SEBB			418			115	115	115								Could eliminate either a PEBS or SEBB FIDA. Included in PEBS total.				
									PEBS Total	4,716	106,006	210,796										
								GF5	2,004	45,052	89,588							Includes Option/scenario 1's only				
SEBB																						
		Limeade Portal administration costs (only if financial incentives are also modified)			493					1,380	2,760											Estimate assumes a January 1, 2022 implementation date. Depending on implementation date, amounts in each fiscal period may change. The Limeade portal is important to remain as long as there are the other Wellness bargained benefits due to administration of the benefits.
		Eliminate \$125 Reduced Deductible or Health Savings Account (HSA) deposit for earning 2,000 SmartHealth Points			493					397	794	Y										Estimate assumes a January 1, 2022 implementation date. Points to receive the incentive are earned in one CY and the incentive is applied in the next CY. The first year of the SEBB program this benefit was only based on completing the WBA. For the second year of the program we have estimated only 5% of the 127,000 eligible employees would qualify for the \$125. This estimate assumes members earn in CY2020 and use in CY2021. Assuming all use the entire \$125, this would be the max savings. Depending on implementation, fiscal amounts may vary.
		Move SEBB from Employer Medical Contribution (EMC) to the weighted-average State Index Rate approach			493					37,000	74,000	Y										Estimate assumes a January 1, 2022 implementation date. Current SEBB CBA states employer will contribute 85% of UMP Achieve 2, where PEBS CBA states the employer will contribute an 85% weighted average of all plans.
		Eliminate \$2 Basic LTD benefit and maintain employee-paid optional LTD			493					1,865	3,730											Estimate assumes a January 1, 2022 implementation date. Implement optional LTD Opt Out benefit design making LTD entirely employee paid (DRS Deferred Compensation benefit model). Estimates include flat enrollment. Depending on implementation, fiscal period may change.
		Delta Dental - COVID-19 admin fee reduction for Uniform Dental Plan (25% x 4 months for self-insured)			475			408	0	0												

TAB 4



Policy and Eligibility Resolution

Rob Parkman, Policy and Rules Coordinator
Policy, Rules, and Compliance Section
Employees and Retirees Benefits Division
June 24, 2020

Clarification Needed

At the May 7, 2020 SEB Board Meeting, during public comment, a question was raised about when a full- or part-time teacher moves to a substitute position in the next school year, why their prior teacher work is not included in a two-year look-back eligibility determination?

Discussion and Recommendation

- SEBB 2018-36, the resolution establishing the two-year look back 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 (e.g., consistent schedule compared to an intermittent schedule)
- Working a consistent schedule in a prior school year is not predictive of the amount of work in a future intermittent position
- Based on this, we recommend clarifying the policy to reinforce how it’s currently being administered by SEBB Organizations:
 - School employees working a consistent schedule and school employees working an intermittent schedule are not working in the same type of position for the purpose of determining eligibility using the two-year look back method

Proposed Resolution SEBB 2020-09

Amending Resolution SEBB 2018-36

Eligibility presumed based on hours worked the previous two school years

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.

Eligibility presumed based on hours worked the previous two school years

Example #1

(As presented on November 8, 2018)

Rescind

Example: Classified Employee (part-time bus driver)

A part-time bus driver earned eligibility in April during each of the prior two school years and is returning to a part-time bus driver position for the third year.

- Is she eligible for the employer contribution toward SEBB benefits when she returns to work in the same bus driver position for the third school year? **Yes, unless the SEBB Organization informs the bus driver, in writing, of the specific reasons why she is not anticipated to work at least 630 hours in the current school year.**

Eligibility presumed based on hours worked the previous two school years

Example #2

(As presented on November 8, 2018)

Rescind

Example: Classified Employee (part-time food service worker)

A part-time food service worker earned eligibility in April during each of the prior two school years and is returning to a part-time food service worker type position for the third year.

- Is he eligible for the employer contribution toward SEBB benefits when he returns to work in the same food service position for the third school year? **Yes, unless the SEBB Organization informs the food service worker, in writing, of the specific reasons why he is not anticipated to work at least 630 hours in the current school year.**

Eligibility presumed based on hours worked the previous two school years

Example #1

Updated

Example: 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.

- Is she eligible for the employer contribution toward SEBB benefits when she returns to work in the same bus driver position for the third school year? **Yes, unless the SEBB Organization informs the bus driver, in writing, of the specific reasons why she is not anticipated to work at least 630 hours in the current school year.**

Eligibility presumed based on hours worked the previous two school years Example #3

Example: Paraeducator moving from working an intermittent schedule to working a consistent schedule

A substitute paraeducator working an intermittent schedule 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 school day as a paraeducator.

- Is he returning to work in the same type of position? **No, he went from an intermittent schedule to consistent schedule.**
- Is he eligible for the employer contribution toward SEBB benefits? **Yes, he is eligible because he is anticipated to work at least 630 hours in the school year, so the SEBB Organization would not use the two year look back eligibility rule to determine his eligibility.**

Eligibility presumed based on hours worked the previous two school years

Example #4

Example: Teacher moving from working a consistent schedule to working an intermittent schedule

A teacher worked a consistent schedule the previous ten school years and was eligible for benefits. The teacher will be working as a substitute teacher with an intermittent schedule during the upcoming school year at the same SEBB Organization and is not anticipated to work 630 hours.

- Is the teacher returning to work in the same type of position? **No, the teacher went from a consistent schedule to an intermittent schedule.**
- Is he eligible for the employer contribution toward SEBB benefits when he returns to work an intermittent schedule for the next school year? **No, because the teacher is not anticipated to work 630 hours.**

Eligibility presumed based on hours worked the previous two school years

Example #5

Example: Food service worker moving to new SEBB Organization

A substitute food service worker who worked an intermittent schedule earned eligibility in April during each of the prior two school years and is moving to a substitute food service worker type position with an intermittent schedule for the third year at a new SEBB Organization and is not anticipated to work 630 hours.

- Is the food service worker returning to work in the same type of position?
Yes.
- Is she eligible for the employer contribution toward SEBB benefits when she returns to work in a food service position at a different SEBB Organization for the third school year? **No, because the employee moved to a new SEBB Organization and is not anticipated to work 630 hours.**

Eligibility presumed based on hours worked the previous two school years Example #6

Example: Teacher retiring and then returning to work

A teacher who worked a consistent schedule for the last twenty years with benefits, is going to retire on June 30, 2021, and 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, and is not anticipated to work 630 hours.

- Is the teacher returning to work in the same type of position? **No, she went from a consistent schedule to an intermittent schedule.**
- Is she eligible for the employer contribution toward SEBB benefits when she returns to work in the substitute teacher position with an intermittent schedule for the next school year? **No, not using the two-year look back rules and she is not anticipated to work 630 hours.**

Questions?

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

Appendix

Resolution SEBB 2018-36
As approved / presented to the
SEB Board on November 8, 2018

Policy Resolution SEBB 2018-36

Eligibility presumed based on hours worked the previous two school years (As approved on November 8, 2018)

Resolved that, a school employee is presumed eligible if they:

- worked at least 630 hours in each of 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.

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.

Eligibility presumed based on hours worked the previous two school years

Example #1

(As presented on November 8, 2018)

Example: Classified Employee (part-time bus driver)

A part-time bus driver earned eligibility in April during each of the prior two school years and is returning to a part-time bus driver position for the third year.

- Is she eligible for the employer contribution toward SEBB benefits when she returns to work in the same bus driver position for the third school year? **Yes, unless the SEBB Organization informs the bus driver, in writing, of the specific reasons why she is not anticipated to work at least 630 hours in the current school year.**

Eligibility presumed based on hours worked the previous two school years

Example #2

(As presented on November 8, 2018)

Example: Classified Employee (part-time food service worker)

A part-time food service worker earned eligibility in April during each of the prior two school years and is returning to a part-time food service worker type position for the third year.

- Is he eligible for the employer contribution toward SEBB benefits when he returns to work in the same food service position for the third school year? **Yes, unless the SEBB Organization informs the food service worker, in writing, of the specific reasons why he is not anticipated to work at least 630 hours in the current school year.**

TAB 5



COVID-19 Potential Eligibility Impacts

Rob Parkman, Policy and Rules Coordinator
Policy, Rules, and Compliance Section
Employees and Retirees Benefits Division
June 24, 2020

Section 5 - Engrossed Substitute Senate Bill 6189 (new section within Chapter 41.05 RCW)

(1) A school employee eligible as of February 29, 2020 for the employer contribution towards benefits offered by the school employees' benefits board, shall maintain their eligibility for the employer contribution under the following circumstances directly related or in response to the governor's February 29, 2020 proclamation of a state of emergency existing in all counties in the state of Washington related to the novel coronavirus (COVID-19):

(a) During any school closures or changes in school operations for the school employee;

(b) While the school employee is quarantined or required to care for a family member, as defined by RCW 49.46.210(2), who is quarantined; and

(c) In order to take care of a child as defined by RCW 35 49.46.210(2), when the child's:

(i) School is closed;

(ii) Regular day care facility is closed; or

(iii) Regular child care provider is unable to provide services.

Section 5 - Engrossed Substitute Senate Bill 6189 (new section within Chapter 41.05 RCW) (*cont.*)

(2) Requirements in subsection (1) of this section expires when the governor's state of emergency related to the novel coronavirus (COVID-19) ends.

(3) When regular school operations resume, school employees shall continue to maintain their eligibility for the employer contribution for the remainder of the school year so long as their work schedule returns to the schedule in place before February 29, 2020 or, if there is a change in schedule, so long as the new 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 benefits eligibility.

(4) Quarantine, as used in subsection (1)(b) includes only periods of isolation required by the federal government, a foreign national government, a state or local public health official, a health care provider, or an employer.

ESSB 6189 Eligibility Impacts

- It is unknown at this time when the state of emergency will end.
- School employees, eligible as of February 29, 2020 will maintain their eligibility for SEBB Program benefits until the state of emergency ends, as long they remain a school employee as described in RCW 41.05.011 (6)(b).

COVID-19 and SEBB Program Eligibility

Public comment raised concerns that COVID-19 impacts on the 2019-2020 school year could negatively impact future application of the two-year look back method.

- Some school employees didn't work 630 hours during the 2019-2020 school year, but might have if the school year had not been impacted by COVID-19.
- But for some school employees, especially those who work intermittent schedules, there is no guarantee they would have actually reached 630 hours of work.
- There are multiple scenarios that could have prevented eligibility from being reached between February 29 and the end of the 2019-2020 school year:
 - Some SEBB Organizations developed written policies limiting the number of hours for employees working intermittent work schedules.
 - A school employee may have intended to work additional hours, but decided themselves to withdraw or not request additional hours.

Possible Courses of Action (COA)

Options in response to the concerns that have been raised:

COA 1 – Use the current rules with no changes. For the 2019-2020 school year, count only the hours actually worked. Make no adjustments for the impact of the state of emergency on future applications of the two-year look back rule.

COA 2 – Count the 2019-2020 school year as a 630+ hours year (regardless of the actual number of hours worked), only for the purpose of the two-year look back rule, as long as 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 purposes of the two-year look back rule, as long as the school employee was scheduled with the SEBB Organization to work 630 hours.

Recommendation

COA 1 – Use the current rules with no changes. For the 2019-2020 school year, count only the hours actually worked. Make no adjustments for the impact of the state of emergency on future applications of the two-year look back rule.

Some reasons for this recommendation:

1. The two-year look back rule is already complex.
2. Maintaining consistent application among SEBB Organizations is important.
3. Developing policy exceptions based on emergent situations may have unintended consequences.

Questions?

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

TAB 6



2021 Annual Procurement

Lauren Johnston
SEBB Program Procurement Manager
Employees and Retirees Benefits (ERB) Division
June 24, 2020

Medical Procurement Work Plan

- Request for Renewal (RFR) released March 30, 2020
- RFR Responses returned April 29, 2020 and May 8, 2020
- Preliminary negotiations May – June 2020
- First public presentation of rates mid-July meeting
- Final vote on results end of July 2020

Hearing Benefit Change

- Per Legislative Action
 - ESSB 5179 (2018 Session)
- One hearing instrument per ear every five years
 - Covered in full at in-network providers
 - No cost share for member; entirely covered by health plan
 - No balance billing by providers

Uniform Medical Plan (UMP) 2021 Benefit Changes

- Adding the Hearing Instruments Mandate
 - After deductible is met on the UMP High Deductible Plan
- UMP Plus – Puget Sound High Value Network (PSHVN) service area changes

2021 Benefit Changes *(cont.)*

UMP Plus – Puget Sound High Value Network (PSHVN):

- Service area expansion for 2021 into Chelan County and Douglas County through its partnering with Confluence Health
- The Everett Clinic to join PSHVN no later than 1/1/2021

UMP Plus – UW Medicine Accountable Care Network (ACN)

- No change to service areas for 2021

2021 Network Partners - PSHVN

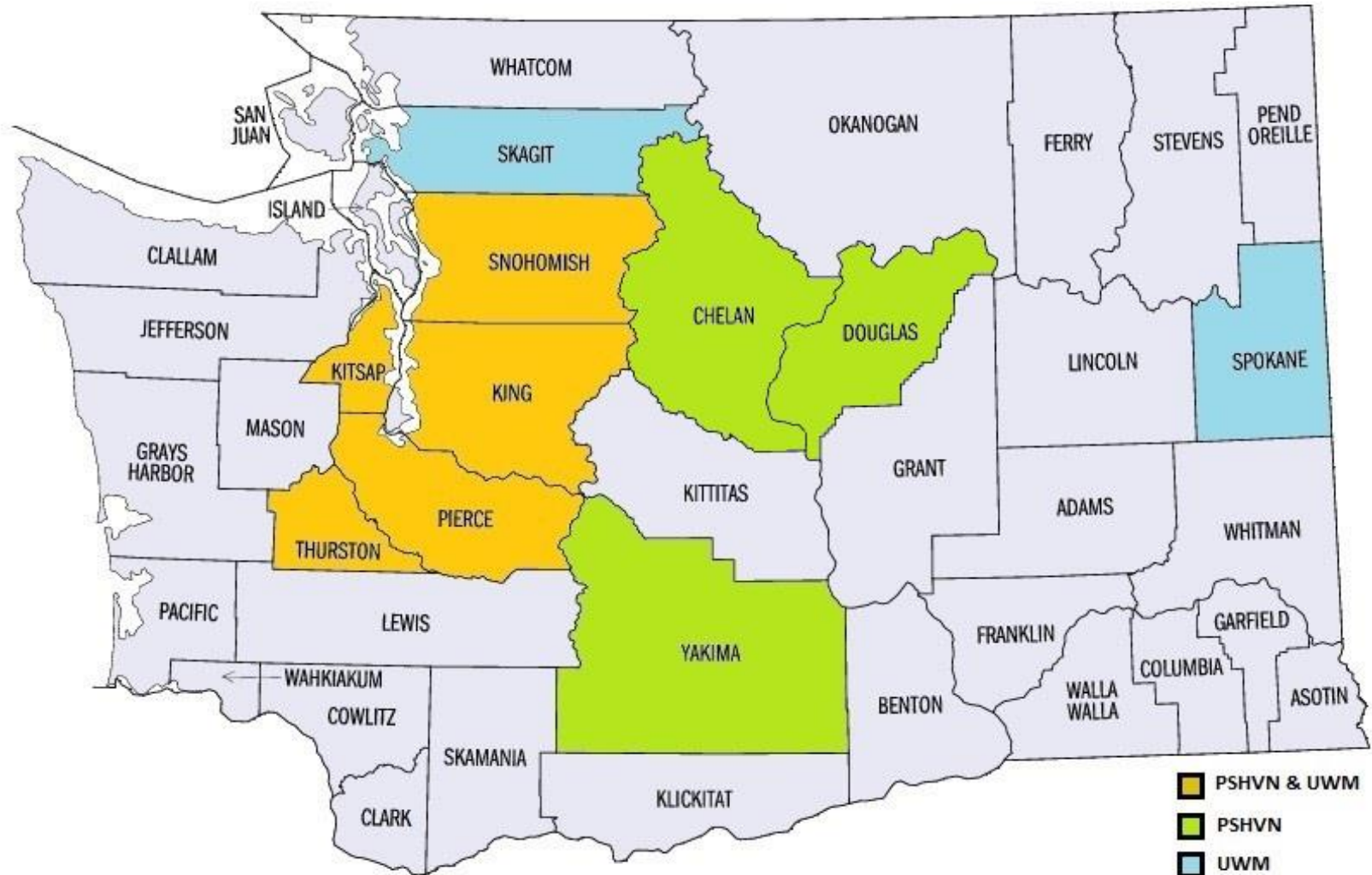
- Virginia Mason
- Rainier Health Network (e.g., CHI Franciscan, City MD, NPN, The Doctors Clinic, Pediatrics NW, Highline Medical)
- Physician Care Alliance (e.g., The Polyclinic)
- Seattle Children's Hospital
- Signal Health (e.g., Yakima Valley Memorial)
- Confluence Health* (Chelan and Douglas counties)
- The Everett Clinic*

* New partner for 2021

2021 Network Partners – UW Medicine ACN

- UW Medicine
- MultiCare
- Cascade Valley Hospitals and Clinics
- Seattle Cancer Care Alliance
- Seattle Children's Hospital
- Skagit Regional Health (e.g, Skagit Valley/Cascade Valley Hospitals)

UMP Plus – Counties Served



2021 Benefit Changes

Kaiser Foundation Health Plan of the Northwest:

- Adding the Hearing Instrument Mandate to all plans

2021 Benefit Changes *(cont.)*

Kaiser Foundation Health Plan of Washington:

- Adding the Hearing Instrument Mandate to all plans

2021 Benefit Changes *(cont.)*

Kaiser Foundation Health Plan of Washington Options, Inc.:

- Adding the Hearing Instrument Mandate to all plans

2021 Benefit Changes *(cont.)*

Premera Blue Cross:

- Adding Hearing Instrument Mandate to all plans
- Adding a virtual diabetes prevention program
- Adding bariatric surgery for all three plans
 - Coverage limited to in-network facilities

2021 Benefit Changes *(cont.)*

Davis Vision:

- A fourth coverage tier added for Progressive lenses with a \$175 copay
 - Member currently pays full retail price
- A fourth coverage tier added for anti-reflective coating with an \$85 copay
 - Member currently pays full retail price
- No rate increase; rate guarantee remains in effect

Fully Insured Service Areas

- No changes to counties in which plans are offered
- Kaiser NW, Kaiser WA, Kaiser WA Options, and Premera will be expanding to full live-or-work

Fully Insured Provider Network

- No major provider network changes

No Benefit Changes for 2021

Uniform Dental Plan TPA, DeltaCare Dental Plan, and Willamette Dental of WA:

- Rate guarantee currently in effect

No Benefit Changes for 2021 *(cont.)*

EyeMed Vision Care and MetLife Vision:

- Rate guarantee currently in effect

Questions?

Lauren Johnston

SEBB Program Procurement Manager

ERB Division

Lauren.johnston@hca.wa.gov