

School Employees Benefits Board
Meeting Minutes

January 27, 2020
Health Care Authority
Sue Crystal Rooms A & B
Olympia, Washington
9:00 a.m. – 4:00 p.m.

Members Present

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

SEB Board Counsel

Katy Hatfield

Call to Order

Lou McDermott, Chair, called the meeting to order at 9:00 a.m. Sufficient members were present to allow a quorum. Board self-introductions followed.

Chair McDermott noted that Sean Corry and Patty Estes are no longer on the SEB Board. Sean retired and is traveling the world! Patty stepped down after being a huge part of the Board and getting the SEBB Program off the ground.

Our newest Board Member, Dawna Hansen-Murray, is joining us today. Dawna has been working at Yelm Community Schools since 1992, starting as a para-educator in the fourth grade classroom at Southworth Elementary School. For the last 20 years, Dawna's worked as a library assistant at McKenna Elementary and Yelm's first middle school as a librarian's assistant. She is currently a librarian tech and is an active member in her union, serving as vice president of her local chapter. She and her husband have four grown children and seven grandchildren.

Dawna Hansen-Murray: One of the stories I wanted to share is I testified before the SEBB Program came into existence at a hearing explaining to the people in front of me that my daughter was not married to the father of her three children because of insurance costs. They got married on January 1 of this year at 12:01 a.m. [applause] I am paying \$49 a month to have a son-in-law now. [laughter]

Lou McDermott: That's awesome. I think Dave did share that story with us and it's very impactful.

Meeting Overview

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

SEBB's First Annual Open Enrollment – Preparation and Activities Summary

Scott Palafox, Deputy Director, ERB Division and **Renee Bourbeau**, Manager, Benefits Accounts Section.

Scott Palafox: Slide 2 – Since the Last SEB Board Meeting. This was absolutely a successful launch. It took a lot of hard work, dedication, and time. It was you as a Board, those in the room, on the phone, and out there still serving our school members and employees today, that had a part in this success. Although the launch was successful, it wasn't perfect.

HCA is now working on post-enrollment issues. I think the confidence given to HCA to administer this program was because of the great work we've done with our sister program, the Public Employees Benefits Board Program. We serve one member at a time. We're going to get it right and we won't be satisfied with the results until we get all issues resolved that came up during the launch.

Renee will talk about some of the new tools this year that employees took advantage of for this open enrollment. We learned a lot about our new members.

Renee Bourbeau: Slide 3 – Pre-Open Enrollment Engagement with Benefits Administrators. The SEBB Program started communicating with the SEBB Organizations a year in advance to prepare them for the transition. HCA conducted multiple webinars with the Benefits Administrators (BAs) to discuss SEBB My Account functionality and review critical project milestones. Other webinar topics included supplemental payroll set up, billing, COBRA continuation coverage, and responding to general questions.

Our Outreach and Training (O&T) Unit sent Benefits Administrators invitations in June for them to register for an in-person training event in August and September. The O&T team conducted 19 training events for more than 600 Benefits Administrators before open enrollment. The training was to provide them with the process of preparing their organizations for the SEBB Program's first annual open enrollment. Training topics included eligibility and benefits, SEBB My Account, the BA's website, the appeals process, and continuation coverage.

Slide 4 – In-Person Benefits Fairs. The O&T team conducted 20 Benefits Fairs for employees between September 30 and November 7, 2019. Evening and extended hours were available to accommodate SEBB Organization's employees unable to attend during the day. Benefit providers were onsite to answer questions regarding plans and benefits.

Over 10,000 employees attended the Benefits Fairs. We had to quickly deploy additional staff to assist the large number of attendees.

Dave Iseminger: Yakima and Mount Vernon especially had large numbers of attendees. I attended four Benefits Fairs myself and it was an enlightening experience. I had someone show me their pay stub to confirm they would not be paying the same amount for medical insurance in the future. I answered questions about deductibles and so many other topics.

Renee Bourbeau: Slide 5 – Open Enrollment Tools. HCA procured two new tools, a Virtual Benefits Fair and an online support tool called ALEX.

The Virtual Benefits Fair (VBF) launched October 1, 2019. The VBF is an interactive, online website, created with the same goal in mind as an in-person benefits fair, to make learning about the benefits and plans available to subscribers and their families easier and user friendly. The tool was available 24/7 and it had a direct link to ALEX and SEBB My Account. It had approximately 30,000 visits, with 21,500 being unique visitors.

On October 2, HCA also launched ALEX, an interactive, online decision support tool. The intent was to help school employees learn about their SEBB Program Benefits and make decisions about their health coverage. The tool was also accessible 24/7. We hoped to alleviate undue burden on the payroll and benefits office. ALEX had approximately 137,700 visits.

Slide 6 – Comments from SEBB Program Members Regarding ALEX. We had great feedback on ALEX. Those that used the tool found it helpful.

Slide 7 – SEBB My Account Assistance. HCA contracted with a contact center to provide technical support for things like new user registration, Secure Access Washington, SEBB My Account navigation, and help with uploading dependent verification documents. It was available to the Benefits Administrators beginning September 23, 2019 and to employees beginning October 1, 2019. The contact center had extended hours of operations during open enrollment, from 7:00 a.m. to 9:00 p.m., and on Saturday from 10:00 a.m. to 4:00 p.m. They received about 13,700 calls.

Dave Iseminger: As Scott mentioned, not everything about the launch was perfect! We published a call center number where we transposed one of the numbers. It turned out that incorrect number wasn't in use and HCA was able to buy it to make the wrong number the right number! It was much more economical to buy a second telephone number than it was to reprint all of the materials. So now we have two phone numbers for that assistance. I did not know you could even buy a telephone number!

Scott Palafox: Slide 8 – Other Assistance. As I mentioned at the beginning of this presentation, there were many hands involved in launching this program. There was the SEB Board who had 23 meetings and over one hundred hours of time spent making critical and tough decisions.

School districts, Benefits Administrators, and superintendents were excellent resources. We thank the Benefits Administrators for their patience as we temporarily take on some of the responsibilities of administering this program that we'll eventually give back to them. They were very anxious to help their employees. We appreciate the dedication they have to those employees and giving us a heads up on issues.

Washington Association of School Business Officials (WASBO) was tremendous with communication channels in assisting us and offering HCA significant time at conferences to provide training. They were crucial to us in giving us insight on our policies and rules.

Labor Unions were also essential resources for providing insight into policies and rules.

Slide 9 – Other Assistance (*cont.*). Educational School Districts provided space for Benefits Administrator trainings and supported HCA with communications and helping districts through this transition.

The Washington School Information Processing Cooperative (WSIPC) modified their data system so the districts were able to use their platform in sending HCA eligibility information.

Other state entities that provided invaluable assistance to the launch were: Office of Financial Management and the Governor's Office, Department of Enterprise Systems, Health Benefits Exchanges, Office of Superintendent of Public Instruction, Office of Insurance Commissioner, the Attorney General's Office, Washington Technology Solutions (WATECH), and the Legislature.

Dave Iseminger: Our relationship worked with WSIPC so well that they joined PEBB Benefits as an employer group. They couldn't join the SEBB Program so they joined the PEBB Program!

We were often calling the Department of Enterprise Services (DES) with rush printing projects! We needed 30,000 copies the next day! They were always very accommodating. They wouldn't make promises, but they always delivered. I can't thank them enough for so many different communications that ultimately made it into school employees' hands because DES was able to prioritize so well.

WATECH was instrumental, especially at the beginning of open enrollment. SAW was having a challenge because another part of state government was testing the servers to see how much it could take - coinciding on the second day of our open enrollment. HCA talked to WATECH and they temporarily suspended that agency's testing ability to make sure all of our things went through. There are lots of support and humorous stories. It was a team effort throughout a lot of different parts of state government.

Scott Palafox: Slide 10 – Other Assistance (*cont.*). Our carriers and vendors took a leap of faith with things that needed to be done and we appreciated their partnership in this endeavor, especially as we tried to negotiate contracts when there wasn't much information. They also assisted with training webinars, which was a tremendous help for Benefits Administrators in getting this started.

HCA staff put forth a huge agency effort. We elicited staff from all divisions within HCA. Within our own division, staff have taken on a new program, and many have duties for the PEBB Program as well. It's a tough balance between two huge programs.

Finally, all the school employees that took action to get us to this point. They forged ahead into something that is brand new to them, something they don't quite understand, but knowing they needed to do something in order for us to pull this off.

Slide 11 – HCA Additional Readiness Activities. Additional activities that took place in September. We provided SEBB Organizations with copies of the *School Employee Initial Enrollment Guide* in case employees came into the offices of the Benefits Administrators and weren't able to use SEBB My Account.

Our internal Enterprise Technology Services Division created a Command Center to help with technical components and questions regarding SEBB My Account.

There was a "hotline" box for school superintendents in case they needed to get program leadership for urgent issues. It had minimal use, which is a great testimony of how successful this program was.

HCA created external facing reports to let the organizations know where they were regarding eligibility data uploading. Lots of FAQs for Benefits Administrators and employees. We still go through those to review the questions.

HCA used data-driven decisions to help in taking necessary action. Towards the end of open enrollment, we could see who hadn't accessed SEBB My Account to claim their account, so we used that data to send the Benefits Administrators a message that could be forwarded to their employees letting them know they needed to take action.

Slide 12 – Targeted Communications. We did targeted communications. We currently have SEBB Program updates that goes out every Tuesday and Friday to the Benefits Administrators, talking about some of the changes or fixes made with SEBB My Account, any known issues we come across. At that time, they also got updates on the accounts claim and enrollment statistics.

HCA had reminder emails about uploading eligibility data back in September. We sent out templates of copies of mass mailing letters we sent to their employees so that they had a heads up when those employees come into the office with questions. We sent guidance on usage of marketing materials. Showed them how to run reports in SEBB My Account.

Slide 13 – Targeted Communications (*cont.*). We followed up with SEBB Organizations who did not provide us a list of their COBRA participants. We did targeted communication early in open enrollment for those that had less than 20% of their eligible employees claiming the accounts. Dave was featured in four Facebook Live events answering Q&A for employees. He had over 8,000 views.

Slides 14 & 15 – Dependent Verification (DV). Dependent verification has been one of our major issues. To ensure only eligible employees enrolled, we performed dependent verification on spouses, state-registered domestic partners, and children, including extended dependents and those with disabilities. SEBB Program rules are different than some school districts and we wanted to make sure we were all on the same page. HCA staff performed the majority of the verification review.

At the end of October, employees with pending and denied dependent verification status for approximately 25,000 dependents received a letter asking them to take additional action to confirm that dependents' eligibility prior to open enrollment ending. I believe this action helped reduce an estimated 20,000 dependents from having coverage denied.

Dave Iseminger: We were hesitant to send denial letters in October, instead sending the call to action letter. After open enrollment, we ultimately sent denial letters that covered about 4,500 lives. This is an example of date-driven decisions Scott spoke of earlier.

Scott Palafox: Slides 16 & 17 – Some Takeaways. HCA was set to have our system shut off at 12:00 a.m. midnight the night of November 15, 2019. Instead, at 12:00 a.m. on the night of November 14, it shut off and was down about six hours. When we arrived that morning and discovered the error, we sent out a targeted communication to the Benefits Administrators. We could see who tried to get into the system and reached out to those folks. We didn't see a need to extend open enrollment and there have been no issues since!

Dave Iseminger: When we arrived at 6:00 a.m. and looked at the number of people, there were between 900 and 1,000 people who had been in SEBB My Account between midnight and 6:00 a.m. It turned out that over 900 of them had already made their elections. It wasn't their first time in the system. But, we did a communication to everyone on our list. At the end of the day, under 20 people hadn't re-engaged in the platform later in the day who had never been in the system before November 15. If those twenty chose to appeal, we know who they were. We understand that midnight begins a day, it doesn't end a day, which now *everybody* in the Health Care Authority knows for sure.

Scott Palafox: There was some confusion between ALEX and SEBB My Account. Another lesson learned! Subscribers thought once they went through the Alex tool, they had signed up for their benefits. We sent the Benefits Administrators a forwardable message letting them know employees must use SEBB My Account to claim their account and make their benefit elections there. ALEX is a tool to help in selecting their benefit elections. We contacted the vendor for ALEX, Jelly Vision, to add alerts to their tool.

Early in open enrollment, we noticed a low enrollment in our supplemental long-term disability benefit. We made a few changes to SEBB My Account to make the enrollment opportunity more intuitive to subscribers and clarifying specific enrollment steps. With that change, we almost doubled the daily enrollment for the supplemental LTD. It's still not where we want to be, so we are looking to have a special enrollment for this benefit in May 2020.

The last future enhancement to discuss today is about having your dependent verification approved before selecting a plan. Subscribers believed that while they were waiting for their dependents to be verified, they didn't think they needed to (or could) make plan selections. We hope in the future they will make their plan selection in anticipation of the DV approval process being completed.

Dave Iseminger: The plan election for the dependents was on Screen A, the upload document process for verification was on Screen B. Our enhancement's will bring those together so you can't upload documents until you also affirm what your plan selections would be assuming the dependent's eligibility is approved. If we had linked those together as a requirement in the enrollment process, it definitely would have reduced the number of dependent verification appeals and the confusion school employees were experiencing. That is a planned enhancement in the next couple of months in order to have it in place by September 2020.

Scott Palafox: Slide 18 – Lessons Learned. We learned the value of Robocalls in getting the message out. It was an important communication tool. Districts established computer labs to help employees with claiming their SEBB My Account and working through the benefit elections.

Pete Cutler: Can you explain what a computer lab is? I don't have the context.

Scott Palafox: Many of the districts set up a room with computers to help their employees work through how to get into and navigate SEBB My Account. While we were at the Benefits Fairs, we had staff assisting employees with the mobile phone, too. We didn't have computers set up at the Benefits Fairs, but many of our employees went through that process with their mobile phones.

Dave Iseminger: Computer labs are also mobile. Some school districts had tablets and went to bus transportation centers as employees were moving from shift to shift or at a break to be able to help classified staff in those instances. They took the computer lab to them.

Terri House: I'd like to say thank you for letting me know that you could access the benefits enrollment on a tablet or cell phone. I took that information back north where I'm at and a lot of people don't have computers at home. They have tablets, they have their phones, and they were able to access information. Then they went to the computer labs and finished their enrollment. They really appreciated that a tablet and phone were part of the options for getting information and found it more user friendly.

Scott Palafox: It's important that employees make sure their addresses are up to date. We sent out lots of communication, lots of letters. We got many important letters back and had to resend those returned letters to the school districts to make sure they got to those employees. The system allows you to go in and update your address, or go to your Benefits Administrators to update.

We hope to enhance SEBB My Account to provide notifications to employees as they go through the enrollment process. You need to go through all the steps in order to be done. We need to establish and create methods to let employees know when they are done.

Dave Iseminger: HCA is looking at creating a button that you click when you are done with your enrollment confirming you are really done! The feedback has been that balloons, congratulations, or some bigger fanfare saying you were done would have been great! We will be thinking about how to do that. There was a confirmation screen, but it was not intuitive how to find it again later.

Scott Palafox: Adding additional staff to the in-person Benefits Fairs helped. They could navigate staff to the correct areas. Communications, both with the updates and the targeted communications, was very beneficial, as well as the webinars we did to help folks get through the process.

Slide 19 - Next Steps. HCA will continue to work and resolve the remaining open enrollment issues. We've learned a lot. We'll take those lessons learned and make improvements going forward. We never want to lose sight of our goal, offering affordable and quality healthcare benefits to our members.

Pete Cutler: I would feel very remiss if I didn't go on record saying how appreciative I am and really very, very impressed by the work the Health Care Authority did, and the Employees and Retirees Benefits (ERB) Division specifically, to implement the program. I had more than 36 years of dealing with employee health benefit budgeting, administration, and legal issues. And the K-12 context is so complex and involves so many parties. It was very impressive to see everybody get aligned when there had been a lot of conflict before and the resources.

The Legislature deserves a lot of credit for putting up the resources, giving Health Care Authority the ability to hire some folks. Health Care Authority deserves credit for building on those resources by adding in folks like Renee Bourbeau, who has a huge amount of background, great skillset, and other folks like Renee, who have worked with the PEBB Program before. It was being able to bring that kind of expertise to situations like the dependent verification, which would never have worked if you were just trying to do it purely with people who didn't have that history. A lot of people brought in contributions. It's across the board very impressive.

You can look to our Health Benefit Exchange and the federal one. It's really easy on these grand initiatives for something to crash, whether it's the IT side or some other major gap in terms of having people available who can answer questions. So really, the Health Care Authority deserves a lot of credit for having pulled this together so well. So thank you.

Scott Palafox: Thank you, Pete.

Lou McDermott: Dave has done an amazing job. Pete brings up a good issue. The Legislature did fund this well. We did get a lot of money for the administrative portion to be able to hire the vendors, the extra help, the consultants, the project managers. The work that was done by the individual leaders within the agency was above and beyond. We didn't hire another ERB Director. We didn't hire another ERB Deputy Director. We didn't hire new section managers or a new Chief Financial Officer. We didn't hire a new Communication's Director. For all of those individuals, this was above and beyond. It was a long two years, but who's counting, right?

Dave Iseminger: 135 weeks!

Lou McDermott: But who's counting! It was a long period of time, but the right people kicked in, and to Scott's point, all the other agencies. I think the feeling was no one wanted to be the weak link. No one wanted to be the reason why we couldn't get it done. Even areas that were traditionally a little bit harder to work with, or it took more

time, people just seemed incredibly nimble throughout the process. The answer usually was, "I don't know how we're going to do that, but we will try and do that." Then we would work with them until we got to done. It was an amazing aspect of the project. So thank you.

Dave Iseminger: I don't think the districts are getting the credit they deserve. As I've had conversations with different legislators, I try to drive home the point that so many districts stepped up in so many different ways. I talked to many of them most days. They're my new best friends and we talk about a lot of different challenges. Whereas the Legislature funded and provided the ability for me to hire roughly fifty people in the last two years to help with the administration, there was not as much support at the local level for additional staffing. We took some things off their plate, COBRA administration being one of them. Every time we highlighted that, there were rounds of applause in every business administrator's office around the state. But there were new things that they had to do. They were bobbing and weaving many of the times within their own existing resources. They performed admirably as you're about to hear when we go through the numbers.

SEBB Open Enrollment Results

Dave Iseminger, Director, ERB Division and **John Bowden**, Manager, School Employees Benefits Section.

John Bowden: Scott and Renee went through what led up and what occurred during Open Enrollment, and now Dave and I will give you information about how it all went.

Slide 2 – SEBB Program Open Enrollment Key Results. About 146,000 eligible employees and 98% of these eligible employees, about 143,000, enrolled in medical, dental, vision, other benefits online. About 2% were automatically enrolled in benefits, which means about 3,000 employees didn't make a selection and we enrolled them in UMP Achieve 1 and the dental and vision automatic enrollment plans.

About 183,000 eligible dependents enrolled, but this number is a little higher now. About 21%, or around 31,000 employees, selected supplemental life insurance. 18%, or about 26,000 employees, made selections for supplemental long-term disability insurance. And 13% of the employees waived coverage. That's about 19,000 who decided they had medical coverage in other places, such as spouse's or partner's employer coverage, Medicare, Tricare, or something else so they didn't need to sign up for SEBB Program medical.

Dave Iseminger: The 98% affirmatively making plan choices, or waiving, beat all expectations. As the numbers came in, we did not anticipate it being such a high active participation by school employees. To clarify, the vast majority of that was the individual going in and doing enrollment. We are aware that some districts had people turn in paper forms and then keyed them in themselves. That gets counted in the same bucket as directly utilizing SEBB My Account. But the vast majority of it was the employee themselves. The last 72 hours, we were at approximately 80% to 85% engagement, and that was starting to feel tolerable. We knew there was a big bough wave coming, but none of us expected 98%. That was incredible. So many school employees actively engaged at such a high level.

Pete Cutler: I would say that also is testimony to the incredible work put in by the districts, HCA, and everybody else, plus the communication tools and the willingness to bump up and adjust those communication tools when you saw issues. I'm curious about how these results and numbers compare to the assumptions that were built in either to the budgeting models, the models used to project rates, or to what assumptions the health plans had when they were building their rates. At some point, I'd like to hear a discussion of that.

Dave Iseminger: Tanya can talk about that during her presentation. But at a very high level, I could tell you some data points. Overall, there were more dependents than was projected, but fewer in medical. The employee waiver rate assumption in the modeling last March was around eight percent, which is what it is in the PEBB Program. So, the waiver rate in the SEBB Program population was higher than the original projections.

Pete Cutler: That's got to work out positively on the budgeting side.

Dave Iseminger: The directionality of that is on the positive side and the dependent information I think is a mixed bag. Lots of different moving parts. But for that specific lever, yes.

John Bowden: Slide 3 – School Employees with Medical Coverage. One of the things you often heard prior to going live was the difference between the number of dependents, people that would enroll from what they currently were enrolled, and particularly that three to one ratio where an employee would pay no more than three times as much for a full family as they pay for individual. We expected to see more dependents.

In the first column, Pre-SEBB Program Enrollment, are the numbers enrolled in year four of the Office of the Insurance Commissioner's data collection. From 2015 you can see the number of employees and the number of dependents that were enrolled in medical coverage. The middle column, SEBB Enrollment, you can see there was an increase of over 21,000, or about a 20% increase in the number of employees that signed up for SEBB medical benefits. For dependents, those are spouses, state-registered domestic partners, and children. The increase was about 39%, or almost 37,000 more dependents. The grand total is almost 58,000 more, so about a 29% increase in the number of members enrolled in the SEBB Program as it compared to 2015 prior to SEBB.

Dave Iseminger: We used calendar year 2015 data because it was the most comprehensive data set that existed. We wanted a comprehensive snapshot. Natural growth has occurred in school districts since then. For each of the intervening school years, the growth in staff was between 2½% to 3%. Although some part of that 57,800 is attributable to general growth within the system, still the vast majority is related to the change in eligibility and cost that came with the SEBB Program.

Alison Poulsen: Would the assumption be they were uninsured, underinsured, or this is a more economical way for them to insure their families?

John Bowden: It would really be all of those. There were some that had coverage other places and moved over, but there were a lot not enrolled anywhere. It did expand coverage.

Slide 4 – Medical Plan Enrollment by Member Type. We have more members, more employees, more dependents enrolled in dental and vision. But this slide shows the medical. Spouses includes state-registered domestic partners as well. Almost 37,000 have employees that enrolled with just their spouse. Employees who enrolled dependents, which is employee and child or children, about 93,000 enrolled. This includes both the employee and the dependents. For an employee also enrolling a spouse or state-registered partner and dependent children, almost 62,000 enrolled. Employee only had about 65,000 enrollees. That totals approximately 260,000.

Dave Iseminger: The other way to think about this is half of the circle is blue. That's the employee population and half of the employees' enrolled dependents and spouse. Half of all employees added twice as many dependents.

Pete Cutler: I think you're telling me that of those four tiers, the largest number is Employee Only. No, it's member enrollment. It includes dependents?

John Bowden: Yes. This is member. It includes the dependents.

Pete Cutler: So that doesn't necessarily mean the largest number of employees added dependents only, only the ones that did add dependents only, that tier had the most number of members of the four?

Dave Iseminger: Pete, to clarify for you, although there are four colors on this graph, they don't correlate to the four different tiers in our tier ratios directly. We were really trying to show that half of the population is dependents driven by half of the employees. The only one on this graph that truly correlates with one of the cost tiers that we've talked about for the last two years is the dark blue on the left, the single subscriber tier. The lower blue gets sliced up and added to purple and red get to the other various tiers.

Pete Cutler: Another way of putting it is the spouses and dependents part of the circle all are attributed down to that other part that says employee plus also enrolling. Thank you.

Dave Iseminger: Correct.

John Bowden: One quick point, again, this is medical. The total number of members in the SEBB Program includes both employees and all other dependents, which is almost 330,000. We have an additional number of dependents included in dental or vision, but not medical.

Slide 5 – Eligible Employees Submitted Per Day, shows the number of eligible employees submitted to the Health Care Authority for us to preload into SEBB My Account to be ready for open enrollment. The numbers are a one-week snapshot of the names of eligible employees submitted by the districts, the three ESDs with represented employees, and the charter schools. Approximately 70% of eligible employees were

uploaded in the last two days and 80% of all eligible employees were uploaded within one week's time.

Dave Iseminger: This was one of four areas in the entire launch that had my attention the most. If the eligibility data wasn't uploaded timely, we couldn't push it through SEBB My Account. HCA communicated early in the summer to the districts that the turnaround time was very short. SEBB My Account opened on September 3 and we asked for their data by September 10. HCA provided training in July and August. By the end of September, we had received about 98% or 99% of the data. September 10 was the deadline and 70% of the data was received in the last 48 hours. That was an indication to us that for open enrollment, the last couple of days for members themselves would be big days. We have to thank the districts retroactively at this point. We thanked them then, but so many pieces wouldn't have been successful in open enrollment if the data hadn't come in during that week in early September.

John Bowden: The Benefits Administrators had access to SEBB My Account for almost a full month prior to the start of open enrollment.

Slide 6 – SEBB My Accounts Claimed Per Day, shows the claiming of SEBB My Account by employees on a daily basis. Eligible employees were entered into SEBB My Account and then they needed to access and claim their account through WATECH and SecureAccess Washington®, the SAW account. There were multiple parts to claim their account, with 98% success. A little over 100 employees used paper forms sent to HCA to enroll, which is incredible, making online enrollment a huge success.

Dave Iseminger: The trend on Slide 6 is a similar pattern to the behavior in the PEBB Program open enrollment. There is a bubble at the beginning and a bubble at the end.

John referenced the approximately 110 paper forms we received. Some districts got paper forms and keyed them instead of sending them to the Health Care Authority. Towards the end of open enrollment, we strongly encouraged them, if they had the capacity, to key anything they could. HCA estimated we might receive 30,000 forms between October 15 through Thanksgiving. In actuality, for the PEBB Program we received 1,800 paper forms and only 100+ for the SEBB Program. It was a huge relief.

John Bowden: Slide 7 – Top Medical Carrier by County (All Members). This slide shows medical plan enrollment by carriers and county. It includes dependents.

Slide 8 – Top Medical Carrier by District (All Members) shows enrollment by school districts. The Uniform Medical Plan was available in every county and school district. And we had quite a bit of enrollment in the Uniform Medical Plans.

Dave Iseminger: When you compare the PEBB and SEBB Programs, the blue and brown colors on this slide shows the top plan in that district. Those plans don't exist in the PEBB Program portfolio, which is one of the reasons we went out for procurement to try and get as robust a portfolio as possible. School employees saw value in those extra plans that were procured rather than simply leveraging only the existing PEBB Program portfolio.

John Bowden: Slide 9 – Member Enrollment by Medical Plan. The Uniform Medical Plan (UMP) had the highest percentage of enrollment. About 36.4% of members are within one of the Uniform Medical plans. Premera had 25.3% of the total membership. Kaiser Washington had 21.3%, Kaiser WA Options had 13.4%, and Kaiser Northwest had about 3.6%. The three Kaisers combined had 38.3 %. Approximately 19,000 employees waived coverage.

Dave Iseminger: Pete asked earlier about comparisons to the modeling projections. The ultimate enrollment in UMP was higher than originally modeled. Original projections were a good 10% to 15% lower enrollment in the Uniform Medical Plan. That impacts some of the budgeting pieces because it impacts cash flow analysis of the self-insured plan. If you don't have claims at the beginning of the year because people are having to meet their deductible, it helps with those aspects. Ultimately, on the backend though, you have to account for the higher enrollment in the reserve buildup.

Pete Cutler: Will we get an update on the claims trend projections from Megan this afternoon? Did they change since the rates were set? By having more people in UMP, it could be a good thing or a bad thing short term budget wise, depending on whether your claim trend assumption was a little high or a little low. I'll be curious about that when we get to the rate setting discussion.

Dave Iseminger: Feel free to ask Tanya or Megan that as they come up later.

Pete Cutler: Okay, thank you.

John Bowden: Slide 10 – Member Dental Enrollment by Plan. Almost three quarters of the members are in the Uniform Dental Plan, which is also the plan they would automatically be enrolled in if they didn't make a selection. There was some confusion between DeltaCare and the Uniform Dental Plan. DeltaCare reported to us about possible employees who thought they were picking the Uniform Dental Plan, but enrolling in DeltaCare. We'll discuss actions taken in this instance when we discuss appeals.

Dave Iseminger: Just a reminder that employees cannot waive dental or vision, unlike medical.

John Bowden: Slide 11 – Member Vision Enrollment by Plan. MetLife Vision had the most enrollment. It is also the default plan if a member did not make a vision selection.

Slide 12 – ALEX Visits During Open Enrollment, the online benefit advisor tool. The total number of visits on ALEX were 137,648. It was a successful tool this open enrollment. As Renee mentioned, there were a lot of good comments about ALEX.

Slide 13 – SEBB Program Appeals. To date, we have approximately 5,200 appeals, about 37% of them were for dependent verification. Some employees had difficulties and were confused about how to verify dependents. Some employees uploaded the same birth certificate for all three of their children. There were issues when a spouse or a state-registered domestic partner needed to show a marriage certificate or state-registered domestic partnership certificate, AND a document showing they were

cohabitating, like a utility bill. In some cases, they only uploaded one document. We had a lot to work through a variety of issues that occurred with dependent verification.

The overall success of the Program is that more than 98% of employees did not have any problems. But that 2% is still a pretty large number if you are one of them. We do care about them and we're working through the appeals as quickly as we can.

About 42% of the appeals received are from employees who enrolled in DeltaCare thinking they were enrolling in the Uniform Dental Plan. If their appeal is to change plans, we will automatically make that change right now.

There were other plan enrollment corrections. Some subscribers thought they had completed their enrollment after going through ALEX. They are appealing. HCA staff is getting them in the right places. Some subscribers had screen shots of what they selected, but their confirmation of enrollment is different. Those issues are also getting corrected. That is a relatively small number, about 800, which we are also working through.

Dave Iseminger: If we had shut down open enrollment on Halloween, what would have happened to dependents? We had 25,000 dependents that looked like they were headed towards a permanent denial. On November 25, the Monday before Thanksgiving, we sent a letter to those ultimately impacted. We sent just under 3,700 denials related to dependents, covering about 4,500 lives. On that same day, we sent approval letters to 83,000 subscribers for about 185,000 dependents. The letter numbers highlight the results of the dependent verification process.

John highlighted some user challenges that might have existed with SEBB My Account. I do want to acknowledge one system limitation I think also contributed to some of the dependent verification challenges. Our file upload capacity was around six megabytes. The size of a file created some problems for folks. I didn't want to make it sound like there was nothing the Health Care Authority did wrong with regards to dependent verification. That contributed to those potential denials.

I'll also say that as we've gone through dependent verification, the estimated average is that about two-thirds of those appeals are being approved pretty quickly with regards to the documents submitted with the appeal. There's a sense from the appeals team that some of the remaining appeals could ultimately be approved based on the documentation received, and others unlikely to be approved based on not fitting the eligibility requirements. As they go further through the appeals process, there are additional opportunities to provide documentation. If it comes in, we would settle an appeal with adequate documentation by enrolling the dependent and ending the appeal process.

One appeal had people continually scanning the same document. When you scan certain documents of photos, it comes through as a black piece of paper. We kept getting the same black piece of paper. As we get to lower appeal numbers, staff will be able to call subscribers and discuss their options.

For the dental plans, it was helpful when Delta Dental told us information based on their historical data for K-12. What they had, plus the data we gave them, showed about

15,000 people, who for years had been in a PPO plan and for the SEBB dental had signed up for an HMO or a DMO. They were concerned about the number of appeals HCA would get. HCA was proactive and sent a letter to those 15,000 subscribers. When HCA received those appeals, at the same time as the other appeals, HCA summarily approved those dental appeals.

Another appeal type concerns plan enrollments that the subscriber believed the system got wrong. Actions in the system were needed after open enrollment. HCA had a judgment call to make. As we got to the end of open enrollment, about 5,500 dependents had no plan selection, but those dependents were verified in the system. HCA had two options. Do we deny coverage to all of those individuals and have the subset of that 5,500 who wanted coverage appeal to get into coverage, or do we put them all into coverage and have appeals taking a subset of them out of coverage. Because of those 5,500, some intended to have some coverage and some did not. HCA made the decision to create auto-enrollment logic for all of those instances putting them into coverage and sending default letters to the impacted employees.

Some of those enrollment corrections are related to the HCA-applied logic. So we are having to take some people out of coverage and refund premiums rather than risk that those individuals wanted coverage, went in for services at the beginning of January, and realized they did not have coverage. That seemed like the bigger challenge at the end of the day. You will hear people say the system had a flaw and it was wrong. Once we get through all the appeals, we can go back and evaluate each of those to determine if it was a true system issue. So far these appeals, in the initial stages, fit into the logic HCA applied deliberately to what was inconsistent or incomplete information in the system.

As of last week, a conservative estimate of completed appeals is 40%. We define done as when the member letter is sent. We believe we are further along and the target date for completion is February 3.

Pete Cutler: I'm very happy the agency decided that where there was some question of whether people had wanted to select into coverage versus out, that you did what you did. It's much easier to reverse the deduction of a premium rather than to deal with billing for services retroactively. That's another great decision by the agency.

Dave Iseminger: We have 5,200 SEBB Program appeals. All of PEBB last year had under 200 appeals. We went to the Legislature and asked for staffing models based off our experience. We've had to pull from a lot of different areas to find ways to supplement our standard appeals process staffing. We've either tripled or quadrupled, depending on what day it is, the staff handling different aspects of the appeals process.

John Bowden: Slide 14 – SmartHealth. We probably could have done better communicating this benefit, but we focused on the medical, dental, and vision aspect first. We had over 16,000 employees register for SmartHealth, the wellness program, and over 14,000 completing the well-being assessment during open enrollment. Those 14,000 will be eligible for a \$50 incentive, which is either a reduction in their deductible or added to a health savings account if they picked the high deductible plan. The points they get for having done the well-being assessment get added to those employees becoming eligible for \$125 incentive in 2021. If the employees registered for

SmartHealth complete the required number of points, they will receive that \$125. We can continue doing advertising for the SmartHealth Program. Employees can continue to sign up throughout the year and earn points to get the incentive for 2021.

Dave Iseminger: We will activate different communication streams related to SmartHealth going forward. HCA has at least one dedicated staff member the SEBB Program funds that relates to supporting districts regarding wellness. That individual goes to interested districts to help beef up their wellness portfolio. There is a SmartHealth table at all Benefits Fairs. We did push on SmartHealth during the initial open enrollment, but we were focusing primarily on medical, dental, and vision. We heard employees saying there was so much to read and so much information. We can promote SmartHealth year round.

Pete Cutler: We're saying that roughly 16,000 registered out of about 127,000 employees enrolled in the SEBB Program?

Dave Iseminger: If you go to the very beginning of the slide, the eligible employees was 146,000.

Pete Cutler: That would include the folks who waived?

John Bowden: 127,000 actively enrolled. 19,000 waived.

Pete Cutler: That would make the difference. Do we have any idea roughly how prevalent these type of wellness programs were with school districts? Is this a case where the SmartHealth-type wellness program new option was completely new to employees as part of looking at their health benefits, versus for many of them was a change in terms of this specific program from one vendor and one approach to another?

John Bowden: Going back to when the Insurance Commissioner was doing the data collection, I went around the state and talked with a lot of school districts. In the data reported to the OIC, every school district said they had a wellness program. I encountered only two that actually had a wellness program. For most districts, the carriers didn't see a benefit to offering a wellness program when some employees change to another plan, another carrier the next year. I also don't believe districts understood what a wellness program was exactly. I believe we will see more registration as we move forward.

Pete Cutler: That's very helpful information. It's also encouraging in a sense that there may be some fertile ground to be worked in terms of introducing the idea and showing how it's kind a win-win for everybody, as opposed to if you were dealing with groups who just had prior experience and were showing no openness. There are more opportunities ahead. Thank you.

Dave Iseminger: In November and December 2017, John did a presentation describing the prevalence of various products. While I don't remember the number, I remember the far right of the slide had very tiny bars compared to all the other benefits. Very little wellness had been recorded.

BREAK

2020 Supplemental Governor's Budget Update

Tanya Deuel, ERB Finance Manager, Financial Services Division. This presentation will be recurring throughout Board season as legislative proposals and budgets become final.

Slide 2 – SEBB Funding Rate. The funding rate is updated with every new budget. We establish two years of funding rate, but more than likely, the second year usually changes. The funding rate changes for the second year because throughout the year, HCA does quarterly updates. With the SEBB Program now live, once we get claims coming in, enrollment changes, we will do quarterly projections, update the model, update our final position, and the funding rate needed for the program. Don't be alarmed with this change. It is normal.

The first six months of the program has remained the same at \$994. The second part, \$1,056, remained unchanged for the last two months of the school year. What has changed in this version of the budget is shifting funding from a fiscal year to a school year funding rate. The \$1,029 would be the 2021 school year, reduced from \$1,056. This is still per employee per month and adequate to maintain the current level of benefits. This change is a result of open enrollment. At this point, when we did the model updates, we had preliminary open enrollment numbers, not final numbers.

Dave Iseminger: The final numbers, due to appeals, are still in flux.

Tanya Deuel: The percentage of waivers is one item that resulted in the reduced funding rate. The PEBB Program was used as the proxy for the initial SEBB Program modeling, which was 8%. In actuality, it was 13%. The additional waivers helped the funding rate position because the districts are still paying for those who waived medical, but still enrolled in other benefits. There was also more enrollment in the self-insured products. Originally, we projected around 20,000 subscribers in the self-insured Uniform Medical Plan, but in actuality, it was approximately 43,000. That also helped the overall position.

Wayne Leonard: Last year when the budget came out, there was a significant shortfall of the Legislature. We had quite a long discussion about it. At that time, I think the HCA felt like the program would operate at a deficit. Since that time, I guess with this data, it comes in better. But we're in the first month of claims and getting premiums here at the end of June, we're lowering -- is this based on estimates or we're lowering it based on what we think actual claims will be? Something is not connecting with me. We keep lowering the rates, but last year we were anticipating this program operating at a deficit. We were discussing the Health Care Authority asking for a supplemental budget request to help fund that. Help me work my way through that.

Tanya Deuel: These updates are not based on updated claims for the actual SEBB Program because we have not had any claims experience in the first 27 days in order to model. We're still using PEBB. What we do on the Uniform Medical Plan is apply the PEBB Program trend updates until we have separate SEBB Program trends, which probably won't be for about another year. We did have positive trend updates in the PEBB Program that we applied to the Uniform Medical Plan on the SEBB Program. This is primarily due to the positive enrollment in the self-insured plan, which does help our cash position because we are paying claims versus fully insured premiums. Claims

don't come in right away, whereas those fully insured premiums for the Kaiser and Premera plans we are paying right away. With the higher enrollment in the self-insured plan, it helps our cash flow position.

Lou McDermott: Tanya, I think what you're saying is that we had a bunch of assumptions going in that had to do with what plan you were selecting, how many people would waive, and how many dependents were coming in. Now that the real numbers are in, you are applying those to the models which affects the funding rates.

Tanya Deuel: Correct. I want to caveat, we still have a lot more data to come. We need this program to be mature. This funding rate, as we get through the House, the Senate, and the conference budget, could still change. We will give the Legislature and OFM one more update before the next versions of the budget come out. The \$1,029 could still change. But we won't have any more claims' data to rely on before the next update.

Another influence on the positive funding rate was the load for dependents to subscribers in dental. Originally, we anticipated about 2.5% on the member to subscriber ratio. I came in closer to 2.1%. That was a positive in the cash flow position.

Wayne Leonard: How long do you anticipate we would be getting mature data for the SEBB Program plan if it's different than the PEBB Program?

Tanya Deuel: This spring, when we start developing rates again, we're obviously not going to have any mature claims data. We are going to ask for one more year of school data use as a reference. Hopefully, we can apply that data, and the PEBB Program trends to the SEBB Program population. I think it's going to be at least one year of the Program, if not two, until the data stabilizes.

Pete Cutler: Tanya, my understanding is you're saying there was obviously PEBB Program trend relied on in coming up with the original \$1,056. Actually, if I remember correctly, what the Legislature did, against the advice of HCA, they based their rates on the assumption that the SEBB Program experience would closely model the PEBB Program claims' experience or something similar to that.

Tanya Deuel: Correct. For the Uniform Medical Plan.

Pete Cutler: Yes, and if I understand correctly, we have roughly at least three, maybe six more months of claims' experience in UMP than we did when the rates were established and that were used and built into the budget.

Tanya Deuel: Correct.

Pete Cutler: In terms of actual claims' experience, am I right, that the claims' experience in that period of time was more favorable than expected?

Tanya Deuel: I believe so, yes, but I can follow up with you on what the PEBB Program trend numbers were for medical that we applied. We update trends twice a year, in the spring and fall.

Pete Cutler: Even on a short session, the Legislature wants an update before --

Tanya Deuel: Correct, which is why this model that produced the \$1,029 is on an accelerated time frame that allows us to have our regular second quarter update during session.

Pete Cutler: I'm intimately familiar with the pressure put on people like you and the Health Care Authority. That makes perfect sense that in March, we'll have a little more polished open enrollment impact data; but more importantly, we'll have the most up-to-date trend data, which could go either way. I certainly would like the break out of what led to the change in the estimated cost, rates, and proposed rates, so we can get to the point Wayne is getting at. Is this a long-term adjustment that bodes well for the school districts in terms of not having a dip and then spike? Or is it a more limited thing. I think March makes perfect sense in terms of timing.

Tanya Deuel: I will bring that back. I agree with you. The second year open enrollment, too, is a big question. Will these enrollment patterns stick in the second year as well? We'll be able to rely on those for modeling the second year of the Program.

Pete Cutler: It seems like we're hopefully going to have more detail about what's going into the rate assumptions for the next school year when we meet in March. Thank you.

Dave Iseminger: Now that we're starting to get into a steady state, you will often hear Tanya say the phrase "adequate to maintain the current level of benefits" because there are three or four finance questions asked all the time. One this time of year is, "What is the magic number needed in the funding rate?" The answer is, there is no magic number, because based on all the different projections, the question should be, "Is there any direction to the agency or Board to change benefit levels to fit the number being said?" There are all sorts of variables in the funding rate. HCA always tries to present it in a way that doesn't have to go into all the variables in the calculation, but instead we summarize and say, "There's no direction you are required as a Board to take action to change the benefits package in either direction."

Tanya Deuel: Correct. Slide 3 – Funded Decision Packages. There are two decision package requests submitted that were funded in whole, or in part, in the Governor's budget. The first one is audit capabilities for staffing to support audit functionality. We received four FTEs total, two in the PEBB Program and two in the SEBB Program, totaling \$234,000.

Dave Iseminger: Now that we have 305 new employer friends in the SEBB Program, and we already have about 500 friends in the PEBB Program, the historical audit process has been through the appeals process. This decision package is about setting up proactive audit functions on eligibility and a cadence for random audits of employers to make sure they are applying criteria correctly. We requested four staff to start. We have suggestions as to how frequent the cadence will be. As that matures, there may be a time where we ask for additional staff. This will get us started with proactive eligibility audits.

Pete Cutler: Am I right that this is parallel to what the Department of Retirement Systems does with auditing for the adherence to the State Retirement Statutes and administration?

Dave Iseminger: I believe the answer is yes.

Pete Cutler: Do you know if there's going to be coordination between the two?

Dave Iseminger: I'm not aware of that at this point, but that's something we can talk about during development.

Pete Cutler: They found it very helpful in the 1990s to expand the auditing capacity. As much as some employers, at first, were not welcoming it, it greatly reduced the number of situations where they were after the fact, a slap on the wrist for things they were doing wrong. There was a greater focus on making sure they understood and doing it right. I hope this will have a similar focus on let's assume everyone's acting in good faith but proactively making sure people are understanding what is supposed to be used as a standard for eligibility and adhere to it. I'm glad to hear this has support.

Tanya Deuel: The next decision package is the K-12 Non-Medicare Risk Pool. If you remember, last year we had a report due to the Legislature on risk pool arrangements between the PEBB Program, the SEBB Program, and retirees. This was funding and FTEs to implement the change of the Non-Medicare school employees staying in the active risk pool in the SEBB Program instead of moving pre-Medicare age over to the PEBB Program and then back, and then moving into the Medicare risk pool once they're Medicare age. HCA received 1.3 FTEs and only \$15,000. Those don't go together but the good news is the signal is to keep moving forward. We did provide feedback on this one. We will see what comes forward in the next versions of the budget.

Pete Cutler: Can we be sent the copy of the decision package so we can see the details?

Tanya Deuel: They are on OFM's website. We can send you the link.

Pete Cutler: I have to admit, historically, I've had a hard time tracking down decision package information on the web, so that would be great.

Dave Iseminger: The way these often work is HCA makes a recommendation in a report and notes resources. If it's funded, that signals implement the recommendation that was put forward. That's the cadence for how these work. If we never put forward the decision package, we might never implement the recommendation. It tees it up to say, "Yes, proceed with what you wrote in that report."

Tanya Deuel: Slide 4 – Other Items of Interest. Items not in a formal decision package but included in our modeling or a need. These were included in the budget. The first one is a diabetes management Request for Information (RFI). We currently have a virtual Diabetes Prevention Program but not a diabetes management program. This is a request for one-time funding to do an RFI and get information on the programs available in the marketplace. We received \$75,000 for each program to complete an RFI.

The second request was regarding our Third Party Administrator (TPA) fees that HCA pays Regence, MODA, and the Uniform Dental Plan. As we got the higher self-insured enrollment, we needed higher spending authority to pay those administrative fees. This is a technical spending authority because the money is baked into the funding rate.

Dave Iseminger: I feel the need to mention one piece. We'll be talking about it more as we go further into Board season, and even at lunch. Typically we don't talk about decision packages that are put forward and not picked up in a budget proposal. But there's one you are well aware was submitted. It is not in Tanya's list and there is nothing in the proposed budget related to the long-term disability (LTD) benefit. We have been working on different ideas to bring to both Boards about ways to work on the LTD benefit. I wanted to acknowledge that. Marcia can attest that I told her back in the fall, assume it won't be picked up so in January we've already got a head start. There has been a team working on an alternative parallel plan all along. We'll be talking more about options as we go forward.

Pete Cutler: Six months ago, and 12 months ago before that, school districts, and specifically Wayne on this Board, expressed a concern about the unknown impact of changing eligibility standards for the SEBB Program and the whole funding structure. How would that impact school districts in terms of having employees they're not going to get money for from the state. Are we, at some point, going to get a briefing on how districts are being impacted, how things are shaking out with the interplay of the new SEBB Program coverage for employees, plus other changes with K-12 funding?

Lou McDermott: I don't know how we would know that, Pete, to be honest with you. Besides having a detailed work group with the districts to understand that, I don't know if we have that level of detail.

Dave Iseminger: We might be able to put some pieces together. We know the funding rate. We know the benefit allocation factor. We're not experts on the K-12 prototypical model, but we know people who are. We know what we're billing, so there might be something we can do. I'll consider that request made and will talk with the finance team to see what can be put together to address that type of question.

Lou McDermott: Pete, you're looking for the delta?

Pete Cutler: Quite frankly, like with WASBO, do they feel like this has turned out to be a huge issue? Now that things are shaking out, and after February's levy votes, maybe they'll know more. Is the sense that there are problems still but they're manageable in terms of a small number of districts? Or is it we have a major systemic structural funding problem that's going to eventually cause huge headaches for school districts? It's important in terms of long-term success of the Program to figure out the answer to that general question. It's primarily a school funding issue, probably more than a SEBB Program funding issue. It seems like a very important public policy issue.

Dave Iseminger: Pete, Cade's going to talk about different legislation in the Legislature now. There's at least one of them in its current iteration that does at least have a specific OSPI-HCA joint study, at least on substitutes that starts to get at this general topic, even if it's not for the entire program.

Pete Cutler: Great, thank you.

Legislative Update - Bills

Cade Walker, Executive Special Assistant to the Employees and Retirees Benefits (ERB) Division Director. I am the ERB Division legislative liaison and work with analysts to provide an analysis to our Legislative Affairs Division, and provide feedback to the Legislature on bills that impact our Division. Other subject matter experts look at bills and let us know if the bill could be an issue we need to address. I also coordinate with our vendors to ensure there is an understanding from them impacts proposed legislation may have.

We are in short session this year, which started January 13. We are on day 15. The last day of session is March 12. We have been running full speed from day one. There were a few pre-filed bills from last session that we had already addressed, which gave us a head start.

Slide 2 – Number of 2020 Bills Analyzed by ERB Division. As of January 21, we did 119 bill analyses in our ERB Division. We primarily focus on high impact bills that impact our Division and the PEBB an SEBB Programs. There are currently 27 high impact bills and we are lead on 14.

Dave Iseminger: When we say something's high impact, there's usually two criteria. Either it requires rule making or possibly benefit design changes, or it has an impact anticipated to be over \$50,000. Given the size of our programs, any change to benefits is going to have an impact greater than \$50,000.

Cade Walker: Slide 3 – Legislative Update – ERB High Lead Bills. This slide shows bill progress within the legislative process. The bills cascade down with a total at the top so when we see the origin of chamber, the policy, that will be the total number of ERB high impact bills we are leading. I will cascade that number down so you can see what bills are moving through the process and how many have reached the Governor's desk.

Pete Cutler: Do I understand correctly that basically this cascading slide shows that there are 14 ERB high lead bills in total as of this date. Four of those have passed out of the Policy Committee into the Fiscal Committee?

Cade Walker: That's correct.

Pete Cutler: Either of those four, or it's possible you could have something that would pass directly from the Policy Committee directly to Rules, or it could go through Fiscal to Rules. Those two bills shown under Rules or Floor, are they two of the four above?

Cade Walker: It's one and one. You're correct that they don't necessarily have to pass through the Fiscal Committee if there's no fiscal impact. One of those did go through the Fiscal Committee and the other did not. It went straight to the Rules Committee.

Pete Cutler: Do you have those numbers off the top of your head?

Cade Walker: I don't.

Pete Cutler: I'll look it up later. Thank you.

Dave Iseminger: Remember that sometimes the Fiscal Committee is also the Policy Committee. It's not necessarily that all four of those bills passed Policy into Fiscal. But when it comes to compensation and benefits packages, those bills often start directly in the Fiscal Committee because they are considered policy bills of fiscal state policy. There are different ways a bill can move through the process. Slide 3 is a general funnel.

Cade Walker: Slide 4 – SEBB Program Impact Bills. House Bill 2208 and its companion Senate Bill 6144 is about implementation credits and performance standards in insurance contracts. This had a hearing last week and we testified in support. This legislation HCA worked on with OIC before session. OIC introduced the legislation in response to an issue with one of the vendors and the implementation credits that we have pretty standard in our contracts with our vendors. HCA testified in support of the legislation and we're working closely with OIC in making sure we help this legislation move along, as we feel it is very beneficial for our contracting purposes. Not only to have the implementation credits for when we change vendors, but more importantly to have the performance guarantees in those contracts. As I mentioned to the Legislature, performance guarantees help us hold the feet to the fire of our vendors and ensures we're providing the best quality of benefits and services to our members.

Dave Iseminger: This bill is basically to write and change the words in statute to match what everybody has been doing because of some concerns raised in the past couple of years. It's not actually changing how we're doing work, it's so the statute reflects how the work is currently being done. This came up because there were concerns that in the insurance code, granting or holding a performance guarantee penalty was actually a retroactive revision to the rates filed with the Insurance Commissioner's Office and might run afoul of rate filing requirements. This cleans up those concerns. It wasn't a concern with what we were doing, but how it should be reflected in state law and the practices OIC follows with the filings.

Pete Cutler: Thanks for that clarification. I was curious of what specifically this would hone in on. Are the carriers the Health Care Authority works with supporting this legislation?

Cade Walker: I'll get back to you on that. I am not confident one way or the other.

Pete Cutler: Okay, thank you.

Cade Walker: House Bill 2458/Senate Bill 6479 were introduced this session and address optional benefits offered by school districts. This is amending language from SB 6241, which precluded school districts from offering benefits that were in conflict with the offering authority of this Board. The proposed legislation clarifies the types of benefits school districts can offer, including fixed payment benefits - cancer insurance, hospital indemnification insurance, emergency transportation. These fixed payment benefits would be allowed under this legislation, as well as other particular types and categories of benefits.

Dave Iseminger: When Cade comes up later to talk about our optional benefits survey, it's intimately related to the existing authority that would be changed by this bill.

Cade Walker: Slide 5 – SEBB Program Impact Bills – Eligibility. These three bills directly impact the eligibility of SEBB Program members. Senate Bill 6189 already has Substitute Bill. The original bill entitled Eligibility for School Employee Benefit Board Coverage would have removed eligibility from substitutes and from employees who work in the languages, an indeterminate schedule, or anyone without a contract at the beginning of the school year indicating they would be working 630 hours. They would no longer be eligible for benefits. Additionally, the bill would remove dual PEBB/SEBB Program enrollment by retirees and PEBB/SEBB Program dual enrollment by employees.

Since the hearing on Friday, a proposed substitute bill was heard that does not have the eligibility requirements that were in the original SB 6189 regarding substitutes and those employees who work indeterminate schedules. It's asking OSPI, with assistance from HCA, to conduct a study on the number of substitute teachers and those who work indeterminate schedules. Currently, the study would not be due for quite a while. It's not necessarily providing relief the districts seek on the financial side. It's unclear if the depth of this study would get to the full extent of what is needed in order to answer the larger question. It may be an opportunity to determine the overall impact based on population, which is largely those unfunded, which is our understanding of the master model for K-12 funding. Many substitutes are not funded through that mechanism.

Senate Bill 6290 - Contribution to, and eligibility for, school employee benefit plans. This bill has two adjustments to RCW 41.05. First, it attempts to modify what happens when an employee waives their coverage. The actual language does not necessarily achieve what we believe the bill intended, which was school districts don't have to remit payment for waiver. The mechanisms to do that would need some adjustment HCA proposed language if that's what they wanted to do. Additionally, it removes eligibility for substitutes and coaches. SB 6189 was addressing substitutes and those who worked an indeterminate schedule. SB 6290 removes eligibility for substitutes and coaches, as well as modifying language on what happens when an employee waives.

Senate Bill 6296, Health care benefits for public school employees, would remove eligibility for employees in a job sharing arrangement. As we learn the definition of job shares, we appreciate it's a defined term when there is a single position split between two or more employees to allow flexibility for achieving the work needs of that particular FTE.

With regard to these bills with eligibility, we don't have great numbers on how many job shares there are, how many substitutes there are, how many employees work an indeterminate schedule, or how many coaches there are. We sent a survey to all SEBB Organizations on Friday, last week, to inquire and start getting data of how many substitutes are in your district. How many of those employees currently have SEBB Program benefits? We asked about job shares and other types of employees. That will help us get an idea of what the fiscal impact would be. I can appreciate the data we get will be rough. It's evident there is a lot of variation between the districts and standardizing how we collect data that is a work in progress for us to continue appreciating how to get data that is as accurate as possible.

Dawna Hansen-Murray: The prototypical school model will pay for one lab teacher or five lab teachers and then a district might hire ten para-educators instead. That is not considered job sharing. Am I correct?

Cade Walker: I wouldn't know how to answer that entirely. We're still learning how districts classify job sharing. It was an issue we raised to make sure the term "job share" was very clear in what they were intending to do, that it wasn't just parsing out headcounts. There needed to be something more definitive about what was intended by job sharing.

Dave Iseminger: I think it was Senator Hasegawa during the bill hearing who said he might appreciate a definition of job sharing because he understood with almost 300 districts, there might not be uniformity in understanding of such a key term in the bill. It's an area we're watching. We think it is unlikely we all have complete clarity. I'm sure if we asked everybody in this room, there would be at least a dozen different definitions or examples.

Wayne Leonard: I know a lot of these bills were based on the concern Pete brought up about the cost of providing these benefits to substitutes. I think that's why these bills are coming up. I got the email last week about the survey. I haven't had a chance to go look at it. I know in our area, many school districts have changed the criteria for substitutes in terms of what they're allowing substitutes to work, in order to avoid people getting 630 hours. I don't think that was the intent of this bill. In terms of how they're trying to manage their costs and budgets, that's what they've done. I don't know if that's a question in the survey, if that's some data you will be collecting. I think the further we get into the school year, a lot of districts are realizing that's going to be problematic if you can't get a substitute when you need one in your classrooms. I know it's occurring in our local area.

Cade Walker: I appreciate that input. It wasn't something we particularly asked for on this survey. We were trying to keep it high level to start, answering general questions. As we have opportunities to understand these issues more, and are requested to dive further into understanding what's going on and how things are adjusting, that's a prime question we will ask in future follow-up.

Dave Iseminger: Most of the time, these eligibility bills, they have future effective dates. They'll either reference the 2020-21 school year, or sometimes the 2021-22 school year. Most of the time, they're doing prospective applications.

Another important piece to highlight, with SB 6290, I did testify on that bill to provide context about why a waiver assumption is included in the funding rate and how *not* paying for waivers actually would drive the funding rate up. The way I described it to the Legislature, to try to level set here, is you have a complex funding rate formula with many variables. $X + Y + Z = \$2 \text{ billion}$. We need roughly \$2 billion to run the program year over year. If you eliminate, or put downward pressure on one variable, you need opposite and equal reactions on the other variables because you still have a fixed constant to solve, which is \$2 billion. That is how we tried to describe the goal of this bill might not achieve the desired end results because the money still has to come in to fund the projected Program. The only way to change that \$2 billion fixed cost at the end is to change the assumption when there were actual waivers in the system, and change

some of those variables that produced that \$2 billion. When you get to the funding rate calculation, you can't just pull out not paying for waivers because then you're shorting the overall program fund.

Another concept I've heard about, and there isn't actual language yet, but an amendment is possibly coming. It potentially adds into the eligibility framework, the ability to terminate eligibility after 60 days of nonpayment of premiums. You may have heard from school districts some concern that come up in the substitute area, where they reach 630 hours but don't pick up hours for the rest of the year. The concern is how to collect the premium. They have eligibility until the end of the school year. I've heard there is some language being drafted and may be an amendment to the eligibility framework.

Tanya Deuel: One important comment on SB 6290 is when an employee waives, they're waiving medical. They are not waiving dental, life, vision, LTD, and the various other things the funding rate covers. Those costs still have to come from somewhere.

Dawna Hansen-Murray: In talking to some finance people from different districts up north, food service workers' funding is different. School districts are finding they're paying more out-of-pocket per employee for food service workers. I think there's some concern there as well.

Wayne Leonard: They are funded differently, but I don't know about the second part, why they would be paying more out-of-pocket if they're all on the SEB Board plans.

Dawna Hansen-Murray: I think most food service workers work in the three and a half to four hour range. I think districts have to pay a higher amount out-of-pocket for those food service workers. They're not reimbursed under the federal programs as FTEs.

Wayne Leonard: I think that was the intent of adjusting the benefit allocation factor formula in the negotiated agreement. I don't know. The federal subsidy for a school lunch isn't going to cover the benefit. But food service workers are covered under district employment contracts. They have to come up with funds someplace else. Many of the food service programs don't cover their costs because the reimbursement rates, or the fees they're charging for a lunch and the amount they can actually collect for that, is not sufficient. That's just the way it works.

Dawna Hansen-Murray: I think that, and compounded with substitutes, districts are paying more out-of-pocket.

Wayne Leonard: They're paying more out of their M&O levy?

Dawna Hansen-Murray: Yes. I believe there are fixes we need to make first, with covering all employees before substitutes. I think that's an important piece.

Cade Walker: Slide 6 – Topical Areas of Introduced Legislation. Without getting into specifics, this slide addresses trends we're seeing in other legislation being introduced this year. We see these come up every year in different ways, shapes, and forms!

There are a few bills regarding provider health carrier credentialing. Some bills tighten up requirements for credentialing. Some loosen the requirements for credentialing, depending on the provider type across the spectrum of health providers and carriers.

We also see pharmacy bills. HCA is tracking bills that would impact the SEBB and PEBB Programs. There are a couple bills on expanded durable medical equipment (DME) coverage, including expanded coverage for hearing aids, prosthetics, and orthotics.

Pete Cutler: If I send you an email, can you give me a couple bill numbers on the credentialing area and prescription tourism. Those are two categories I'm curious to see.

Cade Walker: I'd be happy to send to.

Pete Cutler: Fine, I'll take it from there. Thank you.

Annual Benefits Planning Cycle

Marcia Peterson, Manager, Benefits Strategy and Design Section. Congratulations on successfully launching 2020 benefits for the SEBB Program. Today we'll talk about the process to improve those benefits, add new benefits, or change those benefits going forward.

Slide 2 – SEBB Benefits Cycle. This slide explains the cycle we use to improve, create, or change benefits. Starting today, benefit changes discussed now would become effective January 1, 2022. Ideas for new benefits can come from Board Members, subscribers, and sometimes from public comments at our meetings. We hear them through our customer service and correspondence, too. We encourage new ideas from all areas.

HCA meets with the plans themselves to talk about trends in their books of business with their other plans and what sort of changes they recommend. We get recommendations from the plans themselves in terms of new benefits or changes that could be made. In addition, we try to stay on top of what is going on with other employer-based plans, other plans throughout the country. We pay attention and do an environmental scan and bring things forward.

The Legislature can come to us with mandated benefits at any time, regardless of our cycle.

HCA is open to hearing ideas. Staff will research, evaluate and vet the ideas. We apply criteria to identify how many members are impacted. It could be a small number of impacted members, but with a huge impact for them. We look to see if it's evidence based. Is there clinical evidence for it? We turn to our colleagues in the Clinical Quality and Care Team (CQCT) to advise us on evidence-based medicine, whether the benefits would improve the health of the population. Is there evidence around that?

We look at costs and savings. Would it result in savings? Would it impact rates overall if we go forward or is it a small increase that wouldn't impact the rates overall, or possibly there could be savings. Staff vet them and the agency proposes, if

appropriate, in the October-December timeframe. We propose new benefits in the Governor's budget.

Then a year has gone by and we are back in January going into 2021. Items that theoretically went through the Governor's budget may or may not appear and be funded through the Legislature in the January to April timeframe. If funded, we can take them forward. Now we are to July for the 2021 Board vote. That's when you vote on them. Implementation takes place and new benefits go live January 2022.

What doesn't make it through one year may make it through the next. An example is the Diabetes Management Program. It hasn't been funded, but we continue to take it forward.

Slide 3 – Discussion. Are there new benefits you would like to see included in our portfolio?

Katy Henry: One thing that has come forward from people that I've heard from is the ability to expand payroll deduction, specifically for those optional buy-ups. Many of the employees have been used to having the payroll deduction through their districts. Most of them can't do that now.

Dave Iseminger: Depending on how the bills work through the Legislature, that legislative action might supersede many of those conversations. But noted.

Dawna Hansen-Murray: To add to what Katy said, a lot of those deductions were also pre-tax and we've lost that ability for pre-tax.

Pete Cutler: One thing that strikes me as, I guess surprising or quizzical on this cycle, is that it shows -- I guess I would start with, and I'm being parochial, I admit, the statute that creates this Board says this Board will design proposed benefits and review for school employees. Yet this cycle does not mention a SEB Board role involved with the research and evaluation of new benefit ideas, or any kind of review until a Board vote. That's after this cycle showing the Health Care Authority would be proposing new benefits in the budget and the Legislature making decisions on funding those.

It seems that's really inconsistent with statutory intent. It may be just an oversight, which would be fine. But if the idea is really that the Board only gets to influence benefit policy and design decisions after you've gone through the Health Care Authority proposing new benefits in the budget, the Governor supporting it, the Legislature supporting it. Then a month or so before, or two months before you're supposed to lock in contracts, the Board is stuck with it. The Board is asked to basically do an up or down on this and everybody's expectations have been raised. You're going to approve it. It seems incongruous with the way the statute talks about this Board's role on authority involving benefits. I'm hoping it's just kind of an oversight on putting together the cycle circle and not an intentional indication that the Board's influence is limited to the last minute.

Lou McDermott: I think the Board has influence throughout the entire year. One of the things we grapple with as the agency is that you have multiple players at the table. You have Collective Bargaining, the Legislature, the Governor's Office, internal staff, and the

Board. While yes, Pete, you're correct, the statute does say the Board has that ability to control that, it's control is within that environment. There are many things that occur during the Board season that are taken into consideration as those things are developed, as the budget packages are developed, as the model is being updated. Those run through the Governor's budget. I think there is a little bit of a rub that occurs throughout the cycle as to which partner is going to do what. The SEB Board can say, and the PEB Board for that matter can say, we're going to do X. If those funds aren't funded by the Legislature, it creates this dynamic. Trying to get all the parties to walk along that circle is Dave's challenge and his mission in life. But yes, it's acknowledged. There are issues with the cycle.

Dave Iseminger: We used to describe it as every 12 months we have an 18-month cycle. But really, it's every 12 months we have a 24-month cycle because in that environment Lou was describing, everybody needs to be first. The time has crept so everybody wants to have a step before everyone else. Ultimately Lou is right that if the Legislature doesn't fund it, or they're upset with an action taken by the Board, they have ways to reverse those actions or curtail authority. An important piece, Pete, is that we have these conversations in the next six-month period about what the Board is interested in being evaluated and put forward. Ultimately, what is picked up by the other parts of the authorizing environment and funded does influence what is left at the end of the day for Board action. We've deliberately expanded the 18-month cycle to a two-year cycle so there can be Board conversations in advance as part of the research and development process.

Pete Cutler: So that would support my guess that the issue is the Board's not listed explicitly as part of that research and evaluation of new benefit ideas. In my mind, that's where the Board should be involved at the front. I agree with Lou. Obviously, other players need to buy off, but unfortunately, without the Board listed, it implies the Board is the last one that gets to have influence. That every other player gets their influence and gets to veto or approve something and the Board is at the very end of the influence cycle. I think there should be something on record indicating research and evaluation of new benefit ideas includes the Board. It would be nice to have it clear on the record.

Marcia Peterson: Thanks, Pete. I think you've seen a lot of examples of the way we do this over the last two years. It's very similar. Even though this was a new program, it's similar to what we do with the PEB Board. For instance, the Centers of Excellence Program was more than two years to rollout. It was HCA talking about the Bree criteria with the Board and how it might be applied. It was talking about total joint replacement and how it tends to be a procedure with a lot of unnecessary surgeries. We talked about that with the Board and it was a couple of years before we even came forward with how we were thinking of implementing the benefit. What do you think? If you were to look at that cycle, it's really the January to July in the first year and then it's January to July in the second year. We've got a couple of stabs at it with monthly meetings with the Board. It's a good point you make. It's something we've struggled with because as Lou says, there's a lot of people at the table. We do feel strongly that we want forward involvement. We want the Board to direct this. It is part of their authority so we'll be bringing things forward. Hopefully, you feel like you can bring things to us and we will evaluate them and bring you back our findings.

Pete Cutler: Again, and Marcia, I do want to stress, I think with this Board, the approach that was taking in terms of bringing us up to speed on the Centers of Excellence type options and the pharmacy, I want to call it tiering.

Marcia Peterson: The formulary?

Pete Cutler: Formulary policy decisions that involved that kind of education and taking feedback well before something was locked in as a proposal. I'm not criticizing, in fact, I appreciate what the Health Care Authority has done in terms of briefing. I just thought this particular cycle, it leapt out at me that the first reference of the SEB Board is way late in the process and I don't think that was really the intent. Thank you.

Marcia Peterson: Thank you.

Wayne Leonard: To add on to Pete's comments, too, is Dave and I had a conversation in September about a similar thing when the optional benefits memo came out about the supplemental medical plans. At that time I was confused too about the process. I got a lot of phone calls and emails because it was communicated that the SEB Board had made this decision. I got a lot of calls and emails and told them the SEB Board had never talked about it. I appreciate Pete's comment about when does the SEB Board make the decision or when does our involvement occur. When is it an agency determination? Having said that, the only other benefit we talked a lot about last year, Dave already mentioned, was long-term disability, improving that benefit. It seems like that would be an area where we should do more work.

Lou McDermott: For the edification of the Board, the question as to who gets the say, whether it's the agency or the Board, that debate rages on issue by issue. If the world were to change in a certain way, either a new law, a new federal regulation, some dynamic in the market, those discussions are made with internal staff who have historical perspective on what we've done in the past with our attorneys. We try to figure out where that balance is, because it's not cut and dry. Some issues are fairly cut and dry. Unfortunately, the majority of them seem to be that we all need to get into a room and figure out is this an issue for the Board? Does the Board need to take action? What does it look like? I don't think you're ever going to get the clean, we just send you a one-pager that says, "This is what the Board does. This is what the agency does." It's never that clean, unfortunately.

Dave Iseminger: I'll just add, because of all people in the room, Connie will appreciate this. When we communicate things out and we try to say SEBB Program versus SEB Board versus SEBB Benefits, those nuances are captured by many people in this room, Connie and me most of all. But the recipients of our language lump it all together as the Board. There's always that challenge, as well. As carefully as we try to tailor who did what, where, when, it's always read as the Board did blank, even if it wasn't the Board and even if our communications don't say the Board did it, that's how it's received. There's always that communication challenge.

Marcia Peterson: I also want to also point out, in case it isn't obvious, and Lou will attest to this, we didn't always have this sort of orderly approach. It drove us crazy, where the carriers would come forward and say, "We have this great idea. If you would just change this one little benefit, you'd save gillions of dollars." And we'd say "Okay.

Well, we'll consider it." Then the next week there would be another thing they'd come up with. Halfway through the year, somebody would come up with something. We had to determine if we could implement in time. Is this idea you're giving me today going to be superseded by something later on that's even better? What do we do? We had to put some hard stops around it. They're not completely hard, of course. The Legislature can always come forward and mandate things. But we did want to make it manageable, so it fits with the realities of including open enrollment and communicating new benefits. We try to put some discipline around it, which is not to say things do come up and we will consider things along the way.

Lou McDermott: That was one of Marcia's first tasks when she was hired - to square that away because it was chaotic. People thinking that at any time during the year we can initiate ideas. You've got the funding rate. You have the modeling. You have the Board season. You have the legislative season. It felt disjointed. This cycle at least brought some order as to when things usually happen.

Dental Options for 2022

Ellen Wolfhagen, Senior Account Manager, ERB Division. HCA is looking ahead to potential benefit designs. Slides 2 & 3 – Recap. Originally there was a dental procurement resolution which called for looking at whether we should do a new procurement. Among the things considered were could our current contracts with Delta Dental of Washington and Willamette be renewed every year. A new procurement is not recommended at this point. 90% of providers are already under contracts and there are costs involved in doing a procurement. Instead, we'd like the Board to look at potential alternative benefit designs.

Slide 4 & 5 – Potential Benefit Options. Options might include things like increasing the orthodontia benefit level for children, adults, or both. Providing an incentive that rewards the use of preventive services, for example, cleanings and x-rays. The current orthodontia benefit level is \$1,500. All current plans cover both children and adults.

Another option is to increase the benefit level for posterior composite fillings, which is the most common kind of filling. This is the white material on your back teeth instead of the metal amalgam. Most plans charge a difference between the amalgam and composites. We can look at a targeted education effort to help spread the message that oral exams can improve general health and identify medical issues early. If we develop good habits with children, especially not being afraid of going to the dentist, there will be a big payoff later in continued good health for the entire population.

Slide 6 – Benefit Design Consideration. Some of these options may be budget neutral by balancing the benefits. The focus is mostly on the Uniform Dental Plan (UDP), a preferred provider organization, in part because this is the largest covered population and the most opportunity to change the structure of how benefits are delivered. The fully insured dental options are managed care plans and already have some built-in benefit incentives.

Slide 7 – Incentive Benefits – UDP Only. An incentive plan could be similar, but not identical to, what Delta Dental offered previously under the WEA Trusts, in Seattle Public Schools, and others. You can change the percentage the member would pay if you use preventive services. For example, if your responsibility was 40% for fillings, if

you used preventive services in the first year, in the second year, your cost would be 30%. You could keep bringing it down for every year preventive services were used. Or alternatively, you could raise the plan maximum, which is currently \$1,750, not including the ortho benefit. Or you could have a combination so the co-insurance could eventually get to zero, keep decreasing the amount the member has to pay until you get to zero.

I'd like to confirm the Board wants HCA to explore benefit options.

Dave Iseminger: This is one of the top three areas of discussion at Benefits Fairs. Changing from an incentive-based plan to others. We heard different conversations in the prior two Board seasons about interest in looking at dental at some point. It may seem counter-intuitive because I think every word on all of these pages was increase, but then we said there might be ways to do this in a budget neutral fashion, the devil is in the details. We would bring all of that to you as we're looking at different options. We really do want to confirm the things we heard from both members and an underlying theme from many of you in prior years, that you do want us to explore these types of things and be bring back ideas for your consideration.

Pete Cutler: Ellen, welcome to the world of the School Employees Benefits Board Program. I was going to say I hope this first meeting has not discouraged you from your new career choice. On providing an incentive that rewards use of preventive services, I'm curious. Is the underlying motivation for this to promote good or better dental health or is the underlying motivation to reduce costs, to save money?

Ellen Wolfhagen: The primary motivation would be to improve dental health. We only have information on PEBB members right now, but we have found there is a high percentage, more than 25%, of members who never take advantage of preventive services. Those preventive services are covered at no cost.

Pete Cutler: I know my family, maybe it's because I have a budget background, a fiscal background, I couldn't imagine leaving those dollars on the table. It was free.

Dave Iseminger: It's not free, Pete.

Pete Cutler: Well, you're right. It was no additional cost to me. [laughter] I think that's a great motive to have but with the \$1,750 total dollar amount for the maximum the plan would pay in a year, it did not seem like it was likely going to reduce claims costs that much. But, thank you for that information.

Dave Iseminger: I'm curious from the Board. We've highlighted there were two ways to balance this. You can either have a migrating percentage-base coinsurance that changes based on your preventive services, or a flat change in the annual plan maximum. Is there any insight, especially from those who use these benefits and had them before, your sense from your colleagues as to if there might be a tendency towards more of one than the other as we prioritize things to analyze?

Dawna Hansen-Murray: Coming from a district that had an incentive plan, 70%, 80%, 90%, 100%, a lot of us - I go to the dentist twice a year. I was at 100% for quite a few years. Then the question is, if we ever go back to that, do I have to start all over again?

That's also going to come up if we do that. It was a very good plan and I try to tell people we were on an extremely good dental plan. We had WA Dental and it was amazing. It covered crowns at 100% if you did your preventative maintenance. There's got to be some give and take somewhere. That's what I'm thinking about.

Pete Cutler: It occurred to me, we were asked a question. Not sure if it's entirely rhetorical but just for the record, yes, I, as one Board Member, would like to have the Board investigate and do some research, pull together information on these options.

Dave Iseminger: For the record, there were head nods to that comment from other Board Members.

WORKING LUNCH

Special Long-Term Disability (LTD) Open Enrollment

Kimberly Gazard, Contract Manager, ERB Division. I'm here to discuss long-term disability and the upcoming enrollment opportunity.

Pete Cutler: Am I correct that this is your first SEB Board meeting? Have we been introduced in the past?

Kimberly Gazard: I presented at least once last year.

Pete Cutler: I was going to ask you to provide a little background on you and your role in the agency, but maybe I've just forgotten it from a prior Board Meeting.

Kimberly Gazard: I joined the Health Care Authority about a year and a half ago. I relocated from Florida.

Slide 2 – Supplemental LTD Results. Out of 145,139 eligible subscribers, 26,856 subscribers enrolled in supplemental LTD. That is about 18.5% participation. We believe the low enrollment may be due to subscribers focusing on medical, dental, and vision plan choices. There were also employees coming from a previously richer, employer-paid plan. Subscribers may also be under the impression they have a rich employer-paid plan, not realizing it's \$400.

Dave Iseminger: The Standard came to us in October and said the daily enrollment isn't trending high on this benefit, so we made a change mid-open enrollment. At the beginning of October, subscribers elected optional benefits in SEBB My Account by clicking on a separate tab. Mid-open enrollment we moved it to the main tab where you elected your medical, dental, and vision. The day we made the change, enrollment in supplemental LTD doubled every day thereafter. We were able to get to the robust 18.5%. It would have been much lower but for that change. Another example of a carrier bringing us an issue and by changing product placement, it resulted in a higher uptake. There's still a lot of work to be done here.

Kimberly Gazard: Slide 3 – Supplemental LTD for 2020 Plan Year. HCA negotiated and worked with The Standard on a 2020 plan provision regarding evidence of insurability. Evidence of insurability is not required for the 2020 plan year, as long as a subscriber hasn't previously enrolled, disenrolled, and attempted to enroll again. That is

when the subscriber would be subject to evidence of insurability. If it's a new enrollment during the 2020 plan year, evidence of insurability is not required. That will change January 1, 2021, when it will be required, with the exception of newly eligible, who have their 31-day period where they can enroll with no evidence of insurability. That would be the exception.

Slide 4 – 2020 Supplemental LTD Enrollment Opportunity. As Dave mentioned, we've been working with The Standard the last couple of months who are very supportive of having an enrollment opportunity for the 2020 plan year. After discussions with The Standard, we discussed having an enrollment opportunity for this year. We try to learn from past experiences. The PEBB Program had a very successful enrollment opportunity last March. So with the SEBB Program, we wanted to rinse and reuse that strategy and work plan. March of last year, the PEBB Program had an open enrollment opportunity, which showed a 19% increase in participation. So we went from 40,000 subscribers to 47,690. These enrollment opportunities proved to be very successful. HCA is looking forward to having this opportunity for the SEBB Program. The advantage here is the SEBB My Account platform to enroll online. That's a very advantageous opportunity for SEBB Program subscribers.

Dave Iseminger: To clarify, we will be using SEBB My Account as the planned online enrollment and move away from paper. The PEBB Program was a paper-based LTD enrollment only with payroll offices in each of the state agencies and higher education keying in forms. We might have even greater uptake when all you have to do is click a button.

Kimberly Gazard: Slide 5 – 2020 Supplemental LTD Enrollment Opportunity Details. May 2020, eligible school employees will have the opportunity to enroll in supplemental long-term disability. For this enrollment opportunity only, LTD coverage members had prior to January 1, 2020 will be credited toward any pre-existing condition exclusion. This is a great opportunity for everyone to take advantage of this enrollment opportunity that's only going to be offered until May 31, with an effective date of June 1, 2020.

Pete Cutler: When it says long-term disability coverage -- this opportunity in May 2020, LTD coverage for members with coverage prior to January 1, will be credited towards the pre-existing condition exclusion. I assume that's based on if they were covered under a different company's plan or something offered by the school district? Otherwise, if you think of it in the SEBB context, if you already enrolled, maybe this gives you a chance to change what you're enrolled for, but you only get credit towards a pre-existing condition exclusion if you already signed up with The Standard. I'm trying to confirm it doesn't matter what company you had your LTD coverage with.

Kimberly Gazard: It's more like time served that you don't have a lapse in supplemental long-term disability coverage. If someone enrolled in May and had six months in 2019 that ended December 31, 2019, The Standard would consider there being no gap in coverage from January until they enrolled in May. The Standard works with the prior policy and compares the prior policies in making sure it doesn't exceed the SEBB policy.

Pete Cutler: They will want to know who you had coverage with because presumably, if it were a much skimpier coverage or something with a very long waiting period,

there'd be some adverse election, risk that would not be there if the policy was somewhat similar to what the person is signing up for in The Standard.

Kimberly Gazard: Right. They'll review and compare the policies.

Slide 6 – Planned Communications for 2020 Supplemental LTD Opportunity. The Standard has agreed to hosting on-site presentations at the larger SEBB Organizations throughout Washington. The ERB Outreach and Training Unit will provide training to the SEBB Program Benefits Administrators, providing forwardable email messages to communicate to employees. We'll have ongoing information that will be provided through our SEBB Update e-newsletter and GovDelivery emails. We will also have a targeted letter mailed to SEBB Program subscribers not currently enrolled in supplemental LTD insurance. This letter will be emailed to PEBB Program subscribers who subscribed to the GovDelivery service. We will also be working on an FAQ and fact sheet regarding the enrollment opportunity. This information will be updated on HCA webpages.

Lou McDermott: For the PEBB Program, working with the unions was important as well, getting that message out through their channels.

Kimberly Gazard: We have that on our work plan, as well.

Dave Iseminger: Another piece slightly different between PEBB and SEBB, in PEBB we were able to leverage the cabinet agency directors to do a concerted push from the leadership all the way down telling staff, "This is the first time in 40 years this has happened, and the benefit hasn't changed in 40 years. You should really think about it now because, although enrolling in optional employee-paid isn't the long-term fix to the level of employer-paid benefit, it's short term, there's an opportunity for you to have coverage." We leveraged cabinet agencies to push a message. We will look for a comparable option with the SEBB Program. We'll go through the Benefits Administrators as we did in the PEBB Program.

We saw some big jumps in agencies where their leadership embraced that role and pushed out messaging. I myself was one of the 7,000 people newly enrolling because I was young and invincible when I started with the state and didn't think I needed this coverage.

SEBB Medical Plan Update

Lauren Johnston, SEBB Senior Account Manager, ERB Division. Slide 2 – Objective. Today we'll walk through a medical plan update. We'll discuss potential changes to the medical plans for 2021, review medical plan enrollment data, as well as, and Children's Health Insurance Program (CHIP) updates.

Slide 3 – 2020 Medical Plan Service Area Criteria. School employees may select medical plans based on the county where live, and some employees may have other plans available to them if the employee works in a district that straddles county lines, or is in a county that borders Idaho and Oregon.

Slide 4 – Service Areas. HCA heard concerns from school employees throughout open enrollment comparing plan options with other school employees based on where they

live or work. In addition to no longer having access to their current or previous medical carrier based on the live and work criteria, specifically members who were enrolled in Kaiser may now not have that option based on where they live or where they work.

In addition, members who previously had Premera and wanted to remain with Premera, under the SEBB Program, may not have that option. For example, Wenatchee School District is wholly within Chelan County. However, a number of employees working for Wenatchee School District live in Douglas County. The two counties have different plan options. Employees working in Wenatchee School District, but live in Douglas County, only had three UMP options, whereas employees working for Wenatchee School District and living in Chelan County had the addition of two Premera plans. There are similar scenarios like Wenatchee throughout the state.

Katy Henry: I heard from members, especially in the Northeast in Stevens and Pend Oreille Counties, that many of their clinics are run by Providence. While Premera showed up as an option, they really couldn't use them because Providence doesn't accept Premera. They were very frustrated by what they considered not real options because the clinics and hospitals in their area did not take Premera.

Lauren Johnston: Yes, that's something we are very aware of.

Dave Iseminger: Thanks, Katy, for sharing that. I know Premera had a lot of feedback during open enrollment. They have multiple different networks, some of which include Providence and some of which don't. The network included in SEBB did not include Providence. They heard quite a lot of feedback and we will definitely be talking with them to see if there are opportunities to work on their network for 2021.

Pete Cutler: Am I right the UMP plan options were available in those counties?

Lauren Johnston: Yes.

Pete Cutler: Do they include Providence?

Lauren Johnston: They do.

Pete Cutler: It was an issue of wanting to stay with both Premera with access to Providence?

Katy Henry: The clinics is what I think are the frustration. These are very rural communities who had established relationships with their providers. Sometimes to travel even from Colville to Spokane is an hour and a half. They were really frustrated. They did have UMP. Sometimes it wasn't the same coverage and/or their provider wasn't working with them. It wasn't as simple as just that. Yes, they did have other options, but it limited them within their community.

Lou McDermott: I want to be clear on that. We're saying there were providers that used to work with Premera that under these Premera plans were not available because they were Providence? UMP did not have contracts with these providers?

Katy Henry: This is based on feedback I got from employees. They were rather frustrated. I didn't check each one of them. I don't know.

Lou McDermott: Okay, it's my understanding, and start correcting me if I'm wrong here, all Premera providers covered are also covered by Regence, and back and forth. If Premera has products available they contract with, then Regence has access to those providers. It's sort of the Blue's agreement. It shouldn't be not covered unless Premera no longer works with that particular provider. And that is possible. Am what I'm saying right?

Lauren Johnston: I'm sure there are cases where someone is not contracted with Premera, so they're not contracted with UMP, as well. The difference is the Premera network that was offered to us under SEBB is a subnetwork, whereas the larger network may actually include those Providence providers in those communities; and therefore, UMP would also have access to those contracts as well through Premera.

Lou McDermott: If you get specific examples of providers, we'd be more than willing to check into that for folks to see what's going on.

Dave Iseminger: Send them to me.

Katy Henry: I can do that.

Dave Iseminger: But you said, and I wrote it down, you did say it right, Chair McDermott, about the relationship with the Blues and that was my follow-up. There shouldn't be differences between the two. But specifically you were talking about Pend Oreille and Stevens Counties.

Lou McDermott: There were also issues with the doctor's office not understanding what coverage the member had. We had members calling the doctor asking them if they were still going to be covered. The doctor indicated, yes, they took Premera, not understanding they actually don't take Premera in this subnetwork. The unions were the ones sending out communications to members telling them to verify their coverage. It got a little messy.

Terri House: That's the case in Snohomish County. There are doctors that are exclusively Premera that do not take Regence and vice versa.

Dave Iseminger: East side and west side reciprocation rules and Blues rules are different. That is possible under the west side, less reciprocation rules, whereas there's supposed to be total reciprocation on the east side.

Terri House: Well, very frustrating in Snohomish County because the Premera option offered in Snohomish County was a lesser plan, more out-of-pocket for the member. Trying to navigate finding a doctor, which the online tool was very helpful for several people. I can't imagine how many times I passed that link on to people. It was an eye-opening experience for a lot of people on the west side.

Lou McDermott: When Board Members hear of these specific examples where something doesn't sound like we've described it, definitely forward them to us so we can determine if there are mistakes or other issues. That would be helpful.

Terri House: It was very evident on your link that you provided, Find the Doctor and Pharmacy, where we could go through and look up each individual doctor, because what we found when we communicated this with union members was to look specifically at your doctors, not their practice. The practice does one thing, but under that umbrella, each individual doctor might have his own things he accepts or doesn't accept. I think maybe it's the practices or the insurance companies that represent them. That area needs to be cleaned up because your link provided the most accurate information.

Lauren Johnston: We are looking to address these concerns and the potential for carriers to expand into other counties, starting in 2021, as well as expanding the number of district-based plan offering exceptions.

Dave Iseminger: Some of these requests could have cost impacts and we'll be talking about those and possible trade-offs, some of which could be under Executive Session based on where we are in the procurement process. But these would be some of the issues we'll ask for in the RFR process as we go forward this spring.

Lauren Johnston: Medical Plan Options. Questions we heard from school employees during Benefits Fairs included, "What do all these deductible levels mean? How does the deductible level relate to the premium? How do I choose between plans? Does a higher deductible level mean more services are covered?" We will address their questions by increasing consumer health education. Another option would be for the Board to reduce the number of medical plan offerings. Something to keep in mind for next Board session.

Dawna Hansen-Murray: What I saw in my building and district were people not looking at the mobility of the plan and selecting plans in a tighter network not knowing their kids who were in college may not be covered. So maybe a little more clarity on that.

Lauren Johnston: Slide 6 – Member Medical Enrollment by Plan is the same slide from Marcia's presentation.

Slide 7 – Employee Medical Plan Selection by Deductible Level. This slide shows the medical plan selection by deductible level at the different Tier levels, employee only, employee and spouse, employee and child or children, and then the full family. The yellow color is the higher deductible levels, either the \$1,250 or \$1,400. Green is the mid deductible level, and blue is the lower deductible level, which is \$125 or \$250, depending on the plan selected.

Slide 8 – Employee Medical Plan Selection Based on Lowest Deductible Level (\$125 or \$250). Keeping the blue columns in mind, this slide breaks down data further. It shows the employee medical plan selection based on the lowest deductible levels. Most employees enrolled in Kaiser WA SoundChoice, Kaiser WA Options Plan 3, or the UMP Achieve 2.

Pete Cutler: Do we have this data for Premera plans?

Lauren Johnston: Premera does not have a \$125 or \$250 deductible. Their lowest deductible level is \$750.

Slide 9 – SEBB Program and Apple Health/CHIP. HCA received a number of questions regarding the SEBB Program and the Apple Health Children’s Health Insurance Program (CHIP). Under federal law, if a child is enrolled or eligible for a state organized employee health plan in which the state pays a portion of the premium, the child is not eligible for CHIP.

Slide 10 - SEBB Program and Apple Health/CHIP (cont.). The Governor’s 2020 budget includes funding to pursue maintaining access to CHIP for children of public and school employees as well as increasing access to CHIP. The HCA program and finance staff are working together to compile a list of options and correlated impacts to continue coverage of services in the future. We are waiting for further legislative direction before finalizing any long-term plans.

Dave Iseminger: There are wraparounds that allow these provisions, which we are looking at pursuing. There are viable pathways to achieve these goals of allowing this dual coverage and a variety of states have federally approved policies. It’s an option and there have been preliminary discussions with CMS to determine if it’s possible.

Lauren Johnston: Slide 11 – High Deductible Health Plan Changes. Something to keep on your radar for 2021 is that UMP’s high deductible plan deductible level will likely need to increase in 2021 in order to maintain qualified plan status for the health savings contributions. There will likely be changes to the maximum allowed HSA annual contributions, which are typically made after open enrollment materials are finalized. Changes may have a lag of one plan year. Any changes to the deductible and HSA contributions will be made through the annual request for renewal process.

Dave Iseminger: To be in a plan and be eligible to put money into an HSA, there is a floor for how low the deductible could be. In the PEBB Program, and then initiating in the SEBB Program, from the member perspective, it’s the highest deductible plan in the portfolio but it’s actually among the lowest allowed under IRS rules. We’ve never changed the deductible level since the introduction of the plans in the PEBB Program since 2012. It’s now at the point where inflation or other consumer pricing indexing changes have happened at the federal level making our deductible in this HSA qualified plan be almost the bare minimum. We will look at moving that along and raising the deductible incrementally to maintain the HSA aspects that are the reason many people are electing those particular plans.

Lauren Johnston: Slide 12 – Anecdotal Stories. During open enrollment, we heard countless stories that were very encouraging. A number of people said that no matter what plan they chose, they would save hundreds of dollars a month on insurance premiums alone. One gentleman I sat with after the benefits fair had closed told me he pays \$800 a month now under his previous non-SEBB plan coverage. He needs a knee replacement in 2020 and asked about cost and where. I was able to tell him about the UMP Centers of Excellence Program. Based on plan selection, if he selects UMP Achieve 1 or 2, he would have no out-of-pocket costs and all the perks of the plan. He

got teary-eyed. He was so happy and relieved to know you put this program in place for him. It was a special moment for me.

Alison Poulsen: I'm hesitant to say this after that, but one of the things interesting in the school district my kids go to is how teachers have felt where both teachers were employed by a school district and no longer had dual coverage, with the opposite impact that you're describing. I continue to be super supportive of more people having health insurance, which makes the whole system work better, I do think it is important to be aware of the loss of benefit some of our families are feeling.

Dave Iseminger: I went to four Benefits Fairs and I'd say over half of my time was spent discussing non-state registered domestic partners and why that wasn't part of the eligibility requirements. That was another prominent area. I walked several people through the rationale behind it, going back to the beginning of state policies in 2004. We discussed the reasons behind why that type of policy might exist. This was definitely very frustrating for new SEBB Program members.

School District Optional Benefits Reporting

Cade Walker, Special Assistant, ERB Division. Slide 3 – Additional Optional Benefits – Authority. RCW 28A.400.280(2) articulates that school districts must report to the Health Care Authority optional benefits they offer to their employees. The SEB Board has the responsibility to determine if those offered benefits conflict with the SEB Board's offering authority. If not, we are to evaluate whether or not those benefits are something the SEB Board should consider offering as part of the SEBB Program portfolio of benefits.

Slide 4 – Interim Guidance. Last year HCA offered interim guidance to the districts on cancer insurance. HCA told the districts cancer insurance was an allowable benefit. Our guidance on that changed after taking a closer look and realizing this may be in conflict with SEB Board's offering authority. HCA issued revised guidance on this benefit. We appreciated some bargaining units had already gone ahead and included cancer insurance in their Collective Bargaining Agreement. We issued guidance stating that if you had relied on our prior guidance pertaining to cancer insurance and included that in a Collective Bargaining Agreement, we would allow that for the year and readdress cancer insurance in 2020.

Dave Iseminger: As an agency, we needed to provide guidance because part of this was about protecting the purchasing power of the Program. HCA started getting a variety of questions. The Board has offered and authorized term life insurance. So what about whole life insurance? There were dozens of different permutations of those questions. We took the step of providing guidance to say, "Under this, our interpretation of the statute that we are to provide guidance on, we believe these are the things that are clearly allowable, these are the things that aren't allowable."

In the context of cancer insurance, as we learned more, it moved from one list to the other. We provided guidance because, at the time, all questions coming in on allowable benefits needed some sort of clarification. It became apparent there would be legislative discussions. There are people who disagree with HCA's interpretation and that's being brought up as part of the legislative debate on changing this very statute.

We had to put a stake in the ground and describe what we thought the rules of the road were and now everybody responds.

Pete Cutler: Are you saying the Health Care Authority directed school districts that they may not offer insurance like cancer insurance? I hate to sound like a broken record, I wasn't sure what the statutory language said, but right here we have it. It says very explicitly, the School Employees Benefits Board, not the Health Care Authority, very explicitly, the Board shall review the optional benefits offered by districts, and they determine, the Board shall determine, if the optional benefits conflict with the School Employees Benefits Board's plan offering authority.

In terms of the next step, I do not see how you get to having the Health Care Authority -- there are many benefits where I would agree that the statute is at least unclear or sometimes explicitly leaves it to the Health Care Authority, that's an administrative decision. That's not part of what the SEB Board is supposed to have authority over. But with this explicit designation to the Board, I just don't see how the Health Care Authority could have provided that guidance, except perhaps on some purely advisory level. As it may be, it's water under the bridge. We're almost six months past then.

I'm not sure what that means for going forward. But, once again, it troubles me that the Board's authority and role seems to have been set aside and ignored when it was not convenient. That is a pattern I find frustrating. I just wanted to get that on the record. And if there's anything in terms of what the Health Care Authority plans to do going forward that involves the Board, I'd be very interested in hearing about it.

Dave Iseminger: Pete, I think there's a couple of different pieces here. Some pieces of the questions we received were unquestionably in conflict with what was offered by the SEBB Program. For example, the questions around term versus whole life insurance. There was no reasonable argument that whole life could be offered because the Board offered term life insurance. The statute says it must be outside the Board's authority. The Board's authority clearly has life insurance. The districts were really churning and asking for answers and directions about what this could mean. While reasonable minds clearly disagree as to what counts, because we're in a legislative bill situation of talking about it, we needed to provide guidance in real time about those pieces because the questions were coming en masse. There was something that needed to be answered and there were pieces that unquestionably would be benefits that conflicted with this Board's authority and could potentially erode its purchasing power long term. Many of the districts simply complied with the guidance.

Cade's going to describe areas that look like there are differences. We have the full picture after the first data report to say here's what it looks like. We gave guidance leading up to the January 1, 2020 implementation.

Another prominent question from districts during the fall was, "Is this in affect for January 1, or is this based on the eligibility date in September?" There was a lot of work done this fall where these products were continuing to be offered until December 31 as part of the standard start of the new school year. I won't speak for the districts, but it may have been seen as an opportunity to talk about this with employees until December 31. We will ask for clarification during the legislative session. By the time we get to the next school year, all the rules will be clear from everybody's perspective.

We are here now to bring you the results of that optional survey, talk about what the lay of the land is, and see what the Board's perspectives are on what's being offered within the districts as of December 31. In theory, no one had authority until December 31 because the statute says these benefits don't exist. Here we are at our first meeting talking about what those requirements are. HCA needed to give guidance in the interim leading up to the implementation.

Pete Cutler: Thanks, David. I guess my question in terms of the water that's already under the bridge is, I guess it's not a question, just an observation. The Board could've been included in communications. The Board could've been called to a meeting if it were that important. But be that as it may, the question going forward, the statute talks about the Board making a determination about whether different optional benefits conflict with SEBB plans offering authority.

Dave Iseminger: That's why we're here today, Pete, to talk about what we see and then talk about what you want to do.

Pete Cutler: Okay, so this is that determination and discussion. I guess that's what I was asking. Thank you.

Cade Walker: Slide 5 – SEBB Benefits. This slide lists the Board's explicit authority under statute and the benefits the Board is authorized to offer. The Board offers: medical, dental, vision, prescription drug, life insurance (whole and term), AD&D, liability (including home and auto), disability, Flexible Spending Arrangement (FSA), and Dependent Care Assistance Program.

Dave Iseminger: It's actually even more nuanced than that because the Board doesn't have authority over FSA and DCAP. That's in RCW 41.05 under the agency's authority. And even though FSA/DCAP aren't mentioned in RCW 28A, the exclusive authority is with the agency. That was another area with lots of questions. "Can we do limited purpose of FSAs?" With the attorneys that called us about the questions related to optional benefits in FSA, we went through every aspect of the SEB Board versus HCA's authority. It was clear that under RCW 41.05, HCA has the exclusive authority of FSA/DCAP. We try to lump it all under the program even though they bifurcated authority based on benefit.

Pete Cutler: I do acknowledge in that area there is an explicit statutory language you can point to. It would still, I think, have been appropriate to include the Board in the conversation. Be that as it may, we can go forward.

Cade Walker: Slide 6 – Data Collection. Our data collection efforts were as robust as possible under the circumstances of trying to conduct open enrollment. Staff sent an online survey to all SEBB Organizations and extending the deadline to December 20 once they got through open enrollment. Although the statute has a particular deadline for the districts to report the information to the SEBB Program, we felt it was important to extend the deadline. The vast majority of the SEBB Organizations did respond to the survey, providing information on their benefits.

Slide 7 – Data Reporting. 267 SEBB Organizations responded. HCA has reached out to those Organizations who did not respond.

Of the 267 reporting districts, there were 717 optional benefits reported. We bucketed those into 23 different benefit categories. There was an “other” category, too, which often times was used when they were describing an annuity or VEBA. Those reported benefits included approximately 85 different carriers, insurers, and vendors.

This high level data is the starting point for that data collection. As the Board may direct, we can go back and ask for more nuanced information on specific benefit types should the Board want to see more information.

Slide 8 – General Categories of Benefits Offered by School Districts. In general, the categories were put into five primary categories: Retirement/Financial, Employee Assistance Programs, General Liability, General Indemnity, Supplemental Health Indemnity.

Alison Poulsen: I was curious if you saw any rural school districts offering a particular type of benefit that might be unique to living in a rural community.

Cade Walker: I hadn’t quite gotten to that level of grouping them and seeing if it’s large districts versus small districts. At this point, we’d be happy to start digging in further. We wanted to present the general trends observed and allow the Board to direct us further where they’d like us to focus on providing deeper analysis on those benefits.

Slide 9 – Conflicting Benefits. This slide lists the types of benefits HCA felt was in conflict with the Board’s authority. I categorized eight different types of benefits, with the most frequently reported being disability, life insurance, accidental death and dismemberment, cancer/intensive care, accident, critical illness, hospital indemnity, and emergency transportation.

There were 32 SEBB Organizations with at least one of these types of potentially conflicting benefits reported and several others with multiple types.

What was not clear, while we had tried to indicate the information requested was for benefits being offered as of January 1, 2020, some districts reported benefits that were ending December 31. There may have been a communication issue.

Slide 10 – Top 5 Offerings. The topmost reported benefit offerings from the districts are: Annuities (194), VEBA (182), Deferred Compensation (95), Employee Assistance Program (59), Legal Services (24), and Gym Membership (19).

It’s worth noting that districts had multiple varieties of either annuities or VEBA broken down by the type of bargaining unit. They may have different VEBA contribution levels depending on the bargaining unit, same with annuities. They may be facilitating different types of annuity programs within a single district.

Dave Iseminger: It was interesting to me to see deferred compensation brought up so often because our instructions specifically said not to include things like deferred compensation.

Cade Walker: Slide 11 – Other Key Observations. There was minor variance in benefits offered to different bargaining units (VEBA or annuities). It appears the vast

majority of districts complied with the guidance we provided and the benefits they were offering. What we don't know is how many districts had been offering the benefits and then pulled back in accordance with our guidance. We have been working with vendors like AFLAC and American Fidelity to get information about the extent of coverages and products they were offering.

There are several different insurance products the SEB Board could consider requesting legislative authority to offer.

Slide 12 – Next Steps. I have been notifying the SEBB Organizations, based on the Board's direction, of their conflicting benefits. There is very little enforcement ability in statute to address those districts that don't comply. The language in the statute merely says to inform them their benefit offering is in conflict with this Board's offering authority.

As it pertains to the non-conflicting benefits, we will provide notice to those districts as well that they are not in conflict with the Board's authority. The Board may wish to consider requesting more information on those benefits and to seek legislative authority to offer those benefits to the SEBB population.

Wayne Leonard: One of the comments I've heard mostly from districts in the Puget Sound area in particular, because I think in the Spokane area, most everyone offers similar benefits packages, but in some areas they viewed these optional benefits as a way to compete for employees, as a way to recruit. In these areas it's difficult to get candidates in certain job categories, like bus drivers, for example. Going to a statewide plan with fences around what you can do is totally new to K-12.

We've operated like the wild, wild, west in the sense that you could do whatever. We've kind of taken a laissez faire attitude. If these are optional benefits and people are paying for them themselves, what do we care, kind of thing. Why wouldn't we let them do it? Culturally, that's what you're coming up against in some respects with these benefits, or with the ability for school districts to offer it. We have 295 school districts with their own tax and authority, their own School Boards, their own bargaining groups, their own set of employees. The more clarity we could offer, the better it would be.

Dave Iseminger: This came up as part of 2018 legislation. It wasn't the original 2017 legislation. What we're seeing play out is people having different understandings of what that component of the bill did in 2018. It became pretty clear early in Fall 2019 there would be a discussion during the 2020 legislative session that would provide clarity one way or the other. But previewing the agency's interpretation of our role of defending parts of the purchasing power of the program was important. That at least set the stage for the clarity people are seeking. They could say, "Well, this is what a state agency believes the statute means." Unless somebody changes that, at least everybody knows what the state agency believes is the interpretation of that statute. That's often how different parts of state law are crafted.

Another area I was going to highlight is auto/home. It became a very prominent part of September discussions. Many people were surprised and asked why the Health Care Authority was focused on auto/home. The challenge there was the statute for the Board's authority includes the phrase "liability insurance" in RCW 41.05.740. That same phrase exists in the PEB Board's authority, RCW 41.05.065. Liability insurance

has historically been interpreted and implemented as auto and home. It felt like it caught people off guard so we made sure they knew that's what liability has historically meant at the state level. HCA told the districts, "Because this is coming at the end and it feels almost like Lucy pulling the football out at the end of the game," we said, "that's what our interpretation is, because that's what the state has historically meant. We'll wait and see if any clarity comes from the legislative session. So feel free to keep doing auto and home for this school year. But know that could be coming down the road as a potential piece next year."

That was another example of the kind of questions we had with so many different moving parts, trying to preview what the historical interpretation has been on different parts of statute, and then answering those questions before us. But I think you're right. The description you've given is very accurate. There are a lot of districts, and the pieces you've highlighted are part of the legislative debate that's going on now about potentially changing RCW 28A.

The other part of the conversation has been some districts were using these as ways to entice different employees. On the other hand, I've heard it introduces variability back into the very system that was just consolidated to reduce variability. And then you keep flipping back and forth between the coin of, well, it's employee paid so can't people do what they want with the money that they've earned? There's two sides to that equation.

Wayne Leonard: I would agree with you but it's weird because what we're doing with trying to consolidate all health care and benefits, we've done the opposite with salaries. We had a different kind of a statewide salary schedule and now we've gone to everything's wide open kind of thing. Depending on what we're talking about, it seems like the Legislature's taking different viewpoints on things.

Pete Cutler: I guess I remain concerned about how this has been handled. I want to start by acknowledging that looking at Slide 5 about what the Health Care Authority thinks are the benefits that are authorized to be offered through the SEBB Program. Scanning it quickly without benefit of really a lot of background information, I tend to agree with the list. So it's substantive and I don't think I have a big disagreement with. However, as you might have noticed, I have a very strong concern about the fact that the Board was left out of this and the process by which this information was provided, and the very presumption that it was presented as, "This is for the Health Care Authority to determine." The agency has very explicit language about it being something the Board will determine.

I look at it now as somebody who briefed policy makers and budget folks for a long time. My reaction is I personally would not be comfortable voting on a list of how these are described - which optional benefits conflict with the SEB Board offering authority without more information. I think the rationale that underlies the conclusions listed on Slide 5 of the handout, I don't have any of that in writing. I think we should, as Board members, understand the rationale that led to the Board determining for each of those bullet items what language they're relying on in the statute or in rule to come to that conclusion.

On the data, again, all we have is an extremely high-level summary. I think it's incumbent on the agency to provide the Board with information policy makers should have to make an informed decision, which I think should be a lot more specifics than we

have here about what these different benefit options are, the information that we've gathered. It's not different than what's been collected, but I don't think it's appropriate, and certainly legislators don't generally vote on proposed statutory changes based only on very high-level kind of summaries of what a proposed statute would be. There's a requirement for more detailed analysis. Something more detailed is called for here.

I think as part of the background, we should have a reference to what the statutory or administrative rule provisions are that deal with the Health Care Authority's authority to enforce program requirements. My recollection is a statutory change was made precisely, because for a long time Health Care Authority assumed it could not legally require or force agencies -- or this was PEBB agencies or employers -- to follow PEBB interpretation of PEBB rules that were adopted by the HCA. Some kind of statutory change was made to make it possible for the Health Care Authority to enforce, or to provide greater leverage for the Health Care Authority to require, PEBB employers - and I think it was amended to include SEBB employers - to require them to adhere to HCA's interpretation application of rules. I at least would like to understand what that authority, that framework is before we lock in a decision.

It seems to me at some point there should be a proposed motion brought to the Board suggesting this is how we think, the Board, and we would recommend the Board adopt what optional benefits conflict. It may not be much different than Slide 5. I think we should, but I, as a Board member, do not want to vote on such a motion until I have the kind of background information I just discussed. That is what I would hope to have the agency address.

Lou McDermott: Pete, I just want to understand, how much specificity do you want? What happens in the middle of the year if we become aware during an audit or something that a particular organization is offering a particular benefit. Are you suggesting this get adjudicated by the Board case-by-case, or again, setting the high-level policy, which the agency will implement? Is it coming down to case-by-case?

Pete Cutler: That's a legal question in terms of what kinds of limits can the agency enforce right now. I guess I'm going to not give an off the cuff kind of legal guess. That's the kind of thing the agency should look at the statutory language. If they think there's a case for saying, "School district, you can't do this," I guess I would start with presumptions that the agency can't say, "You can't do this," until they can point to statutory language that gives it the authority to set a limit, and language that somehow can be reconciled with this language that's on Slide 3.

My guess is the Legislature did not actually say, "Okay, these are the kind of optional benefits that are permissible and these are not," because it was so wide open in terms of what's going on. Nobody really knew. The thought was we should find out. Once we collect information, we should set some limits. But I would leave it to the Health Care Authority, the Attorney General's Office, to determine, looking at the whole statutory framework for the Health Care Authority and SEBB Program to determine what it thinks it can do up until the point the SEB Board takes the action mentioned on Slide 3.

Katy Henry: I support what Pete is saying. Also, going back to something Alison said. So two things: 1) I don't feel comfortable making a decision without more detailed information related to what Alison shared. What are the districts? How big are the

districts that are offering these benefits? Who are they? Just a little more information that would help us understand how they arrived at what they did. 2) To what Pete said, the authority to make the determination. I don't feel comfortable that we've gotten a full explanation of where the Board is and where the agency is. More information around that would make me feel more comfortable.

Dave Iseminger: Good news, we weren't asking you to take action today. [laughter] That's been my catchphrase the last six months. This was the first in a series of conversations. It's helpful to have context of additional things Board Members are looking for. I'm interested in any other Board Members' opinions as well.

I will highlight one other layer of the onion to the various questions that come up. This is codified in RCW 28A, not RCW 41.05, which is not typically where Board or agency items are codified. That in itself has its own fun questions for Katy Hatfield and her colleagues.

Dawna Hansen-Murray: Wayne, you were talking about the differences across the board and how our funding is based on an allocation because every community has different needs. That gives our districts their local control. I'd like us to not take that much away so our districts can have that local control to entice people, or to have transportation to get somewhere because it's so much further for them to go that they need reimbursement. Whether we offer that to them through us and they choose based on their needs, or if we free it up more so they can do that on their own level.

Dave Iseminger: That's an interesting perspective, Dawna. I've heard that before, maybe the Board or HCA could create a marketplace for these other benefits. It's still centralized purchasing, but not mandatory participation. I think that's what you were describing. I want to make sure I understood right.

Alison Poulsen: Can you comment on the implications of cost and how the funding presentation we got this morning, if you were considering additional benefits, is that insinuating you'd be asking for more dollars from the Legislature, or trading off of some of the current benefits, or that would to be determined?

Dave Iseminger: With regards to optional benefits, all of these have been employee-paid pieces, which wouldn't have implications other than if we were to do something like a marketplace where the agency has to do a procurement, and then manage a contract. That would have administrative aspects because we don't have staff that currently do that. But in general, because they're employee-paid, it shouldn't be something that has significant impacts on the funding rate. I can't say for sure.

I hope this doesn't conflict with what I just said, I'm not asking you to take action. If you turn to Slide 9, I'm curious for the Board's perspective on the top three bullets, the things that squarely are within this Board's authority. If we see, as an agency, a report that school district A is doing a life insurance policy, a disability product, or an accidental death and dismemberment, where those words literally exist in RCW 41.05.740, is there concern from the Board? What's your perspective? Is there anything you believe HCA should or shouldn't be doing? HCA's perspective would be, it's squarely the agency that can take the protective action on behalf of the Program to say these are in conflict. They squarely fit the terms on the page and in statute.

Terri House: I think Pete alluded to that because he said, “What are you going to do about it? What’s the Health Care Authority going to do about it?” And he said, “I thought you guys, based on how the law is written, have that authority to do something and what would that be?” Am I correct, Pete? Is that what you alluded to?

Pete Cutler: I’m not sure I’m free to those items in the bullet list, whether they’re going to be comfortable with their Assistant Attorney General saying, “Yep, that language and statute there means we can set this limit.” This is a classic case. I’m not comfortable giving any kind of advice about saying you can set limits without more briefing on here’s the context and here’s the statutory line. As I said earlier, personally, from having reviewed many of these different kind of benefits over my career, and especially at the Insurance Commissioner’s Office, my guess is I will end up supporting this as being in scope of the SEBB’s authority, and it’s appropriate to say, yes, what’s in the scope of this Board’s authority to provide these benefits cannot be offered by a school district.

I’m very personally uncomfortable saying, “Well, yeah, you can go tell employers that I as a Board Member said that there is this limit,” when I don’t have enough information to really land there yet. I guess to answer your question, David, if you want to say yes, do you have Board Members who would raise questions or might be concerned? I guess I would definitely get to that level of agreement. But in terms of saying, well, the Board said that’s a limit, that’s appropriate for us at the Health Care Authority to establish and enforce, I’m not comfortable with going that far at this point, based on what I know so far.

Wayne Leonard: Of those top three you mentioned, the life insurance typically to all employees has just been a general group life. I am aware that historically, some school districts have offered key employees, typically the superintendent, some kind of cash value. Life insurance is part of their salary and benefit package they’ve negotiated directly with the School Board. I think that’s happening less and less, but I know there have been contracts like that in the past.

Dave Iseminger: Sounds like we’ll be having more presentations about this in the near future. The backdrop of all this is potential legislative change that Cade will provide an update in his first presentation at our March 5 meeting. I think we’ll have a more insight as to what the Legislature’s thinking around this provision as bills work their way through the process. Clarity is a good thing for everybody.

Eligibility and Enrollment Policy Development

Barb Scott, Manager, Policy, Rules, and Compliance Section, ERB Division. I have two policy resolutions for your consideration today. Slide 2 – Annual Policy and Rule Development Timeline. This Board did a lot of work over the past two years. We brought resolutions and policies to you almost every meeting. Through that, the foundational work for the SEBB Program was put in place.

Now that we are live, I want to talk about the timeline going forward. Currently, the work done each year is to get policy changes in place prior to the beginning of each new plan year. In order to get information out to employees and to SEBB Organizations on time, we build our timeline backwards.

Year round we capture feedback from stakeholders and internal staff as they discover things, or as they come across issues that need to be resolved. Staff spend a good amount of time in December and January each year going through those issues to determine which fall within the SEB Board's authority to make a policy decision on. Staff research those issues in order to prepare policy recommendations to bring before the Board for discussion.

We will start bringing the Board proposals at the April Board Meeting, although we have two today. The two today are issues that came up during implementation. We would like to get those issues resolved today, if possible. But there are others being teed up for you for April.

Once we introduce proposals to you, we then will bring a follow-up recommendation with an actual policy resolution to the Board for action at the May Board Meeting. As you can see on the timeline, there's an overlap with rule activity or the actual rule drafting and the Board's policy development. We are targeting the June Board Meeting to have final action on policy recommendations in order to be able to file our rule making notice, which puts the draft rules out for public comment. I'm filing that on June 15, 2020.

The June 15 filing date will allow us to have a public hearing on draft amendments in late July with final adoption of the rules soon after in order to support the implementation needs that our communications require to be ready for open enrollment. Policy resolutions adopted during that time typically have an effective date of January 1. We line those up with the plan year.

Dave Iseminger: As we get into standard rule making, if you happen to sign up for our other agency list serves or Barb's rule making list serves, you'll see the administrative procedures act process that goes through rule making starts really early on. We have to file documents that say, "Here's what we think we might be doing in rule making." It starts off very broad and we cast a very wide net. And just because something is in those original rule making steps does not mean we're usurping your authority as a Board by saying the Board might act on this. We have to cast the wide net to foreshadow what might be happening.

Barb Scott: There are a number of required documents that have to be filed. The CR101 is filed early in the year around March or April in order to ensure we file timely. We have to work within a legal framework to make sure we get the work done. The CR101 is a generalized document with little detail. The CR102 document will be filed around June 15.

Pete Cutler: Barb, I think you explained it very well, but just to be clear. If the Board takes action by its June meeting, are you comfortable that you have time to file the CR102? There's a certain length of time, once you file a CR102, the Administrative Procedures Act requires that the process not drag on. I guess that choice of words reflects my legislative bias against the frustrations of the Administrative Procedures Act. In order to have officially adopted rules, and start printing, or updating the website for open enrollment, you need to have all this stuff locked in. It really has to be ready more like October than the end of December, which some of us in Legislature used to think, you had until January 1. Can't you do this in December?

Barb Scott: You can't.

Pete Cutler: You can't, right. I wouldn't want to postpone until first week of June Board action then find out that it's somehow not going to work to get this information locked in for open enrollment.

Barb Scott: Our hope really is that we will have done enough work. Staff have been working on this already. They're doing this in addition to legislative bill analyses and a number of other rule items going on within the Division. It's my hope you will take action in May. The target date of June is going to be tight with the filing on June 15.

Dave Iseminger: The Administrative Procedures Act is not the only thing that guides decisions. Decisions that you make also could impact rates. Rate setting is also occurring at the same time of these briefings. We will always bring things to you and be as clear as we can about the need for action at certain times and the impacts it could have on the rate development process that is simultaneously occurring. June may be fine for Barb's rules but not fine for Tanya's rate setting. We'll always be clear about which things have to be done by when.

Barb Scott: Slide 3 – RCW 41.05.740(6)(c) & (d) shows the Board's authority.

Slide 4 – Interim Guidance Regarding Inclusion of Paid Hours. During implementation, HCA had a number of questions related to leave and how the use of leave might impact the eligibility determination being made by a SEBB Organization. We felt it was problematic enough as they were making eligibility determinations that the agency did something which is not typical of us to do. September 2019 we issued interim guidance on at least one of those policy resolutions. That guidance is in your packet today.

The eligibility issue brought to us specifically related to the exclusion of paid leave hours in determining eligibility. The guidance issued is in the Appendix, and is slightly different than what I'll show you today. We did stakeholder the interim guidance prior to issuing it, with the legislative budget committees and Office of Financial Management. It was our belief that neither the Legislature nor the Board intended an employee's use of a day of sick leave or a personal day off would impact their eligibility. The guidance we issued was based on that stakeholdering. We did more stakeholdering after having issued the guidance.

Dave Iseminger: It is unusual for us to issue this type of guidance in September. But we did do stakeholdering with various other parts of the authorizing environment as to what was really intended by "anticipated to work hours." In Barb's example, let's say you have an individual anticipated to work exactly 630 hours who calls in sick for one day, one shift. Districts were thinking they were not going to kick the employee off benefits even if they were told to. So looking at guidance to lean forward and give, we ended up giving guidance that is good for at least this school year. If the world changes, nobody's going to pull the rug out from you in the middle of this school year. If the rules are going to be different in the future, it'll be different for the entire next school year. I talked to 17 different parts of state government to ask, "Is this okay?" This is one of the only times that everybody had unanimous insight and said, "Of course that's what everybody meant." It felt somewhat safe in this particular instance to issue guidance we felt would be good for at least one year, and bring something to the Board

at their first meeting to see if there's a way we can codify it in rule. Everybody, from districts, to OFM, to the Legislature, all angles of the 17 people were in unanimous agreement this was not intended to kick someone off benefits mid-year if they used one day of sick leave and fell below 630 hours.

Barb Scott: Slide 5 - Proposed Policy Resolution SEBB 2020-01 – Inclusion of Paid Hours, is the first one of the year. It would require SEBB Organizations to include paid leave and holiday hours when determining a school employee's eligibility. There is a difference between the interim guidance and this resolution. The most notable difference is the inclusion of paid holiday hours.

The exclusion of the holiday hours was really a vestige of the idea that when we initially laid out eligibility, there was the requirement the employee be anticipated to actually work at least 630 hours. If we were going to include paid leave hours, we couldn't find a justifiable reason to exclude holiday hours. That's why you don't see it in this version compared to the Fall 2019 guidance issued from the agency.

HCA is recommending, on this policy, implementing with an effective date of January 1, 2020. It's also not normal for us to recommend a retroactive effective date. But we know some eligibility terminations were based on what districts had done and felt was right, which was to include paid leave hours in their view. We know others were following our rules to the tee and excluding those hours. We would recommend that you go retroactive and we've heard from stakeholders that they would like you to go retroactive on this particular policy proposal, too.

Slide 6 – Inclusion of Paid Hours – Example #1. In this example, a school employee who's, at the start of the school year, is expected to work exactly 630 hours. The school employee ends up taking one day of sick leave, which would reduce their number of hours so they would have worked under 630. If this resolution is approved, the hours compensated for the sick leave would be included in the eligibility determination. The employee would still be eligible for benefits in this case.

Pete Cutler: I guess it's clear, but I want to double check. This deals only where the person is compensated. So the employer expects they employee is going to work exactly 630 hours in a school year. For whatever reason, that employee takes a day of leave without pay, no compensation, then they would have that draconian impact of no longer being eligible. But we otherwise try to treat all different types of pay, for whatever reason you're on leave, even including the holidays, as long as you're paid for that period of time, it'll be treated as an hour of work for the purpose of interpreting the eligibility statute.

Barb Scott: That's correct. It's specific to the inclusion of paid leave only, not unpaid leave hours.

Dave Iseminger: Barb, correct me if I'm wrong. The real question for the employer in that instance would be do they have enough information such that they're going to revisit their anticipation to work? Because that employer may say, "Oh, I see you're going to be a day under but here's another day that you can pick up or here's another task you could pick up," to maintain 630 hours. They wouldn't automatically be deemed

ineligible. The question for the employer would then be do I have reason to change my original anticipation? Is that right?

Barb Scott: That's correct.

Pete Cutler: And I'd advise any school district, do not set somebody at exactly 630 hours. Get it up there, 640 or something. Give yourself some wiggle room.

Barb Scott: It is our understanding that many of them do just give 630 hours and there's additional hours that show up that they could accept that would put them in position to meet eligibility.

We did do some additional stakeholdering beyond the initial stakeholdering that Dave talked about related to the interim guidance. Once the interim guidance went out and we began to formulate policy proposal for the Board, we sent that out more broadly to get additional feedback. The stakeholder feedback we received was in support of the policy that's in front of you today. We didn't receive any negative feedback on this particular policy proposal.

Pete Cutler: Did you discuss this at all with retirement systems?

Barb Scott: We did not discuss this with retirement systems that I'm aware of.

Pete Cutler: It's been a long time since I worked with eligibility there, but my recollection is that their standard is -- say, 70 hours of service and they have to find it as compensated service. So, if for a long time they have worked with treating any hours for sick leave or annual leave as hours that count towards qualifying you for eligibility for a month, a quarter, or month of service credit. I think that's still the case. And in my mind, that also argues in favor of adopting this resolution because having a consistency so your school districts are not having to figure out this is PEBB eligibility and not SEBB eligibility, and not SERS, or TERS, or whatever. Keeping things simple would be a worthy goal.

Barb Scott: We may have looked at their rules around that, the eligibility, but I don't know for certain if we've reached out to them.

Pete Cutler: You might want to just kind of double check. Regardless of how they answer, I support the motion.

Barb Scott: Slide 8 – Proposed Policy Resolution SEBB 2020-02 – Benefits Eligibility After Returning to Work. Again, this is leave related. This policy would require SEBB Organizations to consider whether the work schedule for an employee returning from an approved leave of absence, approved leave without pay, had it been in effect at the start of the school year, would have resulted in the employee being anticipated to have worked the minimum hours needed to meet SEBB Program eligibility. If the schedule would have resulted in eligibility, the employee will be eligible for the employer contribution towards SEBB Benefits the first day of the month following the date they return to work.

This addresses many of the questions we received around employees who were maybe out on maternity leave or other types of leave. They were returning and districts were trying to deal with how it affected eligibility. In their view, historically, many of them had provided benefits upon return to these employees and so they were asking that we bring forward a policy resolution that would address this and take care of them being able to explain to these employees how this would affect their eligibility going forward.

We didn't stakeholder this as broadly as we did the prior policy, but we did send it out to many of the key stakeholders we have worked with through implementation. We stakeholdered this with a couple stakeholder groups we meet with on a regular basis and received positive feedback on this as well. They were in support of the policy resolution. One district had some concern that it would create a conflict with contract negotiations they currently do in advance of people going out on an approved leave. They had a concern that it might conflict with what they've been doing in determining ahead of time for staff whether or not eligibility would be in place when they came back versus not being in place. That is the only concern noted. That stakeholder feedback is in your booklet.

Dave Iseminger: It was included in your email. It's not in your physical booklet in front of you.

Barb Scott: We did get support from stakeholders on this policy resolution as well. They're hopeful it can be resolved retroactively with an effective date of January 1, 2020.

Dave Iseminger: I have heard, although we don't have a comprehensive data set on this, there are some districts who believe this is what they were supposed to do and are doing it already. Although it's not specific to this resolution, I've heard a variety of districts say it seems like the Board only does eligibility expansions. If you go back to your Board's authority, you can be no less restrictive than the statute. I've had a variety of conversations like, "I don't have a problem with this and I don't have a problem with that, but the sum total of it is suddenly increasing the cost of the program." I would be remiss if I didn't convey that on behalf of all of those conversations. It's not this policy that's concerning, but the overall -- there's only status quo or expansion with the Board, and the only way for any contraction is through a legislative process. So again, not specific to 2020-02, but a general piece around the eligibility framework.

Barb Scott: Slide 9 – Benefits Eligibility After Returning to Work – Example #1. In this example, a bus driver who went out on unpaid maternity leave on September 1 returns to work in November prior to the end of her FMLA leave. She is not expected to work 630 hours in the remaining months of the school year, but would have worked more than 630 hours but for the unpaid maternity leave. In this situation, the question is, "Can the SEBB Organization terminate SEBB benefits upon return from FMLA leave? If the Board were to adopt this policy, the answer to the question is no. Her benefits are maintained uninterrupted. While you're on FMLA leave, you're eligible for the employer contribution. Upon her return, if she was anticipated to work the 630 hours, her benefits would remain uninterrupted as long as this policy is put in place, even if that were less than the 630. I may have just messed that one up. I'm going to bring Rob up to help me through this one.

Rob Parkman: Depending on the time she's coming back to work, she's on protected leave. She never really comes back off protected leave. Prior to her FMLA ending, she comes back, and with this resolution passing, and depending on the actual details if we had them, she might be anticipated for that year. But based on this resolution passing, she is going to come back. As she comes back, if it would've been in effect for the whole year, she would've been eligible. So as soon as she comes back, and her pattern would have got her there, then she is still eligible in this particular case. She never loses benefits.

Pete Cutler: I'm curious whether the fact that she's on FMLA leave is relevant. Would FMLA require this result regardless of what the state statute says?

Barb Scott: During the FMLA leave, her eligibility for the employer contribution would remain in place. As long as she's on FMLA, if you're benefits eligible when you go out, the employer has to keep your benefits in place during the FMLA leave. The reason we brought this particular example is because upon return from the leave, if she wasn't going to meet the 630 hours for the year, her employer could look at that and say, "You're not eligible because you're not anticipated to work 630 hours in the current school year." This example is here because this was one of the questions brought to us during implementation. They were struggling with the fact that when the person returned and they did the calculation, it's going to be less than what's necessary for SEBB eligibility. We specifically used FMLA because of that question.

We also learned a lot about FMLA, of which, depending on where it plays out in the year, it works slightly different for school employees because when they're off on their summer break, you don't consider that in the 12 weeks when you're determining how much time someone is approved for FMLA leave. We tried to lay something out in an example that wasn't too complicated. But as you found with me stumbling through it, it is complicated.

Pete Cutler: But the bottom line is FMLA doesn't automatically protect the person from losing future prospective coverage. It only guarantees the coverage while they're under FMLA, the 12 weeks or whatever. That's useful to know. Thank you.

Katy Hatfield: Pete, there is a letter ruling from the Federal Department of Labor that talks about a very similar situation to this where someone requested guidance on a plan where the amount of hours worked in the previous calendar year would impact whether you got benefits for the next policy year. In that situation, the person had gone out on FMLA and so their number of hours worked in year X was lower than the threshold amount because of the FMLA. The Department of Labor said you could discontinue them for benefits the next year because they didn't work the hours so the benefits would get cut off the next year. So out of an abundance of caution, we put this in.

Pete Cutler: Thank you very much, Katy, because that does seem to be directly on point and as inconsistent as it sounds, like it is with underlying FMLA policy, if that's what they've said then yes, this would seem to be needed. Thank you.

Dawna Hansen-Murray: Because I'm in the classified world, we have employees that would never qualify for FMLA based on the number of hours they work. Had this been a bus driver who only worked 630 hours the previous year, she would not be out on

FMLA. She would just be out on unpaid leave. How would that affect her? She would still come back with her benefits intact?

Barb Scott: The prior policy we had in front of the Board today, SEBB 2020-01, only had you include the paid leave hours. This one would have you consider the unpaid leave hours based on the schedule when they returned. If the schedule they're returning to is three and a half hours a day, it would include three and a half days a week during the unpaid leave period.

Dawna Hansen-Murray: So the FMLA thing has nothing to do with it for that person?

Barb Scott: FMLA has nothing to do with it. You just take the schedule upon return and use that during the period of unpaid leave. When you come out with a calculation, if they're 630, you would give them benefits upon return, first month following.

Barb Scott: Slide 10 – Benefits Eligibility After Returning to Work – Example #2. This example is a full-time teacher who went on unpaid maternity leave on August 1, 2020. She communicated to her district that she will not return from maternity leave until March 2021. Given this information, she is not anticipated to work 630 hours in the current school year. She loses the employer contribution when her protected leave runs out. She returns to her regular work schedule on March 3, 2021. When is she eligible for the employer contribution towards SEBB Benefits? It would be March 3, 2021, upon her return. Her coverage would begin the first day of the following month, April 1, 2021.

Dave Iseminger: Barb, the effective date of April 1, 2021 is in line with the prior Board's policy decisions about coverage. Eligibility that exists in the middle of the month becomes effective the first of next month. I think that was Resolution 12.

Barb Scott: Coverage always begins first of the month following the date you gain eligibility, yes. Except for September, which is a special month.

Dave Iseminger: The other piece that was brought up related to these two resolutions is the Board previously passed eligibility resolutions, the number escapes me but about people who are hired late in the year. You might remember we showed you calendars and counted back eight weeks. And if you had enough hours in six of those eight weeks and were planning to come back to a similar position the next year, then you get benefits the first of the month in the current school year. That was juxtaposed against this idea. If a full-time teacher comes back from unpaid maternity leave, she doesn't get benefits, but the new hire that was hired the same month does get benefits. Barb didn't highlight that specifically, but it is another piece of this conversation that was brought to our attention - the potential inconsistency between a late year hire and somebody who's a long-term employee returning from unpaid leave.

Barb Scott: Districts were struggling with whether or not they could apply that mid-year hire rule early on. It really was meant for late hires. A decision on this will be helpful for them to be able to determine eligibility for the others who are returning from different types of leaves.

Pete Cutler: Barb, I think the answer is obvious. If the Board were to decide to adopt this resolution, am I correct that if we found it was impacting costs, impacting districts in

a negative way that was not anticipated, the Board could pass another resolution in the future to have it implemented prospectively? Can we change our minds? That is not unlike retirement systems where sometimes you get locked into things. Once you've said yes you can never take it back. The Board can amend eligibility standards?

Barb Scott: Eligibility standards can be amended by the Board. We typically try to watch for issues raised throughout the year. It's atypical for us to bring it to you like this, same as it was for us to issue interim guidance. But at the same time, we do collect them throughout the year and try to identify problem areas to bring to the Board. It wouldn't be unusual to adjust eligibility going forward if that were necessary. The PEB Board, your sister Board, has done that in a number of different cases where it's been reasonable that the eligibility needed to be modified. I think it's unusual in what I've seen, but not something that doesn't happen.

Pete Cutler: Now that you mention it, you're right. They have dealt with that. Am I correct that there have been individuals identified who would be impacted by this rule change?

Barb Scott: Yes. Districts have been asking us for the answer to this one as quickly as the last one. If you have feedback on the drafting of these resolutions, if you have modifications you'd like to see, we can do that. Otherwise, we're recommending that the Board take action on Proposed Policy Resolution SEBB 2020-01 today. We're asking for Board direction on how to proceed with SEBB 2020-02, which we are recommending you take action today if you're comfortable with that.

Lou McDermott: Policy Resolution SEBB 2020-01 – Inclusion of Paid Hours

Resolved that, effective January 1, 2020, all hours for which a school employee receives compensation from a SEBB Organization during an approved leave (e.g., sick leave, personal leave, bereavement leave) or a paid holiday must be included when determining how many hours a school employee is anticipated to work, or did work, in the school year.

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

Julie Salvi, Washington Education Association. Good afternoon. I wanted to thank the Health Care Authority for the work they did in stakeholdering this fall as these issues were identified. This clearly addresses some fairness issues and brings some consistency and ease of operations for everyone. So thank you for considering it today.

Wayne Leonard: I have a quick question. Earlier in the year, Dave did call, we discussed this, and I don't have any problem with it. But I guess I haven't heard why we have to adopt it right away, why we couldn't follow our normal process and adopt it at the next meeting.

Barb Scott: This one is unusual. Because we had so many questions raised during implementation, the agency stepped out on a limb and issued guidance. This really falls within your authority to decide. We have the opportunity to bring it before you. We would like a decision from the Board since it falls within your authority for resolution rather than ours.

Dave Iseminger: We did the full stakeholdering process on 2020-01 before this introductory meeting -- as if the resolution had already been introduced to the Board. I think that's different than the other resolutions last year. Also, even though this wouldn't yet be codified in rule until the next rule making cycle, we would be able to point to this as a Board policy that can be relied upon, effective beyond our interim guidance. It could provide further reassurances to districts that what they're learning and applying will be the world going forward.

Wayne Leonard: Just to be clear, there's no emergency legal reasons that we need to do it. I mean, your guidance has been out there for five months and so another five weeks of comment --

Lou McDermott: My understanding is there are employees in the SEBB Program who are being impacted by this now.

Dave Iseminger: To clarify, our understanding is that districts are relying on our interim guidance now. The emergent need question you're raising, Wayne, there is not necessarily an emergent need. I would go back to we've already done all the stakeholdering we would do in the next five weeks on SEBB 2020-01 and we wouldn't anticipate any other information coming forward. The guidance has been out for five months. I'd be curious what your concern is or if there's something you'd be wanting stakeholdered further because there has not been a single piece of concerning feedback from any angle. That's highly unusual when it comes to anything like this. There has not been a single dissenting voice anywhere. I'm curious if there's something you're concerned about that we can address.

Wayne Leonard: I don't have a concern about this. Like I told you in September, we wouldn't cut someone off from that in my district. I guess I don't want to have things appear that we're rushing things through and not following normal process and be criticized as a Board for that.

Dave Iseminger: So it's not a substantive piece.

Wayne Leonard: No.

Dave Iseminger: I think that's a fair point for your colleagues to consider.

Pete Cutler: I have to admit, I was under the misimpression that maybe there were people who were covered now and based on the agency representation, advice, or whatever who were at risk of having their coverage terminated retroactively, or at least afraid of that. For me, that was my major reason for supporting this, to make absolutely certain we have nobody feel any risk that their SEBB Program coverage might be terminated retroactively.

Barb Scott: To answer your question, Pete, the interim guidance slightly differed from the policy that's in front of the Board today. It specifically excluded holiday hours. If this policy is adopted as it is in front of you today, especially if it's a retroactive effective date, there would be some eligibility determinations that would need to be reviewed by districts based on that difference between the interim guidance and the policy today.

Voting to Approve: 8

Voting No: 0

Lou McDermott: Policy Resolution SEBB 2020-01 passes.

Policy Resolution SEBB 2020-02 – Benefits Eligibility After Returning to Work

Resolved that, effective January 1, 2020, school employees who return from approved leave without pay will maintain or establish eligibility for the employer contribution if their work schedule, had it been in effect at the start of the school year, would have resulted in the employee being anticipated to work the minimum hours to meet SEBB eligibility in the school year. A school employee who regains eligibility under this policy establishes eligibility for the employer contribution towards SEBB benefits as of the date they returned from approved leave, and coverage will become effective the first day of the month following the employee's return to employment.

Alison Poulsen moved and Katy Henry seconded a motion to adopt.

Julie Salvi: Good afternoon again. Thank you for bringing this and considering this today. This is the policy where I do expect there are some employees that may be affected this very school year. It is not uncommon for someone with a very young family to have been on leave without pay for the first semester and come back second semester part time and second semester will be starting for many districts now, end of January, early February.

As I have done my own stakeholdering on this idea, my sense is a lot of districts have found ways to determine eligibility. But it is not consistent across the state and there are examples out there. This policy change, or clarification, would provide consistency among districts. It would also provide fairness as Dave noted between those who are hired mid-year versus a long time employee returning. Also, it would bring fairness for those who happen to be on leave without pay at different times of the year. Because someone who is off the first semester comes back and their district tells them they're not eligible because the hours won't have any employer support the entire year. Whereas another employee who was working part time the first semester and then had to go on leave without pay would have had that employer support. So we strongly recommend that you adopt this today and just to help the fairness across the system. Thank you.

Pete Cutler: I just want to confirm that my understanding is under the current rules or resolutions, if we do not pass this one then that person who's been on approved leave comes back would not be expected to work the 630 hours for the remainder of the school year. Right now the Health Care Authority direction would be that person is not eligible for SEBB coverage. Is that a correct understanding?

Barb Scott: The Board passed a policy that says a SEBB Organization can change their anticipation if there's a change in the work pattern, something along that line. Some districts would apply that and say if a person were to come back later in the school year after being on approved paid leave, that person, based on the remaining number of hours, they're not going to be eligible because they are not going to make the

630. Some districts are trying to apply the late hire rule to it and say they would be eligible because of the late hire rule.

If the employee starts off the school year and is anticipated to work the 630 hours, we have some districts who are saying the employee's going out on maternity leave, for example, then we don't anticipate that they're going to meet the 630 anymore. Because of that, we changed our anticipation and they're not going to be eligible then. We would take away benefits once they go out. Other districts are saying, no, we've never done that. We always kept benefits in place. We're going to do it a different way. There is no consistency across the districts.

This policy would help districts know they have to look at the schedule when an employee returns and decide with that schedule, had it been in place while they were out on paid leave, would have met the minimum requirement for SEBB eligibility, and then make a decision on that unpaid leave. There's truth that the districts have a lot of questions about it and they're trying to figure out how to apply eligibility based on the situations in front of them.

Pete Cutler: Presumably, there are some employees within some school districts, coming back from unpaid leave who under current rules, their employer would just say, sorry, you're not going to get in 630 hours this school year so you're not going to get health coverage even though if you hadn't gone on leave you would have. Wayne raises a good point. Normally I'd strongly agree. I like having the stakeholdering done to get the input, bring the issue to the Board, have a month to think about it, vote later. I guess I'd like clarification on this specific resolution, if the Health Care Authority thinks that it will, if we vote this meeting versus March, make a difference to those people who are in those districts where the employer is saying no now. Are you saying that if we pass this, somehow it will make those employees eligible this year and affect them in a positive way right away or would this only have impact in 2021 anyway?

Barb Scott: This one has a retroactive effective date as well so it would affect employees this year. We do know districts are struggling with making different decisions around saying no, or yes, because we previously anticipated you would work 630 hours, so we're going to keep benefits versus now, we know you're asking for leave for three months to deal with a health issue. We're going to issue you a letter that says you will only get benefits upon return if you happen to return to this number of hours per day. Otherwise, you wouldn't have benefits when you return. Districts are struggling with it and employees are relying on what they're being told at the district level.

Pete Cutler: Okay, I like the policy change and clarification. I hesitate only because of the concern about liking to maintain the structure of the process in terms of good stakeholdering. It does sound like it's not a hypothetical question for some people. It's actually going to affect their situation in the next couple of months. Okay, thank you.

Dave Iseminger: I'll just add in your email when the Briefing Book was sent out, there were a variety of letters from school employees. I believe if you look at those closely, there was at least one or two examples that were talking real time about the impacts. If you were to decide to table the motion and take action in March then they would continue for the next five weeks to be in the same position they are today with that particular employer saying under the current rules, you're not eligible. Whereas, if you

passed it today, the agency would be able to provide immediate training and guidance that the individual is, in fact, eligible effective immediately.

While the agency wasn't able to do the *full* stakeholdering like we've done every resolution for the past two years, we did do *some* stakeholdering. We didn't send it on the GovDelivery list serve to 1,400 people who get our emails and can respond. But we did go to our key organizations that we have been stakeholdering policy resolutions through with this draft. But the level of stakeholder review was less than our typical process and less than resolution 2020-01 discussed earlier in the meeting.

Katy Hatfield: It's not a concern at all. I was looking at the very last word and I was thinking the word "work" might be more appropriate than "employment" because the person is already employed. They're not returning to employment. They're returning to work. If somebody wanted to make an amendment to change that word to "work" you could do that.

Terri House moved and Pete Cutler seconded a motion to amend the word "employment" to "work."

Voting to Approve: 8
Voting No: 0

Lou McDermott: The amendment to Resolution SEBB 2020-02 passes.

Voting to Approve Amended Resolution: 8
Voting No: 0

Lou McDermott: Amended Policy Resolution SEBB 2020-02 passes.

BREAK

Annual Rate Process

Megan Atkinson, Chief Financial Officer, Financial Services Division. Slide 2 – SEB Board Authority. This slide indicates the Board has the final authority on authorizing employee premium contributions. Until the Board takes action, the rate development and premium setting process is not actually complete. It won't be unusual in future years to have several rounds of communication with the carriers even after you have seen the final rates. It's not unusual to present those to the Board and then for the Board to instruct the agency to go back to the carriers, especially in years where you might be considering different benefit additions or subtractions. In real life, the rates are not final until the Board takes action. The Board can also clarify what information it will consider in setting the premiums.

Slide 3 – SEBB 2019 Rate Development Process Recap. This slide recaps the process we went through last year. HCA publicly published the last round of rates that we had from the carriers. A couple of days after that information for all the carriers and the self-insured plans was publicly available, a carrier, unsolicited from HCA, submitted revised rates. We then presented the revised premiums at a subsequent Board Meeting. Ultimately the Board accepted the revised rates.

There was an extensive amount of conversation around this process. It highlighted for the agency the confusion the Board had around when the rates are final, what is the process, and how clear was it to everyone. To provide additional clarification and to lock down the timeline, we are proposing a resolution for action at a future meeting.

Slide 4 - Proposed Resolution SEBB 2020-03 – Rate Development Procedure. Beginning with the rate development process in 2020 (to set employee premium contributions for plan year 2021) and annual rate development processes thereafter, the SEB Board will not review or consider unsolicited revised rates after proposed employee premium contributions are published publicly by the Health Care Authority on its website.

I want to underscore that we have included the word “unsolicited” because there could be instances where the Board could direct us to go back to the carriers to solicit additional revisions to the rates. The resolution says you will not consider anything that is presented unsolicited. A similar proposed resolution will be introduced to the PEB Board, too, to help standardize Board processes.

Slide 5 – Next Steps. We are interested in your feedback. Is there anything you want us to consider? It will be sent out for stakeholdering and we will bring a recommended resolution to you at the March 5, 2020 Board Meeting.

Slide 6 – SEBB Plan Year 2021 RFR Process. For 2021, HCA will do a Request for Renewal (RFR). We will be renewing with the existing plans but we won't be opening up a procurement to additional new carriers. We will update the RFR language on the process and timelines for final premiums if the Board approves Proposed Resolution 2020-03. We will also be standardizing the bid rate process between the PEBB and SEBB Programs to provide for better comparison across the programs.

In terms of setting expectations, even with this resolution, if the Board were to go forward and adopt this resolution, or something similar to it, we would not necessarily anticipate in the RFR that we would delineate specific day dates, specific days in the process. We would still have a bid process lined out that would give expectations to the vendor community of the general timeline. As you can imagine, in a rate development process for something the size and complexity of the SEBB Program, there may be times when a run of the data model takes a few days longer than we anticipated, or something like that. We could easily end up falling off a procurement timeline for a few days. Again, to set expectations, we will clarify the steps in the process and the general timing of those steps, but you won't see us issue an RFR that delineates specific days for the vendor community.

Lou McDermott: Megan, I'm assuming if this resolution is passed, it will be clearly communicated with the carriers about what that means?

Megan Atkinson: Yes.

Pete Cutler: Just to reiterate a point that Lou just clarified, but under this proposal, what you're saying is it won't be like a procurement where you say, okay, on June 4, this step will be taken or decision made. And on June 30 this decision or whatever. The key factor in terms of this resolution will be at what point does the, in effect, impact

of the rates bid by the carriers become visible to the broad public because it shows up in terms of the premium rates that are proposed premium rates that are published publicly by the HCA. At that point, you say whatever date that is calendared on June or July, when that action takes place, that's when you lock it in.

I think that makes perfect sense because that goes to the key issue of transparency as opposed to just a calendar date. I think it's a great thing to take steps once you've figured out an area where you don't have clarity or transparency to try and do it. The only question I have is whether the carriers that we work with, is the idea that we would have feedback from them about what they think of this policy before we actually vote on it?

Megan Atkinson: We do anticipate doing stakeholdering with the proposed resolution. We can reach out to the carriers, absolutely.

Pete Cutler: Based on input, at least by the one carrier last year, we can imagine one carrier in theory will support this because it's consistent with what they said they thought they were working with. But as a Board member, I know there are certain advantages to that approach. If there are disadvantages, if some carrier can come forward and say for public policy reasons, for getting the best bang for your buck, here's what we propose as a different resolution, I'd like them to at least have the chance to suggest that. I just want to confirm they'd have a chance to comment before we actually vote.

Megan Atkinson: Ok.

Dawna Hansen-Murray: Obviously I wasn't on the Board when this happened.

Lou McDermott: You missed it. It was very exciting.

Dawna Hansen-Murray: No, I didn't. I watched it all unfold online. [laughter] It was the day they were posted that I showed all the rates to my daughter who wasn't married at the time because of insurance costs. So I will never forget that day.

Educational Service District (ESD) Report Discussion

Cade Walker, Special Assistant, ERB Division. Slide 2 – ESHB 2140: HCA ESD Report Legislative Charge. I've been asked to helm our report obligation. HCA must conduct a report on the ESDs and their employees. In consultation with OSPI, ESDs and OFM, HCA was instructed to conduct a study about the employee benefits in educational service districts and the impacts of the participation by the ESDs that are currently in either the SEBB or PEBB Program on their employees.

Our analysis is to include health benefit plans and their costs, health benefit comparisons between ESDs and the SEBB Program, estimated costs of ESD participation in the SEBB Program, and discussion on ESD funding mechanisms. ESDs were granted a reprieve for their non-represented employees to join the SEBB Program. Out of about 3,300 employees in the nine ESDs, approximately 300 of them are represented employees, that because of bargaining, were kept in the SEBB Program. The rest of the ESD employees are not mandated to participate in the SEBB Program until 2024, even though some of those employees are voluntarily in the PEBB Program as an employer group in PEBB. There are some ESD employees in the SEBB

Program, some in the PEBB Program, and some in neither. We will conduct a study to address those four points. The report is due to the Legislature December 31, 2020.

Slide 3 – HCA ESD Report Data Sets. We have been working with the ESDs through the Association of Educational Service Districts (AESD) on data sets. We've been in touch with them quite regularly and are working with them to refine the list of data we are collecting from them. We anticipate collecting demographic information on their employees, their current eligibility criteria, benefit plan information, and financial information. Those are the general buckets that we feel will be necessary for us to answer the question that the Legislature has posed for us to report on. We anticipate those data sources primarily coming from ESDs, who are working with WSIPC where appropriate.

We also have some of that information contained in house within the PEBB Program. We may go to OSPI for additional information, if necessary. As it is now, we are not currently working with OSPI for any data. We feel confident that between the other three stated sources, we will have the data necessary to answer the questions.

Slide 4 – ESD Report Working Timeline. We are in the second phase of our timeline, collecting data from the Educational Service Districts. We are currently on schedule!

Slide 5 – HCA ESD Report Next Steps. HCA has sent data specifications to the Association of Educational Service Districts (AESD). We're fielding questions and having a dialogue with them, making sure we are refining and honing in on those questions and responses, and answering their questions and concerns.

Data is due from the ESDs by the end of February. We feel that will give us adequate time for our finance team to do their analysis, provide the answers and the data the Legislature is looking for.

Lou McDermott: Is there a consideration that the next Legislature will have that report and they may modify that timeframe because they could only modify it to 2023? They are supposed to be in by 2024, correct?

Cade Walker: Yes. They currently said the entire population of ESDs are slated to come into the SEBB Program January 1, 2024.

Lou McDermott: Could the Legislature do something for 2022, depending on what they see in the data.

Cade Walker: Yes.

Pete Cutler: Am I right there's nine ESDs?

Cade Walker: That's correct.

Pete Cutler: Given that HCA has already tackled collecting data from 296 school districts, you should have this down.

Cade Walker: Yes and no. What we collected from the school districts wasn't the same level of demographic information. It wasn't the eligibility information. We were getting some experiential data for rate setting. I don't think we were getting the same level of detail we're asking from the ESDs.

Pete Cutler: I acknowledge it is a more detailed, and actually should be interesting for that reason in that the comparison should include enough different factors to be a little more informative. It's hard with school districts having so much variation to come up with a generalization that was both helpful, but not so overly broad, that you can't work with it. Have there been proposals in the current legislative session to exempt other current populations within the School Employees Benefits Board Program to exempt them out?

Cade Walker: I have not seen any proposal to exempt out any other organizations. If we consider the organization types that are currently in the SEBB Program, we really have three, school districts, Educational Service Districts, and charter schools. I haven't seen any legislation this year that would exempt out any one of those, or parts of those, entities. We have seen the eligibility where we're seeing some proposals on changing eligibility, removing eligibility for substitutes and the like, but nothing on an organization basis.

Pete Cutler: But in terms of which employers are SEBB Organizations and subsets, this has not so far turned into a, "Oh, if they can get out then maybe we can," at least in terms of proposed bills.

Cade Walker: I have not seen anything.

Dave Iseminger: No, Pete. I would just add illustrative is Oregon's experience. When they created the Oregon Employees Benefits Board (OEBB) Program, they had some school districts exempted. That was before the program implementation launched. So even in the OEBB Program, whenever there were school districts in Oregon that were allowed to continue under their own authority (unless they later went into the OEBB Program, in which they had to stay in the OEBB Program forever) that was all done before the program launched. Here it's launched, everybody's in, and I haven't heard any conversations.

Pete Cutler: Yeah, given the previous four years, that's great. Okay, thank you.

Dave Iseminger: Previous 34 years. [laughter]

Pete Cutler: 30 years ago, it was such a pipe dream, nobody bothered trying to get out of it.

Public Comment

Julie Salvi, Washington Education Association. I wanted to share some of the feedback we have been receiving since the last time we met, whether it's input on implementation areas or benefit levels. So lessons that we heard or learned from the implementation, educators want more opportunities to ask questions one on one, whether that is more Benefits Fairs, a phone line. There was high demand whenever anything like that was up. We would encourage the Board and HCA to continue to look

for more opportunities to do that, whether that's partnering with school districts or creating more HCA offered events.

We expect there's going to be a continued need for training out in school districts. Benefit Managers are still learning the system and they've learned a lot in the last six months. But we will also naturally have turnover out there. So I just think in the next few years we're going to have continued need for training.

With appeals, I realize this year's a unique year, but there is a great need for more feedback in the process. When someone sends an appeal in, even to get a recognition that it has been received, or some way for them to check status along the way, because we are hearing from a lot of educators right now who have a lot of angst because it's felt like it has gone into a void. And so as you can find ways to provide more feedback, that is helpful.

In terms of some of the benefits in the plans, coverage areas, we heard a lot early on when things first came out in the fall of educators in Clark County, Douglas County, Island, and other counties, where they felt like they didn't have as many benefit options as other areas. So the more we can look at finding more ways to get either more providers in those counties or more exemptions as has been discussed of more ways for someone to choose based on where they work and where they live, those will all be beneficial.

As was mentioned before, some of the networks were more narrow, so both better publication of the networks and negotiations to expand those networks would all be appreciated.

Working towards payroll deduction for all benefits. A lot of educators were surprised, even this January, when not everything they signed up for was going to be payroll deduction. Some of these are direct pay. I recognize you had a lot to do to get this up and running and these are things we can improve on over time, but those are the things we are hearing.

In terms of benefit levels, dental, as you talked about today, is clearly an area where we're getting a lot of concern of it feels to educators that benefit level is not where it had been before. Same with vision and prescription drugs are key areas where we are hearing questions and concerns.

As you know, long-term disability feels too low and we would like an increase in that. Also, the take up rate wasn't very large and you talked about that today. I honestly don't know what is possible in the world of long-term disability. But some of it was sticker shock of what it would take for a person to buy into long-term disability. So if there are ways to find that they could either buy a lower percentage level, or not have as much of their salary counted, or some way to tier that, again, I don't know what is possible but there may be more take up rates if it could be sized differently.

And I have to say that many of our members are still wanting the dual enrollment options they had before, as Alison had mentioned, you are hearing that, we are hearing that. For those members, it is feeling like a takeaway, especially in dental and vision.

And then finally, I just need to say in terms of some of these optional benefits that were discussed today, I appreciate the discussion that happened at the Board. And educators just do not understand why a financial tool that they are choosing to buy with their own money for protection for themselves, whether they've had cancer in their families or seen a friend go in a hospital, they want access to buy that. It is not something the districts are supporting with their money but something that educators want to spend their money on and they don't see the link terms of the basic medical that you get here and a financial protection tool they may want for themselves. So we appreciate that the Board is continuing to look at that and asking for more questions and more detail. Thank you.

Fred Yancey, School Administrators and School Retirees. First of all, again, thank you for all your hard work and certainly thank the agency for being unique among state agencies in terms of launching a very successful computer driven program. It's probably set a state record in my brief history with the state. Anyway, congratulations to all the hard work and you should be justly proud of that.

On a retiree issue, I'll just point this out, that retirees are a little confused and need a little clearer guidance. I've gotten some recently, which I'm sharing with retirees about what happens when a retiree hits the 630 hours. Do they stay in Medicare? Do they opt out? Do they move into the SEBB? And then the process that they have to do to maintain eligibility in whichever route they go. They just need clear guidance and thanks to Ms. Scott who gave me some. I'm sharing that.

I would like to see, and I'm glad that more information is coming, Julie alluded to it in terms of a district cost. You know, we've seen enrollment numbers, how many are in the program. But we've not seen the cost to school districts for implementing this program. The Ways and Means Committee had a hearing the other day on these bills that Mr. Walker walked you through. It was the first time those committee members actually heard cost figures from school districts as to how much out-of-pocket this is actually costing them. You just need to know the data. That's all.

I would love to see Health Care Authority do a study just like they're doing for ESD, developing specifications, requesting information from districts, in this case ESDs and then sharing it with the Board. I'm pleased to see that at least there's going to be more follow-up on that issue.

The last item I'll speak to is as school administrators and school business officials, this optional benefit issue really needs to be discussed in much more detail. I have looked and when the handout Slide 5 says the SEBB Program is authorized to offer the following benefits: health care coverage including all forms. I don't see the word "all forms" in the RCW at all. It's one thing, you know, to offer the following benefits: medical, dental, vision, and prescription. But the term "all forms" certainly opens up much broader -- I looked at the RCW and didn't see the word "all forms" in there. That's an interpretation in my opinion of the Health Care Authority. And I'm pleased to see that we're going to study that more because it really is an issue.

The bill before the Legislature, which is 2548 or 6479, basically says districts should be allowed to offer any benefits that Health Care Authority's not currently offering. It's probably too simple to understand but it's certainly the right approach because again,

these are employee-paid benefits for their own protection. Julie mentioned the cancer one. You can see the benefit of that. Why would you take that away from somebody? Because you want to hoard your power to be the sole offerer when you don't have it. That's not right. It just isn't. So I'm pleased to see you study that more. That's all I have to say and I thank you very much for your time.

Preview of March 5, 2020 SEB Board Meeting

Dave Iseminger, Director, Employees and Retirees Benefits Division, provided an overview of potential agenda topics for the March 5, 2020 Board Meeting.

Next Meeting

March 5, 2020

9:00 a.m. – 12:15 p.m.

Meeting adjourned at 3:06 p.m.