

School Employees Benefits Board
Meeting Minutes

March 5, 2020
Health Care Authority
Sue Crystal Rooms A & B
Olympia, Washington
9:00 a.m. – 12:30 p.m.

Members Present

Pete Cutler
Dawna Hansen-Murray
Terri House
Dan Gossett
Wayne Leonard
Kari Karch, Chair Pro Tem

Member via Phone

Alison Poulsen

Member Absent

Katy Henry

SEB Board Counsel

Katy Hatfield

Call to Order

Kari Karch, Chair Pro-Tem, and HCA Director for Planning and Performance, called the meeting to order at 9:02 a.m. Sufficient members were present to allow a quorum. Board self-introductions followed.

Meeting Overview

Dave Iseminger, Director, Employees and Retirees Benefits (ERB) Division, provided an overview of the agenda and an update on COVID-19.

HCA is working with many other agencies and at the direction and coordination with the Governor's Office regarding COVID-19. We have regular communications throughout the day. For the SEBB Program, I want to highlight a few actions already in place or in the works.

First, our carriers have been sending communications to members and posting information on their member-facing websites with the general public health information the Department of Health has been encouraging all state agencies and their vendors to promote.

Second, regarding prescriptions, Premera, Regence, and Moda for UMP have already lifted their refill too soon limits on prescription drugs. Members will be able to get their next medication refills for many of their prescriptions even if they are a little further out than the typical 14-day stop that currently exists. Kaiser Northwest and Kaiser Washington are in the process of implementing a one-time refill that would override the same refill too soon limit. Many of their enrollees are currently accessing 90-day prescriptions as part of their standard benefit through a mail-order process. All of these refill limit exceptions exclude controlled substances like opioids. It's for general medications.

Third, we are working on adding public health information about the COVID-19 virus within SmartHealth activity tiles so people are encouraged and can get points for learning about how to wash their hands and many other important things that are public health messages.

Last, we have been consulting with the Legislature about impacts with PEBB and SEBB Program eligibility. In the PEBB Program, there is an eight-hour maintenance rule to maintain the employer contribution for benefits, but there is no comparable type of setting in the SEBB Program. There is a question about potential long-term school closures and would that result in an anticipated to work schedule requirement change. What would happen with benefits for impacted employees?

Depending on those discussions, if there is something we feel is within your purview that isn't acted on by the Legislature, you may be hearing from me to talk about any needs for this Board to act sooner than April 5, 2020, your next meeting.

We continue our agency coordination with the Governor's Office during this evolving situation. We have provided you with key websites that are a good source of truth documentation. The Department of Health for the state is a very good place to go for high-quality information about the current status of affairs within our state.

Approval of August 29, 2019 Meeting Minutes

Terri House moved and Dan Gossett seconded a motion to approve. Minutes approved as written by unanimous vote.

Follow Up from January 27, 2020 Meeting

Dave Iseminger, Director, ERB Division. When Marcia Peterson had her annual benefits planning cycle discussion, a variety of ideas came up that could be considered in the next upcoming annual procurement with the medical carriers. We have not released that procurement document yet. In the document, we address or make requests related to service area expansions and network issues. Those topics are included within the draft procurement documents. Other follow-up areas will be addressed in today's presentations.

Legislative Update: 2020 Supplemental Budget

Tanya Deuel, ERB Finance Manager, Financial Services Division. Today I have updates from both the Senate and the House. I hope to have final numbers to share at the next Board Meeting.

To follow-up on an item for Pete, you asked about the underlying Uniform Medical Plan (UMP) trend assumptions. I confirmed verbally last Board Meeting that the trends for SEBB Program UMP are based on the PEBB Program trend updates. I want to confirm that yes, there was a positive impact on trends, around 1%, from Fall 2018 to Fall 2019.

Slide 2 – Proposed Funding Rates. I want to emphasize the bottom two boxes – adequate to maintain current level benefits and no significant concerns with funding rates and underlying assumptions. The funding rate is per employee per month.

Slide 3 – SEBB Funding Rate. The Governor's Proposal are the numbers shared with you in January. For the Governor's, Senate's, and House's proposals all have \$994 as the funding rate for the first six months of the program for fiscal year one. I mentioned in January they're looking at switching to a school year funding basis in the future versus a state fiscal year. For the next two months (July and August 2020), the funding rate is \$1,056 for all three proposals.

For School Year 2020 – 2021, the Governor's proposed budget has a \$1,029 funding rate. The change from \$1,056 to \$1,029 is partly due to a huge change in the waiver assumption from the original model. Originally, the calculation was around 8%, based on the PEBB Program. After open enrollment, the waiver calculation was a little over 13%. Also, there was increased enrollment in the self-insured plans from the original projections. That led to the \$1,029 funding rate decrease in the Governor's proposal.

The Senate proposed budget reduced the funding rate to \$1,014 for School Year 2020 – 2021, and the House proposed budget reduced the funding rate is \$1,000. Underlying changes can be made at the Legislature's discretion on how much risk to put on the program, how aggressive they want to be in their underlying trend assumptions, or how they fund certain items, reserve balances being one of them. Those were the main differences between the Senate and the House proposals.

There were no reductions in benefits. It's the underlying assumptions the Legislature takes that were different from how the Governor's budget made those assumptions.

Dave Iseminger: Another important piece from the state budget perspective at the Legislature is they have to do a four-year outlook. They often have to book very similar numbers for the outlook years similar to what occurs at the end of the biennium. If, for example, they want to be more aggressive or less aggressive on the reserve build up, if they build up all the reserves with the funding rate in the first year, that same funding rate may end up having to be used throughout the four-year outlook. They might choose to be more aggressive at different points in the biennium based on what they need to do for four-year outlook purposes. For more context, a school district may say if \$1,029 and \$1,000 are the same, I prefer the \$1,000. But it does come with different levels of risk the Legislature is willing to take on.

Pete Cutler: Are there other elements that come to mind in terms other than differences in building the reserves?

Tanya Deuel: The differences between the Senate and the House, as opposed to the Governor's budget, was how they funded the Premium Stabilization Reserve (PSR). The PSR Account we keep for our self-insured plans. For medical, the target is 7% of

projected claims and for dental the target is 4%. Both of those versions were phased in. It's building it up slowly versus funding it all in the first year of the program. The House did reduce the trend assumptions in the self-insured plan. Those were the two things outside of the surplus level. A couple smaller things change the funding rate because for every decision package they fund, or additional dollars they give us, that also impacts the funding rate. I will give you an example on the next slide.

Pete Cutler: One more question. Can you remind us why we had a bump for the months of July and August of 2020 in the rate? Just logically, it seems a little confusing to go from \$994, bump up to \$1,056, and then drop back down. I'm sure there's a reason for it but it just seems a little strange.

Dave Iseminger: The \$1,056 was part of the original March 2019 modeling that was provided. In the original budget passed last year, it was \$994 and \$1,056. They parsed out \$1,056 for the two months of July 2020, August 2020, and then foreshadowed that they were going to move to a school year. Since the state is on a fiscal year, benefits are on a calendar year, and they're moving the funding on a school year. One of the things as you look at the overall fiscal year funding, it helps smooth out by giving more in the two months of July and August and smoothing out with the transition to the school fiscal year.

Pete Cutler: So a primary motive of was to smooth out the funding rate going forward?

Dave Iseminger: That is part of it.

Megan Atkinson, Chief Financial Officer. Once the Legislature authorizes a funding rate that goes into a school year, they typically don't make changes because the school districts have already made contracting decisions based on that funding rate. To Dave's point, as we balance now across three years (calendar years, state fiscal years, state school year) you're going to have hangover months, July and August months.

Pete Cutler: Thank you.

Tanya Deuel: I'm sorry. I misunderstood your question. I thought you were asking why it jumped from \$994 to \$1,056. I can tell you those periods were blended when they were given to the school districts, the \$994 and the \$1,056.

Wayne Leonard: We as a Board aren't familiar with the modeling you do and this is a new program. All we've seen is what these monthly rates are going to be. At some point in the future as our plan matures, are we going to get a financial report on how our plan is doing? What are our reserves? I'm used to seeing more of a financial report, revenues, claims, expenditures, those kind of things.

Tanya Deuel: Traditionally, we haven't done that level of detail with the PEB Board so I think we'd want to take that back and figure out the best way to provide that information. That's something we can look at.

Wayne Leonard: Okay.

Tanya Deuel: Slide 4 – Proposed Budget Similarities. These are three similar items within the Governor’s, House’s, and Senate’s proposed budgets. I spoke about the audit capabilities in January. As a reminder, this is FTEs for one year to audit the PEBB and SEBB Programs. All three budgets included \$234,000.

The next item is the K-12 Non-Medicare risk pool, also described in January. These are one-time funds to implement the changes of the Non-Medicare retirees currently in the PEBB Program. HCA will work to keep them in the SEBB Program. The \$15,000 shown is not enough to implement that change, but I think it signals we can go ahead with those changes as long as HCA can absorb it within our current budget.

The third item is the Third Party Administrator (TPA) fees. These are the fees we pay Regence and Moda to administer our self-insured plans. There was higher enrollment in our self-insured plans than originally projected and this is the spending authority to align with that increased expenditure.

Pete Cutler: Are the \$234,000 and \$15,000 increasing your appropriated funds?

Tanya Deuel: The \$234,000 is increasing the appropriated administrative account. The \$15,000 is one-time funding. The TPA fees are in a non-appropriated allotted account.

Pete Cutler: That’s the same structure they’ve had for a while?

Tanya Deuel: Yes.

Slide 5 – Proposed Budget Difference. The differences between the three versions of budgets are reflected on this slide. The first one is the diabetes Request for Information (RFI). HCA requested funding to complete an RFI to look at the market and decide if there’s a diabetes management vendor available. There is currently a Diabetes Prevention Program, but not a Diabetes Management Program. This is half of the funding received. The other half is in the PEBB Program. We actually received \$150,000 in the Governor’s and the House’s budget. The Senate did not fund this decision package.

ESSB 6189 is funding to implement prohibiting dual enrollment between the PEBB and the SEBB Programs. This is IT funding to allow our system to manage this effort.

Dave Iseminger: Tanya, there’s a mistake on Slide 5. The funding was in the Senate’s budget, not the House’s budget. It was a Senate bill that passed.

Tanya Deuel: This is what happens when the budget comes out on Monday and your slides are due Monday. I’ll get that fixed.

Dave Iseminger: For the record, the \$1.7 million listed on the House budget is actually in the Senate budget. Usually when a bill is passed in either chamber, often it will be funded in that chamber’s budget as the debate about that bill goes forward. Just draw an arrow up. The money was in the Senate budget.

Pete Cutler: Can I confirm that most of that \$1.7 million is for information technology work?

Tanya Deuel: Correct.

Legislative Update: Bills

Cade Walker, Executive Special Assistant, ERB Division. Slide 2 – Number of 2020 Bills Analyzed by ERB Division, shows the amount of work done to date. Analysts in the ERB Division have completed 252 analyses as of last week. It's actually in the mid-280s as of this week. As things come to a close, we continue to work diligently at legislation that's been proposed to determine if there are potential impacts to the Division, the agency, or the PEBB and SEBB Program members we serve.

Slide 3 – Legislative Update – ERB High Lead Bill. This slide shows the progress of where these bills are in the process. As a reminder the high impact bills are those with a fiscal impact of more than \$50,000, would cause a change in rules, or is something to keep an eye on due to the impact it has to either the PEBB or SEBB populations, or to the programs. There is a cutoff tomorrow. As of yesterday, the two bills listed under the opposite chamber fiscal have moved to rules.

If bills haven't passed the March 6, 2020 cutoff by tomorrow, unless they are necessary to implement the budget, would likely be dead for this session and not moving forward.

Slide 4 – SEBB Program Impact Bills. On the next two slides, you will see some bills with a strike through and some that are not. The strike through is when a bill dies in committee or hasn't progressed far enough. House Bill 2208/Senate Bill 6144, the implementation credit bill, has not moved out of the last committee by the necessary cutoff date.

House Bill 2458/Senate Bill 6479, regarding optional benefits offered by school districts, made it to the opposite house rules committee. We expect to see action on that before the end of session. It has changed substantially since the last time we spoke in January. I presented on the work the program had done regarding the school districts coming in and providing information on their optional benefits. You will hear more about this bill at a future meeting. It is still evolving. As the bill stands now, the current version of the legislation confirms that the optional benefits offered by school districts are not to compete with the SEB Board offering benefits, or any other benefit offered by the Health Care Authority under our salary reduction plan. If this bill passes, the Board has the authority to study and consider offering new benefits, including emergency transportation, identity protection, legal aid, long-term care insurance, non-commercial personal automobile insurance, personal homeowners or renters insurance, pet insurance, specified disease or illness triggered fixed payment insurance, travel insurance, and VEBA accounts. The Board can request information to consider offering those as supplemental benefits in the SEBB Program portfolio.

Dave Iseminger: People have asked if this bill means HCA and the SEB Board have a project. No. This bill, if passed in its current form, would reserve the right to look at these benefits at a future date. There are still a lot of things to stabilize with the program launch. Unless you specifically had an interest in doing a specific benefit immediately, we would be talking about a long-term plan for evaluating new benefits.

School districts would be able to offer, in the interim, anything on the enumerated list until a point at which the Board offers that benefit.

Cade Walker: The bill has a directive to the districts to work with Health Care Authority if a competing benefit is identified as being offered by a district. The carrier of that benefit and the district are to work with the Health Care Authority to resolve the conflict, by either revising what's being offered, or removing it from the district's offering. We will see if it moves into the Rules Committee before the cutoff.

Slide 5 – SEBB Program Impact Bills – Eligibility. Senate Bills 6290 and 6296 and House Bill 2771 have died in Committee. As Tanya eluded to earlier, Engrossed Substitute Senate Bill 6189 is still alive requesting two studies be done. The first study is by the Joint Legislative Audit and Report Committee (JLARC), in conjunction with, and with assistance by, the Office of the Superintendent of Public Instruction and the Health Care Authority. The study has three primary parts: to study the number of employees who worked full-time, or less than full-time, during the 2018-2019 and 2019-2020 school years, identifying hours worked, how many of those employees were eligible for the employer contribution, and the amount of the employer contribution provided to those employees, breaking it down by major job category.

Other legislation we saw looked at particular types of categories, whether it was substitutes, coaches, job shares. This version of the report wants a breakdown of all the employee types, part-time versus full-time, and what the contributions look like. In addition, they are to report on the split between certificated and classified employees, the number of employees who waived by school district, as well as what the funding for the certificated and classified employees are from the state to the districts. It's a more comprehensive study being requested by the Legislature. The report is due September 2021.

A second study in ESSB 6189 is an HCA study our finance team will prepare, which is due September 2021. The study will consider the effect of waiving, putting forth options that would include a variable rate for employees who waive medical coverage, and consider the effects of allowing members to waive all benefits, not just medical benefits. Currently, employees who have other eligible coverage are allowed to waive their medical coverage, but they must take dental, vision, basic life, and basic LTD benefits. What is the financial impact? Are there other options?

The last part of the bill is the prohibition on dual enrollment between the PEBB and SEBB Programs. This Board and the PEB Board have adopted resolutions saying you cannot enroll in SEBB-SEBB Program dual coverage or PEBB-PEBB Program dual coverage, meaning if you and a spouse are both eligible to receive an employer contribution under the SEBB Program or the PEBB Program, you are not allowed to cross over and have dual enrollment in the same benefits.

Pete Cutler: On that last point, first you had two studies being done on ESSB 6189. The third issue in terms of prohibiting dual enrollment between SEBB and PEBB Programs, it sounds like you're saying the bill would actually put into statute basically a prohibition of that dual enrollment.

Dave Iseminger: That's correct. The implementation timeline of the bill for the prohibition is January 2022. It would codify in statute that dual enrollment is prohibited. We talk about it as PEBB-SEBB Program dual enrollment because that's the piece that currently is allowed. It would also put sacrosanct in statute that SEBB-SEBB and PEBB-PEBB dual enrollment prohibition because it says enrollment is limited to one of medical/dental/vision in either program. This Board has already done SEBB-SEBB Program dual enrollment. The PEB Board has already done PEBB-PEBB. The last piece to do, as a result of this, would be PEBB-SEBB. There wouldn't be the ability for this Board to repeal SEBB-SEBB dual enrollment because the statute will have codified that type of dual enrollment prohibition as well.

We anticipate as we go forward there may be policy changes that either one or both Boards need to make. For example, your policy on waiving benefits only includes medical. As we evaluate how to create a world in which dental is waivable, there would at least need to be some action to refresh that resolution to say dental and vision are waivable. There may be actions along the way that are needed in order to implement. It's more complicated every time we look at it. There was a general understanding it couldn't be done until 2022.

Pete Cutler: Thank you. In theory, within a week, we'll know whether this bill passed and in what form. At our April meeting we should have specifics. Is the fiscal note for this new version of the bill lower than the original one that involved all the IT work?

Dave Iseminger: No. The fiscal note for the substitute striker is \$300,000 more than the original bill. The first two parts transferred from implementing changes to eligibility on substitutes and changing the waiver rate. We have to package data to give to JLARC, or do our own study, so actuarial dollars were added to the fiscal note. I believe the original fiscal note was \$3.7 million and now it's \$4.0 million.

One other thing about the waiver provision study. Another piece of that is a good educational opportunity for anybody who picks up legislative reports on the website. As we've tried to describe, we know that the funding mechanism in the SEBB Program is very different than what was used before the SEBB Program. There's been a lot of frustration or questions from school districts asking why they pay for somebody who doesn't want benefits. It's not that simple. The funding rate represents the *average* individual within the population, not the *actual* individual the funding rate is being paid for. It's not that the funding rate amount attributable to medical for the person who waives medical isn't being used. It's funding mechanism used to fund the entire population. If an employer didn't pay for waivers, they would be shorting the overall program fund and creating a bigger deficit position year over year.

In the PEBB Program years ago, there was concern from the Legislature that there might be incentives or barriers to electing or encouraging waiving of coverage. That is partly why the model was set up the way it was in the PEBB Program - to prevent incentives or disincentives for individuals being encouraged or discouraged from taking on coverage. I told the Legislature in the Senate Ways and Means Committee to think of the funding rate as a big formula. $X+Y=\$2 \text{ billion}$. The variables can change. If you put upward pressure on X then you have to put equal and opposite pressure on Y because the end is a fixed number you're working towards. The money comes from somewhere and this report would be about different ways of creating a funding rate to

solve the same ultimate math problem to fund the projected needs of the program. It's a great opportunity to also dig into one of the most complicated topics in a report within the PEBB and SEBB Programs.

Cade Walker: Slide 6 – Topical Areas of Introduced Legislation. Topical areas that still have pieces of legislation moving through the process include provider and health care credentialing, a slew of bills related to pharmacy specific to diabetes medication, insulin, pharmacy tourism, pharmacy importation, several bills on substance use disorder, as well as bills on expanded durable medical equipment coverage, specifically related to hearing aids, prosthetics, and orthotics. We'll continue to track those and provide a conclusion at our April meeting.

Dave Iseminger: There was one more question I wanted to answer from last month. Pete, you asked in the implementation credit bill, House Bill 2208, if the carriers supported it. I confirmed that none of the carriers testified during the hearing so I can't say whether they support it or not. None of them testified and the House didn't have a hearing on the bill. No one is on record from the carrier community related to that bill.

Robert's Rules of Order - Parliamentary Procedure

Michael Tunick, Assistant Attorney General. Michael provided an overview of parliamentary procedures. He reviewed meeting basics, motions, debate, amendments, voting, and types of motions.

Slide 3 – Parliamentary Procedure. The general principles are one subject at a time, every subject is fully debated, rights are equal for every other Board Member, majority rule, and respect.

Slide 4 – Authorities Governing the Board. Other authorities may take precedence over Robert's Rules. Those authorities include laws like the Open Public Meetings Act, Ethics in Public Service Act, and laws specific to the Board. Board by-laws set forth various procedures, then Robert's Rules of Order apply, and finally, customs or practices of the Board.

Slide 5 – Informal Procedures in Small Boards. With small boards, like the PEB Board and SEB Board, more informal procedures may be followed.

Slide 6 – Meeting Basics addresses the presiding officer, quorum, agenda, minutes, and presentations.

Slide 7 – Motions, Debate, and Voting. There are six steps to motion practice. They are motion is made, seconded, Chair states the question, debate, Chair puts the question, and Chair announces the result.

Dave Iseminger: I just want to add there are no requirements related to minutes. They can be as robust or as minimal to convey the significant actions. But as this Board knows, we take a very expanded view of the significant actions taken, including most comments said by virtually anybody who says anything on a microphone. That's a custom and practice, not a written rule required either by the OPMA, Robert's Rules, or anything else. You may notice we have a relaxed aspect with the agenda. Sometimes

we run ahead. We're always very cognizant about where we told the public things were going to be discussed and try not to get too far astray from timing aspects.

Michael Tunick: Slide 8 - Motion Practice. The Board's business is conducted by motion. There are six steps to motion practice.

Slides 9 – 13 – Motion to Amend. These slides walk us through how to amend a motion.

Slide 14 – Other Secondary Motions. There are four other types of secondary motions. Lay on table, take from table, point of order, and parliamentary inquiry.

Pete Cutler: Michael, thank you very much. I do agree that a 15-page summary is more helpful than the 700-page version of the rules. On page 14, if you raise a point of order, is that something the Chair makes a decision on? Who decides?

Michael Tunick: The Chair decides.

Pete Cutler: And on the parliamentary inquiry? Does the Chair provide the answer or information, or does that go to the Assistant Attorney?

Michael Tunick: It goes to the Chair though the Chair often will consult with his or her parliamentarian. It may be that ultimately Katy provides insight to the Chair, but it will come from the Chair.

Wayne Leonard: I have a quick question on voting. I think we've typically done our resolutions by roll call vote. Is there any requirement that other votes would be by roll call, or are they by consensus, or is that up to the parliamentarian, the Chair also?

Michael Tunick: Yes. There are various acceptable ways. One of which is the voice vote I see here. There's no requirement otherwise. As far as the number of votes required for passage, that may change. Most of your votes are done by majority, whereas if you were trying to amend the by-laws, for example, that requires a 2/3 majority vote.

Dave Iseminger: Wayne, any time there is a consensus vote like we do for minutes, there's not a requirement to do it either way. If somebody wants a consensus vote, they can ask for one. I think it's called asking for "division." Or you can ask for a roll call vote in lieu of a consensus vote. You'll see that happen on various amendments.

Wayne Leonard: But it's not a requirement for our resolutions for a roll call vote.

Dave Iseminger: Correct.

Michael Tunick: I will add there is no secret voting. That's in the Open Public Meetings Act.

BREAK

HCA Legislative Report on Consolidating PEBB and SEBB Programs

Marcia Peterson, Manager, Benefit Strategy and Design Section, ERB Division. The Health Care Authority was assigned in 2019 to produce a report for the Legislature. There is no action required by the Board, but we would like your input.

Slides 2 - 4 – Legislative Charge. HCA must study the potential cost savings and improved efficiencies in providing insurance benefits to employers and employees participating in the PEB Board and SEB Board systems that could be gained by consolidating the systems.

The consolidation options studied must maintain separate risk pools for Medicare eligible and Non-Medicare eligible employees and retirees. They must assume a consolidation date of January 1, 2022 and incorporate the experiences gained by the Health Care Authority during the initial implementation and operation of the School Employees Benefits Board Program. The study must be completed by November 15, 2020.

Slide 5 – 2019 – 2020 Timeline. The process has begun. Last fall HCA began the discussion and started talking about and evaluating what some of the program differences are between the PEBB and SEBB Programs. We are entering a phase of looking at the enrollment experience, now that we have that information, and beginning to develop a consolidation roadmap and different phases of how that might work. We'll prepare the draft report over the summer to submit in November.

Dave Iseminger: You might think that October to February is a long time for identifying and evaluating the programs, but there are many large differences between the programs. An example being an eight-hour maintenance rule in the PEBB Program and no maintenance rule in the SEBB Program. Another big example is SEBB Program eligibility reboots every fall. No such concept exists in the PEBB Program. Collective bargaining is bargaining a single flat dollar amount of a specific plan versus a tiered weighted average in the other program.

There are also many small differences catalogued, like the tier ratio. In the SEBB Program, the family tier is 3.0%. In the PEBB Program, it's 2.75%. There's also an additional \$10 at the spousal level that happens in PEBB.

There's an amazing number of differences between the programs, all of which have to be catalogued, identified, and talked about when and how consolidation of the various components could even happen. It's a very long exercise. Every day we think of something else that's different between the two programs.

Marcia Peterson: I try to emphasize and remember the study is about potential cost savings and improved efficiency. Not just how they are different. What would it take to combine them, but also is there any cost savings or efficiency by doing that? That's going to be the focus of what we do.

Slide 6 – Key External Events. As we map out the phases of how consolidation could work, there are a few things we need to take into consideration as they can impact how it rolls out. In other words, there are a number of constraints we need to keep in mind, like collective bargaining is going to occur in 2020, which impacts the 2022 and 2023

plan years. We also need to take into consideration the potential impact of the 2021 legislative session and the budget beginning in July 2021. The point of noting those constraints is there are certain things in the authority of the Board, certain things in the authority of the Legislature, and things the program has authority over. Going back to the consolidation deadline in the bill of 2022, there are many ways to do that. We'll be talking about how that might be phased in the report, providing different options. We will have to keep in mind this timeline and those constraints that we live under.

Slide 7 – Report Discussion Topics. Dave already mentioned some of these, but we will be studying plan offerings. There are some big differences, and in some instances, they're absolutely identical. We'll look at how premiums are calculated, the tier structures, invoicing cycles, and Board composition.

We are in the beginning phase of preparing this report. Our actuarial company, Milliman, is working with us to identify what those cost savings might be of different aspects of consolidation.

Dave Iseminger: Again, the directive to write the report doesn't define what consolidation means. Consolidation might mean different things to different people. We are talking about what a phased approach would be. What could we do by 2022? By 2023. What's already done? All of those different pieces in the discussion.

Several actions considered as consolidation would require a legislative act. For example, establishing a single board, which can only be initiated by the Legislature. As the individual sitting at the table to help present at all Board Meetings, it is one of the more inefficient areas of the two programs. We often have very similar conversations back to back. At some point, efficiencies are gained.

It's very hard on all of the managers. Connie and Katy Hatfield can attest to this. We are sitting and talking about the March, April, and May Board Meetings simultaneously for both Boards. We're often in a meeting and we constantly have to, at every meeting, orient ourselves as to what will have happened. You will even hear it sometimes in our presentations! When I was doing the agenda overview, I was thinking, "Didn't we have this discussion already?" I had to tell myself, "no, we originally thought we'd do it in January, but then it became March." It's very complicated to just keep straight the conversations that are had at the Board Meetings. It's definitely an area with some inefficiencies. Especially with the start-up of the program, there were big differences to be addressed. It's another area for thought.

Marcia Peterson: In some legislative reports, we provide a recommendation. For this report, we will not. We will simply report the findings.

Terri House: Will the Board see your study when you get ready to submit it?

Marcia Peterson: You will be able to see it at the same time the public does when it goes out on November 15, 2020.

Dave Iseminger: Terri, I'll consider that a request for it to be sent to the Board once it's sent out for public consumption.

SEBB Program Appeals Update

Mike Brown, Manager, Office of Legal Affairs Section. Going back to the 2016-2017 year, HCA started designing the appeals program for both the PEBB and SEBB Programs.

Slide 2 – SEBB Eligibility and Enrollment Appeals Steady State Process. A revised appeals process was implemented last year in the PEBB Program. The shift was from a 30-day platform to a 10-day platform. Some adjustments were made last year and this steady state process is ready for implementation this year for the SEBB Program.

The process starts with employees contacting their benefits administrators for most issues. Through that process, if they can't come to a resolution, the subscriber can appeal to the Health Care Authority.

Slide 3 - Transition to Steady State Appeals Processing. As of February 29, 2020, we started transitioning to this standard process for the SEBB Program, sending appeals we received directly at HCA back to the subscribers. They were instructed to contact their benefits administrators to work through the appeals process. That transition has worked very well. There has been a decline in appeals received at HCA. The benefits administrators are working those issues and then we expect to see fewer appeals coming back. We are pleased with the transition so far. The benefits administrators are to perform all of the duties they were trained to do and they continue to receive training on appeal-related activities. If the benefits administrators are unable to resolve an issue, subscribers can appeal to HCA.

Slide 4 –As of February 25, 2020, we have received 7,700 appeals. Of those, 1,250 came since February 18, 2020. The types of appeals we are receiving primarily are dependent verification, which is about 27.5%. Dental confusion with the dental plans is about 40%. All other subscriber issues have been 30%. Approximately 80% of the appeals have been fully adjudicated, keyed, and a confirmation letter sent to the subscriber. We are continuing that work now. Since we have shifted into the steady state appeals process, we no longer receive a high-volume of appeals so we're able to work through what's remaining at a quicker pace.

Dave Iseminger: Mike has described the steady state standard appeals process in rule. We took a different approach with the open enrollment appeals, in part because if you go through the WACs on the appeals process, you start your appeal where the original action was taken, which is generally by the employer. During open enrollment, the Health Care Authority stepped in and did about three-quarters of the dependent verification work. HCA wanted to avoid a scenario where appeals crisscrossed in several directions. HCA decided to directly complete the appeals for all dependent verifications related to the open enrollment time. The exception was made to move them up to the second level appeal at HCA for that bubble, which HCA is still managing. This slide is describing the open enrollment bubble that exists for appeals postmarked through February 29, 2020. After that date, it goes to the steady state that Mike described.

As of yesterday, HCA had about 8,350 appeals received related to that open enrollment bubble. That denominator should be stable at this point because there's very little coming in postmarked after February 29, 2020. February 18, 2020 was the benchmark

because after President's Day, we saw another bubble of about 400 or 500 appeals. Shortly thereafter, we started communicating the transition starting February 29, 2020. We anticipated HCA would have another wave come in once the communication went out about HCA no longer processing initial appeals after February 29, 2020. The bubble from President's Day on was about 1,600 to 1,700 appeals.

There is an uptick in dental appeals, around 3,000, or about 44% of appeals received. These are easy to process because we worked with Delta that the plan switch is from Delta Care, the Dental Maintenance Organization (DMO) Plan into the Preferred Provider Organization (PPO) Uniform Dental Plan (UDP). HCA is honoring and keying those appeals quickly and entering into the system.

Pete Cutler: On Slide 2 it mentions the benefit administrators unable to resolve, the subscriber has 30 days to appeal. Is there something that clearly documents when that 30-day period begins?

Mike Brown: The 30-days starts whenever the action is taken by either the SEBB Organization or HCA and a notice is provided to the individual.

Pete Cutler: I foresee situations where there will be vague conversations and the employee will feel like the employer doesn't think it rises to the level of being a formal appeal, and then things drag on.

Mike Brown: Our HCA forms force the issue. It requires the employer to provide a response on the form. Once the employee has that form, they are able to appeal to the Health Care Authority. Also, in that situation, if their employer hasn't responded, after 30-days, the employee can appeal directly to the Health Care Authority.

Pete Cutler: Okay, so the form or the email, there'll be some documentation they could point to.

Mike Brown: Yes. There are avenues for them.

Pete Cutler: On Slide 4, it says, "Three primary types of appeals," but the math adds up to 100%. Is it true 100% of the appeals received so far have been in one of those three categories?

Dave Iseminger: HCA put everything into one of those buckets, with one exception. There were approximately 40 to 50 Medical Flexible Spending Account (FSA) appeals, not accounted for here. Those have been handled, but not tracked in this volume because that's a direct interaction we have with the carrier. All other appeals are in those three categories.

Pete Cutler: I was expecting it to come out to 98% or 97%.

Katy Henry: When were the benefit administrators trained on the appeals process? Was it prior to the SEBB implementation or after?

Jesse Paulsboe, Outreach and Training Manger, ERB Division: Because the appeals process was evolving, training evolved with it. The initial training was in August and

September 2019. Once open enrollment was over, much of our training was one-on-one through FUZE and the phone where people asked questions and we were answering appeals questions on an individual basis. Once we decided to transition into more of a steady state, we initiated a webinar training on February 21, 2020.

Dave Iseminger: One of the reasons we wanted to have that training on February 21, 2020 is because we were about to turn the appeals keys over to the districts. We had been communicating that February 29, 2020 was the last day HCA would accept appeals postmarked with that date and moving the process back to the districts. We did that training on February 21, 2020 and then the functionality within SEBB My Account, which had been much more limited since open enrollment was redeployed. Benefits administrators had more functionality that was similar to, or in addition to, things they were able to do during the open enrollment period. Benefits administrators were extremely happy to have that ability within the system again.

Dave Iseminger: Since we are so far ahead of schedule on the agenda, while we wait for Marty to arrive, let's have Jesse Paulsboe present on stakeholder training.

Stakeholder Training Update

Jesse Paulsboe, Outreach and Training Manager, ERB Division. Slide 2 – Benefits Administrator Training: Pre-OE outlines the training already conducted. The initial training started in August 2019. With limited time to train prior to open enrollment, the primary goal was to provide a working knowledge of open enrollment related administrative responsibilities to ensure the SEBB Organizations could successfully assist their employees as they enrolled in SEBB Benefits. 99% of the SEBB Organizations had representatives attend these trainings across the state.

Slide 3 – Benefits Administrator Assistance: FUZE. The December 2019 - February 2020 timeframe focused on providing one-on-one assistance through FUZE, which is an online secure email correspondence program that allows the SEBB Organizations to securely communicate with Outreach and Training. The primary questions received were enrollment related discrepancy resolutions, SEBB My Account troubleshooting, and appeals related questions. Since November 1, 2019, we processed more than 10,000 unique messages in FUZE.

Dave Iseminger: Many of you have heard from school employees who were asking about the appeals volume, and from districts and benefits administrators related to FUZE. Our staffing model was not designed to address 10,000 FUZES at the same time. We recognize that was another challenge. We still have a pretty high volume of FUZES, somewhere between 500 to 600 at this point. We had yet to be under 600 January 1, 2020 until sometime this past week. We understand benefits administrators were very frustrated about the response time. Our standard response time is within one to three business days, but it was not uncommon, in the first couple of months in 2020, to take two to three weeks.

The original fiscal note developed for the SEBB Program was based on the PEBB Program staffing model. We did not account well at that time for the additional volume of issues that would come up in areas like FUZE. Over the last two months, we've been asking who in HCA has access to Pay1 and already understands it, and started pooling different resources creatively for a slew of different needs. I really appreciate parts of

this agency that traditionally have not helped with the PEBB and SEBB Program being able to provide resources, even if it's for a few days. HCA has received a lot of feedback from districts. We found the lowest volume time for calls and turned off the phones briefly so there's not an influx. Districts have generally appreciated this because then they get their FUZES answered.

So we will be working on a decision package to add to our staffing in those areas that are understaffed, such as FUZE responses. We're also looking to see if we can hire some non-permanent staff as we go forward asking for permanent staffing funding.

Jesse Paulsboe: As the SEBB Program continues to transition into a steady state, our strategy shifts back to external training. We will start with a series of webinars to address topics and issues benefits administrators are likely to experience as the SEBB Program moves forward. The training is currently under development and includes the event that we just had on February 21, 2020, which is the appeals process. Tomorrow we're scheduled to have a refresher on SEBB My Account. There have been a lot of updates in SEBB My Account and we want to go over those changes, and some of the new permissions the benefits administrators just received.

We will work on training about changes using special open enrollments. Now that people are making changes, adding, terminating, retirements, the upcoming summer break, we want to address these topics in the webinar. These webinars will also be recorded so they can be referenced at a later date.

Slide 5 – Benefits Administrator Training: Workshops. In the early June timeframe, we conclude the webinar series and focus on workshops. These workshops will be in-person events, hosted across the state similar to the initial training done in August – September 2019. However, these will be a four-hour training. In-person training allows our benefits administrators to interact directly with our training staff, as well as with the administrators from the neighboring districts. This in-person training is to focus on preparing them for the upcoming school year. The training environment will allow for collaborative discussions, sharing tips, techniques, and lessons learned. The dates for this training are still pending.

Due to COVID-19, our training schedule is uncertain. When the schedule stabilizes, I will provide that to the Board.

SEBB Program Implementation: Medical Flexible Spending Arrangement (FSA) and Dependent Care Assistance Program (DCAP)

Marty Thies, Account Manager, Portfolio Management and Monitoring Section, ERB Division. Today is to brief the Board on the SEBB Program Medical Flexible Spending Arrangement and Dependent Care Assistance Program benefits available to SEBB Program subscribers.

Slide 3 – Authority and Benefits. By statute RCW 41.05, the Health Care Authority is tasked with offering and implementing a salary reduction plan, making it possible for employees to reduce their salary through payroll deductions in order to participate in tax-advantaged accounts. For SEBB Program subscribers, two such benefits are available: the medical health care flexible spending arrangement (FSA), whereby

employees can deduct up to \$2,700 from their paychecks, for eligible out-of-pocket medical expenses.

The Dependent Care Assistance Program (DCAP) works the same way, but comes with a \$5,000 annual maximum election for eligible dependent care expenses.

Slide 4 – How a Medical FSA Works. For the FSA, employees annually elect a pre-tax amount to defer from their pay up to the limit set by the plan sponsor. On the first day of the plan year, the total amount of the annual election is available for use. Claims can be a debit card or submit a claim to the FSA administrator for reimbursement. Any unclaimed funds are forfeited to the plan sponsor if not used during the time period allowed. The SEBB Program allows up to another two and a half months into the next plan year to incur out-of-pocket costs and claim funds leftover from the previous year's FSA, per IRS rules. Any unspent dollars at the end of the grace period is forfeited.

Slide 6 – Dependent Care Assistance Program (DCAP). DCAP is similar to the Medical FSA except it covers eligible dependent care expenses up to \$5,000 a year. Unlike the Medical FSA, however, the total annual election amount is not available the first day of the plan year. Reimbursements of eligible expenses are limited by what has been contributed to date. There is no grace period in DCAP.

Slide 7 – Pros and Cons. For most people, the advantages outweigh the disadvantages of these arrangements as identified on this slide. Employees would owe less income tax but deferred earnings could be forfeited.

Slide 8 – FSA/DCAP Logistics. There are four stakeholders involved in the ongoing financial flows associated with the tax advantaged accounts: the employee; the administrator, Navia Benefit Solutions; the Health Care Authority; and the employers, the SEBB Organizations. During open enrollment, employees have the option to sign up for these accounts with Navia. The SEBB Organization sets up the payroll deductions for the year. As deferrals are drawn each pay period, they are sent to the appropriate account held by the Health Care Authority. Then employees incur costs, claim expenses with Navia. Navia bills the Health Care Authority, which reimburses Navia from the deductions in our account. On the backside, monthly, the Health Care Authority pays Navia a per-participant per month fee to cover administration, an amount that can be partially offset by annual forfeitures.

Slide 9 – SEBB Program Implementation. Implementation was fairly smooth but challenging. I can't understate the complexity of many of the moving parts, dealing with hundreds of organizations which maintained their own tax advantaged accounts for their employees, using different administrators with different portals, different timeframes, different 12-month plan years, and with divergent design elements like carryover, grace period, or neither. There was a lot of variety in the employees and employers HCA brought into a single benefit.

Communications were a huge part of this effort for both employees and employers because HCA is doing the payroll deductions. This included many publications, guides, emails, fact sheets, and Intercom articles. There was a booth in our Virtual Benefits Fair, and Navia had a table at all of the physical benefits fairs. HCA also presented two live webinars with a live Q&A, which were recorded and posted for employee access.

Slide 10 – Inaugural SEBB Program Enrollment: FSA. About 10,500 FSA accounts opened, totaling approximately \$16 million in deferrals for 2020. The average deferral was about \$1,500. At a 12% tax rate, this will save SEBB employees nearly \$2 million in income taxes, another \$1.2 million in FICA taxes, for a total of \$3.1 million in employee tax savings.

Slide 11 – Inaugural SEBB Program Enrollment: DCAP. Well over 1,600 accounts opened, totaling \$7 million deferred with an average \$4,200 deferral, for approximately \$1.4 million in employee tax savings.

Slide 12 – Inaugural SEBB Program Enrollment. The inaugural enrollment had 31 districts with 100 participants or more enrolled. Those 31 districts counted for over 60% of all accounts opened. The total savings based on \$23 million in deferred payroll, is \$4.5 million in total savings for SEBB Organization employees, another \$1.75 million in SEBB Organization FICA savings, for a total savings of almost \$6.3 million for SEBB Organizations and employees.

Slide 13 – 2020 Debrief After Open Enrollment. There were challenges. Communicating the benefit design, coordinating with hundreds of employer payrolls, and bringing everyone into a single program, all accomplished. For the SEBB Program, the 2019 inaugural enrollment focused on medical, dental, and vision. Supplemental benefits were not primary and HCA can emphasize supplemental benefits more next year.

HCA will continue to debrief open enrollment and identify needed emphases in communications for next fall. HCA is working through about 70 appeals.

Slide 14 – Going Forward. Navia has been our vendor since 2014, and the company is based in Renton. HCA completed a Request For Information where we interviewed a number of industry administrators to ask an array of issues we'll want to address in a possible future RFP for a new contract. Issues like marketing and communication strategies, how they would implement a large new client, system security, and rate calculations. After this RFI is completely processed, an RFP may follow.

Dave Iseminger: The current contract with Navia goes through December 31, 2021. I believe HCA can extend it for at least one more two-year increment. But we've had a lot of changes just in the benefits we manage under that contract. We also use the contract for the state's Compact of Free Association (COFA) Islander Program, and there's a debit card used there. HCA has utilized this contract for a variety of services in addition to FSA/DCAP. That's why we're going out for a Request for Information (RFI). The original procurement was long before the SEBB Program was even a glimmer in anyone's eyes. There's a natural tendency to go out for procurement when there are significant changes in the work being performed.

As HCA is looking at a possible new contract, we will be looking at the benefit design features and determining if there is anything warranted to change. When many school districts came on, some districts had carryover, some had grace periods, some had neither. Nobody had both because that's the one thing you can't do. I remember specifically going to some benefits fairs and that was the number one topic a few people

wanted to talk about - the loss of the rollover rule for FSA. If we go out for procurement, we'll look at that as a possible time to evaluate benefit design changes.

Marty Thies: And Navia Benefits Solutions did manage the FSA benefits for about 35 school districts prior to the implementation of the SEBB Program. About 70% of them had the carryover, as opposed to the grace period. That's what they were used to.

Pete Cutler: Given the complexity of the school district situation, the number of differences and the number of districts, I think it's quite impressive just to be able to get them all on the same platform. I'm curious how the take-up rates compare between SEBB employees and those, I don't know whether it would be the whole PEBB population or just the state employee population under the PEBB Program, that would be the comparable comparison group. Did you have a sense of how the numbers compare in terms of take-up?

Marty Thies: The PEBB Program is between 16,000 and 17,000 and the SEBB Program is between 10,000 and 11,000.

Dave Iseminger: The denominator of employees eligible in the SEBB Program is greater than the denominator in the PEBB Program. I have too many numbers in my head to say for sure what the denominator is. In the PEBB Program, it is state employees and higher education employees. The employer groups, about 16,000 employees combined, are not eligible to leverage the state's cafeteria plan. The employer groups can only contract with HCA for medical or the combination of medical, dental, life insurance, and LTD.

Also, the forfeiture that ultimately happens at the end of the plan year does go to the plan's sponsor, which here is the Health Care Authority. I want to make sure it's clear what those forfeitures are used for. We don't have any data yet about the possible forfeiture amounts for the SEBB Program, but I can tell you a little bit about the PEBB Program scenario. The forfeitures are used primarily in one of two ways. One is to offset plan costs throughout the year. In FSA, for example, with a prefunded amount that's available on the first day of the plan year, there are circumstances where an individual has claimed more than they've submitted at the point of year and they may lose or leave their employment. That is a risk taken on by the overall plan. The individual does not owe contributions after they have left their employment even if what they have incurred exceeds what they contributed. These are offsets that need to happen. That's the first place where the forfeiture is used.

The second is to buy down the monthly admin rate. HCA has never, in the PEBB Program, gotten to a point where we've bought down the full admin rate. What Navia has told us is we have a very low forfeiture rate, given the size of our population and participation. I believe the forfeiture rate is usually somewhere around 1% to 2% of total contributed funds. Their experience across their book of business is more like 5% to 7%. HCA actually does active communications to prevent forfeitures. The number of communications with that information increases during open enrollment and at the beginning of January during the grace period. At the end of March, Navia does those communications. HCA also does targeted communications to individuals who have even one penny left as we get into January through March. The newsletters go out and

the one sent out in winter has a call to spend down your FSA dollars. We do a lot of proactive communication to avoid forfeitures whenever possible.

Annual Rate Process and Resolution SEBB 2020-03

Tanya Deuel, ERB Finance Manager, Financial Services Division. Slide 2 – SEB Board Authority. This slide is included as a reminder of the SEB Board's authority as a reference.

Slide 3 – Resolution SEBB 2020-03 Rate Development Procedure. HCA did stakeholder this resolution, which included HCA's fully insured carriers.

Dave Iseminger: Stakeholder feedback was included in the email you received with your meeting materials.

Tanya Deuel: Two fully insured carriers had comments about the resolution. HCA is still exploring options of what can be done in the annual rate negotiation process, the annual RFR that goes out, and what further steps HCA can take during that process to help protect from what happened last year. We believe this resolution is not directly tied to what we can do in the RFR process. We recommend that we do move forward with this resolution. In addition, we received two other comments that were not from our carriers who supported us moving forward with this resolution.

Dave Iseminger: One of the carriers suggested other ways to approach the underlying concerns. HCA determined the proposed idea and this resolution are not mutually exclusive. The outcome of one doesn't determine the outcome of the other. Both are being evaluated for possible implementation and will continue to be evaluated for possible implementation regardless of the outcome of this resolution. We recognize that almost everybody sitting on the Board now, and on the phone, was here in July 2019 and may have a very heavy interest in getting the clarity on this piece now, while the agency evaluates and decides what can be done legally within the procurement documents for the suggestion received from the carriers.

Pete Cutler: I have to admit, I'm really confused. What I remember from reading the email was it's basically this resolution, but modified to tie it down even a little tighter in terms of at what point would the rates be considered final, for lack of a better generalization. I really don't get if this can be handled through the RFP process, even though we adopt a board policy or resolution. I'm confused about what significance the resolution has.

Dave Iseminger: I can address that. The proposal put forward by carriers is to have the best and final offer process within the bid rate submission exchanges that happen in May and June. Remember, we show all the carriers the UMP rates, which helps them judge how they're going to assess risk relative to UMP by seeing how we're assessing risk. We don't share the other carriers rates with each other. They know their own numbers, they know our number, but they don't know each other's number. Their idea is to see if there is a way to show everybody's cards at some point in the process, presumably near the end of that process, as part of a best and final offer process.

The point of this resolution is to address what happened last July. There was a lot of conversation about why we brought forward unsolicited bids received late in July during

the rate development process. The agency said the rate development process ends with the Board's authority acting on setting the premiums. Part of the question this resolution addresses is that once the materials are published with rate numbers, unless this Board or the agency asks for additional information, it is locked in from a public perspective. HCA felt we were in a bind as an agency with having information the Board could act on. We felt we had an obligation because the Board had not yet exercised its authority. But you as a Board can pass this resolution and say that once materials are published on HCA's website, that is the point at which "final becomes final" from a public perspective. There were lots of questions about when does final mean final. This would say, from a Board perspective, once it is out in the public view, we really aren't going to accept anything unless we ask for it.

Pete Cutler: Do we expect public testimony at some point today?

Kari Karch: Yes, after I read the resolution.

Resolution SEBB 2020-03 Rate Development Procedure

Resolved that, 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.

Katy Henry moved and Terri House seconded a motion to adopt.

Wayne Leonard: I think this resolution captures what we talked about last July, although I'm not sure about the summary at the beginning, that the rate development process isn't complete until we take action. We could still find ourselves in the same position of rejecting lower premiums for members if someone comes in and makes a revised proposal like last July. I guess I don't care as much about the resolution and people not being able to revise their rates as I care about there being a fair process. I don't want to be put in a position of rejecting lower rates by setting an artificial timeline. I want to ensure we have a fair process. Does that make sense?

Dave Iseminger: It does, Wayne. The difference I think the resolution would make, this year versus last year, is last year when the Health Care Authority received those unsolicited rates, we had them in our hand asking ourselves what we were going to do with them. Here, as a Board, you have the authority to curtail your own power, and set your own deadline. HCA would convey up front, do not send anything to us as of this date when we plan to publicly publish rates. If something is sent to HCA, we will not consider it, nor bring it to the Board because the Board or agency did not ask for it. There is no opportunity once rates are published to try to get lower.

Wayne Leonard: The bids I'm familiar with are when bids are due at 2:00 p.m. on Friday. Then they wouldn't necessarily be published on the website so they wouldn't necessarily be known by the other vendors. We will not accept a bid after 2:00 p.m. on Friday. There wouldn't be an opportunity then to submit revised rates because there wouldn't be published information about what's public.

Tanya Deuel: What we normally do in our process is set up multiple rounds of bid rate negotiations with the carriers. When we believe we've had significant conversation, we've gone through all the assumptions, we are generally ok with where the rates have landed, we give the carriers an email that states we are considering this round your final rates, and these are the rates we will be presenting to the Board. We let them know well in advance of them being published those are the final rates. There are a few weeks between when we get those final rates that we internally deem as final and when they're published, because we obviously have to make all the Board slides. We have to make multiple iterations of those rates, especially in the PEBB Program where we have all the non-Medicare and Medicare rates that go along with them. There is a period in that process where the carriers know what we are considering as the final round.

Dave Iseminger: HCA provided a lot of the email exchanges as part of the materials last July. We've learned there are ways for us to be even clearer in that language and the procurement language, which are process enhancements we are incorporating within the future state of the procurement process, in addition and independent of anything that happens with this resolution, or the idea proposed by the carrier. HCA tried hard to do that last year. We learned some lessons about language to refine that as well to be even clearer.

Sometimes between when we think rates are locked and when we get to the Board, things happen. I think it was three years ago, there was an instance where there was a pending court order that was going to drop any day for almost four months related to Hepatitis C coverage. In that instance, we ended up sharing a very complicated resolution with the PEB Board that said if X happens by August 10, the rates are Y. If X happens after August 10, the rates are Z because we had to have a point at which we knew final rates and couldn't account for that litigation risk any longer.

There could be a legislative act at the last minute and HCA has to go back and say, "there's this new thing that came up at the last minute that everybody needs to account for in their risk modeling and there might be a little revisit there." There is some flexibility in the system if things like that happen because June is a very busy month in odd calendar years.

Wayne Leonard: Thanks for that clarification.

Voting to Approve: 8

Voting No: 0

Kari Karch: Resolution SEBB 2020-03 passes.

Public Comment

I'm **Julie Salvi** representing the Washington Education Association. I wanted to give just a little feedback today on the SEBB/PEBB study that is going on and then talk a little bit about the legislative process. In terms of the study, I wanted to raise a caution that we are concerned about change fatigue right now in K-12 and that we would really recommend putting a pause on any expected changes. You put in a herculean effort. We just launched SEBB. We are still working out the kinks. There are enough significant differences between the program that any merger would not be simple. It

would be another upheaval in the land of K-12. We're still dealing with the mass of appeals that just came in. We really highly recommend that anything considered would be a longer period of time. I also hope that as the agency looks at this that they are documenting the efficiencies that are already in there between the programs. Many of the contracts are written where if one carrier is in SEBB they can be offered in PEBB and vice versa. So we think a lot of that maximizing of purchasing power has already occurred.

We recognize the administrative burden on the agency of having two boards, but we are hoping the agency will also look at other ways to create efficiency without merging boards, such as you could hold more dual meetings with the PEB Board and SEB Board to cover common topics and then have time for each board before and after to cover the individual items that are relevant to that board.

So today I'm here to just raise caution, and especially to talk to the board members who are living this in the K-12 world that we hope you continue to raise your voices and share your experience and ask questions about how this would happen. Because we have concerns about the very massive change that we just went through and putting us through that again, there's exhaustion in the field. And there are concerns about continual change out there. So thank you for your time with that.

In terms of the legislative session, which is coming to an end, I did want to let the Board know about one area that I am working as of this week, because as we all know, the world continues to change with the COVID outbreak. And so questions were being asked at the Legislature about eligibility, if schools are changing service delivery. And we were particularly concerned if there are significant school closures, and then a lot of waivers of days where certain staff may not have their hours made up, or if there are changes like we're seeing in Northshore where there are districts going to more online delivery, and what would that mean. We want to avoid having members lose benefits at a time of a health crisis. So we have been talking with legislators about some very narrow language that would be linked with the emergency declaration and related to school closures or changes in school operations related specifically to that emergency and the COVID outbreak that anyone who had benefits as of February 29, 2020 would be able to maintain those benefits.

And for Wayne, I will indicate we are also working with the Legislature to ensure that districts do not lose any money if there are enrollment number changes. We want to ensure that districts have sufficient resources and employees are not losing benefits because of unforeseen circumstances. I just wanted you to be aware of that. Time is short in the Legislature. I am hoping something like that will be added to one of the bills that are out there. If it is not, that may be something we bring to the Board at your next meeting. We may all know more about how school operations are affected by then. So thank you for your time.

Dave Iseminger: HCA has given some technical assistance on drafting possibilities for the pieces Julie was just referring to. I'll just say that if something doesn't happen legislatively and the world continues to evolve, as I said at the beginning on my COVID-19 references, you may be hearing from me. We'll see if April 5, 2020 is the appropriate timeline or if something more appropriate is in order. I wanted to be open and

transparent that we have provided technical writing assistance on the bill language Julie was referring to in her comments.

Pete Cutler: In response to Julie's comments about the SEBB/PEBB study, I think her point is well taken. I have to admit, since the collective bargaining statutes provide for funding rate to be set through basically sometime in 2023, that in my own mind is just another reason to not assume an implementation before that point. I sure hope that the Health Care Authority and the ERB Division will be including the employee representatives and the school district context in your fact finding and implementation kind of questions. I do think these concerns about change whiplash are good ones to get input on.

Mitch Thompson: My name is Mitch Thompson and I'm from Battle Ground Public Schools. Originally, I wasn't going to say anything to you guys but as usual, I just can't keep my mouth shut. So the first thing I want to say is I know the immense amount of work that's taken place and we really do appreciate everything that the Health Care Authority's done. They've done a great job. Do I think they could have done more? Yes. You know, when we talk about Outreach and Training, an hour-long session on taking on appeals is not enough because basically, it's here's the appeal timeline but not how do we deal with each type of situation. And one of the things as these sessions come up, we'd like to have the paper copies as well. You know, having a pdf and being able to click on the link rather than just seeing that there's a link in a presentation. And that's just a little bit of feedback for Outreach and Training. And I probably should've just talked to Jesse on his own.

From the employer standpoint, there's a lot that's being missed out there. There's a lot that's being put on our plates that we didn't have to deal with before. It really has become -- I've got a benefits coordinator and I've got a half-time benefits coordinator and then there's me. And before, I had 25% that I was dealing with them on a daily basis. And right now, it's over 100%. I'm putting in 10-, 12-hour days trying to balance statements, trying to figure out how to deal with the changes and the things that are coming in SEBB. So there is something to be said about waiting on making decisions. But the Legislature never waits.

And so the other thing is, I'm constantly looking for my cheese because it's constantly being moved. Change is inevitable and so as we find efficiencies and as we find better ways to do things, I would hope that we would do those. But thanks to Dave and his crew because it's a big undertaking and I wouldn't want to do it.

Preview of April 2, 2020 SEB Board Meeting

Dave Iseminger, Director, Employees and Retirees Benefits Division, provided an overview of potential agenda topics for the April 2, 2020 Board Meeting.

While we were in this meeting, the Insurance Commissioner issued an emergency declaration to require plans regulated by their jurisdiction to cover and waive copays and deductibles for COVID-19 testing. We will be working on the implementation of that order. There is at least one piece that needs to be sorted out with the IRS. You can't have first dollar coverage for certain things and have an IRS regulated qualified health plan for HSAs. We understand the Insurance Commissioner is talking with the IRS today and asking for guidance to come out along with other federal pieces. That

emergency order also requires early prescription refills. Good news, we're already doing that within our plans. And also suspending prior authorization for COVID-19 testing.

Those are things effective immediately for the plans regulated by the Insurance Commissioner. It does include everything in your portfolio except for the Uniform Medical Plan (UMP), but we traditionally align UMP with what happens on one side of the house with the other from a self-insured and fully insured standpoint. That order is effective through at least May 4, 2020. Those are emergency powers the Insurance Commissioner has in light of the Governor's declared state of emergency related to COVID-19.

Next Meeting

April 2, 2020

9:00 a.m. – 2:00 p.m.

Meeting adjourned at 11:37 a.m.