

FAQ SB 6475 – Employer Group Rate Surcharge:

1. Why is HCA charging an employer group rate surcharge?

Senate Bill 6475, passed during the 2016 legislative session and as described in [RCW 41.05.050\(2\)](#), HCA is authorized to develop a rate surcharge to account for increased cost of benefits for the state and for state employees. Senate Bill 6475 limits the Health Care Authority's discretion in the future to deny access to PEBB benefits to counties, municipalities, and other political subdivisions that have fewer than 5,000 employees, even if claims experience suggests the entity could increase costs to the state and state employees. Applying the employer group rate surcharge to future participating counties, municipalities, and other political subdivisions will account for increased costs that would otherwise be paid by the state and state employees.

2. How will the employer group rate surcharge be calculated?

The employer group rate surcharge will be calculated based on the historical medical claims data experience from the two previous years.

3. Who will the employer group rate surcharge apply to? Who won't it apply to?

The employer group rate surcharge applies to current and future counties, municipalities, political subdivisions and tribal governments participating in PEBB benefits.

It does not apply to employee organizations representing state civil service employees, Services for the Blind and the Health Benefits Exchange.

4. Why do existing employers have to pay the employer group rate surcharge when they were approved through the PEBB Program evaluation model?

The employer group rate surcharge will be applied to both current and future participating counties, municipalities, political subdivisions, and tribal governments as conveyed during the Senate Ways and Means public hearing on January 25, 2016. The PEBB Program evaluation model reviewed potential impacts to state costs and state employees' costs only at the entity's initial authorization to access PEBB benefits. However, many entities' claims experience has changed since HCA authorized access to PEBB Benefits and applying the employer group rate surcharge to currently participating counties, municipalities, political subdivisions, and tribal governments will cover the associated increased costs to the state and state employees.

5. How much is the employer group rate surcharge?

The employer group rate surcharge will be collected monthly and is applied based on the plan tier the employee is enrolled in. For 2017, the surcharge will be as follows:*

- *Subscriber - \$20/month*
- *Subscriber and Spouse - \$40/month*
- *Subscriber and child(ren) - \$35/month*
- *Full Family - \$55/month*

6. How will the employer group rate surcharge be applied?

The surcharge will be a separate line item under each employee on your monthly invoice. The amount will be based on the plan tier the employee is enrolled in.

7. When will we see the employer group rate surcharge on our billing statement?

The employer group rate surcharge is effective 1/1/2017; your January billing statement will reflect the surcharge as a separate line item under each employee based on the plan tier in which the employee is enrolled.

8. Can we pass the additional cost on to our employees?

Yes, as the employer, you determine how much of the total premium and the employer group rate surcharge your employees are required to pay. (Reminder: As the employer you are not allowed to pay the tobacco use and spousal coverage premium surcharges on behalf of your employees.)

9. When applying to PEBB, why are we required to provide census data for all employees if a subset of the entire group is requesting to join the PEBB Program?

Requesting census data for all employees of the group during the application process allows PEBB to project the affect the group may have on the claims experience in the future should the entire group choose to participate.

10. When will the new employer group rate surcharge be shared with employers each year?

The employer group rate surcharge will be included in the announcement of the upcoming year's rates. New rates are typically available in mid-August or early September.

11. Is the employer group rate surcharge amount set annually or could it change mid-year?

The employer group rate surcharge is set annually and will be included in the rate letters released in August or September for the upcoming year.

12. Could there be a time when employer groups may receive a refund of the surcharge if it is determined the claims experience was not as high as anticipated?

No. The employer group rate surcharge is based on claims experience and will be adjusted annually, either up or down, based on the previous two years of claims experience.

13. Is there a maximum the employer group rate surcharge can be?

No. The employer group rate surcharge is based on claims experience and will be adjusted annually, based on the previous two years of claims experience.

14. Is there a maximum increase that would be allowed from year-to-year?

No. The employer group rate surcharge is based on claims experience and will be adjusted annually, based on the previous two years of claims experience. HCA will include the amount of the employer group rate surcharge in the rate letters released in August or September for the upcoming year.

15. How will the funds collected through this surcharge be used?

The funds are intended to offset the increased costs of benefits for the state and for state employees.

16. Will the employer group rate surcharge impact non-Medicare retirees and self-pay (LWOP, COBRA) accounts?

The employer group rate surcharge will not be applied to non-Medicare retirees, employees on LWOP or employees who terminate and enroll in COBRA coverage.

17. Is the employer group rate surcharge replacing annual premium increases for PEBB Benefits?

No. The employer group rate surcharge is an additional cost that will be charged in addition to annual PEBB Benefit rate increases.

18. Approximately how many employees are employed by counties, municipalities, political subdivisions, and tribal governments currently participating in PEBB Program benefits?

As of July 2016, there are approximately 13,000 employees employed by currently participating counties, municipalities, political subdivisions, and tribal governments. These employees had approximately 13,000 dependents enrolled.

19. Since the June 9, 2016, the effective date of SB 6475, how many counties, municipalities, political subdivisions, and tribal governments with fewer than 5,000 employees applied for access to PEBB Program Benefits?

As of September 12, 2016 nine groups have applied and nine have been approved to access PEBB Program benefits for their employees and eligible dependents.

20. Does the employer group rate surcharge apply to employees who waive medical?

No. The employer group rate surcharge does not apply to those employee accounts where the employee waived medical.