Washington State Health Care Authority

Public Employees Benefits Board Meeting

February 1, 2024

Washington State Health Care Authority

Public Employees Benefits Board

February 1, 2024
9:00 a.m. – 4:30 p.m.

This meeting will be hybrid with attendance options both in person and via Zoom

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

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TAB 1

Washington State Health Care Authority

AGENDA

Public Employees Benefits Board
February 1, 2024
9:00 a.m. – 4:30 p.m.

This meeting will be hybrid with attendance options either in person or via Zoom. Masks are optional.

TO JOIN ZOOM MEETING – SEE INFORMATION BELOW

9:00 a.m.*	**Welcome and Introductions**		Sue Birch, Chair	
9:05 a.m.	**Meeting Overview**		Dave Iseminger, Director Employees & Retirees Benefits (ERB) Division	Information
9:10 a.m.	**Equity in Healthcare Access and Outcomes Panel Discussion**		Facilitator: Heather Schultz, Associate Medical Director, Clinical Quality & Care Transformation (CQCT) Panel Members: • Nicole St. Clair, MD, Regence • Geoffrey Ankeney, MD, Kaiser Permanente • Quyen Huynh, DNP, HCA	Information/ Discussion
10:35 a.m.	**Diversity, Equity, and Inclusion Data Collection**	TAB 3	Missy Yates, Stakeholder Engagement Coordinator Employees & Retirees Benefits (ERB) Division	Information/ Discussion
10:55 a.m.	**Break**			
11:05 a.m.	**Behavioral Health Network Adequacy Discussion**	TAB 4	Andrea Philhower, Fully Insured Unit Manager Employees & Retirees Benefits (ERB) Division Heather Schultz, Associate Medical Director Clinical Quality & Care Transformation (CQCT)	Information/ Discussion
11:30 a.m.	**Plan Year 2024 Open Enrollment Results**	TAB 5	Alisa Richards, Section Manager Stacy Grof-Tisza, Customer Service Manager Employees & Retirees Benefits (ERB) Division	Information/ Discussion
12:15 p.m.	**Break**			

12:30 p.m.	**Working Lunch** **Benefits 24/7 Update**	TAB 6	Chatrina Pitsch, IT Project Manager Enterprise Technology Services (ETS)	Information/ Discussion
1:00 p.m.	**Study on Contracting for Administration of UMP**	TAB 7	Ryan Ramsdell, Uniform Medical Plan Un Manager Employees & Retirees Benefits (ERB) Division	Information/ Discussion
1:20 p.m.	**Governor's Supplemental Budget and Legislative Update**	TAB 8	Tanya Deuel, ERB Finance Manager Financial Services Division (FSD) Cade Walker, Section Manager Employees & Retirees Benefits (ERB) Division	Information/ Discussion
1:50 p.m.	**Procurement and Benefit Planning Cycles**	TAB 9	John Partin, Section Manager Employees & Retirees Benefits (ERB) Division	Information/ Discussion
2:05 p.m.	**Break**			
2:15 p.m.	**PEBB Retiree Medicare Benefits Legislative Report Summary and 2025 UMP Plan Option**	TAB 10	Ellen Wolfhagen, Senior Account Manage Employees & Retirees Benefits (ERB) Division Molly Christie, Financial Analyst Financial Services Division (FSD) Luke Dearden, Clinical Pharmacist Clinical Quality & Care Transformation (CQCT) Division	Information/ Discussion
3:45 p.m.	**General Public Comment**			
4:15 p.m.	**2024 PEB Board Preview**		David Iseminger, Director Employees & Retirees Benefits (ERB) Division	Information/ Discussion
4:25 p.m.	**Closing**			
4:30 p.m.	**Adjourn**		Sue Birch, Chair	

***All Times Approximate**

The Public Employees Benefits Board will meet Thursday, February 1, 2024 at the Washington State Health Care Authority, Sue Crystal Rooms A & B, 626 8th Avenue SE, Olympia, WA. Attendance for this meeting can be in person or via Zoom. Masks are optional.

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

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

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

Materials will be posted at http://www.pebb.hca.wa.gov/board/ by close of business on Monday, January 29, 2024.

Join Zoom Meeting
https://us02web.zoom.us/j/81656435902?pwd=eitnczdqTnFPeit5OEpjQ09MZmxTQT09

Meeting ID: 816 5643 5902
Passcode: 222539

One tap mobile
+12532050468,,81656435902#,,,,*222539# US
+12532158782,,81656435902#,,,,*222539# US (Tacoma)

Dial by your location
• +1 253 205 0468 US
• +1 253 215 8782 US (Tacoma)
• +1 669 900 6833 US (San Jose)
• +1 719 359 4580 US
• +1 346 248 7799 US (Houston)
• +1 669 444 9171 US
• +1 312 626 6799 US (Chicago)
• +1 360 209 5623 US
• +1 386 347 5053 US
• +1 507 473 4847 US
• +1 564 217 2000 US
• +1 646 931 3860 US
• +1 689 278 1000 US
• +1 929 205 6099 US (New York)
• +1 301 715 8592 US (Washington DC)
• +1 305 224 1968 US
• +1 309 205 3325 US

Meeting ID: 816 5643 5902
Passcode: 222539

Find your local number: https://us02web.zoom.us/u/kdOKYP4UAD

Washington State Health Care Authority

PEB Board Members

Name	Representing
Sue Birch, Director Health Care Authority 626 8th Ave SE PO Box 42713 Olympia WA 98504-2713 V 360-725-2104 sue.birch@hca.wa.gov	Chair
Kurt Spiegel WA Federation of State Employees 1212 Jefferson ST SE #300 Olympia WA 98501 V 833-622-9373 PEBBoard@hca.wa.gov	State Employees
Elyette Weinstein 5000 Orvas CT SE Olympia WA 98501-4765 V 360-705-8388 PEBBoard@hca.wa.gov	State Retirees
Tom MacRobert 4527 Waldrick RD SE Olympia WA 98501 V 360-264-4450 PEBBoard@hca.wa.gov	K-12 Retirees
Michaela Doelman Office of Financial Management 302 Sid Snyder Ave Olympia WA 98501 C 360-790-8315 PEBBoard@hca.wa.gov	Benefits Management/Cost Containment

PEB Board Members

Name	Representing
Sharon Laing Box 358421 1900 Commerce Street Tacoma, WA 98402 V 253-692-4475 PEBBoard@hca.wa.gov	Benefits Management/Cost Containment
John Comerford* 121 Vine ST Unit 1205 Seattle, WA V 206-625-3200 PEBBoard@hca.wa.gov	Benefits Management/Cost Containment
Harry Bossi 19619 23rd DR SE Bothell WA 98012 V 360-689-9275 PEBBoard@hca.wa.gov	Benefits Management/Cost Containment

Legal Counsel
Michael Tunick, Assistant Attorney General
7141 Cleanwater DR SW
PO Box 40124
Olympia WA 98504-0124
V 360-586-6495
MichaelT4@atg.wa.gov

*non-voting members

1/26/24

STATE OF WASHINGTON

HEALTH CARE AUTHORITY

626 8th Avenue SE • PO Box 45502 • Olympia, Washington 98504-5502

PEB BOARD MEETING SCHEDULE

2024 Public Employees Benefits (PEB) Board Meeting Schedule

The PEB Board meetings will be held at the Health Care Authority, Sue Crystal Rooms A & B, 626 8th Avenue SE, Olympia, WA 98501.

February 1, 2024 (Board Retreat) - starting at 9:00 a.m.*

March 21, 2024 - starting at 9:00 a.m.

April 11, 2024 - starting at 9:00 a.m.

May 9, 2024 - starting at 9:00 a.m.

June 13, 2024 - starting at 9:00 a.m.

June 27, 2024 – starting at 9:00 a.m.

July 11, 2024 - starting at 9:00 a.m.

July 18, 2024 - starting at 9:00 a.m.

July 25, 2024 - starting at 9:00 a.m.

August 1, 2024 - starting at 9:00 a.m.

*Meeting times are tentative

If you are a person with a disability and need a special accommodation, please contact the Employees and Retirees Benefits (ERB) Board Operations Manager at 360-725-9400.

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: June 07, 2023
TIME: 8:14 AM

WSR 23-12-097

06/06/2023

TAB 2

Washington State Health Care Authority

PEB BOARD BY-LAWS

ARTICLE I
The Board and its Members

1. Board Function—The Public Employees Benefits Board (hereinafter "the PEBB" or "Board") is created pursuant to RCW 41.05.055 within the Health Care Authority; the PEBB's function is to design and approve insurance benefit plans and establish eligibility criteria for participation in insurance benefit plans for Higher Education and State employees, State retirees, and school retirees.

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

3. Appointment—The Members of the Board shall be appointed by the Governor in accordance with RCW 41.05.055. Board Members shall serve two-year terms. A Member whose term has expired but whose successor has not been appointed by the Governor may continue to serve until replaced.

4. Non-Voting Member—There shall be one non-voting Members appointed by the Governor because of their experience in health benefit management and cost containment.

5. Privileges of Non-Voting Member—The non-voting Member shall enjoy all the privileges of Board membership, except voting, including the right to sit with the Board, participate in discussions, and make and second motions.

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

ARTICLE II
Board Officers and Duties

1. Chair of the Board—The Health Care Authority Administrator shall serve as Chair of the Board and shall preside at all meetings of the Board and shall have all powers and duties conferred by law and the Board's By-laws. If the Chair cannot attend a regular or special meeting, he or she shall designate a Chair Pro-Tem to preside during such meeting.

2. Other Officers—*(reserved)*

ARTICLE III
Board Committees

(***RESERVED***)

ARTICLE IV
Board Meetings

1. Application of Open Public Meetings Act—Meetings of the Board shall be at the call of the Chair and shall be held at such time, place, and manner to efficiently carry out the Board's duties. All Board meetings, except executive sessions *as permitted by law*, shall be conducted in accordance with the Open Public Meetings Act, Chapter 42.30 RCW.

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

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

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

5. Meeting Minutes and Agendas—The agenda for an upcoming meeting shall be made available to the Board and the interested members of the public at least 24 hours prior to the meeting date or as otherwise required by the Open Public Meetings Act.

   Agendas may be sent by electronic mail and shall also be posted on the HCA website. An audio recording (or other generally accepted electronic recording) shall be made of the meeting. HCA staff will provide minutes summarizing each meeting from the audio recording. Summary minutes shall be provided to the Board for review and adoption at a subsequent Board meeting.

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

ARTICLE V
Meeting Procedures

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

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

3. Teleconference Permitted—A Board Member may attend a meeting in person or, by special arrangement and advance notice to the Chair, by telephone conference call, or video conference when in-person attendance is impracticable.

4. Public Testimony—The Board actively seeks input from the public at large, from enrollees served by the PEBB Program, and from other interested parties. Time is reserved for public testimony at each regular meeting, generally at the end of the agenda. Opportunity for public testimony at Board meetings shall also be made available immediately before the Board's vote on a resolution. At the direction of the Chair, opportunities for public testimony may also be made available at other times during Board meetings. The Chair has authority to limit the time for public testimony, including the time allotted to each speaker, depending on the time available and the number of persons wishing to speak.

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

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

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

8. Parliamentary Procedure—All rules of order not provided for in these By-laws shall be determined in accordance with the most current edition of Robert's Rules of Order. Board staff shall provide a copy of *Robert's Rules* at all Board meetings.

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

10. State Ethics Law and Recusal—Board Members are subject to the requirements of the Ethics in Public Service Act, Chapter 42.52 RCW. A Board Member shall recuse

himself or herself from casting a vote as necessary to comply with the Ethics in Public Service Act.

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

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

2. Liberal construction—All rules and procedures in these By-laws shall be liberally construed so that the public's health, safety and welfare shall be secured in accordance with the intents and purposes of applicable State laws and regulations.

Last Revised March 9, 2023

TAB 3

Diversity, Equity, & Inclusion Data Collection

Missy Yates
Stakeholder Engagement Coordinator
Employees and Retirees Benefits Division
February 1, 2024

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Background

- Workgroup created out of 2020 MOU with School Employees Labor Coalition to collaborate on a strategy for collecting race, ethnicity, language (REL) and other social determinants of health data to:
  - Gain better insight into possible health care disparities
  - Confirm whether there are inconsistencies in benefit eligibility
  - Consider policies or other guidance that could bring greater consistency in the application of eligibility standards

Data Collection Strategy

- Pass Senate Bill (SB) 5421 to protect data from public disclosure
- Use Benefits 24/7 enrollment system to collect and store member data
- Establish joint communications workgroup to create a member engagement strategy
- Ensure we are collecting meaningful data
- Track member engagement through analytics
- Adjust communications as needed

Collecting Meaningful Data

Quality

- Data connecting race/ethnicity with job type & benefit eligibility
- Data about benefit eligibility by employer

Quantity

- Adequate amount of data to use for analysis
- Data from as many members as possible to truly represent all demographic variations

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Data Workgroup Goals

- Establish clearly defined data categories
- Develop scalable data collection methodology
- Develop comprehensive reports
  - Contextualized demographic data points
  - Sharable with partner organizations
- Develop engagement strategy
  - Foster trust
  - Ensure participation
- Develop continuous improvement strategy

Community Engagement Strategy

Engagement

- Identify concerns that employees may have in providing the data we request
- Identify how to instill confidence for employees to voluntarily provide the data

Communication

- Create communication tactics addressing the concerns identified
- Create key messages that should be relayed to employees once we begin the data collection efforts

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Tentative Timeline

STABILIZATION OF B24/7 IS PRIORITY

BUILDING TRUST WITH MEMBERS

COLLECTING MEASURABLE DATA

DOING IT RIGHT VS DOING IT FAST

"It takes time to create excellence. If it could be done quickly, more people would do it."
John Wooden, UCLA Basketball Coach '48-'75

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Questions?

Missy Yates, Stakeholder Engagement Coordinator
Employees and Retirees Benefits Division
Missy.Yates@hca.wa.gov

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

TAB 4

Behavioral Health Network Adequacy Discussion

Andrea L. Philhower, RN, JD
Fully Insured Team Manager
Employees & Retirees Benefits Division
February 1, 2024

Heather Schultz, MD, MHA
Associate Medical Director
Clinical Quality & Care
Transformation Division

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

History of Network Access Standards

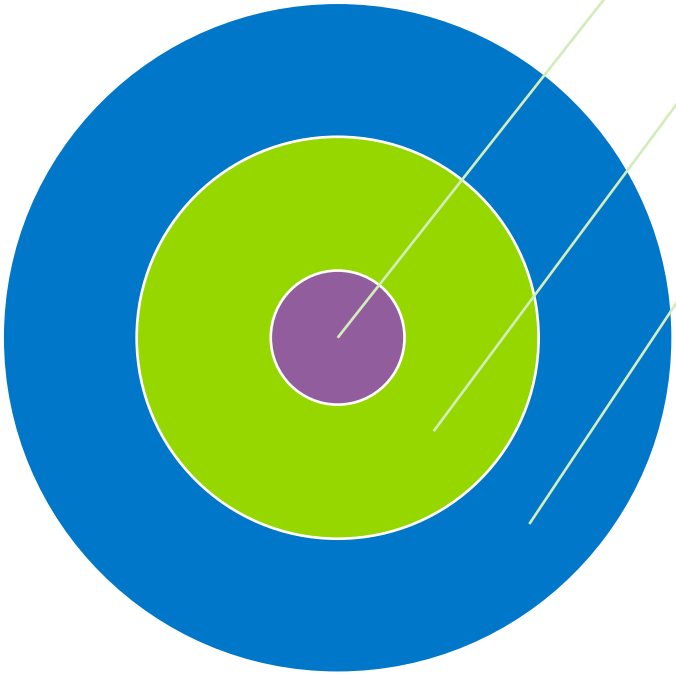
- Before the Affordable Care Act (ACA)
  - Loose, aspirational, vague
  - Difficult to enforce
- After the Affordable Care Act
  - Established essential health benefits, metal levels, and actuarial values
  - Plans had to figure out how to comply while controlling costs to remain profitable
  - States needed new, detailed, and enforceable network access laws and increased oversight of network practices

History of Network Access Standards

- Washington Office of the Insurance Commissioner (OIC) created Chapter 284-170 Washington Administrative Code (WAC)
- Established network access unit to analyze network service areas and provider contracts
- These requirements are not specific to behavioral health
  - Mental Health Parity and Addiction Equity Act MHPAEA (2008) was expanded by the ACA

Network Adequacy, Access, and Timely Access to Care

What's the Difference?



Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

What's Included in Network Access

- Provider directories
- Provider attributes and services
- Service areas
- Referral processes
- Network structure
- Requirements for handling lack of in-network providers

Adequate Network Access

- Chapter 284-170 WAC Network Access General Standard:

  "An issuer must ***maintain*** each provider network for each health plan ***in a manner that is sufficient*** in numbers and types of providers and facilities to assure that, ***to the extent feasible*** based on the number and type of providers and facilities in the service area, all health plan services provided to enrollees will be accessible ***in a timely manner appropriate for the enrollee's condition***.

  An issuer must demonstrate that for each health plan's defined service area, a comprehensive range of primary, specialty, institutional, and ancillary services are readily available ***without unreasonable delay*** to all enrollees and that emergency services are accessible 24 hours per day, seven days per week without unreasonable delay."

When A Plan Can't Meet The Standards

- Alternate access delivery request
- Certain providers may use facilities in neighboring service areas for the following types of facilities if one is not available:
  - Tertiary hospitals
  - Pediatric community hospitals
  - Specialty or limited hospitals (e.g. burn units, rehabilitative hospitals)
  - Neonatal intensive care units
  - Facilities providing transplant services

Brennen's Law

- As of 2020, requires health carriers "prominently" place the following information on their web sites in an easily understandable and obtainable format:
  - Whether behavioral health treatment is covered as primary or specialty care
  - Tools and resources to help find available providers
  - The number of business days within which the plan must ensure the member has access to covered behavioral health treatment
  - Information on what the member can do if they are unable to access covered behavioral health treatment within that timeframe
  - Resources for people experiencing a behavioral health crisis, including the national suicide prevention lifeline

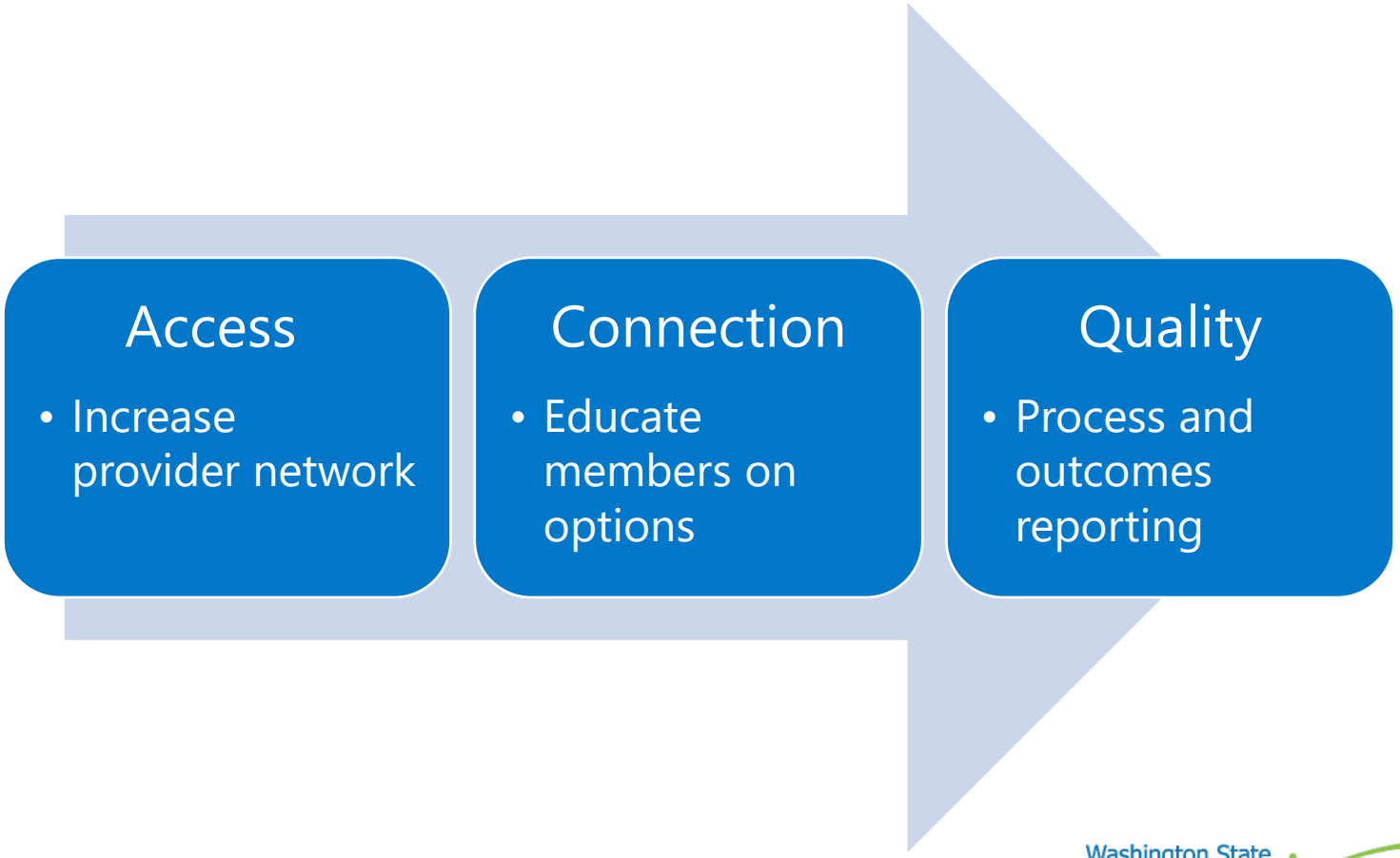
PEBB Program Behavioral Health Network Adequacy Requirements

- For non-urgent covered mental health and substance use disorder treatment, an appointment must be made available:
  - Within 10 business days of request, or
  - Within 15 business days if the member needs a referral or the service is covered as specialty care
- If the member is unable to schedule an appointment within these time limits, the carrier must assist with scheduling an appointment
- WAC 284-170-200 (13)(b)(iii); WAC 284-170-300 (13)(c)(ii)

Carrier Network Access Insights

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Regence (Uniform Medical Plan)



Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

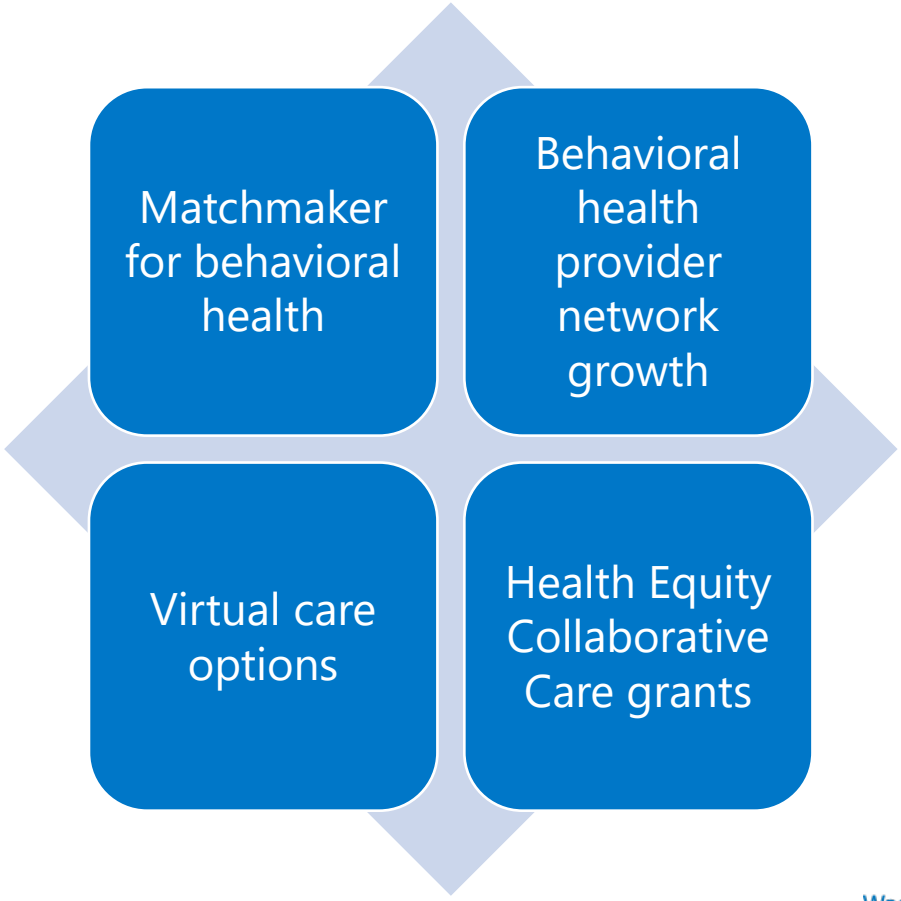
Kaiser Permanente

Virtual care expansion

Digital mental health tools

Collaborative Care

Premera Blue Cross



Behavioral Health Services Communication To Members

- PEBB Program behavioral health services available by plan webpage
- Employee Enrollment Guide for new employees
- Newsletter for PEBB Program members
- ERB news page

Questions?

Andrea L. Philhower, RN, JD, Fully Insured Team Manager

Employees and Retirees Benefits Division

Andrea.Philhower@hca.wa.gov

Heather Schultz, MD, MHA, Associate Medical Director

Clinical Quality and Care Transformation Division

Heather.Schultz@hca.wa.gov

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

TAB 5

Plan Year 2024 Open Enrollment Results

Alisa Richards
Benefits Accounts Section Manager
Employees & Retirees Benefits Division

Stacy Grof-Tisza
Customer Service Operations Manager
Employees & Retirees Benefits Division

February 1, 2024

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Benefits Accounts

- The two primary units involved in open enrollment activities within the Benefits Accounts section are Customer Service and Outreach and Training
- Customer Service is the first line of contact for retirees and continuation coverage enrollees
- Staff perform three primary functions:
  - Answer calls via a toll-free line (and respond to HCA Support inquiries)
  - Provide in-person lobby services for walk-in members
  - Review members' retiree or continuation coverage eligibility as they process enrollment forms

Benefits Accounts (*cont.*)

- The Outreach and Training (O&T) unit provides training and support to agencies and organizations who act as their first line of customer service for their employees
  - When these agencies or organizations need additional assistance, they reach out to O&T through a dedicated toll-free line and/or a secure message through HCA Support
  - O&T supports in-person benefits fairs

Open Enrollment Readiness

- The Customer Service and Outreach and Training units work with other HCA divisions on open enrollment activities year-round
- Some examples are:
  - Prepare enrollment system
  - Secure vendors' locations and schedules for the in-person benefits fairs
  - Continue work on the virtual benefits fairs
  - Pre-open enrollment training for benefits administrators

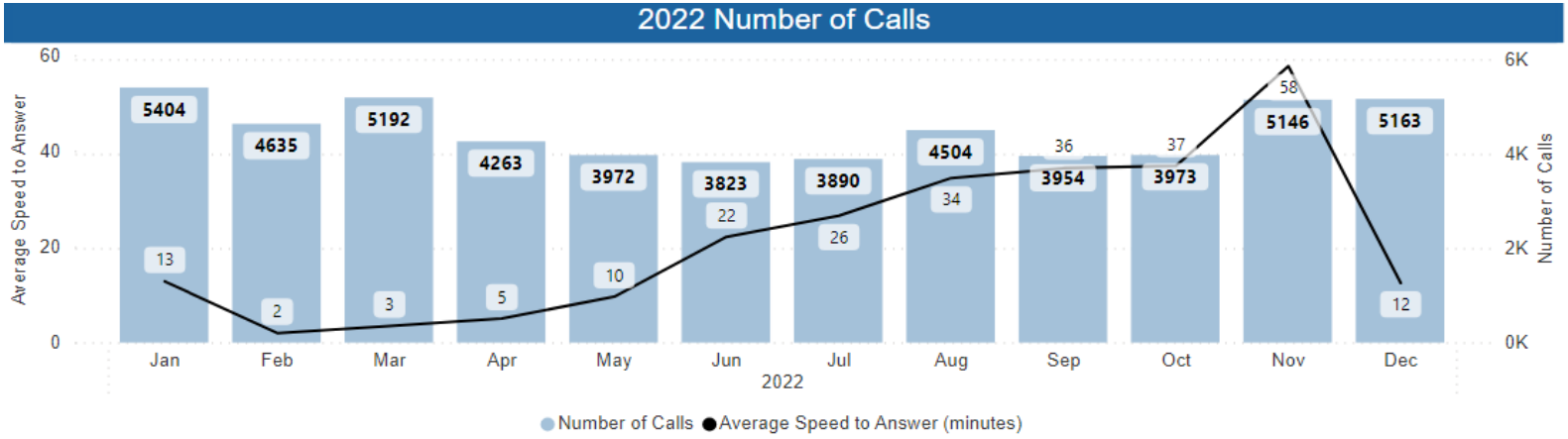
Communications Strategy

- Weekly notifications to all members
- Social media posts
- Forwardable email messages to benefits administrators
- Banners in PEBB My Account
- Open enrollment webpage
  - New open enrollment page for retirees
- The October newsletter provided essential information upfront
  - Front page described the steps to make enrollment changes and included prominent alerts about premium and benefit changes

Benefits Fairs

- Changes based on member feedback
  - More dates and locations offered (15)
  - Printed materials available at earliest fair
  - Increased staffing
- Virtual benefits fairs (VBF)
  - 12,997 visits
  - Available 24/7
  - Virtual booths with information from all plans

Customer Service: Phones
2022-2023 Comparison



Date Selector

1/1/2022 12/31/2022

Calls Answered

53919

Avg Speed to Answer

21.3

Date Selector

1/1/2023 12/31/2023

Calls Answered

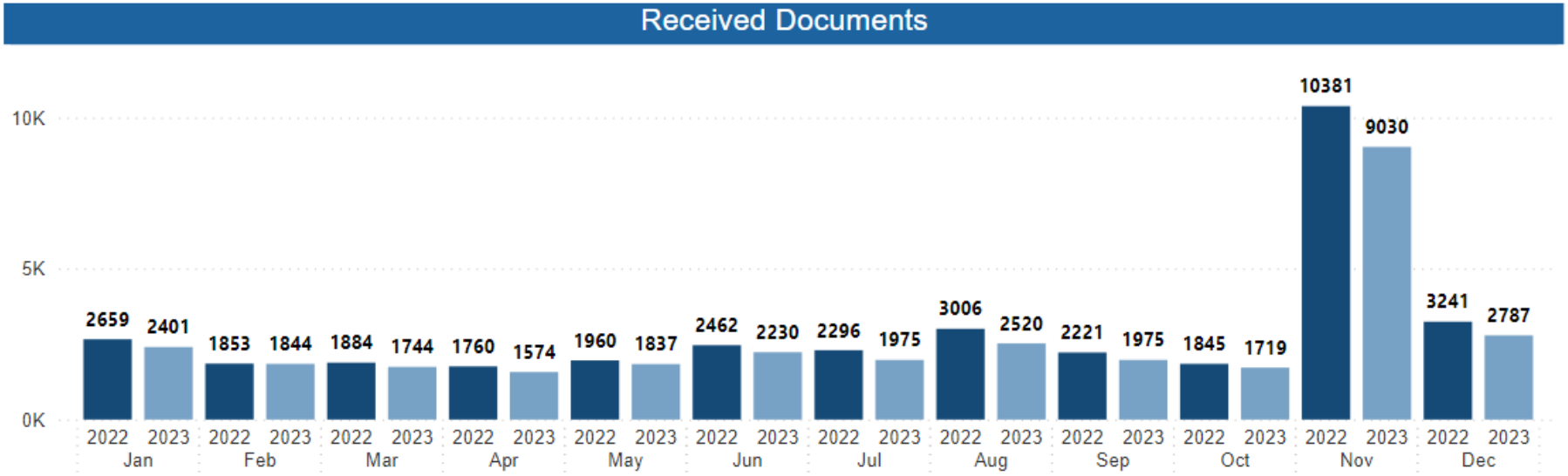
55568

Avg Speed to Answer

14.4

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

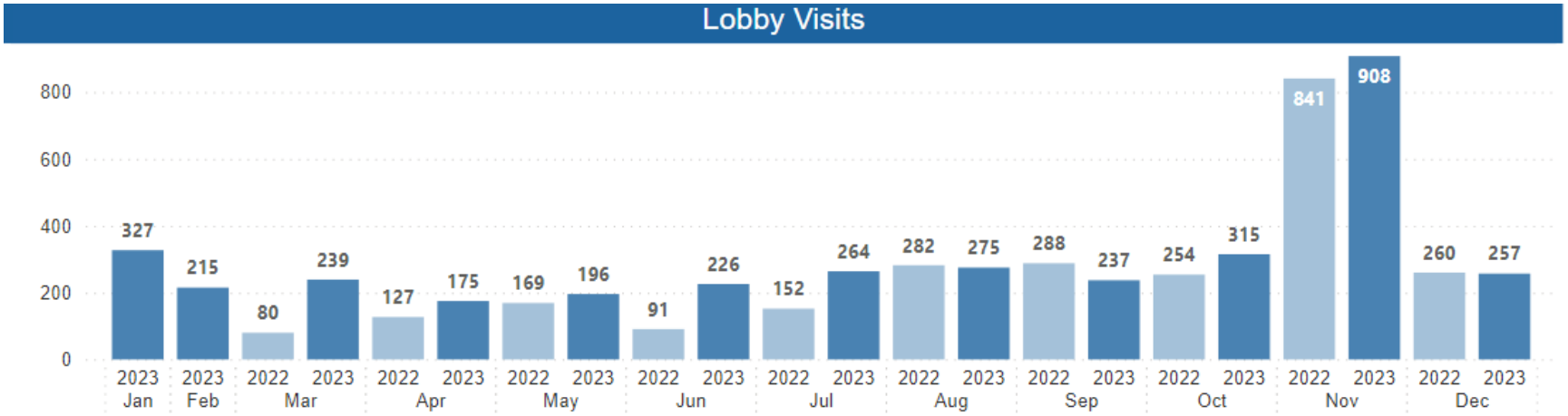
Customer Service: Documents



2022 All Documents Received	2022 Open Enrollment Forms	2023 All Documents Received	2023 Open Enrollment Forms
35,544	8,884	31,636	7,120

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Customer Service: Lobby



2022 Total Visits	2023 Total Visits
2,544	3,634

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Customer Service: Open Enrollment
2021-2023 Comparison

November

PEBB	2021	2022	2023
Interactive Voice Response (IVR)	1,878	5,138	3,774
Calls	6,818	5,146	6,958
Wait Time Average (minutes)	26	58	36.7
Callback Feature Utilized by Caller	748	604	952
Lobby Visits	N/A	841	908
Open Enrollment Forms Received	3,207	8,884	7,120
HCA Support	1,378	2,326	1,553
Fully Trained Staff	14	9	20

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

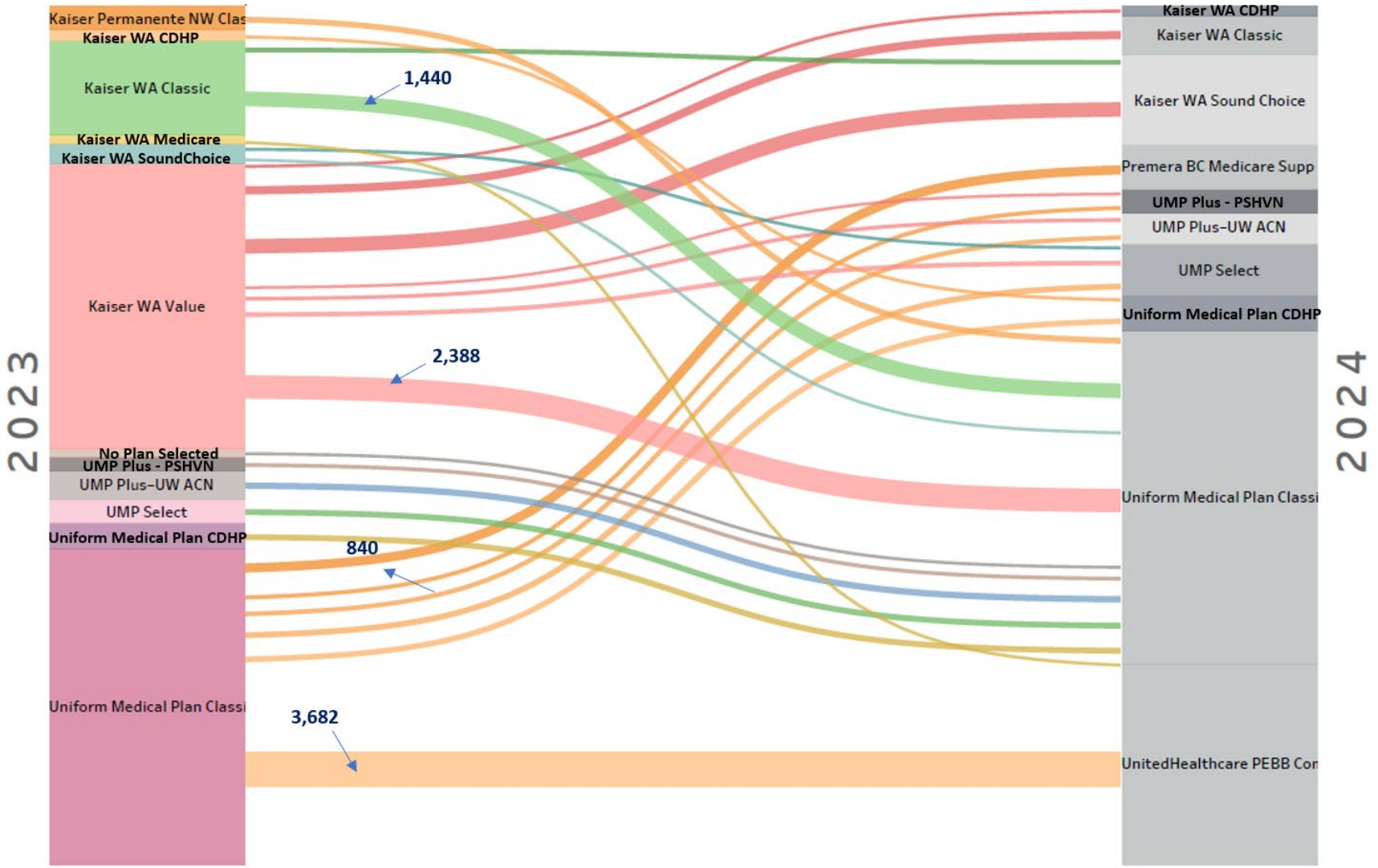
PEBB Program Employee & Non-Medicare Retirees Enrollment Net Changes

Carrier	2023	2024	Change	% Change	% of Total
Kaiser NW CDHP	690	440	(250)	-36.2%	0.2%
Kaiser NW Classic	3,254	1,473	(1,781)	-54.7%	0.5%
Kaiser WA CDHP	5,005	5,121	116	2.3%	1.8%
Kaiser WA Classic	21,053	17,814	(3,239)	-15.4%	6.2%
Kaiser WA Sound Choice	12,369	15,418	3,049	24.7%	5.4%
Kaiser WA Value	23,750	10,371	(13,379)	-56.3%	3.6%
UMP Plus - Pudget Sound High Value Network	8,926	9,609	683	7.7%	3.3%
UMP Plus - UW Medicine Accountable Care Network	22,649	22,920	271	1.2%	8.0%
Uniform Medical Plan CDHP	26,559	27,861	1,302	4.9%	9.7%
Uniform Medical Plan Classic	155,606	163,591	7,985	5.1%	56.8%
Uniform Medical Plan Select	12,723	13,154	431	3.4%	4.6%
Total Members	**292,584**	**287,772**	**(4,812)**	**-1.6%**	**100.0%**

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Medicare Retiree Enrollment Net Changes

Carrier	2023	2024	Change	% Change	% of Total
Kaiser NW Classic	2,329	2,295	(34)	-1.5%	2.1%
Kaiser WA Classic	279	259	(20)	-7.2%	0.2%
Kaiser WA Medicare	23,424	23,037	(387)	-1.7%	21.2%
Premera Blue Cross Medicare Supplement F	13,949	13,726	(223)	-1.6%	12.7%
Premera Blue Cross Medicare Supplement G	8,491	9,865	1374	16.2%	9.1%
Uniform Medical Plan Classic	43,625	36,754	(6,871)	-15.8%	33.9%
UnitedHealthcare PEBB Balance	435	518	83	19.1%	0.5%
UnitedHealthcare PEBB Complete	16,134	21,704	5,570	34.5%	20.0%
Total Members	**108,666**	**108,158**	**(508)**	**-0.5%**	**100.0%**



Enrollment Reports are available online at:

https://www.hca.wa.gov/about-hca/programs-and-initiatives/public-employees-benefits-board-pebb-program/enrollment-reports

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Questions?

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Appendix

2024 PEBB Employee Monthly Premiums

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

For state agency and higher-education employees

Below are the 2024 premiums for PEBB medical plans. There are no employee premiums for dental coverage, basic life insurance, basic accidental death and dismemberment insurance, and employer-paid long-term disability insurance.

Note: Employees who work for a city, county, port, tribal government, water district, hospital, etc., need to contact their payroll or benefits office to get their monthly premiums.

- Kaiser Foundation Health Plan of the Northwest (KFHPNW) offers plans in Clark and Cowlitz counties in Washington and select counties in Oregon.
- UMP is administered by Regence Blue Shield and Washington State Rx Services.
- UMP Plus includes UMP Plus–Puget Sound High Value Network and UMP Plus–UW Medicine Accountable Care Network. The premium is the same for both.
- The term "spouse" is interchangeable with "state-registered domestic partner" (SRDP).

Effective January 1, 2024	Managed Care Plans						Preferred Provider Organization (PPO) Plans			
	Kaiser Foundation Health Plan of the Northwest		Kaiser Foundation Health Plan of Washington				Uniform Medical Plan			
	Classic	CDHP	Classic	CDHP	SoundChoice	Value	Classic	CDHP	Select	UMP Plus
Monthly premiums										
Subscriber only	$331	$195	$226	$26	$69	$211	$124	$35	$59	$109
Subscriber & spouse	$662	$390	$452	$52	$138	$422	$248	$70	$118	$218
Subscriber & children	$579	$341	$396	$46	$121	$369	$217	$61	$103	$191
Subscriber, spouse, & children	$910	$536	$622	$72	$190	$580	$341	$96	$162	$300

Medical premium surcharges

Two premium surcharges may apply in addition to your monthly medical premium. You will be charged for them if the conditions described below apply, or if you do not attest to the surcharges when required. Visit Surcharges on HCA's website at **hca.wa.gov/pebb-employee** for more information.

- A monthly $25-per-account medical premium surcharge will apply if you or any dependent (age 13 and older) enrolled in PEBB medical coverage uses tobacco products.
- A monthly $50 medical premium surcharge will apply if you enroll a spouse or state-registered domestic partner in PEBB medical coverage, and they have chosen not to enroll in another employer-based group medical plan that is comparable to PEBB's UMP Classic.

2024 PEBB Retiree Monthly Premiums

Effective January 1, 2024

Special requirements for Medicare premiums

- To qualify for the Medicare premium, at least one member on the account must be enrolled in Medicare Part A and Part B.
- Medicare premiums have been reduced by the state-funded contribution, up to the lesser of $183 or 50 percent of the plan rate per retiree per month.

For more information on these requirements, contact your medical plan's customer service department.
Note: These premiums do not include your Medicare Part B premium.

- Kaiser Foundation Health Plan of the Northwest (Kaiser Permanente NW) offers plans in Clark and Cowlitz counties in Washington and select counties and zip codes in Oregon. Kaiser Permanente NW Medicare plans have a larger service area.
- Uniform Medical Plan (UMP) is administered by Regence BlueShield and Washington State Rx Services.
- UnitedHealthcare plans are Medicare Advantage Part D (MAPD) plans. If a UnitedHealthcare Medicare plan is selected, non-Medicare eligible members are enrolled in UMP Classic. The rates reflect the total due, including premiums for both plans.
- The term spouse is interchangable with state registered domestic partner (SRDP).

Medicare medical plan premiums (for members enrolled in Medicare Part A and Part B)

***** If a Kaiser Permanente NW member is enrolled in Medicare Part A and Part B, and other enrolled members are not eligible for Medicare, the non-Medicare members will be enrolled in Kaiser Permanente NW Classic. The subscriber will pay the combined Medicare and non-Medicare premium shown for Kaiser Permanente NW Senior Advantage.

If a Kaiser Foundation Health Plan of Washington (KFHPW) member is enrolled in Medicare Part A and Part B, and other enrolled members are not eligible for Medicare, the non-Medicare members must enroll in (KFHPW) Classic, SoundChoice, or Value plan. The subscriber will pay a combined Medicare and non-Medicare premium.

	Kaiser Foundation Health Plan of the Northwest	Kaiser Foundation Health Plan of Washington				Uniform Medical Plan	UnitedHealthcare	
	Senior Advantage	Classic	Medicare (Original or Advantage)	SoundChoice	Value	Classic	PEBB Balance	PEBB Complete
Subscriber only								
1 eligible	$193.95*	N/A	$188.62	N/A	N/A	$532.94	$135.65	$160.58
Subscriber and spouse								
1 eligible	$1,227.17*	$1,116.22	N/A	$960.07	$1,102.03	$1,358.66	$961.37	$986.30
2 eligible	$381.94	N/A#	$371.29	N/A#	N/A#	$1,059.92	$265.34	$315.21
Subscriber and children								
1 eligible	$968.87*	$884.32	N/A#	$767.21	$873.67	$1,152.23	$754.94	$779.87
2 eligible	$381.94	N/A#	$371.29	N/A#	N/A#	$1,059.92	$265.34	$315.21
Subscriber, spouse, and children								
1 eligible	$2,002.09*	$1,811.92	N/A#	$1,538.66	$1,787.08	$1,977.95	$1,580.66	$1,605.59
2 eligible	$1,156.86*	$1,066.99	N/A#	$949.88	$1,056.34	$1,679.21	$884.63	$934.50
3 eligible	$569.93	N/A#	$553.95	N/A#	N/A#	$1,586.90	$395.03	$469.83

HCA 51-0275 (9/23)

Medicare supplement plan premiums

	Premera Blue Cross			
	Plan F (closed to new members)		Plan G	
	Age 65 or older, eligible by age	Under age 65, eligible by disability	Age 65 or older, eligible by age	Under age 65, eligible by disability
Subscriber only				
1 Medicare eligible	$119.05	$207.45	$101.99	$169.20
Subscriber and spouse				
1 Medicare eligible	$944.77	$1,033.17	$927.71	$994.92
2 Medicare eligible: 1 retired, 1 disabled	$320.54	$320.54	$265.23	$265.23
2 Medicare eligible	$232.14	$408.94	$198.02	$332.44
Subscriber and children				
1 Medicare eligible	$738.34	$826.74	$721.28	$788.49
Subscriber, spouse,and children				
1 Medicare eligible	$1,564.06	$1,652.46	$1,547.00	$1,614.21
2 Medicare eligible: 1 retired, 1 disabled	$940.58	$940.58	$885.27	$885.27
2 Medicare eligible	$851.43	$1,028.23	$817.31	$951.73

Non-Medicare medical plan premiums (for members not enrolled in Medicare)

	Managed Care Plans					
	Kaiser Foundation Health Plan of the Northwest		Kaiser Foundation Health Plan of Washington			
	Classic	CDHP	Classic	CDHP	SoundChoice	Value
Subscriber only	$1,039.18	$907.72	$933.56	$738.98	$777.41	$919.37
Subscriber & spouse	$2,072.40	$1,808.12	$1,861.16	$1,470.63	$1,548.87	$1,832.77
Subscriber & children	$1,814.10	$1,597.60	$1,629.26	$1,302.30	$1,356.00	$1,604.42
Subscriber, spouse, & children	$2,847.32	$2,439.67	$2,556.86	$1,975.63	$2,127.45	$2,517.83

	Preferred Provider Organization (PPO) Plans			
	Uniform Medical Plan			
	Classic	CDHP	Select	UMP Plus
Subscriber only	$831.68	$747.79	$766.61	$816.50
Subscriber & spouse	$1,657.40	$1,488.26	$1,527.27	$1,627.04
Subscriber & children	$1,450.97	$1,317.73	$1,337.10	$1,424.41
Subscriber, spouse, & children	$2,276.69	$1,999.87	$2,097.76	$2,234.95

Medical premium surcharges (for non-Medicare subscribers only)

Two premium surcharges may apply in addition to your monthly medical premium. You will be charged for them if the conditions described below apply, or if you do not attest to the surcharges when required.

- A monthly $25-per-account medical premium surcharge will apply if you or any dependent (age 13 and older) enrolled in PEBB medical uses tobacco products.
- A monthly $50 medical premium surcharge will apply if you enroll a spouse or state-registered domestic partner, and they have chosen not to enroll in another employer-based group medical plan that is comparable to PEBB's Uniform Medical Plan (UMP) Classic.

For more guidance on whether these premium surcharges apply to you, see the *2024 PEBB Premium Surcharge Attestation Help Sheet* on the HCA website at **hca.wa.gov/erb** under *Forms & publications*.

Dental plan premiums

You must enroll in medical coverage to enroll in dental.

	Managed Care Plans		Preferred Provider Organization (PPO)
	DeltaCare	Willamette Dental Group	Uniform Dental Plan
Monthly premiums			
Subscriber only	$41.50	$48.87	$48.92
Subscriber & spouse	$83.00	$97.74	$97.84
Subscriber & children	$83.00	$97.74	$97.84
Subscriber, spouse, & children	$124.50	$146.61	$146.76

Retiree term life insurance premiums

The table below shows that monthly costs increase as your age increases, but your benefit coverage amount does not change. Administered by Metropolitan Life Insurance Company.

	Your age										
	45–49	50–54	55–59	60–64	65–69	70–74	75–79	80–84	85–89	90–94	95+
Monthly cost for...											
$5,000 coverage	$0.87	$1.34	$2.50	$3.84	$7.38	$11.97	$19.41	$31.43	$50.90	$82.45	$133.57
$10,000 coverage	$1.74	$2.67	$5.00	$7.67	$14.76	$23.94	$38.81	$62.86	$101.79	$164.89	$267.14
$15,000 coverage	$2.61	$4.01	$7.50	$11.51	$22.14	$35.91	$58.22	$94.29	$152.69	$247.34	$400.71
$20,000 coverage	$3.48	$5.34	$10.00	$15.34	$29.52	$47.88	$77.62	$125.72	$203.58	$329.78	$534.28

Legacy retiree life insurance plan premiums

The legacy retiree life insurance plan is only available to retirees enrolled as of December 31, 2016, who didn't elect to increase their retiree term life insurance amount during MetLife's open enrollment (November 1–30, 2016). Administered by Metropolitan Life Insurance Company.

Age at death	Amount of insurance	Monthly cost
Under 65	$3,000	$7.75
65 through 69	$2,100	$7.75
70 and over	$1,800	$7.75

HCA is committed to providing equal access to our services. If you need an accommodation or require documents in another format, please call us at 1-800-200-1004 (TRS: 711).

TAB 6

Benefits 24/7 Update

Chatrina Pitsch
IT Project Director
Enterprise Technology Services Division
February 1, 2024

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Modernization Goals

- Use friendly interface
- Increased self-service functionality for members
- Modern interface for benefit administrators
- Secure platform in alignment with current standards
- Reduced reliance on PAY1
  - Quicker turn around on new functionality
- Single platform to support both PEBB & SEBB Programs

Launch of Benefits 24/7

- Launch date: Tuesday, January 16, 2024
- Number of users logged in the first week of launch
  - Subscribers – 1,520
  - Benefits Administrators – 817
- Number of calls to Benefits 24/7 support line in first week of launch
  - 261 calls

Benefits 24/7 Issues Reported

- Issues reported and resolved within first week
  - Tobacco and spousal surcharges cost displayed to some subscribers that it did not apply to
    - No impact to billing
  - Link to retiree premiums more prominently displayed with additional messaging
- Outstanding issue
  - University of Washington custom interface – dependent terminations sent are not updating

What Changed For Subscribers

Task	PEBB My Account	SEBB My Account	Benefits 24-7
Choose health plans when newly eligible or waive	No	Yes	Yes
Defer retiree coverage	No	N/A	Yes
Submit requests for retiree coverage or continuation coverage	No	No	Yes
Enroll dependents in benefits and manage their enrollment throughout the year	No	Yes	Yes
Upload documents to prove dependent eligibility	No	Yes	Yes
Use links to visit vendor websites to enroll in supplemental benefits (Life, FSA/DCAP, etc.)	No	Yes	Yes
Make long-term disability insurance elections	No	Yes	Yes
Submit special open enrollment requests	No	Yes	Yes
Add or remove dependents during open enrollment	No	Yes	Yes
Select medical, dental, and vision (SEBB vision only) plans during open enrollment	Yes	Yes	Yes
Attest to premium surcharges	Yes	Yes	Yes
View and print your statement of insurance	Yes	Yes	Yes
Sign up to receive emails from the Program	Yes	Yes	Yes
Access application through SecureAccess WA (SAW)	No	Yes	Yes

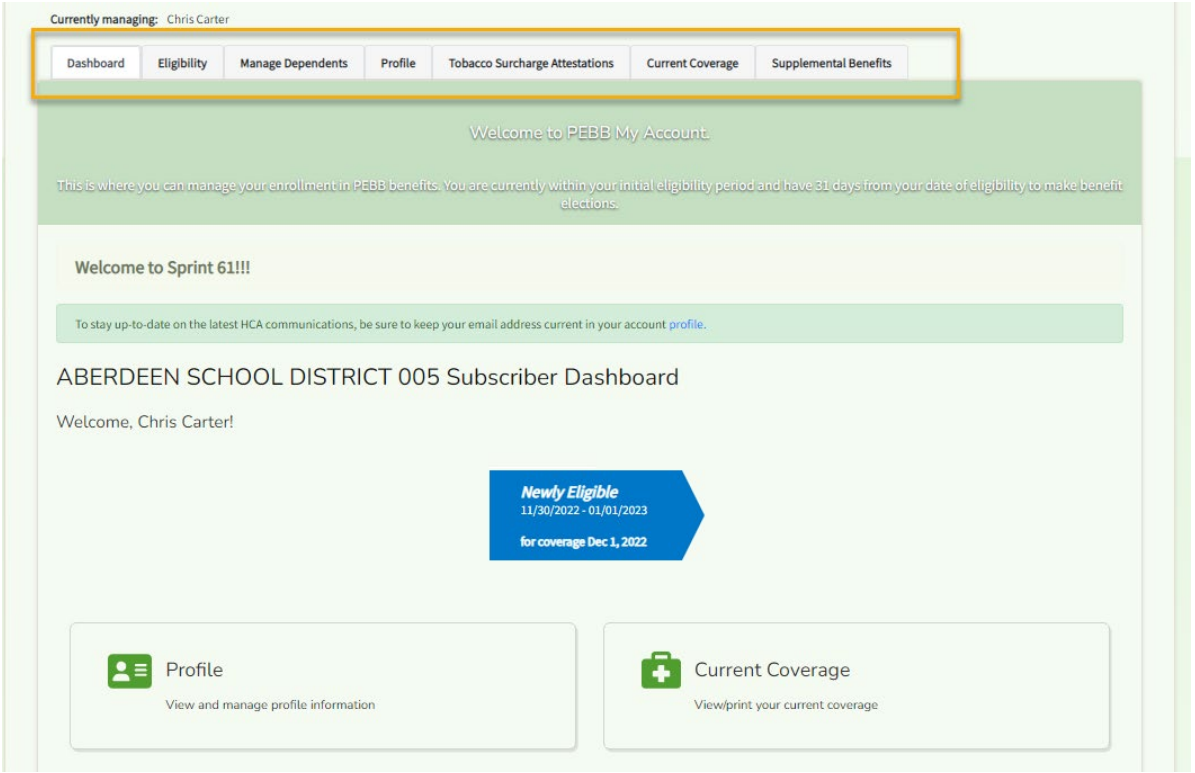
Subscriber Self-service

- Initial enrollment
- Request dependent coverage or changes
- Provide dependent verification documents
- Make changes to long term disability
- Request special open enrollments
- Enhanced security
- View current and future coverage elections
- Continuation/Retiree Coverage applications initiated within Benefits 24/7

Easy navigation for subscribers

Step by step wizards provided for each enrollment period

Special enrollment events available after initial enrollment is complete



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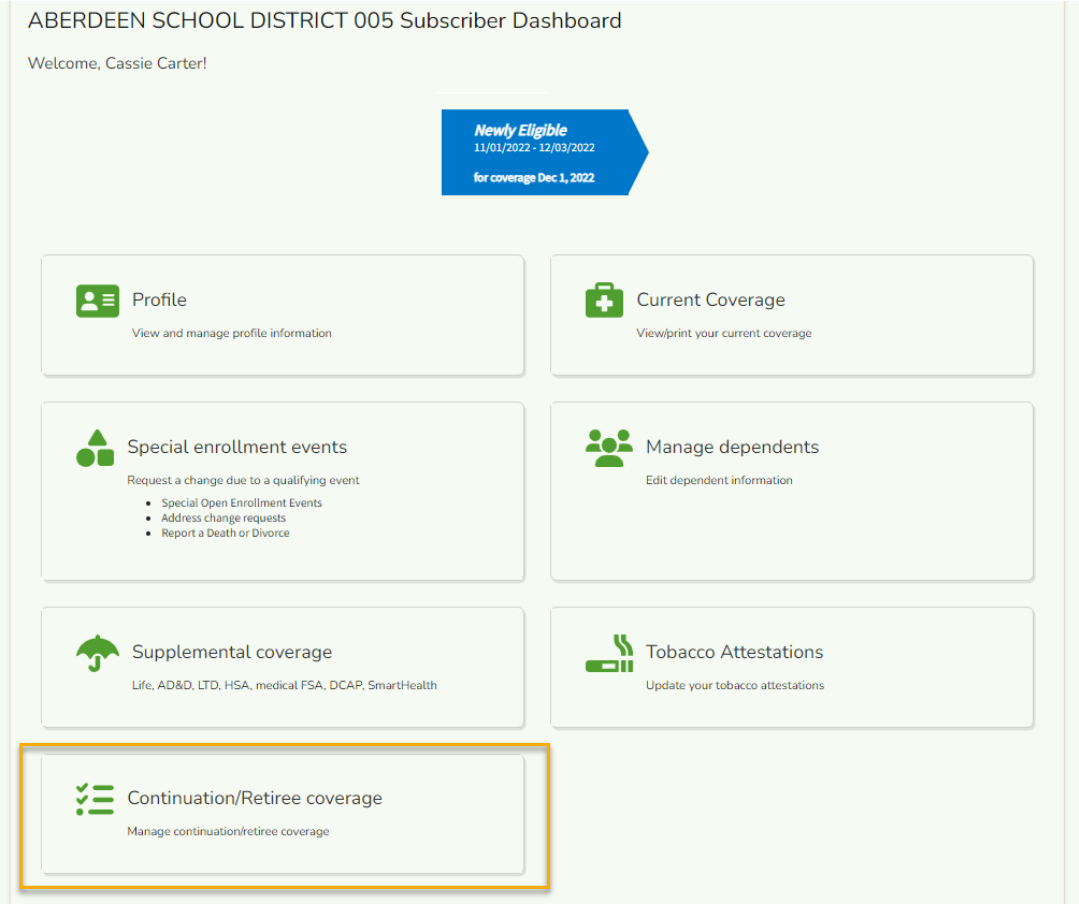
Continuation/Retiree Coverage

Request continuation coverage, retiree coverage, or deferral

If in terminated status can submit continuation coverage request



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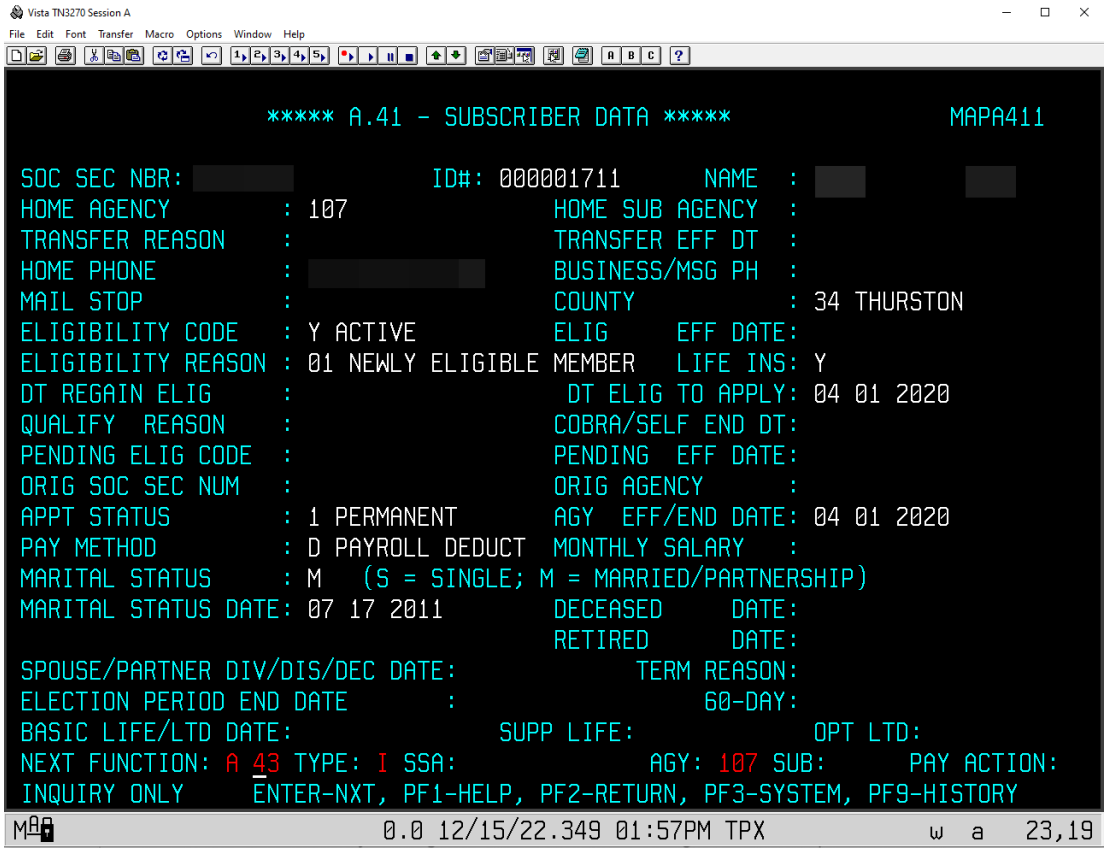
Current PAY1

Currently used to report eligibility and record enrollments for subscribers and new dependents

Will continue as accounting system of record



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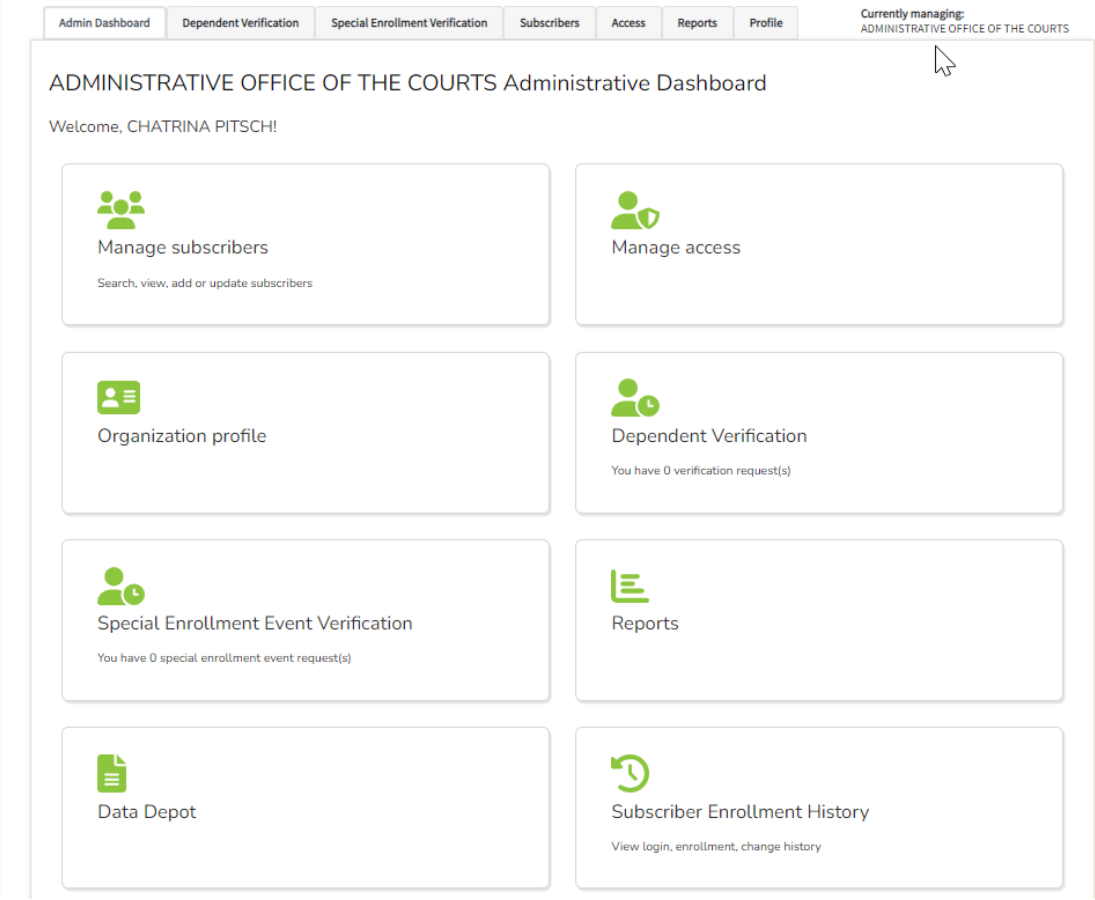
Improvements For Benefit Administrators

- User friendly interface to manage PEBB Program eligibility
- Dual enrollment resolved in real-time between PEBB & SEBB Programs
- Subscriber enrollment history visible
- Receipt of dependent and special open enrollment verification documentation
- Visibility of wellness program participants
- Secure receipt of special data sets in 'data depot'
- Reduced paper
- Reduced errors on enrollment forms with system logic enforced
- Iterative enhancements available

Benefit Administrator Dashboard

User friendly navigation

Ability to view pending verification requests



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Subscriber History

Enrollments

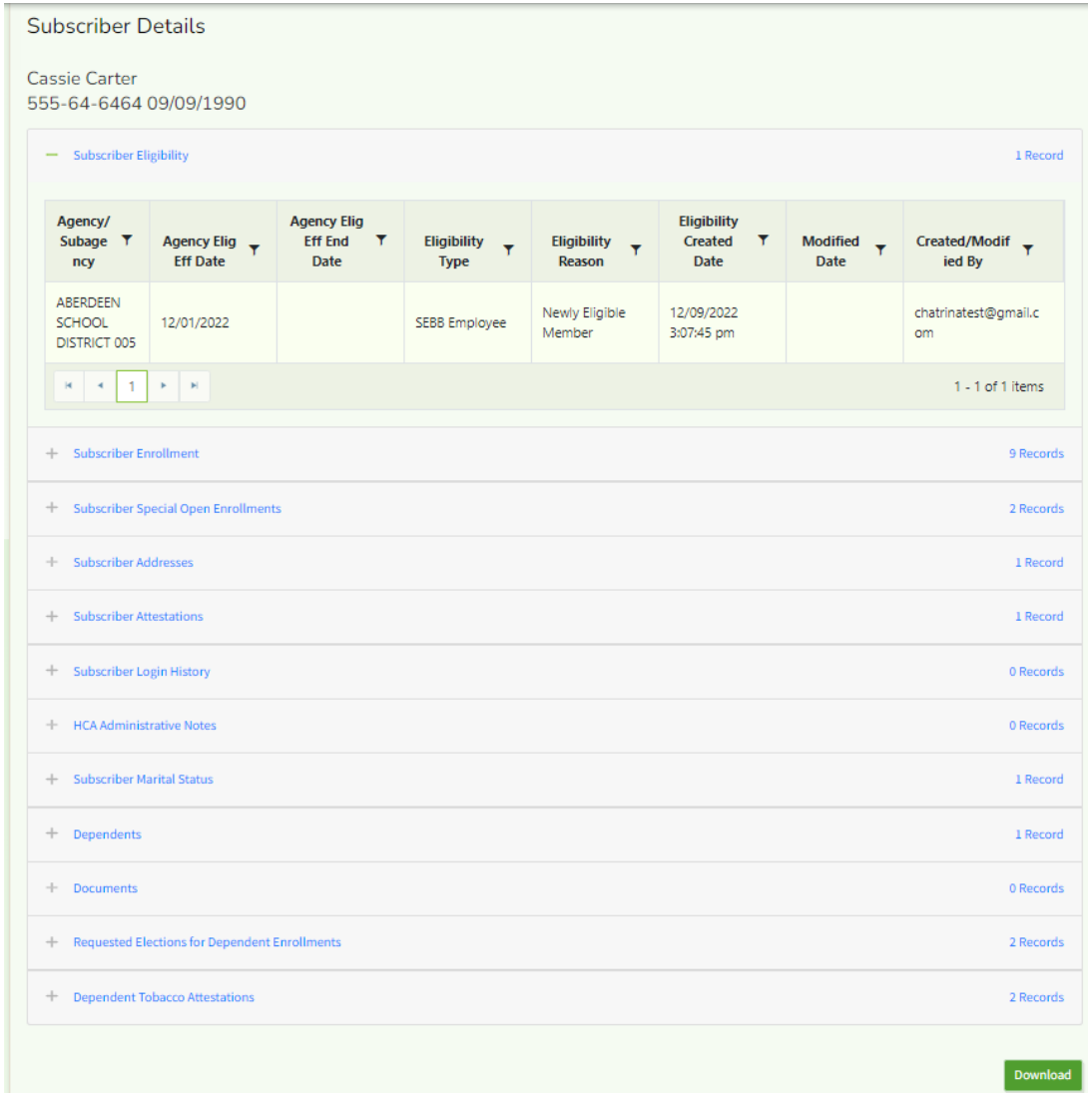
Special enrollment requests

Attestations

Dependent details

Documents

Login history



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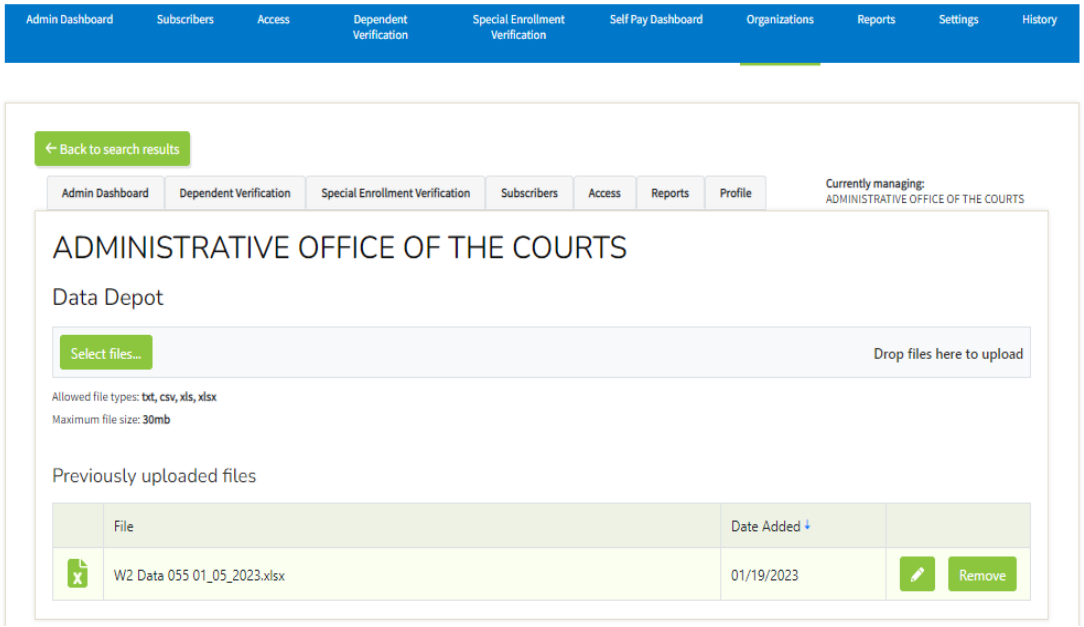
Data Depot

Receive ad hoc data files from HCA

Secure



Washington State Health Care Authority
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What Stayed The Same

- Existing reports and delivery methods
- Billing files and cycles
- Accounting functions remain in PAY1
- Demographic information received from state and higher education interfaces
- UW enrollment interface continued
- HCA support request channel, same points of contact
- Continued training provided by HCA

Benefit Administrator Training and Support

- Training provided
  - Training environment available
  - Benefits 24/7 user manuals
  - Instructional videos
    - Overview, access, managing eligibility, enrollment, dependent verification etc.
  - Recorded webinars
    - Q&A sessions April – May 2023
  - Prelaunch webinars - December 2023
- Upcoming training
  - Post Launch Webinar: State agencies and higher education – 1/30/2024
  - Post Launch Webinar: Employer groups – 1/31/2024

Communications

- Subscriber
  - Help with Benefits 24/7 webpage – January 16th
  - Quick start guides and post cards – January 23rd
  - February newsletter Benefits 24/7 article
- Benefit Administrators
  - New PEBB Program webpage January 30th
  - Project updates and reminder for upcoming training in Spring 2023 – January 2023
  - Benefits 24/7 launch webinars – December 2023

User-centric design and feedback

Retiree workshop

Focus groups spring/summer 2024

Washington State Health Care Authority
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Upcoming Additional Functionality

- Subscriber facing
  - Enrollment wizard for retirees/continuation coverage
  - Vision election for PEBB
  - Notifications for dependent verification status changes
- Benefit administrator facing
  - Additional reports

Questions?

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Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

TAB 7

Study on Contracting for Administration of UMP

Ryan Ramsdell
Uniform Medical Plan Team Account Manager
Employees and Retirees Benefits Division
February 1, 2024

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Engrossed Substitute Senate Bill (ESSB) 5693

Background

- ESSB 5693 (2022), Section 212(7) directed the Health Care Authority (HCA) to study and report on options for transferring administrative functions for the Uniform Medical Plan (UMP) from its currently contracted third-party administrator (TPA) to HCA
- HCA must prepare a report on the Uniform Medical Plan administrative services that addressed several items including the history, current services, and resources utilization of HCA and TPA functions

Engrossed Substitute Senate Bill (ESSB) 5693 (*cont.*)

Background

The report must also compare the cost of the administration of components before and after the transition to the current contracts, and include:

- Assumptions about the impacts on claims
- Description of the performance guarantees
- An implementation plan to enable the health care authority to resume self-administration for some or all of the administrative services

Uniform Medical Plan Pre-2011

- Prior to 2011, HCA administered the provider network contracting in-house
- HCA directly contracted with health service providers and hospitals within Washington state
- Other UMP administrative services were performed by the UMP TPA at that time, which was UMR, a United Healthcare company

Uniform Medical Plan 2011 to Current

- In 2011, the UMP TPA contract consolidated all UMP medical administrative services into a single contract: Regence BlueShield of Washington
- UMP TPA contract was set to expire at the end of 2019, a competitive procurement was conducted
- Regence was again awarded the UMP TPA contract for an initial term of 2020 to 2029 (with a possible 7-year extension after 2029)
- In 2020, the School Employees Benefits Board (SEBB) Program population was eligible to participate in the UMP

What Does the UMP TPA Currently Manage?

The current TPA contract for UMP consists of the following administrative services:

- Provider network contracting
- Claims administration and appeals
- Utilization complex case, chronic condition, quality management, and improvement

What Does the UMP TPA Currently Manage?

The current TPA contract for UMP consists of the following administrative services:

- Provider network contracting
- Claims administration and appeals
- Utilization, complex case, chronic condition, quality management, and improvement

What Does the UMP TPA Currently Manage? (*cont.*)

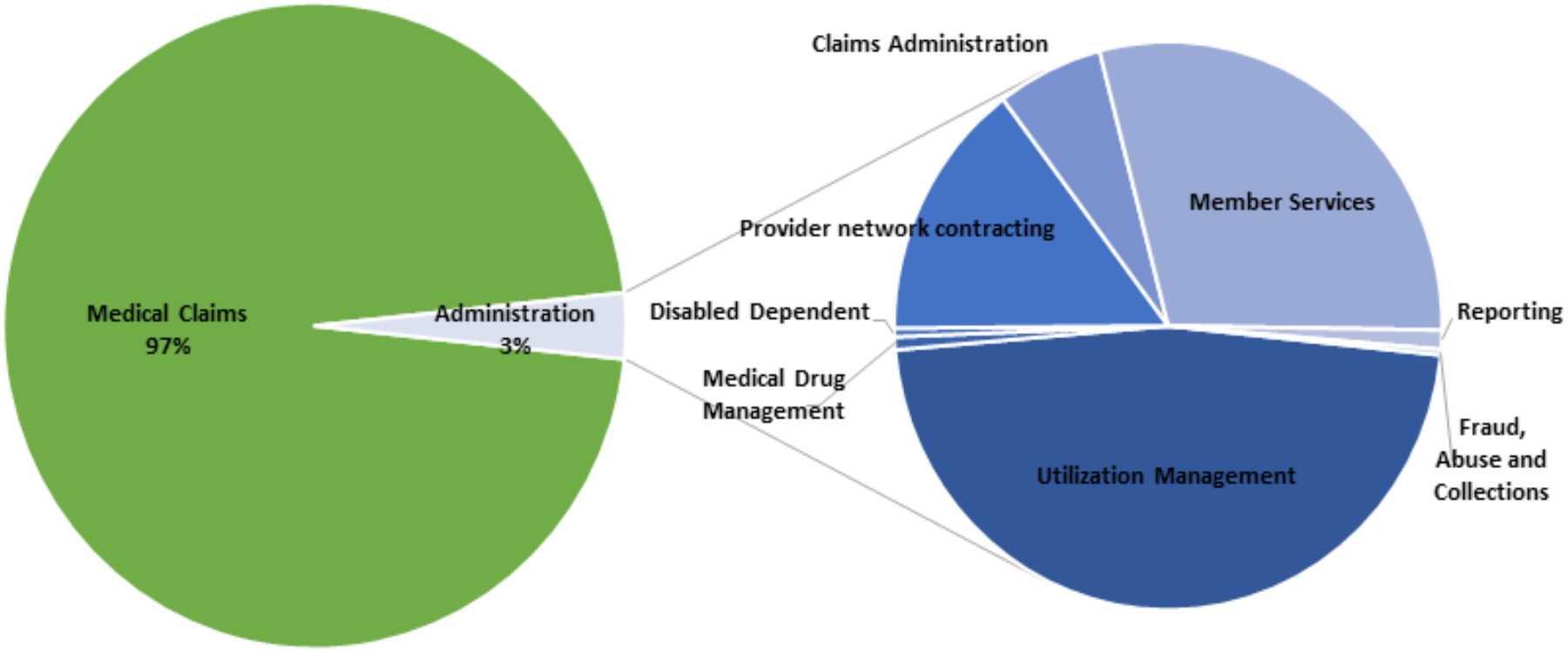
- Medical drug management
- Member services, member communications, and online services
- Fraud, waste and abuse detection
- Operations and data reporting

Scaling UMP TPA Efforts

The current TPA contract for UMP consists of the following administrative services:

- Administrative costs for UMP represent 3 percent of the total annual costs of UMP, compared to the approximately $1.8 billion in medical claims costs each year
- The UMP TPA contract's administrative costs are paid on a per-subscriber per-month (PSPM) basis
- As of December 2023, more than half of all PEBB and SEBB Program members are enrolled in a UMP plan (387,000 out of 675,000 members)

Scaling UMP TPA Efforts (*cont.*)



Washington State Health Care Authority
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Returning Provider Contracting to HCA

- HCA contracted with Mercer Health & Benefits, LLC to provide insights into current self-insurance industry practices and to analyze potential cost impacts
- Mercer concluded that, of the eight administrative services in the current UMP TPA contract, the provider network contracting and disabled dependent certifications might reasonably be administered by HCA
- The remaining administrative services would best be done by a TPA due to the high startup costs and efficiencies of scale

Returning UMP TPA Functions Considerations

- The legacy HCA provider contracts likely cannot be transferred back to HCA
- HCA would likely have to execute new provider contracts to build the UMP network
- It is estimated that HCA would require at least 58 full-time employees (FTEs) if the agency were to resume provider contracting
- New contracts may not be able to secure the same historical preferred discounts UMP experiences today, which could increase claims costs
- Significant hospital and provider network consolidation, including regional and several large national systems entering the state since 2011 impacting market competition

Returning UMP TPA Functions Considerations (*cont.*)

- The current UMP TPA contract also contains numerous performance standards and guarantees (PGs) that put more than a third of the total administrative cost at risk
- It is assumed that HCA taking direct contracting in-house would have a direct contracting disadvantage compared to a TPA due to commercial market share
- The TPA's staffing structure benefits from an economy of scale. HCA may not benefit from a comparable economy of scale, which may result in an increase in staffing costs compared to the current contract

Conclusion of Report

- HCA could assume some UMP administrative services that are currently provided by the UMP TPA contract, however the likely increase in claims costs could far exceed any potential administrative cost savings
- Maintaining the current UMP TPA contracted services and the established provider network contracting terms would continue substantial claims savings to the state and reasonable premiums for UMP members
- The marketplace of third-party administrators, has existing infrastructure that allows it to scale with emerging innovations and established partnerships that offer competitive advantages

Important Consideration

- If HCA did more direct administrative services of UMP, increased costs to the state might be offset as part of broader health policy reform that could make accepting the claims increase an acceptable trade-off
- If an overall systemic change was implemented, such as regulatory reforms around provider participation or contracting, it may be acceptable for HCA to leverage new in-house responsibilities to consider how provider contracting incentives and structure could help reinforce new purchasing concepts and payment models within the commercial market

The Report

https://www.hca.wa.gov/about-hca/data-and-reports/legislative-reports

Questions?

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Employees and Retirees Benefits (ERB) Division

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Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Appendix

Study on Contracting for Administration of UMP

UMP Third Party Administration

Engrossed Substitute Senate Bill 5693; Section 212(7); Chapter 297; Laws of 2022

December 31, 2023

Study on Contracting for Administration of UMP

Acknowledgements

This report was supported by Mercer Health & Benefits LLC, which provided expert opinion on Third Party Administrator fees and the impacts on UMP claim projections for the report. With special thanks to Mercer Health & Benefits LLC staff: Mickelle Shults, ASA, MAAA, FCA Partner; Mary Kay O'Neill, MD, MBA; and Ernest Clayton Levister III, Principal.

Washington State Health Care Authority

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www.Mercer.com

Executive summary

Background

Engrossed Substitute Senate Bill 5693 (2022), Section 212(7) directed the Health Care Authority (HCA)to study and report on options for transferring administrative functions for the Uniform Medical Plan (UMP) from its currently contracted third-party administrator (TPA) to HCA.

> …The health care authority must prepare a report on the uniform medical plan administrative services that were provided by contract prior to 2010, those that have been procured through the third-party administration contract since, what elements of those services could be provided either directly or through discrete provider contracts, and the resources the authority would need to administer these functions. The report must also compare the cost of the administration of components before and after the transition to the current contracts; include assumptions about the impacts on claims; include a description of the performance guarantees in the current contracts; and provide an implementation plan to enable the health care authority to resume self-administration for some or all of the administrative services at the end of the current contract.

As of November 2023, more than half of all PEBB and SEBB members are enrolled in a UMP Plan (385,000 out of 673,000 members).

UMP Administrative Services – Current and Pre-2011

The current TPA contract for UMP consists of the following administrative services:

- Provider network contracting
- Claims administration and appeals
- Utilization, complex case, chronic condition, and quality management and improvement
- Medical drug management
- Disabled dependents certifications
- Member services, member communications, and online services
- Fraud, waste, and abuse detection
- Operations and data reporting

Prior to 2011, HCA administered the provider network contracting in-house. HCA directly contracted with health service providers and hospitals within Washington State. Other UMP administrative services were performed by the UMP TPA at that time, which was UMR[1], a United Healthcare company.

The 2011 UMP TPA contract consolidated all UMP medical administrative services into a single contract, which was awarded to Regence BlueShield of Washington. When the 2011 UMP TPA contract was set to expire at the end of 2019, a competitive procurement was conducted, and Regence was again awarded the UMP TPA contract for an initial term of 2020 to 2029 (with a possible 7-year extension after 2029). View the current UMP TPA contract online. Out of Regence's concern over proprietary information, data

[1] https://www.umr.com/tpa-ap-web/?navDeepDive=publicHomeDefaultContentMWienu

pertaining to performance standards and guarantees, network requirements, and administrative costs have been redacted.

This report will not include the cost of the administrative components before the transition to the current contract because those records were beyond retention limits.

Returning UMP TPA Administrative Functions to HCA

To assess the feasibility of HCA providing some or all of the UMP TPA administrative services, HCA contracted with Mercer Health & Benefits, LLC to provide insights into current self-insurance industry practices and to analyze potential cost impacts.

Mercer concluded that, of the eight administrative services in the current UMP TPA contract, the provider network contracting, and disabled dependent certifications could reasonably be administered by HCA. Mercer concluded that the remaining administrative services would best be done by a TPA due to the high startup costs and efficiencies of scale. However, such costs might be offset as part of broader health policy reform or investments in the agency that could bring scale or efficiencies to this work.

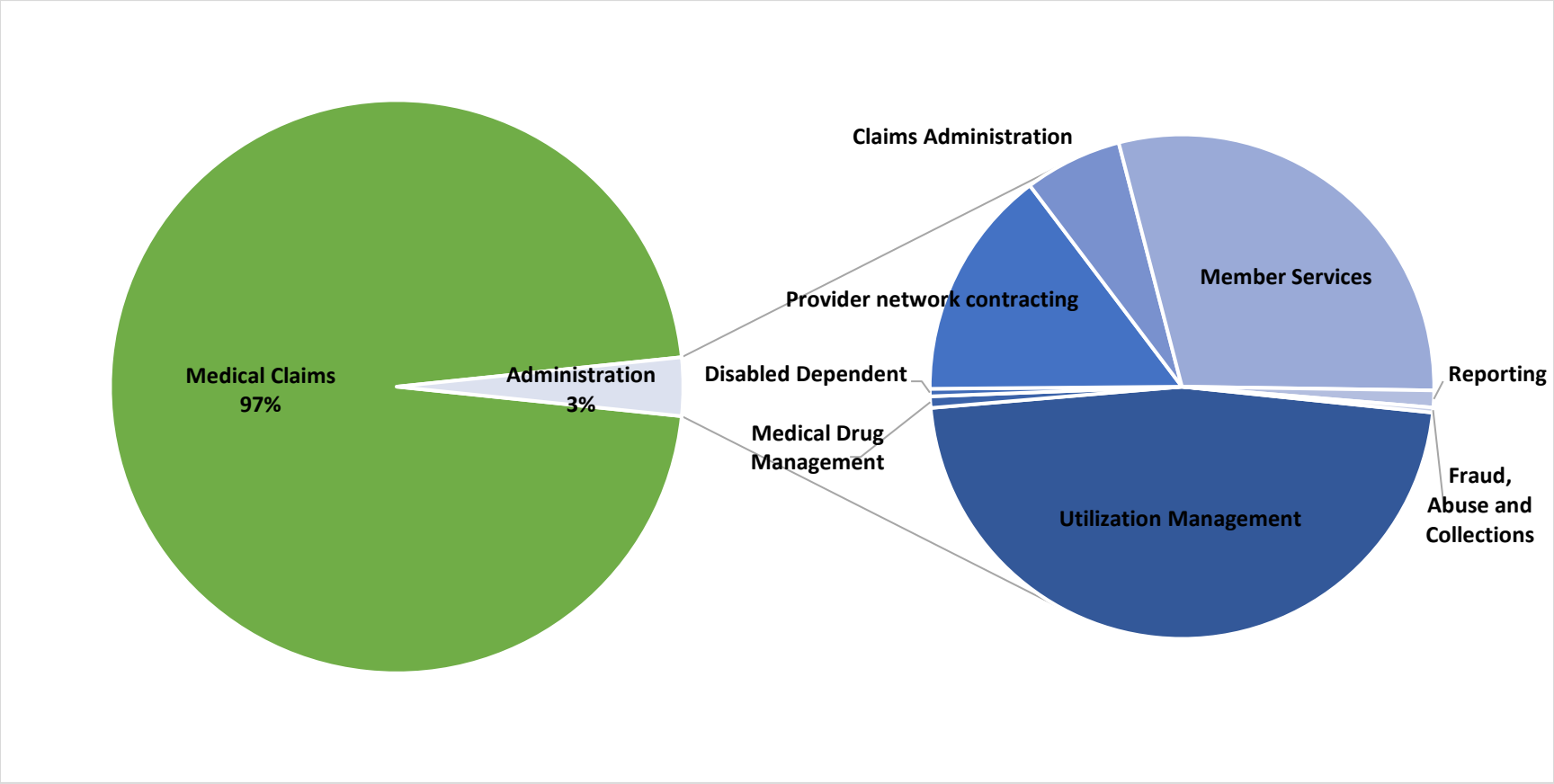
This report analyzes the option of bringing the provider network contracting back into HCA or keeping the network contracting with a third-party administrator.

Operationally, bringing the provider network contracting back in-house at HCA would require 58 additional FTEs as detailed in the FTE contractor list document. (for comparison, the combined PEBB and SEBB Programs currently have a approximately 170 FTEs). Including the costs for program support staff, contracted staff, and additional implementation costs, HCA would need an additional $39 million over the three-year implementation period to bring provider network contracting back in-house. Disabled dependent certifications represent a nominal cost that does not require separate accounting.

Administrative and Claims Costs

Administrative costs for UMP represent 3 percent of the total annual costs of UMP, compared to the approximately $1.8 billion in medical claims costs each year. The UMP TPA contract's administrative costs are paid on a Per-Subscriber Per-Month (PSPM) basis, meaning that the UMP TPA contractor is paid a monthly amount for each subscriber (the "subscriber" is either the employee or retiree who is enrolled in a UMP medical plan and does not include dependents). As shown in the chart below, utilization management and member services are the largest portions of the administrative cost, followed by provider network contracting, and claims administration.

Medical claims vs administration costs



Mercer estimated that if the enrollment in UMP medical plans remained flat after a transition of provider network contracting to HCA, there could be an administrative cost savings of approximately $10.6 million (again, using numbers based on the 2022 plan year) by bringing provider contracting in-house. However, the medical claims costs under HCA-negotiated provider network contract rates are unlikely to match existing medical claims costs, and may result in higher overall UMP costs.

To assess the impact of HCA administering provider network contracting in-house, Mercer modeled adjustments to network discounts to reflect reasonable outcomes of restated 2022 actual medical claims. Mercer estimated UMP would have experienced an increase of medical claims costs between $104 million (6 percent increase) and $267 million (15 percent increase) in 2022 if the provider contracts had been negotiated by HCA directly. As unit costs continue to rise and utilization patterns change over time, Mercer would expect overall increases to future claims costs for all populations, which was not included in the modeling.

In 2011 when HCA transferred the UMP TPA provider network services to Regence, HCA transferred its existing provider contracts to Regence to use in its provider network services for UMP. The terms of these legacy HCA provider contracts contained UMP-favorable rates with hospitals and provider groups. Due to contractual terms, state procurement rules, and other legal barriers, the legacy HCA provider contracts likely cannot be transferred back to HCA. Thus, HCA would likely have to execute new provider contracts to build the UMP network. New contracts may not be able to secure the same historical preferred discounts UMP experiences today, which could increase claims costs.

There has been significant hospital and provider network consolidation, including regional and several large national systems entering the state since 2011. With this consolidation comes larger providers who take up more of the market space and in turn less market competition.

Estimated implementation and medical claims costs

	Implementation Costs			Go-Live Costs Per Year	
	Calendar Year 1: 2027	Calendar Year 2: 2028	Calendar Year 3: 2029	Most Likely Outcome	Worst Case Outcome
Claims Costs Increase				$ 103,988,000	$ 267,397,000
TPA Administrative Savings - Provider Contracting	$ -	$ -	$ -	$ (10,656,000)	$ (10,656,000)
HCA Staffing and Associated Costs	$ 8,104,000	$ 8,117,000	$ 8,117,000	$ 8,117,000	$ 8,117,000
Other Contracted Costs	$ 2,831,000	$ 3,351,000	$ 8,371,000	$ 3,867,000	$ 3,867,000
Net Cost Increase	**$ 10,935,000**	**$ 11,468,000**	**$ 16,488,000**	**$ 105,316,000**	**$ 268,725,000**

The current UMP TPA contract also contains numerous performance standards and guarantees (PGs) that put more than a third of the total administrative cost at risk, with the specific performance guarantee tied to provider network contracting (Overall Trend Performance Guarantee) being the largest component. The provider network contracting-specific PG has not been missed since the contract was entered into. PGs are crucial elements in the UMP TPA contract in holding the TPA accountable for its services' performance.

Implementation Plan

HCA developed an implementation plan based on Mercer's recommendation transferring to HCA two administrative services that are currently done by UMP's TPA, with the rest of the services being contracted to outside organizations. The implementation would require three years, leading up to the first year after the current UMP TPA contract expires.

TAB 8

Governor's Supplemental Budget Update

Tanya Deuel
ERB Finance Manager
Financial Services Division
February 1, 2024

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

FY 2024 Supplemental Budget
Funded Decision Packages

Benefits Alignment Decision Package	FTE	Dollars
Virtual Diabetes Management App-based intervention available to members with diabetes diagnosis who meet eligibility criteria.	NA	$612,000
Breast Exam Screenings Aligning UMP with SB5396 to cover diagnostic and supplemental breast exams at $0 cost-share.	NA	$303,000
Vision Hardware Increasing vision hardware from $150 to $200 every two years.	NA	$370,000

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

FY 2024 Supplemental Budget Funded Decision Packages (*cont.*)

FTE Decision Package	FTE	Dollars
PEBB Program Staff Medicare Resources FTEs to support the increasing need for member outreach and customer services, communications, and procurement support.	4.0	$590,000

2023-25 PEBB Funding Rate

- $1,145 FY24 State Funding Rate
- $1,158 FY25 State Funding Rate
  - Per eligible employee per month
  - Adequate to maintain current level of benefits

Medicare Explicit Subsidy

- Funding included to increase the Medicare Explicit Subsidy (per Medicare retiree per month) to $193 or 60% of premium, whichever is lesser
  - Increased from Calendar Year 2024 of $183 or 50% of premium, whichever is lesser
- New Budget Language:
  - Section 902(e) The board has the authority to forgo the federal retiree drug subsidy collected under RCW 41.05.068 for Uniform Medical Plan Classic Medicare, only to leverage additional federal subsidies via adoption of a Medicare Part D employer group waiver plan to help reduce premiums for Medicare retirees enrolled in Uniform Medical Plan Classic Medicare.

Questions?

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Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Legislative Update

Cade Walker
Policy, Rules, & Compliance Section Manager
Employees and Retirees Benefits Division
February 1, 2024

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Legislative Reports

Study on Contracting for Administration of UMP

- Submitted to Legislature on December 31, 2023
- Assess the feasibility and cost implications of HCA providing some or all UMP Third Party Administration (TPA) services
- Would require new FTEs (~58) and funding (~$39M) for implementation and on-going operations
- Estimation of a significant increase (~$104-267M) in claims costs due to changes in provider contracts

Legislative Reports (*cont.*)

PEBB Retiree Medicare Benefits

- Submitted to Legislature on December 21, 2023
- Gather member feedback and provide analysis about PEBB retiree Medicare benefits
- HCA-PEBB retiree listening sessions held Feb – May 2023; 193 participants
- Analysis of 50 states' government plan offerings found wide variance, but none equal or "richer" than UMP Classic Medicare with lower premiums
- Retiree premium savings could come from pharmacy & medical coverage alternatives

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Legislative Reports (*cont.*)

Mandated Fertility Benefits in Washington State

- Submitted to Legislature on June 30, 2023
- Analysis on the cost to implement a fertility treatment benefit based on Department of Health's December 2021 report on fertility treatment for PEBB Program/SEBB Program/Apple Health
- Included services: infertility diagnosis, assisted and non-assisted reproductive technology treatments, fertility preservation, and medication
- Estimated costs: PEBB ~ $12.4M; SEBB ~ $12.4M

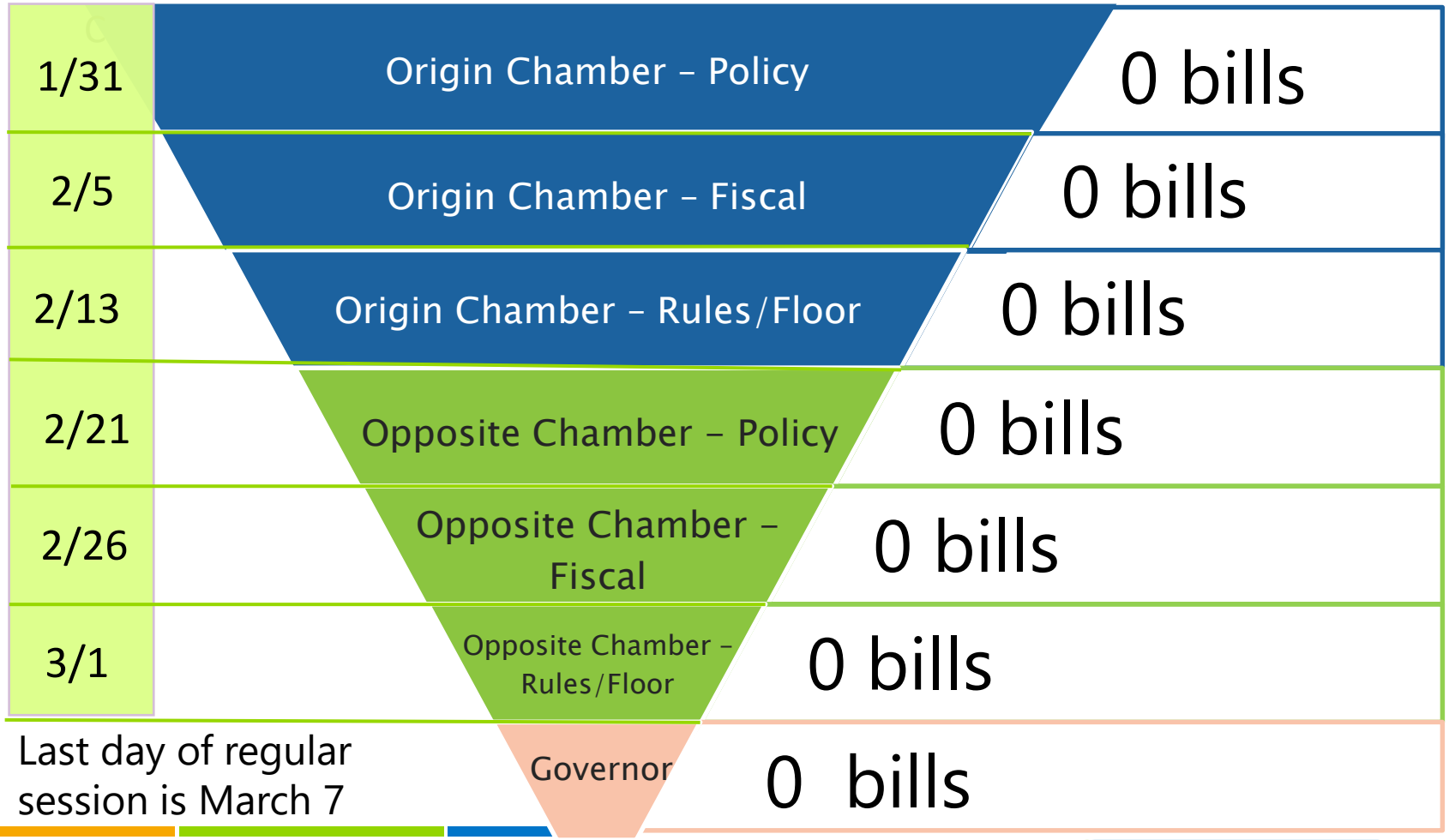
Bills Analyses by ERB Division

	ERB Lead	ERB Support	
High Priority	5	8	13
Low Priority	9	24	33
	14	32	46

Fiscal Notes	8	16

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

2024 Legislation Progress



Agency Requested Legislation

- Senate Bill 6094: Aligning statutory language concerning the retired state employee and retired or disabled school employee health insurance subsidy with the historical interpretation and implementation of the relevant subsidy language in the operating budget
  - Sponsored by Senator Robinson
  - Cleans-up differences between long-standing statutory and operating budget language related to the explicit subsidy for all PEBB Medicare plans
  - It does not limit, eliminate, add or otherwise change plan choices or plan designs, nor does it change the Board's plan offering authority for PEBB Medicare plans

2024 Legislation

- **PEBB/SEBB Programs**
  - HB 2125: Eligibility for contingent faculty at community and technical colleges
- **Retirees**
  - HB 2013: Paying state retirement benefits until the end of the month in which the retiree or beneficiary dies
  - HB 2188/SB 6139: Changing the health insurance subsidy rate for retired state employees and retired or disabled school employees
  - HB 2481: Waiving health benefit premiums in the public employees' benefits board

2024 Legislation (*cont.*)

- **Medical Services Cost Sharing**
  - HB 1957: Preserving coverage of preventive services without cost sharing
  - HB 2285/SB 5986: Protecting consumers from out-of-network health care services charges
- **Pharmacy**
  - HB 1884/SB 5814: Coverage of prescription drugs for advanced metastatic cancer
  - HB 1979: Reducing the cost of inhalers and epinephrine autoinjectors
  - SB 5776: Accessing an emergency supply of insulin
  - SB 6127: Increasing access to HIV-postexposure prophylaxis drugs or therapies
  - SB 6182: Providing prescription drug coverage for the treatment of obesity

Questions?

Cade Walker, Policy, Rules, and Compliance Section Manager

Employee & Retiree Benefits Division

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Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

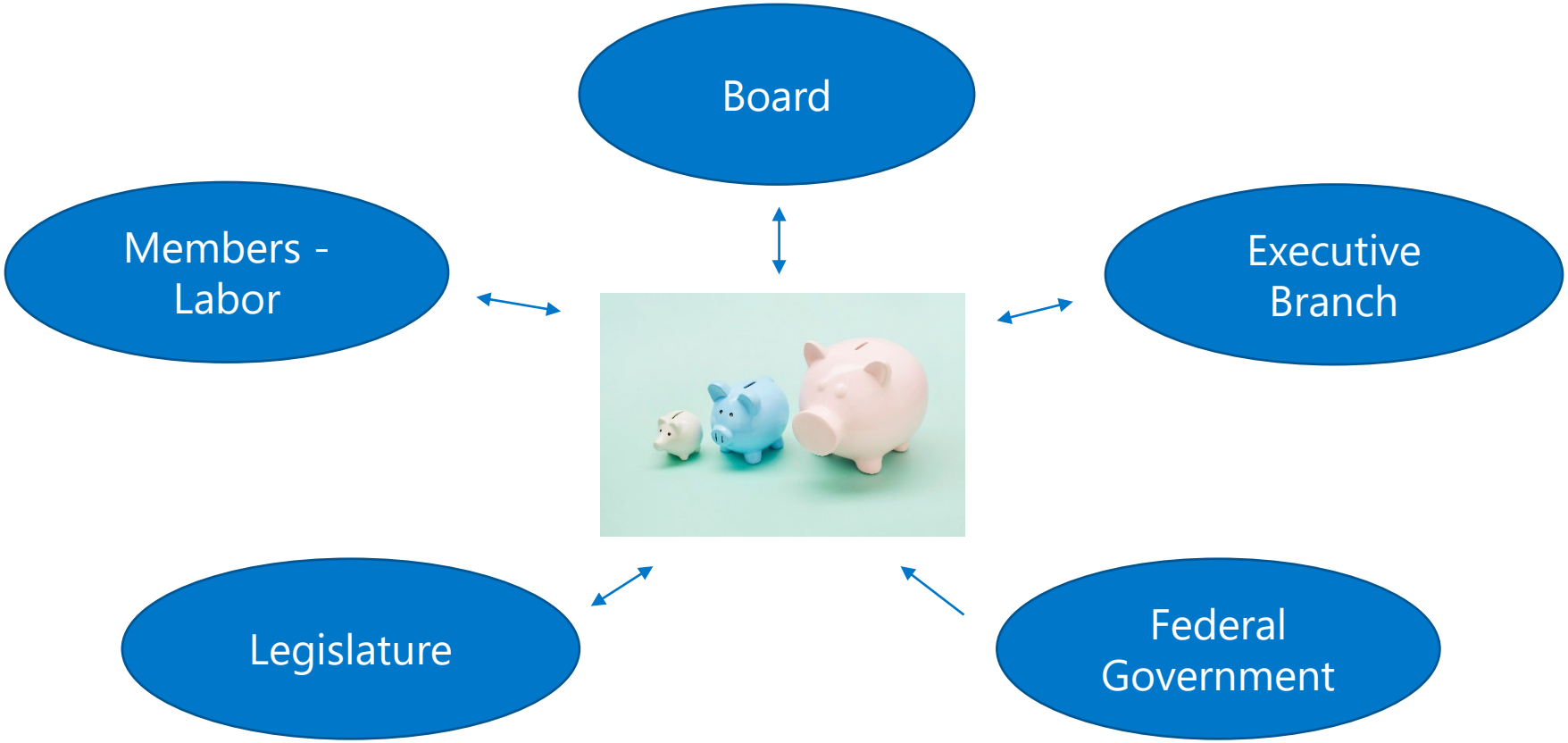
TAB 9

Procurement and Benefit Planning Cycles

John Partin
Benefit Strategy and Design Section Manager
Employees and Retirees Benefits Division
February 1, 2024

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Development of Benefit Designs



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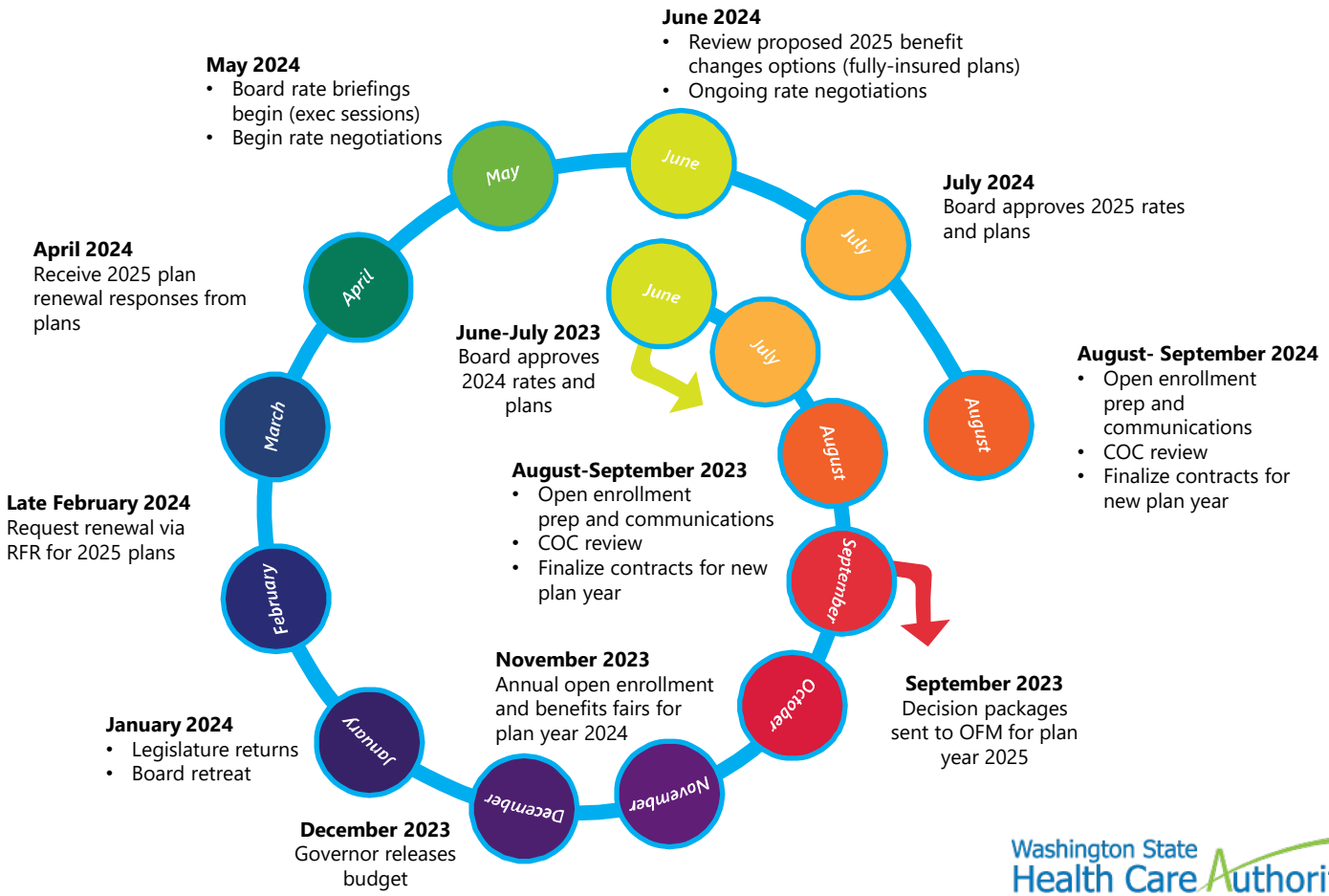
PEBB Program Contracts Renewal Cycle

For Benefit Year 2025



May 2024
- Board rate briefings begin (exec sessions)
- Begin rate negotiations

June 2024
- Review proposed 2025 benefit changes options (fully-insured plans)
- Ongoing rate negotiations

July 2024
Board approves 2025 rates and plans

August- September 2024
- Open enrollment prep and communications
- COC review
- Finalize contracts for new plan year

September 2023
Decision packages sent to OFM for plan year 2025

November 2023
Annual open enrollment and benefits fairs for plan year 2024

December 2023
Governor releases budget

January 2024
- Legislature returns
- Board retreat

Late February 2024
Request renewal via RFR for 2025 plans

April 2024
Receive 2025 plan renewal responses from plans

June-July 2023
Board approves 2024 rates and plans

August-September 2023
- Open enrollment prep and communications
- COC review
- Finalize contracts for new plan year

Washington State Health Care Authority
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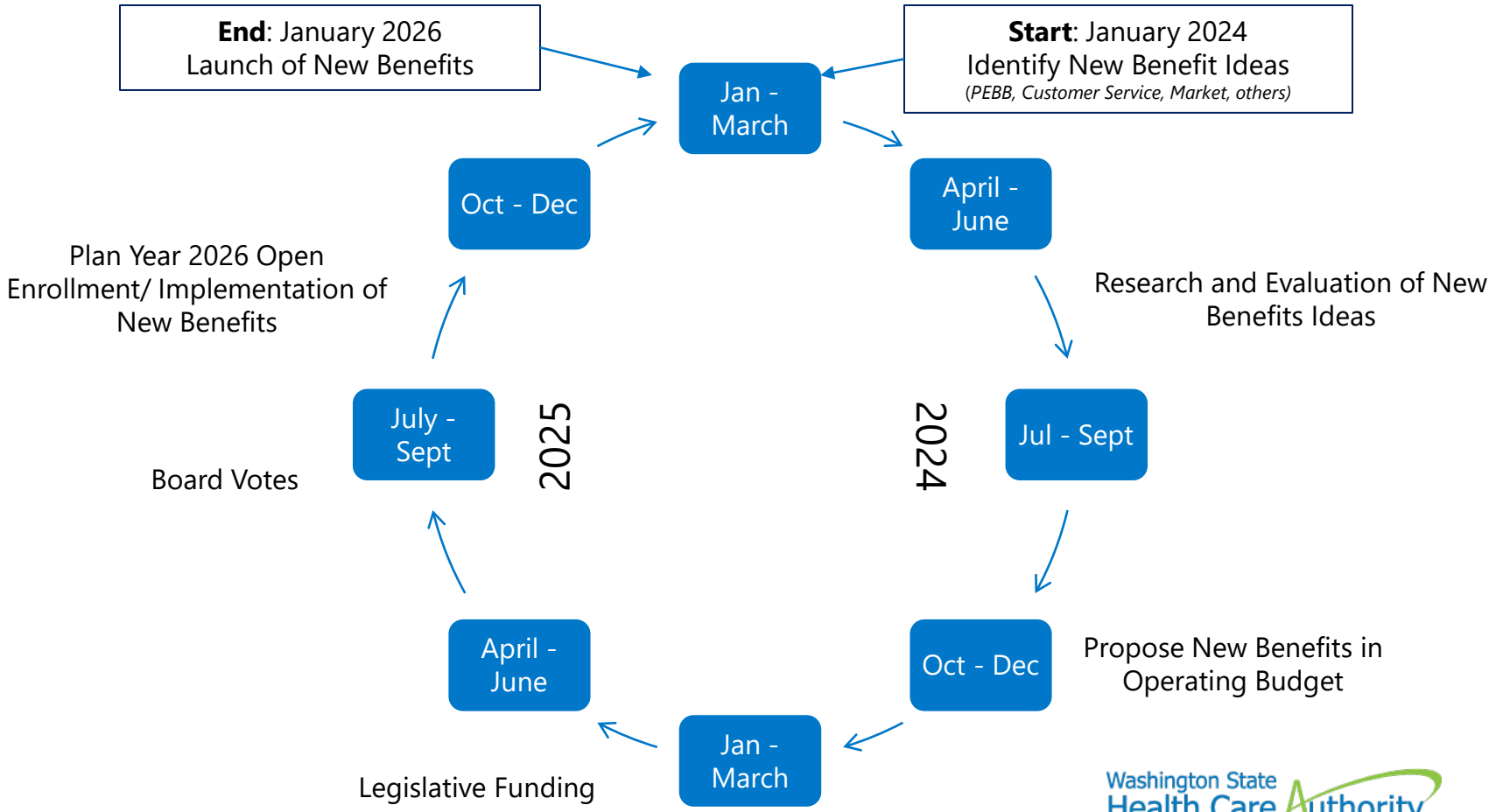
PEBB Program Benefit Planning Cycle
for Benefit Year 2026



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Questions?

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TAB 10

PEBB Retiree Medicare Benefits Legislative Report Summary and 2025 UMP Plan Option

Ellen Wolfhagen
Retiree Benefits Manager
Employees & Retirees Benefits Division

Molly Christie
Financial Analyst
Financial Services Division

Luke Dearden
Clinical Pharmacist
Clinical Quality & Care Transformation

February 1, 2024

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Overview

- December 2023 legislative report
- Option for reducing UMP Classic Medicare premiums for 2025
  - Structure
  - Finance
  - Clinical Insights
- Does the Board want a resolution to begin considering at the March 21 meeting?

Retiree Engagement Updates

- 2023 feedback activities
  - Listening sessions
  - Webinars
  - HCAPEBBMedicare@hca.wa.gov

- Retiree engagement
  - Retiree engagement webpage – FAQs and common myths
  - Retiree specific newsletters (2024)
  - Updated format for Retiree Enrollment Guide
  - More benefits fairs – more HCA representation
  - DRS podcasts

Overview of Legislative Report

Engrossed Substitute Senate Bill 5187 (2023)

Requires the Health Care Authority (HCA) to ***gather member feedback*** about Public Employee Benefits Board (PEBB) retiree Medicare benefits and provide a final report to the legislature with the intent to inform future health care plan selections.

By December 1, 2023, the authority must report to the legislature with its findings, including ***an analysis of government self-insured plans with benefits that are equal to or richer, and with more affordable premiums, than Uniform Medical Plan Classic Medicare***. (Sec. 212(6))

Full report available here*

*https://www.hca.wa.gov/assets/program/pebb-retiree-medicare-benefits-2023.pdf

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Member Feedback
Listening Sessions

- Participation
  - 24 sessions February through May 2023
  - 3 public forums
  - Total attendance 225 participants
- Online and in-person sessions
- Most members had positive things to say about their plan, and also identified one or more challenges
- Summary notes of each session in legislative report appendix

Listening Sessions
Plan Specific Feedback

- Kaiser Permanente
  - Plan offers good coverage for an affordable price
  - Provider availability is limited
  - Wait times to see a provider can be long
- Premera Plan F/G
  - Members appreciate the coverage affordability
  - Wish the plan covered additional benefits; e.g. gym memberships, hearing aids and naturopathy
- UnitedHealthcare Medicare Advantage Part D (MAPD)
  - Members like the affordability of the premiums
  - Like the additional benefits; e.g. massage and gym membership
  - Frustration with customer service and pharmacy copay costs
- Uniform Medical Plan (UMP)
  - Members spoke highly about the quality of coverage and customer service
  - Feel the plan is too costly, but some feel the coverage is worth cost

UMP Specific Feedback

- Preserve UMP Classic Medicare as a plan option in the PEBB Program
- Don't reduce benefits
- Reduce the premium of $532.94 per month for each person
- Retain or increase the state-provided $183 or 50% of the premium (whichever is less) explicit subsidy
- Work to get federal subsidies for UMP similar to those available for Medicare Advantage (MA) plans

Analysis of 50 States' Government Plan Offerings

- Examples of how other states provide health coverage for Medicare retirees
- Plan options, costs, and benefits vary widely
- No other state was found to have benefits equal to or richer than UMP Classic Medicare with lower premiums
  - Of the 4 other states besides WA with a coordination of benefits (COB) plan and pharmacy coverage, 3 offer Part D coverage for drug benefits (MT, VA, WY)
  - Mississippi does not cover pharmacy

State Government Plans: COB Benefits Comparison

	Medical	Pharmacy	Vision Hardware	Hearing aids	State Premium Contribution
Florida	COB	Creditable	Offered separately	Not covered	No
Mississippi	COB	None	Offered separately	Not covered	No
Montana	COB	Part D	Offered separately	Not covered*	No
Virginia	COB	Part D	Offered separately	Included in medical**	No
Washington	COB	Creditable	Included in medical	Included in medical	Yes
Wyoming	COB	Part D	Offered separately	Not covered	Yes

*Hearing aids (for dependent children under age 19, and medically necessary cochlear implants, per medical policy)

**$40 copayment for one hearing test every 48 months; up to $1200 limit for hearing aids and/or supplies every 48 months

Strategies to Lower UMP Medicare Premium

- Goal to retain UMP Classic Medicare as a self-insured plan option for PEBB Program retirees while lowering monthly premium
- Levers available to the PEB Board:
  - Shift from creditable prescription drug coverage to a self-insured Part D employer plan to receive federal subsidies and manufacturer discounts, significantly offsetting claim costs
  - Reduce benefit coverage levels (i.e., increase member cost-sharing)
- The Legislature has authority to change the Medicare explicit subsidy, however significant investments are necessary to achieve affordability for a greater share of retirees

Pharmacy and Medical Coverage Options

- HCA evaluated several pharmacy and medical coverage alternatives to determine potential premium impacts
  - Option 1: Pharmacy – changes in pharmacy benefit designs (minimal premium impact)
    - Presented to Board in April 2023
  - Option 2: Pharmacy – transition UMP Classic Medicare pharmacy coverage to Part D (significant premium impact)
    - Presenting further detail to Board today for discussion and direction
  - Option 3: Medical – change UMP Classic Medicare coordination of benefits provisions
    - Can explore further with Board direction

Option 2 – Pharmacy Transition To Part D Plan

- Greatest premium savings for members
- Would take advantage of federal subsidies and drug discounts
- Provides pharmacy coverage that is like the current coverage offered through UMP
- Least disruption to members compared with other options
- Short decision-making timeline if Board decides to move forward for 2025

Option 2 – Pharmacy Transition To Part D Plan (*cont.*)

- Part D is regulated by Medicare
- Moda would still be the administrator of the plan
- Embedded in a single UMP Classic Medicare offering
- Medical coverage would ***not*** be changed
- Member experience would be virtually the same

Option 2 - Board Decision-Making Timeline

- Presentation to PEB Board at February 2024 retreat
- Public education and member feedback opportunities February 2024
- Board discussion and resolution introduced at March 21, 2024 meeting
- Board vote no later than April 11, 2024 meeting
  - Required filings with CMS
  - Rate setting
  - Implementation
- January 1, 2025 plan offering

Financial Insights

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Medicare Review

- Traditional Medicare = Original Medicare
  - Part A – hospital and in-patient services
  - Part B – out-patient services; primary care and specialists; some vaccines; durable medical equipment
- There is ***no*** drug coverage with traditional Medicare

Medicare Pharmacy Coverage

- Part D was created as part of the Medicare Modernization Act of 2003
- Meant to provide pharmacy coverage for Medicare enrollees
- Part D plans have to be approved by the Centers for Medicare and Medicaid Services (CMS)

What is a Part D plan?

- Offered by private insurance companies or pharmacy benefit managers that contract with CMS
- All qualifying Medicare beneficiaries may purchase a Part D plan on the individual market
- Based on a *Defined Standard Coverage* that establishes enrollee cost-sharing and is determined by CMS. Plans must offer the *Defined Standard Coverage* or enhanced coverage with lower member cost-sharing
- Federal subsidies and manufacturer discounts cover a significant portion of drug costs

Part D Employer Group Waiver Plan (EGWP)

- A Part D EGWP is:
  - Exclusively offered to retirees under a group policy
  - May be self-funded or fully insured
  - Typically, has lower cost-sharing than most Part D plans on the individual market
- Compared to existing UMP creditable drug coverage:
  - Significantly lower premiums while retaining similar coverage
  - Protection against very high drug costs through federal reinsurance (subsidy)
  - Some differences in benefit design and formulary

How This Translates To Potential Premium Savings

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

UMP Part D EGWP Potential Premium Savings

- As part of the legislative report, Milliman completed an analysis of *potential* retiree premium savings if UMP Classic Medicare converted creditable pharmacy coverage to a self-insured Part D EGWP
- Based on projections for 2025, retirees could *potentially* see significant premium savings for UMP Classic Medicare with enhanced Part D prescription drug coverage
- Assumptions:
  - No change to medical coverage
  - Savings compared to projected 2025 premium increase
  - Ongoing use and authorization of an explicit subsidy of $183 or 50% of premium, whichever is less

Refining 2025 Cost Projections

- Milliman analysis established direction and magnitude of potential savings
  - Based on historical UMP and industry-wide experience
  - Based on projections for 2025, retirees could potentially save more than $200 in monthly premium for UMP Classic Medicare with enhanced Part D prescription drug coverage
- Refined UMP projections are needed, and underway, to account for:
  - specific plan design: formulary, cost shares, and pharmacy network
  - enrollment
  - updated claims experience
  - federal policies
  - other projection factors
- The refined UMP projections will be presented at the next Board meeting

Part D Plans Leverage Federal Subsidies

Premium savings realized because UMP would qualify for significant federal subsidies and drug manufacturer discounts only available to Part D plans

- Provided by CMS and drug manufacturers to reimburse for a significant portion of prescription drug costs for Part D
- Reduces overall plan costs and the amount members pay in premiums

UMP would no longer qualify for the federal Retiree Drug Subsidy (RDS)

- Subsidy for offering prescription drug coverage to retirees that is at least as generous as the Medicare Part D defined standard benefit
- Reimburses a significantly smaller portion of drug costs than Part D subsidies
- Not directly applied to member premiums

Clinical Member Impacts

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Part D Pharmacy Topics

- Part D formulary
  - Formulary basics
  - Medicare Part D basics
  - Cost sharing structure
  - Positive formulary changes
  - Most used medications
  - Estimated member impact (formulary differences)
- Part D pharmacy network

Formulary Basics

- Long list of drugs or products covered by a health plan, typically separated into several tiers with different cost shares
  - UMP Preferred Drug List (PDL) covers approximately 2,300 products
- Formularies, or preferred drug lists, are living documents and change weekly due to market changes and clinical factors
- Limited member disruption is inevitable even if remaining on the same plan

Medicare Part D Plan Basics

- Medicare Part D plans provide comprehensive prescription drug coverage
  - At least 2 drugs from each therapeutic class must be covered
  - Will incorporate impacts of CMS Inflation Reduction Act (IRA) price negotiations
- Substantially all drugs in a protected drug class must be covered by Part D plans
- For drugs not covered by Medicare Part D plans, covered therapeutic alternatives are required
  - Switching to a therapeutic alternative requires a new prescription
- An exception process must be available for members who have already tried, or cannot use, covered alternatives

Protected Classes
Immunosuppressants
Antidepressants
Antipsychotics
Anticonvulsants
HIV Medications
Antineoplastics

Cost Share Structure That Would Not Change

- Part D deductible is the same as current UMP deductible
  - Does not apply to most generic medications and vaccines
  - $100 per member
- Part D out of pocket max is the same as current UMP out of pocket max
  - $2000 per member effective 2025 for Part D under the Inflation Reduction Act

Cost Share Structure Comparison

Type of Drug	UMP Current Design Cost Share (30 day supply)	Part D Option Cost Share (30 day supply)	% of Total Scripts (UMP 2023)
Preventive/High value generics	$0 for Preventive 5% up to $10	$0	36.9%
Preferred generics	10% up to $25	$0	53.2%
High-cost generics	30% up to $75	$10	1.6%
Preferred brands	30% up to $75	$40	6.1%
Non-preferred brands	Not covered*	$75	0.8%
Preferred specialty	30% up to $75	$90	1.1%
Non-preferred specialty	Not covered*	$100	0.3%

*Unless exception is met

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Cost Share Comparison Key Points

- Most generic medications would be covered at $0 under the Part D plan option
- Members would save on preferred brand medications under the Part D plan option
- Vast majority of prescriptions filled through Part D would have the same or lower cost share compared to UMP
- Members who use high-cost specialty medication may have a higher cost share
  - Approximately 3% of UMP Medicare members used a specialty medication in 2023
- Most non-preferred drugs under the Part D plan would be covered
  - UMP requires trial of all preferred alternatives

Positive Impacts

- Cancer drugs
  - CMS requires Part D plans to cover substantially all oncology drugs, improving access compared to UMP
- Improved cost saving on non-specialty preferred brand medications
  - Would benefit approximately 12,000 Medicare members
  - Most would save $35 per month for each non-specialty brand medication filled
  - Top Drugs: Eliquis, Ozempic, Jardiance, Xarelto, Farxiga, Entresto
- Preventive vaccines would continue to be available without cost

Over-the-Counter (OTC) Drug Coverage

- Almost all OTC products are excluded through UMP
- The Part D plan includes a bonus drug list that may provide coverage of many commonly used OTC products
  - Multivitamins and supplements
  - Heartburn agents (e.g. omeprazole, famotidine, etc.)
  - Tobacco cessation products
  - Cough medicine
  - COVID-19 tests
- Cost share is based on applicable tier

2023 Top Drugs by Utilization

	Drug Product Name	Members	UMP Cost Share	Part D Cost Share
1	ATORVASTATIN CALCIUM	13,647	$0	$0
2	LEVOTHYROXINE SODIUM	9,557	5% up to $10	$0
3	LISINOPRIL	8,053	5% up to $10	$0
4	AMLODIPINE BESYLATE	8,313	5% up to $10	$0
5	LOSARTAN POTASSIUM	7,816	5% up to $10	$0
6	METOPROLOL SUCCINATE ER	7,410	5% up to $10	$0
7	ROSUVASTATIN CALCIUM	5,450	$0	$0
8	ELIQUIS	5,094	$75	$40
9	GABAPENTIN	5,690	10% up to $25	$0
10	HYDROCHLOROTHIAZIDE	4,262	5% up to $10	$0
11	TAMSULOSIN HYDROCHLORIDE	4,548	10% up to $25	$0
12	SIMVASTATIN	3,810	$0	$0
13	METFORMIN HYDROCHLORIDE	3,414	5% up to $10	$0

2023 Top Drugs By Utilization (*cont.*)

	Drug Product Name	Members	UMP Cost Share	Part D Cost Share
14	FUROSEMIDE	4,311	5% up to $10	$0
15	POTASSIUM CHLORIDE ER	3,786	10% up to $25	$10
16	TRAZODONE HCL	3,200	10% up to $25	$0
17	CARVEDILOL	2,349	5% up to $10	$0
18	METFORMIN HCL ER	2,441	5% up to $10	$0
19	PRAVASTATIN SODIUM	2,186	$0	$0
20	LATANOPROST	3,048	5% up to $10	$0
21	ALLOPURINOL	2,024	10% up to $25	$0
22	METOPROLOL TARTRATE	2,207	5% up to $10	$0
23	ALENDRONATE SODIUM	2,080	5% up to $10	$0
24	BASAGLAR KWIKPEN	2,108	$10	Requires switch to Lantus - $10
25	ESCITALOPRAM OXALATE	1,926	5% up to $10	$0

Step Therapy

- Step therapy is when a plan requires trial of different medication(s) prior to covering the requested medication
- All plans employ step therapy as a method to ensure the most cost-effective medications are tried first, including UMP
  - The part D plan employs step therapy significantly less frequently than UMP
- If a member demonstrates they have previously tried the step medication(s), or are unable to try them, they would be approved for the requested medication
- This same general process is used by UMP

Prior Authorization (PA)

- PA is used by all plans, including UMP
  - Ensures medications are being used effectively
  - Directs members to the most cost-effective medication
- PAs typically expire after 6 months to 1 year and require renewal for continued medication coverage
- Nearly all drugs that require PA under the Part D plan are either not covered by UMP or also require PA by UMP

Exception Process

- The Part D plan and UMP exception processes are similar
  - Both require review by a clinician
  - Turnaround time is 72 hours for standard requests
  - Both allow for opportunity to appeal
- For non-formulary requests, the Part D plan would require trial of 2 formulary alternatives
  - UMP requires trial of **all** formulary alternatives
- Part D requires a 30-day transition fill within the first 90 days of enrollment

Covered Drug Member Impacts

- An analysis was performed to estimate the impact if members moved from the current UMP PDL to the Part D formulary
  - Preliminary estimate as of October 2023
  - Does not account for future drug and enrollment changes

Category	Members	% of Scripts
Could continue all medications on Part D plan	39,647	**98.2%**
At least one medication *may* require switching to an alternative	3,832	**1.8%**

Member Impact
Insulins

Covered by UMP	Covered by Part D plan	Estimated impact
Basaglar (insulin glargine)	Lantus (insulin glargine) Toujeo (insulin glargine)	1,835 members

- Basaglar and Lantus both have the same active ingredient (insulin glargine)
- Each product is administered in the same way
  - Insulin pen device
  - Same dose

Member Impact
Inhalers

- The Part D plan would cover a variety of therapeutic alternatives
  - Same active ingredient in different inhaler type
  - Same inhaler type with similar active ingredient

Covered by UMP	Covered by Part D plan	Estimated impact
Spiriva Handihaler (tiotropium)	Spiriva Respimat (tiotropium) Incruse Ellipta (umeclidinium)	691 members
QVAR HFA (beclomethasone)	Arnuity Ellipta (fluticasone furoate) Fluticasone propionate HFA	
Fluticasone/salmeterol aerosol	Fluticasone/salmeterol dry powder inhaler Budensonide/formoterol aerosol	

Member Impact
Other Drugs

- Other impacts involve changes in dosage form
- In most cases the member would have an alternative with the same ingredient

Covered by UMP	Covered by Part D Plan	Estimated Impact
Fluoxetine tablets Venlafaxine ER tablets	Fluoxetine capsules Venlafaxine ER capsules	213 members
Desonide cream Desonide lotion	Desonide ointment Other corticosteroid creams and lotions	130 members

Part D Pharmacy Network

- Very similar to UMP's current pharmacy network
- Members can continue to fill through the same mail order pharmacies
- In 2023, 118 UMP Medicare members filled at least one prescription at a pharmacy that is not in the Part D network
  - 10 members who currently travel less than 10 miles to a network pharmacy may have to travel more than 10 miles under the Part D plan
- Efforts to contract additional pharmacies are ongoing

Board Decision-Making Timeline For Option 2

- Presentation to PEB Board at February 2024 retreat
- Public education and member feedback opportunities February 2024
- Board discussion and resolution introduced at March 21, 2024 meeting
- Board vote no later than April 11, 2024 meeting
  - Required filings with CMS
  - Rate setting
  - Implementation
- January 1, 2025 plan offering

Does the Board want a resolution to begin considering at the March 21 meeting?

Washington State Health Care Authority
PUBLIC EMPLOYEES BENEFITS BOARD

Questions?

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