

# Public Employees Benefits Board

May 12, 2021

## Public Employees Benefits Board

May 12, 2021

12:00 p.m. – 3:00 p.m.

### Zoom Attendance Only

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

## Table of Contents

Meeting Agenda.....	1-1
Member List.....	1-2
2021 Meeting Schedule.....	1-3
Board By-Laws.....	2-1
2021-23 Biennial Budget Update.....	3-1
2021 Legislative Session.....	4-1
COBRA Subsidy Support for Benefits Administrators & Members.....	5-1
2020 UMP Preferred Drug List (PDL) Update.....	6-1

**TAB 1**

**Public Employees Benefits Board**  
**May 12, 2021**  
**12:00 p.m. – 3:00 p.m.**

**Aligning with [Governor's Proclamation 20-28](#),  
all Board Members and public attendees  
will only be able to attend virtually**

**TO JOIN ZOOM MEETING – SEE INFORMATION BELOW**

12:00 p.m.*	<b>Welcome and Introductions</b>		Sue Birch, Chair	
12:05 p.m.	<b>Meeting Overview</b>		Dave Iseminger, Director Employees & Retirees Benefits (ERB) Division	Information/ Discussion
12:10 p.m.	<b>Transition to Executive Session</b>			
12:15 p.m.	<b>Executive Session</b>			
1:15 p.m.	<b>Break</b>			
1:20 p.m.	<b>2021-23 Biennial Budget Update</b>	TAB 3	Tanya Deuel, ERB Finance Manager Financial Services Division	Information/ Discussion
1:35 p.m.	<b>2021 Legislative Session</b>	TAB 4	Cade Walker, ERB Special Assistant ERB Division	Information/ Discussion
1:50 p.m.	<b>COBRA Subsidy Support for Benefits Administrators &amp; Members</b>	TAB 5	Jesse Paulsboe, Outreach & Training Manager, ERB Division Stacy Grof-Tisza, Customer Service Operations Manager, ERB Division	Information/ Discussion
2:10 p.m.	<b>2020 UMP Preferred Drug (PDL) List Update</b>	TAB 6	Ryan Pistorresi, PharmD, MS Assistant Chief Pharmacy Officer, Clinical Quality & Care Transformation	Information/ Discussion
2:40 p.m.	<b>Public Comment</b>			
3:00 p.m.	<b>Adjourn</b>			

**\*All Times Approximate**

The Public Employees Benefits Board will meet Wednesday, May 12, 2021. Due to COVID-19 and out of an abundance of caution, all Board Members and attendees will attend this meeting virtually.

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

Pursuant to RCW 42.30.110(1)(l), the Board will meet in Executive Session to consider proprietary or confidential nonpublished information related to the development, acquisition, or implementation of state purchased health care services as provided in RCW 41.05.026. The Executive Session will begin at 12:15 a.m. and conclude no later 1:15 p.m.

No "action," as defined in RCW 42.30.020(3), will be taken at the Executive Session.

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

Direct e-mail to: [board@hca.wa.gov](mailto:board@hca.wa.gov).

Materials posted at: <http://www.pebb.hca.wa.gov/board/> by close of business on May 10, 2021.

-----  
Join Zoom Meeting

<https://zoom.us/j/97785655942?pwd=R0JONSs1SmRsNVZ3NkFYWVE2UG5Wdz09>

Meeting ID: 977 8565 5942

Passcode: 485897

One tap mobile

+12532158782,,97785655942# US (Tacoma)

+13462487799,,97785655942# US (Houston)

Dial by your location

+1 253 215 8782 US (Tacoma)

+1 346 248 7799 US (Houston)

+1 669 900 6833 US (San Jose)

+1 929 205 6099 US (New York)

+1 301 715 8592 US (Washington DC)

+1 312 626 6799 US (Chicago)

Meeting ID: 977 8565 5942

Find your local number: <https://zoom.us/u/abVep2sztg>

## PEB Board Members

Name	Representing
Sue Birch, Director Health Care Authority 626 8 <sup>th</sup> Ave SE PO Box 42713 Olympia WA 98504-2713 V 360-725-2104 <a href="mailto:sue.birch@hca.wa.gov">sue.birch@hca.wa.gov</a>	Chair
Leanne Kunze, Executive Director Washington Federation of State Employees 1212 Jefferson Street, Suite 300 Olympia WA 98501 V 360-352-7603 <a href="mailto:PEBBoard@hca.wa.gov">PEBBoard@hca.wa.gov</a>	State Employees
Elyette Weinstein 5000 Orvas CT SE Olympia WA 98501-4765 V 360-705-8388 <a href="mailto:PEBBoard@hca.wa.gov">PEBBoard@hca.wa.gov</a>	State Retirees
Tom MacRobert 4527 Waldrick RD SE Olympia WA 98501 V 360-264-4450 <a href="mailto:PEBBoard@hca.wa.gov">PEBBoard@hca.wa.gov</a>	K-12 Retirees
Scott Nicholson, Deputy Assistant Director State Human Resources Office of Financial Management PO Box 43113 Olympia WA 98504-3113 <a href="mailto:scott.nicholson@ofm.wa.gov">scott.nicholson@ofm.wa.gov</a>	Benefits Management/Cost Containment

## PEB Board Members

Name	Representing
Yvonne Tate 1407 169 <sup>th</sup> PL NE Bellevue WA 98008 V 425-417-4416 <a href="mailto:PEBBoard@hca.wa.gov">PEBBoard@hca.wa.gov</a>	Benefits Management/Cost Containment
John Comerford* 121 Vine ST Unit 1205 Seattle, WA V 206-625-3200 <a href="mailto:PEBBoard@hca.wa.gov">PEBBoard@hca.wa.gov</a>	Benefits Management/Cost Containment
Harry Bossi 19619 23 <sup>rd</sup> DR SE Bothell WA 98012 V 360-689-9275 <a href="mailto:PEBBoard@hca.wa.gov">PEBBoard@hca.wa.gov</a>	Benefits Management/Cost Containment
<b>Legal Counsel</b> Michael Tunick, Assistant Attorney General 7141 Cleanwater Dr SW PO Box 40124 Olympia WA 98504-0124 V 360-586-6495 <a href="mailto:MichaelT4@atg.wa.gov">MichaelT4@atg.wa.gov</a>	

\*non-voting members

3/12/21



Washington State Health Care Authority  
*Public Employees Benefits Board*  
P.O. Box 42713 • Olympia, Washington 98504-2713  
360-725-0856 • TTY 711 • FAX 360-586-9551 • [www.pebb.hca.wa.gov](http://www.pebb.hca.wa.gov)

## PEB BOARD MEETING SCHEDULE

### 2021 Public Employees Benefits (PEB) Board Meeting Schedule

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

January 27, 2021 (Board Retreat) 9:00 a.m. – 4:00 p.m.

March 17, 2021 - Noon – 5:00 p.m.

April 14, 2021 - Noon – 5:00 p.m.

May 12, 2021 - Noon – 5:00 p.m.

June 9, 2021 - Noon – 5:00 p.m.

June 30, 2021 - Noon – 5:00 p.m.

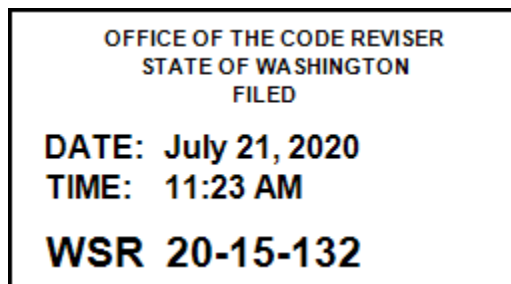
July 14, 2021 - Noon – 5:00 p.m.

July 21, 2021 - Noon – 5:00 p.m.

July 28, 2021 - Noon – 5:00 p.m.

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

6/12/20





**TAB 2**

## 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. At the direction of the Chair, public testimony at Board meetings may also occur in conjunction with a public hearing or during the Board’s consideration of a specific agenda item. The Chair has authority to limit the time for public testimony, including the time allotted to each speaker, depending on the time available and the number of persons wishing to speak.
5. Motions and Resolutions—All actions of the Board shall be expressed by motion or resolution. No motion or resolution shall have effect unless passed by the affirmative votes of a majority of the Board Members present and eligible to vote, or in the case of a proposed amendment to the By-laws, a 2/3 majority of the Board.
6. Representing the Board’s Position on an Issue—No Board Member may endorse or oppose an issue purporting to represent the Board or the opinion of the Board on 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 July 15, 2020*

**TAB 3**



# 2021-23 Biennial Budget Update PEBB

Tanya Deuel  
ERB Finance Manager  
Financial Services Division  
May 12, 2021

# Final Funding Rates

**FY22 \$936**  
**FY23 \$1,091**

**Per employee per month**

**Adequate to maintain current level of benefits**

**No significant concerns with funding rates and  
underlying assumptions**



# Medicare Explicit Subsidy

Calendar Year 2022  
\$183/month  
*(unchanged)*

\*or 50% of the premium,  
whichever is less

# Collective Bargaining Agreement

- Employer/Employee split remained at 85%/15%
  - *“The employer will contribute an amount equal to eighty-five percent (85%) of the total weighted average of the projected medical premium for each bargaining unit employee eligible for insurance each month...”*
- \$25 CBA Wellness Gift Card Eliminated
  - Enrolled subscribers who complete the Well-being Assessment will no longer receive a twenty-five dollar (\$25) gift card

# Final Conference Budget Funding

\$5.9 M

**TPA Spending Authority** – Increased spending authority to align with the increased self-insured medical and dental enrollment.

\$285,000

**Scheduling Tool Replacement** – Funds to replace the staff scheduling tool for the customer service center.

\$102,000

**Benefits Administrator Customer Support** – 0.5 FTE O&T staffing increase to support the agencies.

\$1.2 M

**PEBB My Account** – 2.0 FTE to support enhancements and a more robust maintenance and operation of PEBB My Account

# Final Conference Budget Provisions

- Retiree Enrollment Window:
  - HCA must submit a report to the Legislature by January 1, 2022 estimating the fiscal impacts of providing a one-time enrollment window for retirees
  - The Board shall not make any changes in retiree eligibility criteria that reestablishes eligibility for enrollment in PEBB Benefits

# Questions?

Tanya Deuel, ERB Finance Manager  
Financial Services Division  
[Tanya.Deuel@hca.wa.gov](mailto:Tanya.Deuel@hca.wa.gov)

**TAB 4**



# 2021 Legislative Session

Cade Walker, Executive Special Assistant  
Employees & Retirees Benefits (ERB) Division  
May 12, 2021

## Number of 2021 Bills Analyzed by ERB Division

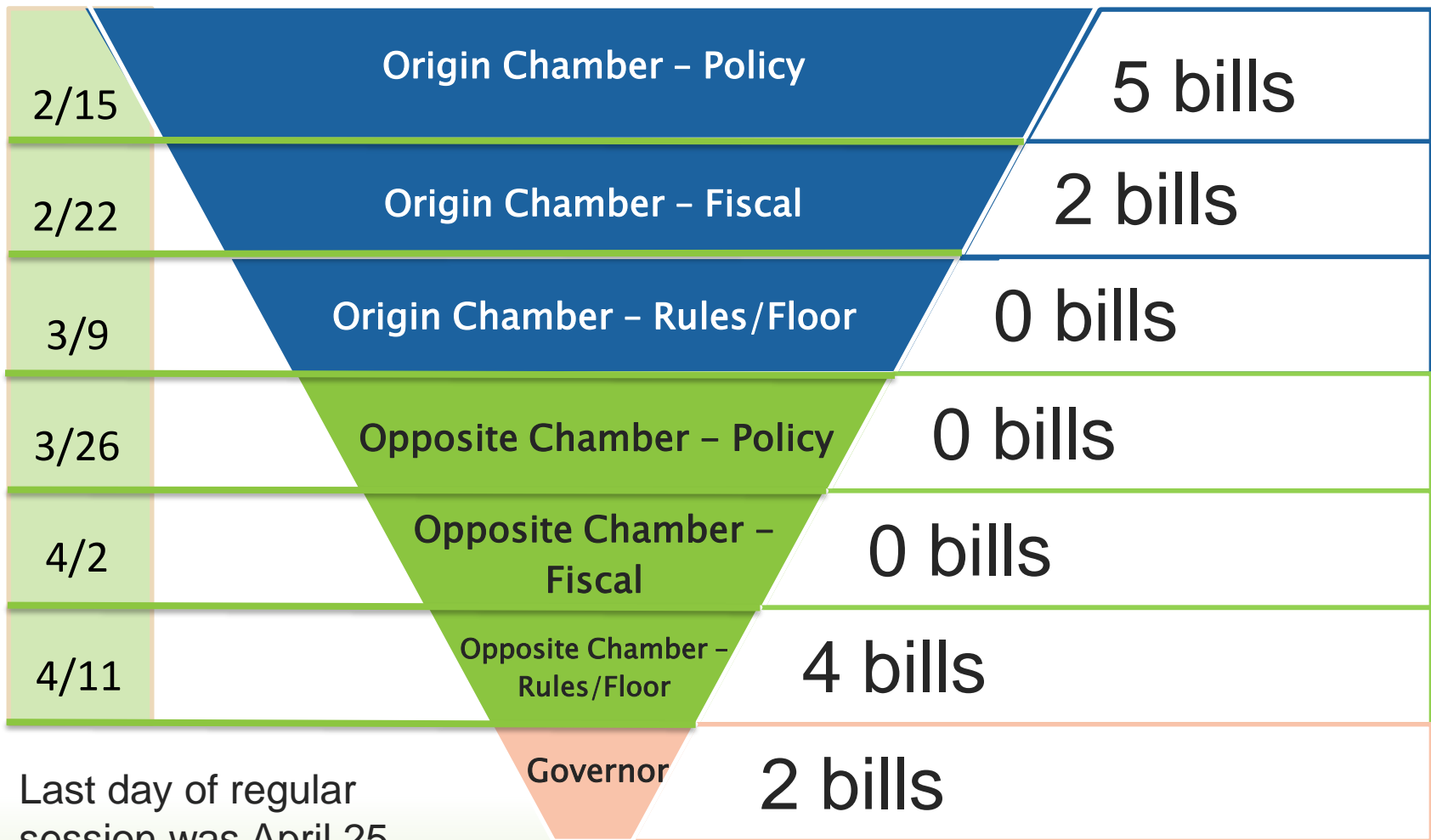
	ERB Lead	ERB Support	
High Priority	14	41	55
Low Priority	17	89	106
	31	130	161

Hearings (High Priority Only)	74
-------------------------------	----

Data as of 4/28/21



# 2021 Legislative Session – ERB High Lead Bills



# Upcoming Session – Agency Request Legislation

- SB 5322: Prohibiting dual enrollment between SEBB and PEBB Programs
  - Sponsored by Sen. Robinson
  - Clarification to 2020 ESSB 6180(4).
  - Would require an eligible member to enroll in the health benefits (medical/dental/vision) in a single program.
  - Currently, the legislation prohibits dual enrollment but it is unclear whether an eligible member could enroll in different health benefits across the two programs.

**PASSED & SIGNED**

# HB 1052 – Group Insurance Contracts

- HCA submitted written testimony in support
- Aligns the insurance code with long-standing HCA statutory requirements that state agencies engage in performance-based contracting
- Performance standards (or performance guarantees) allow HCA to hold carriers accountable for service to PEBB/SEBB Program members
- Examples:
  - Health care claim processing timeliness/accuracy
  - Customer service metrics

# Topical Areas of Introduced Legislation

- Paid Family & Medical Leave
  - HB 1073
  - SSB 5097
- Pharmacy
  - ~~SB 5020 – Rx drug price increases~~
  - ~~SB 5075 – Access to pharmacy services~~
  - ~~SB 5076 – Mail order Rx services~~
  - SB 5195 – Opioid overdose medication
- Eligibility
  - ~~HB 1040 – Health care coverage for retired or disabled school employees~~

# Topical Areas of Introduced Legislation (*cont.*)

- Provider/health care services
  - SB 5018 – Acupuncture and Eastern medicine
  - ~~SB 5088 – Naturopath scope of practice~~
  - ~~SB 5222 – ARNP reimbursement rates~~
  - HB 1196/~~SB 5326~~ – Audio-only telemedicine
  - 2SSB 5313 – Health insurance discrimination
- Expanded Durable Medical Equipment (DME)
  - ~~HB 1047 – Hearing instruments for children~~
- Open Public Meetings Act
  - ~~HB 1056 – Public meetings/emergencies~~

# Questions?

Cade Walker, Executive Special Assistant  
Employees and Retirees Benefits Division

[cade.walker@hca.wa.gov](mailto:cade.walker@hca.wa.gov)

**TAB 5**



# COBRA Subsidy Support for Benefits Administrators & Members

Jesse Paulsboe  
Employer Outreach & Training Manager  
Employees and Retirees Benefits (ERB) Division  
May 12, 2021

Stacy Grof-Tisza  
Customer Service Operations Manager  
Employees and Retirees Benefits (ERB) Division



# Overview of the American Rescue Plan Act of 2021

The Act includes a 100% COBRA premium subsidy:

- Available to Assistance Eligible Individuals (AEI) defined as employees and their dependents who:
- Lose (or already lost) health coverage due to involuntary termination or reduction in hours (voluntary or involuntary); and
- Are federally eligible for COBRA
- Cannot be eligible for Medicare or group health coverage

# Outreach & Training (O&T)

- Supports PEBB Program Benefits Administrator (BA) staff by providing over-the phone assistance, FUZE – a secure online correspondence, training presentations, a dedicated employer website, eligibility and enrollment training materials, and guidance.
- This ensures that employers achieve accurate eligibility and enrollment decisions for their employees' accounts.

# Implementation of the COBRA Subsidy

- Distribution of spreadsheets to each organization, which will help HCA identify those who were involuntarily terminated or whose hours were reduced
- Utilization of existing communication channels to collect the spreadsheet and ensure proper format of the information
- Follow-up with any organizations who have not submitted necessary information
- Ongoing implementation alerts and guidance to BAs via GovDelivery

# COBRA Subsidy Implementation Timeline

- O&T began distributing spreadsheets to organizations  
*(May 3 – May 6, 2021)*
- Organizations fill out and return spreadsheets  
*(May 7 – May 21, 2021)*
- O&T ensures completeness and proper formatting of returned spreadsheets  
*(May 7 – May 21, 2021)*
- O&T follows up with organizations that have not returned spreadsheets  
*(May 19 – May 23, 2021)*

# COBRA Subsidy Readiness

- O&T Unit will identify the Assistance Eligible Individuals (AEI) with the Benefits Administrators
- Use information gathered by O&T and Benefits Administrators to determine AEI eligibility
- Benefits Administrators work is complete with O&T
- Refer individuals with questions to the 1-800 toll free line

# COBRA Subsidy Customer Service Implementation

- Customer Service's scope of work includes processing COBRA and Continuation Coverage forms
- Work is underway to prepare for this new initiative, which includes:
  - Training staff on new eligibility and processes
  - Prioritizing COBRA Subsidy forms for staff to process
  - Reviewing forms for eligibility
  - Enrolling eligible AEs and sending approval letters
  - Sending denial letters with appeal rights to ineligible applicants

# COBRA Subsidy Eligibility

- We have identified three different scenarios of continuation coverage where individuals would be eligible for the subsidy:
  - Currently enrolled
  - Still eligible, but not currently enrolled
  - Newly eligible

# COBRA Subsidy Eligibility

## Scenario 1: Currently Enrolled

- Sally is currently enrolled in COBRA coverage and she is potentially eligible for the subsidy April 1-September 30.
- HCA will mail an initial subsidy eligibility letter and a *Request for Treatment as an AEI* form.
- The *Request for Treatment as an AEI* form must be returned to HCA so we can review for eligibility.
- If Sally is eligible, premiums and applicable surcharges are covered at 100% throughout the subsidy period as long as she is within her 18-month eligibility window of Federal COBRA. However, she will continue to receive invoices, if her covered dependents are not eligible for the subsidy.
- If she is ineligible, HCA will send a denial letter with appeal rights.



# COBRA Subsidy Eligibility: Scenario 2: Still Eligible/Not Enrolled

- Dave was eligible for COBRA coverage as of November 1, 2020, but he is not currently enrolled, yet he is still within his 18-month eligibility period.
- HCA will mail the initial subsidy eligibility letter, a *2021 COBRA Subsidy Election Form for PEBB Continuation Coverage (COBRA)*, and a *Request for Treatment as an AEI* form.
- Dave can enroll himself and his dependents who lost coverage on either the date he first became eligible for PEBB Continuation Coverage (COBRA) and pay all premiums and applicable surcharges retroactive to that date OR enroll from April 1.

# COBRA Subsidy Eligibility: Scenario 2: Still Eligible/Not Enrolled (*cont.*)

Dave has two options:

- Enroll in COBRA coverage on November 1, 2020
  - Pay premiums and all applicable surcharges from November 1, 2020 through March 2021.
  - Effective April 1, 2021, his premiums and surcharges would be covered at 100% throughout the subsidy period
- Enroll starting April 1, 2021. His premiums and surcharges would be covered at 100% throughout the subsidy period.
- Dave can enroll in medical or dental coverage or both.
- If Dave is ineligible, HCA will send a denial letter with appeal rights.

# COBRA Subsidy Eligibility

## Scenario 3: Newly Eligible

- Scott is newly eligible for COBRA Coverage through the PEBB Program effective April 1, 2021.
- HCA will mail the initial subsidy eligibility letter, a *2021 COBRA Subsidy Election Form for PEBB Continuation Coverage (COBRA)*, and a *Request for Treatment as an AEI* form.
- Scott can choose to enroll himself and his dependents who lost coverage in medical or dental coverage or both.
- Premiums and applicable surcharges would be covered at 100% throughout the subsidy period.
- If Scott is ineligible, HCA will send a denial letter with appeal rights.

# Deadlines

HCA must receive the required forms no later than 60 days from the date of the initial subsidy eligibility letter.

- Currently enrolled
  - *Request for Treatment as an AEI form*
- Still eligible, but not currently enrolled
  - *2021 COBRA Subsidy Election Form for PEBB Continuation Coverage (COBRA)*
  - *Request for Treatment as an AEI form*
- Newly eligible
  - *2021 COBRA Subsidy Election Form for PEBB Continuation Coverage (COBRA)*
  - *Request for Treatment as an AEI form*

# Questions?

Stacy Grof-Tisza

Customer Service Operations Manager  
Employees and Retirees Benefits Division

[stacy.grof-tisza@hca.wa.gov](mailto:stacy.grof-tisza@hca.wa.gov)

Jesse Paulsboe

Employer Outreach Manager  
Employees and Retirees Benefits Division

[Jesse.Paulsboe@hca.wa.gov](mailto:Jesse.Paulsboe@hca.wa.gov)

**TAB 6**



# 2020 UMP Preferred Drug List (PDL) Update

Ryan Pistori, PharmD, MS  
Assistant Chief Pharmacy Officer  
Clinical Quality and Care Transformation (CQCT)  
May 12, 2021

# What is the Value Formulary?

- Value-based purchasing
  - Direct members and their health care providers to the highest value, most affordable prescription drugs
  - Non-formulary drugs
    - Have no additional benefit in safety or efficacy when compared to preferred alternatives
    - Often cost significantly more than preferred alternatives
  - Exception process
    - When a formulary drug is deemed ineffective or not appropriate for an individual member, an exception can be granted, and the non-formulary drug can be covered



# Why the Value Formulary? (*cont.*)

- Resolve member equity issue
  - Members who were using Tier 3 drugs paid different cost shares if they knew about the Tier 3 Exception process
- Provide member savings
  - Members who could not take any preferred drugs were restricted to Tier 3 cost shares (50% of drug price without cap for Traditional, \$150 cap for Specialty)
- Address Board concerns
  - Members were always directed to therapeutic alternatives within a drug class with a pathway to non-formulary drugs

# What We Did to Prepare

- Washington State Rx Services staff training
  - Orientation to new formulary
- Staggered approach to implementation
  - Reduce member wait times to speak to customer service and better serve member needs
- Based on lessons learned with Oregon Educators Benefits Board (OEBB)
  - Additional refill protected drug classes

# Refill Protected Classes

Original	Additional
<ol style="list-style-type: none"> <li>1. Antidepressants</li> <li>2. Antiepileptics</li> <li>3. Antipsychotics</li> <li>4. Antiretrovirals</li> <li>5. Chemotherapy</li> <li>6. Immunomodulatory/ antiviral treatment for Hepatitis C</li> <li>7. Immunosuppressives</li> </ol>	<ol style="list-style-type: none"> <li>1. ADHD drugs for Pediatrics</li> <li>2. Antiarrhythmics</li> <li>3. Anticoagulants</li> <li>4. Antiparkinsons</li> <li>5. Antivirals</li> <li>6. Cardiovascular drugs – Single-source brand</li> <li>7. Compounded drugs</li> <li>8. Gout drugs</li> <li>9. Insulin with no therapeutic equivalent</li> <li>10. Irritable Bowel Disease (IBD) drug</li> <li>11. Pancreatic enzymes</li> <li>12. Rare disease medications (e.g., Cuvposa)</li> <li>13. Specialty drugs (previously authorized)</li> <li>14. Thyroid drugs</li> </ol>

# Communications

- Drug specific letters to members
  - Sent letters to 11,474 members or 4.4% of total members (260,000 PEBB UMP members [October 2019])
- Published information for Open Enrollment
- PEBB and UMP Newsletters
- Certificate of Coverage (COC)
- UMP Website

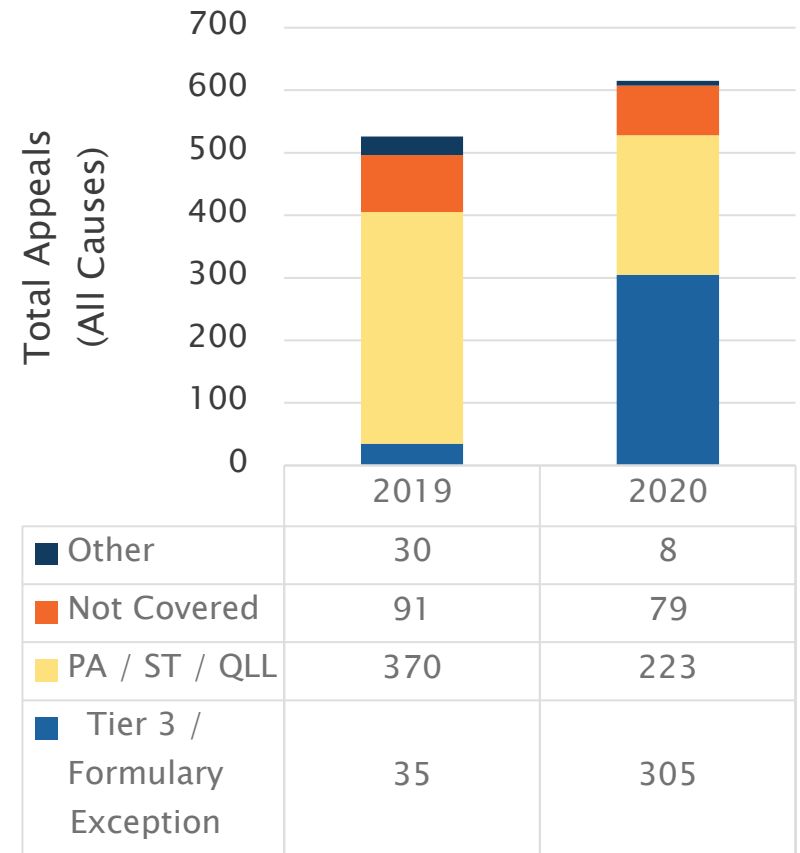
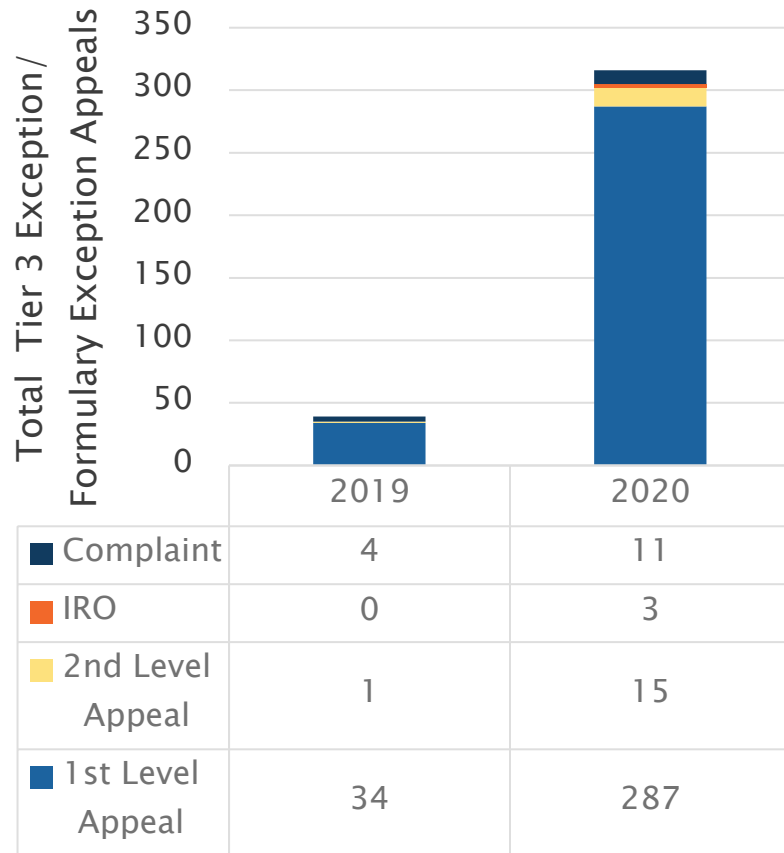
# Member Experience

- Of 11,474 members affected, 8,139 (70.9%) requested a formulary exemption between October 2019 & September 2020
  - The remaining 29.1% may have switched to a preferred drug, paid for the drug without using UMP, switched health plans, or left PEBB coverage
  - 38.2% of 8,139 requests were in the UMP Medicare population
- Of the 8,139 requests, 3,870 (47.5%) were approved on initial review
  - Members immediately switched from Tier 3 cost-share (50% of drug cost) to Tier 2 cost-share (30% of drug cost, capped at \$75 per 30-day supply)
    - Example: Trulicity from \$387.60 per month to \$75.00 per month (81% decrease)
  - 74.8% of specialty requests were approved on initial request

# Member Experience (*cont.*)

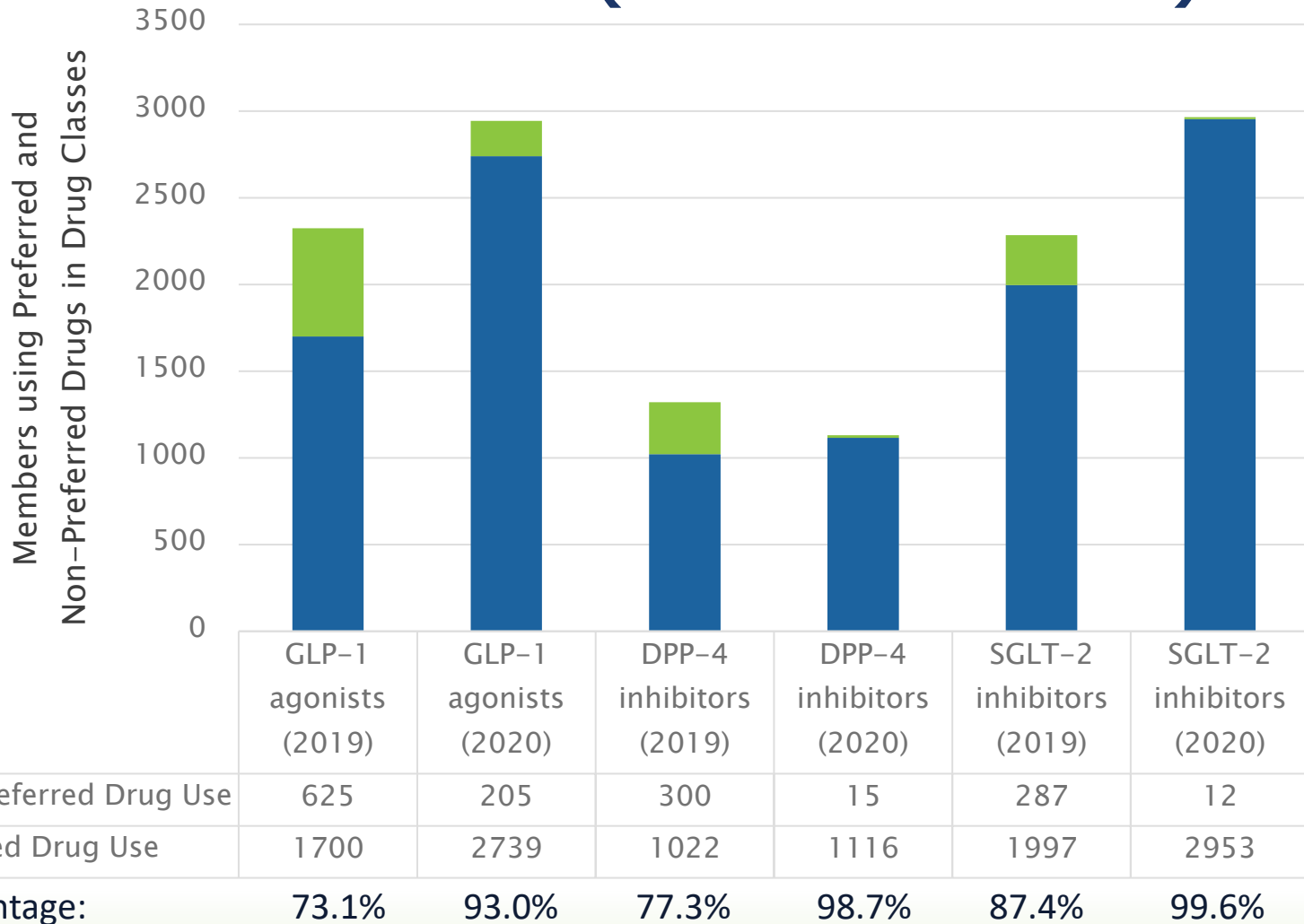
- Denial rate lower than Tier 3 Exception rate between 2015 to 2019:
  - 52.5% denial rate for formulary exception requests versus approximately 70% denial rate for Tier 3 exceptions
- Of the 4,390 denials on initial review:
  - 40% were due to not meeting FDA approved criteria
    - For example, per FDA label, rifaximin (Xifaxan) is authorized for a total of three courses per lifetime for IBS-D.
  - 33% were because they did not try all preferred alternatives
  - 16% were because they did not try any preferred alternatives
  - 9% were due to not meeting clinical policy criteria

# Member Appeals and Complaints



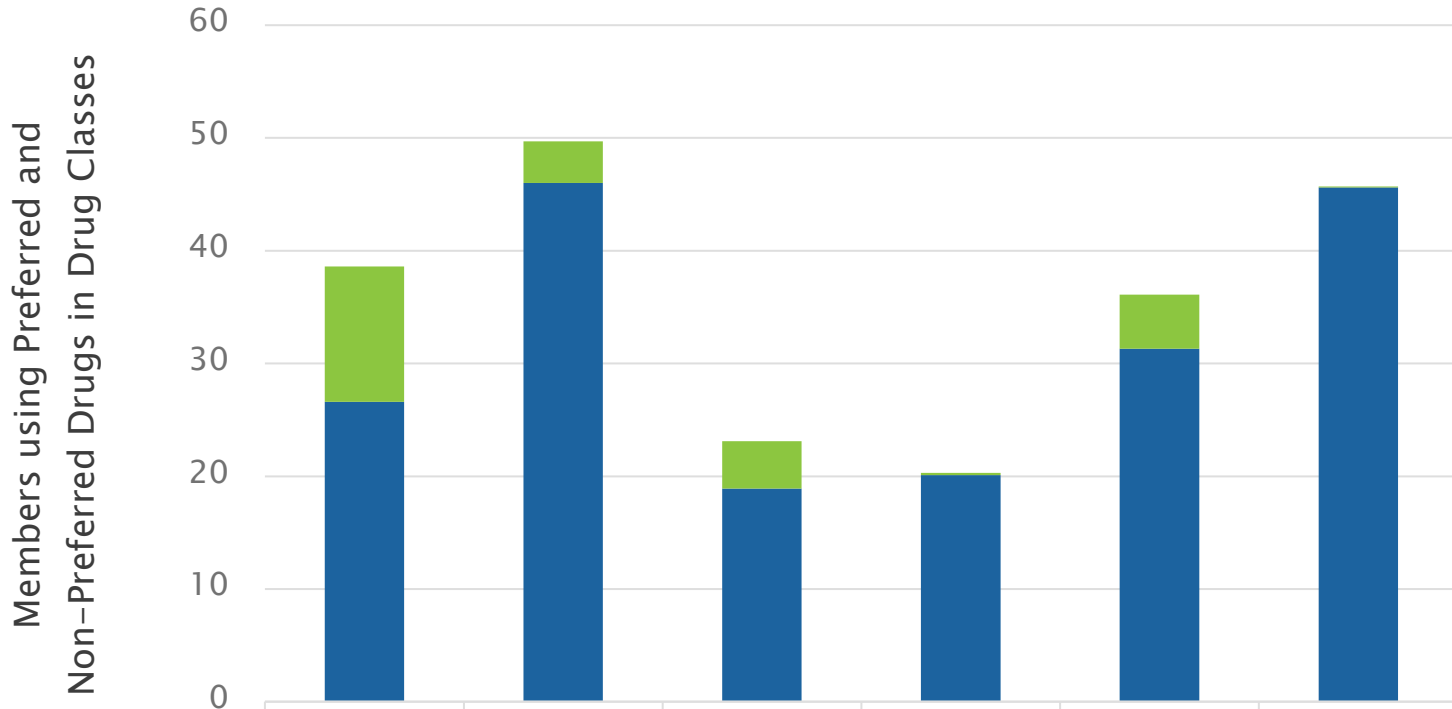
Of the 4,390 denials, 287 were appealed (6.5%). Of those appeals, 132 were overturned (46%) when new information was presented or following trial of preferred alternatives.

# Preferred Use (2019 to 2020)





# Scripts/1000 (2019 to 2020)



	GLP-1 agonists (2019)	GLP-1 agonists (2020)	DPP-4 inhibitors (2019)	DPP-4 inhibitors (2020)	SGLT-2 inhibitors (2019)	SGLT-2 inhibitors (2020)
Non-Preferred Drug Use	12	3.7	4.2	0.2	4.8	0.1
Preferred Drug Use	26.6	46	18.9	20.1	31.3	45.6
Percentage:	68.9%	92.6%	81.8%	99.0%	86.7%	99.8%

# Member Experience

- Resolved member equity issue
  - Members do not need to know about an exception process to be able to qualify for reduced cost-share
- Provided member savings
  - Members who could not take any preferred drugs now receive their prescriptions at a Tier 2 cost-share (30%, \$75 cap per 30 days)
- Addressed Board concerns
  - Members were approved on 47.5% of initial reviews, and denials were directed to preferred alternatives

# Questions?

Ryan Pistoiresi, PharmD, MS  
Assistant Chief Pharmacy Officer  
Clinical Quality and Care Transformation (CQCT)  
[ryan.pistoiresi@hca.wa.gov](mailto:ryan.pistoiresi@hca.wa.gov)