

**Public Employees Benefits Board Meeting**  
**Meeting Minutes**

March 17, 2021  
Health Care Authority  
Meeting Held Via Zoom  
Olympia, Washington  
12:00 p.m. – 5:00 p.m.

The Briefing Book with the complete presentations can be found at:  
<https://www.hca.wa.gov/employee-retiree-benefits/about-pebb/schedules-agendas-minutes>

**Members Present:**

Sue Birch, Chair  
Harry Bossi  
Yvonne Tate  
John Comerford  
Leanne Kunze  
Elyette Weinstein  
Tom MacRobert  
Scott Nicholson

**PEB Board Counsel:**

Michael Tunick, Assistant Attorney General

**Call to Order**

**Sue Birch, Chair**, called the meeting to order at 12:07 p.m. Due to COVID-19 and the Governor's Proclamation 20-28, today we're meeting via Zoom only. Sufficient members present to allow a quorum. Board self-introductions followed.

**Meeting Overview**

**David Iseminger**, Director, Employees and Retirees Benefits Division, provided an overview of today's meeting.

Today HCA is starting a new tradition. At the beginning of each Board meeting, we will highlight a different part of the state and provide information about the communities we serve in that county, or region, of the state. HCA staff that are presenting throughout the meeting will highlight an image from that part of the state as their background. It's a

way to highlight health disparities in communities served by the PEBB Program; while at the same time, highlighting some of the natural beauty of our state as we continue to be at home and not traveling.

Today we're starting with Chelan County. The image you'll see from subsequent presenters will be an image that's near Leavenworth. Currently in that region, there's higher unemployment compared to the statewide average and a higher rate of uninsured residents. There's about a 9.5% uninsured rate. Overall, there's a lower rate of cardiac and cancer related deaths. They're better than the statewide average on incidents of low birth rates and better than statewide averages when it comes to opioid addiction. There were fewer instances of opioid addiction and higher performance in providing opioid treatment to those who are suffering with opioid addiction.

When looking at some of the purchasing strategies with the Health Care Authority in the PEBB and SEBB Programs, we had some trouble breaking into value-based purchasing strategy designs with providers in the area. At the beginning of this year, the UMP Plus Puget Sound High Value Network product offering was expanded to include Douglas and Chelan counties. Confluence Health signed an agreement with Puget Sound High Value Network, and they continue to have a commitment. In fact, we have ongoing conversations with all of the major hospital systems in the area, with a willingness to engage in work on value-based purchasing in the future.

The last thing I'll highlight are the demographics of the county we serve. In the PEBB Program, we have about 4,000 PEBB Program members, which represents 5% of the entire population of Chelan County. In the SEBB Program, we similarly have another 5% of the population we serve. Between SEBB and PEBB, 10% of Chelan County residents get their coverage through either the PEBB or SEBB Programs. In addition, we have about a third of the population in Chelan County covered by Medicaid, which is the other very large program run by the Health Care Authority. Approximately 44%-45% of all individuals living in Chelan County are served by programs administered by the Health Care Authority. That shows the power of purchasing we have at the Health Care Authority for the individuals we're serving in Chelan County.

I will end my opening remarks with a land acknowledgement statement. The room that I'm in with Connie, Jesica, and Kristen for this meeting is physically in Olympia. We're on the traditional territories of the Coast Salish people, specifically the Nisqually and Squaxin Island people. Olympia and the South Puget Sound region are covered by the Treaty of Medicine Creek, which was signed under duress in 1854. We want to acknowledge the tribal governments and their roles in continuing to take care of these lands today.

**Sue Birch:** Thank you, Dave. I appreciate your sensitivity about helping us broaden our perspective and view. I think this is a fabulous idea and appreciate the tie-in with equity and the work we are trying to lean into. So, bravo, to you and your team.

### **Approval of Meeting Minutes**

#### **Approval of May 28, 2020 Meeting Minutes**

Leanne Kunze moved, and Elyette Weinstein seconded a motion to approve the minutes as written. Minutes approved by unanimous vote.

## **Approval of June 17, 2020 Meeting Minutes**

Tom MacRobert moved, and Elyette Weinstein seconded a motion to approve the minutes as written. Minutes approved by unanimous vote.

## **Follow Up from January 27, 2021 Board Retreat**

**Dave Iseminger:** Slide 2 – Follow Up. There was a request for a reminder of the benefit design offerings for chiropractic, acupuncture, and massage therapy within the Uniform Medical Plan. The chart highlights what the coinsurance is for each of the treatments under each of the plans, as well as the treatment limitations. HCA is working on additional insights about utilization.

Slide 3 – Follow Up (*cont.*). Tom, I'm not sure what triggered a different question so, unfortunately, all I can do is answer the question I wrote down. You had some questions about what the enrollment is in Grays Harbor and San Juan Counties broken down by plan and this slide has the enrollment information you requested.

**John Partin:** Dave, I believe this came up in a conversation around the service areas and a concern those counties didn't have options from a care perspective.

**Dave Iseminger:** Slide 4 - Follow Up (*cont.*). During the Board Retreat, we had the initial conversation that this Board season we'll be talking about the potential for migrating over additional plan offerings from the SEBB portfolio. Scott asked about customer service survey information related to those plans. Those surveys have been completed, but the analytics won't be available until later this Board season.

Slide 5 – SEBB Premera. On a similar note, Harry requested information about the Premera plans that exist within the SEBB portfolio. This slide is a high-level overview of the two core Premera plans in the SEBB portfolio that have a robust service area offering. In the SEBB Program, there are currently three Premera plans. The two on this slide have a benefit design available in 29-33 counties of the state. The third plan has a service area of three counties. HCA opted, for now, to highlight the plans with the most robust service areas. As we go further into Board season and talk about the specific plans, you'll see comparisons that align with the structure of this page. This was a good opportunity to orient you as to how we'll present things in the future.

## **Executive Session**

The Board met in Executive Session pursuant to RCW 42.30.110(1)(l), 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.

## **Agenda Item: 2021 Legislative Session**

**Cade Walker**, Executive Special Assistant, ERB Division. Slide 2 – Number of 2021 Bills Analyzed by ERB Division. This slide shows the number analyses the ERB Division has performed as of March 5. ERB lead bills are those that our Division, the Employees and Retirees Benefits Division, have been tasked to lead the analysis on for the agency. Another division is leading the work on bills in a support position.

A high priority bill has a fiscal impact of greater than \$50,000 to the Program, or an impact on rules or policies. If a bill does not meet those two criteria, they are

considered low priority. Currently we're tracking 26 lead bills, 13 of which are high priority. The ERB Division will focus on those 13 bills the most.

Last year the ERB Division started doing analyses on legislative hearings on our lead and high priority bills we're tracking. We have conducted 51 different analyses to date.

Slide 3 – 2021 Legislative Session – ERB High Lead Bills. This slide is our process funnel for the legislative session that we bring back every year because it continues to be a useful graphic to see how bills become law and the status of the bills we're tracking. There has been some movement since March 5 with two of our bills we're lead on making it to the opposite chamber rules committee or the floor. The next cutoff is March 26 where any piece of legislation currently in the opposite chamber's policy committees need to be voted out of committee. The opposite chamber fiscal cut off is April 2, voted off the floor by April 11, and final passage by April 25 before the Governor reviews to sign or veto.

Slide 4 – Upcoming Session – Agency Request Legislation. Our Division is tracking a piece of agency request legislation, Senate Bill 5322: Prohibiting dual enrollment between SEBB and PEBB Programs. It has already moved through the Senate and currently on the House floor for second reading. It's two cut-offs ahead! It has not received a negative vote moving through any of the committees or on the Senate floor. HCA requested this bill for clarification on dual enrollments.

The dual enrollment prohibition legislation passed by the Legislature last year, Engrossed Substitute Senate Bill 6189, is for health benefits offered by either program. If you choose to enroll in the PEBB Program, you receive your health benefits through that program, or if you enroll in the SEBB Program, you receive your health benefits through the SEBB Program. There's no crossing over. LTD, Life, and AD&D benefits will still be received through the program in which you are employed. If you're a dependent and have eligibility for those benefits, you can be enrolled as a dependent dually in life insurance for AD&D. There's no prohibition on that. This bill refers to medical, dental, and/or vision if it's the SEBB Program. The bill sponsor is Senator Robinson.

**Dave Iseminger:** To clarify, I believe the bill is still in the Rules Committee, eligible to be moved to the Senate floor.

**Cade Walker:** Slide 5 – House Bill 1052 – Group Insurance Contracts. We are also closely tracking this critical piece of legislation, which HCA supports. HCA did not sponsor or request this legislation. It came from the Office of the Insurance Commissioner. It aligns the insurance code with long standing HCA statutory requirements that state agencies engage in performance-based contracting, which we refer to as performance guarantees in our contracts with our vendors to ensure the services provided to our PEBB and SEBB populations are consistent with our contracts. An example would be that health care claims are processed timely and accurately. All of our vendor contracts have customer service metrics to ensure calls are being answered timely and the drop rate is meeting certain metrics, etc.

This legislation was previously introduced as part of another piece of legislation last year. It did not make it through the cycle to become a law. This year, this specific

aspect of that legislation was carved out and put into a standalone bill. It's been moving quickly through the process. It's been referred to the floor but not yet to the Senate floor. We will continue to monitor its progress.

**Dave Iseminger:** This bill has no negative votes so far in the Legislature.

**Tom MacRobert:** When you talk about timeliness in holding carriers accountable, does that also include the reimbursement to the providers? Is that also part of that consideration, making sure provider claims are processed in a timely manner?

**Cade Walker:** To clarify slightly, Tom, the legislation is aligning the insurance code with the general concept of performance standards being permitted in our contracts. There was a gap, an interpretation, based on reviews from the insurance code that it wasn't clear one way or the other. There was some ambiguity about whether the existing insurance code allowed for performance standards to be put into contracts at all because of potential issues related to the approval of the rates and premiums by the Office of the Insurance Commissioner. This legislation is not about the specific types of performance standards. In general, does the insurance code allow for large-group employers to include performance standards in their contracts with their carriers? You're asking specifically does this implicate the claims processing for providers? The question isn't addressed by the intent of the legislation.

**Dave Iseminger:** Tom, I think part of your question is do the existing performance guarantees in our contracts include the type of standard you described on provider reimbursement. The short answer is yes. When we talk about claims adjudication, it's adjudicating the claim in its entirety, which is against the benefit design, who pays what, where, and making that actual payment. As Cade said, this legislation was about the concept in general of being able to have these clauses in our contracts. Was that helpful?

**Tom MacRobert:** Yes, thank you.

**Cade Walker:** Slide 6 – Topical Areas of Introduced Legislation. We're currently tracking the Paid Family and Medical Leave Program, HB 1073 and SSB 5097 amending the eligibility requirements. We're tracking that due to possible implications to our long-term disability (LTD) product.

We're also tracking Pharmacy and SB 5195 – Opioid Overdose Medication. This bill addresses expanding access to certain overdose reversal medications for individuals taken to emergency rooms for an overdose.

House Bill 1040 regarding eligibility for retiree benefits, has not made it out of its initial committee. That bill was to create an opportunity for members in the teachers' retirement system another opportunity to join PEBB Program retiree coverage. That did not make it out of committee.

Slide 7 – Topical Areas of Introduced Legislation (*cont.*). We've also been tracking bills with impact to provider and health care services. Those bills crossed out did not make it past a cut off and we don't see future movement happening. SB 5018 - the Acupuncture and Eastern Medicine bill, HB 1196/SB5326 – Audio Only Telemedicine,

and 2SSB 5313 – Heath Insurance Discrimination are still active. Legislation regarding expanded coverages for hearing instruments for children has not made it out of its last committee.

I included legislation regarding the public meetings and emergencies that impacts the Open Public Meetings Act because of the potential structural aspects it has on Board meetings. It does not impact the way the Board is meeting right now but codifies the emergency provisions put in place due to COVID-19, allowing for flexibility in the way open public meetings can be held to still comply with the law.

**Elyette Weinstein:** What happened to 5020 regarding the drug price increases? I did hear that hearing. Is there anything you would do differently next year? Do you have any recommendations?

**Cade Walker:** Assessing a Penalty on Unsupported Prescription Drug Prices? Is that the legislation you're referring to?

**Elyette Weinstein:** Yes

**Cade Walker:** It was introduced and referred to the Senate Ways and Means Committee. I do not see that it was heard at all by Senate Ways and Means. That's what I can tell you. What I can't tell you is a great strategy for how to have that bill get more traction next year. I'm not the right person to answer your question. I think there's a lot of politics involved.

**Dave Iseminger:** Elyette, Cade's going to have a legislative update presentation at the next Board meeting. I'll put your question on the follow-up list, either for my follow-up at the beginning of the next Board meeting, or as part of Cade's presentation.

**Elyette Weinstein:** Thank you.

### **K-12 Non-Medicare Retiree Update**

**Molly Christie**, Fiscal Information and Data Analyst, ERB Rates and Finance. Slide 2 – Legislative Report. HCA submitted the K-12 Non-Medicare Retiree Risk Pool Report and Implementation to the Legislature in January 2019 analyzing the most appropriate risk pool for retired and disabled school employees. The health insurance industry uses risk pooling to calculate premiums when you have a group of people with different medical risks and associated costs. In a risk pool, members who use more benefits and who are costlier are offset by members who use fewer benefits. There is a single premium assigned to all members in that risk pool.

Slide 3 – Current Risk Pool Structure. In the current risk pool structure for the PEBB and SEBB Programs, all school retirees are currently covered under the PEBB Program and Non-Medicare school retirees reside in the Non-Medicare PEBB risk pool alongside state employees and state retirees. Medicare eligible school retirees are grouped under the PEBB Program Medicare risk pool with state Medicare retirees. The SEBB Non-Medicare risk pool only covers school employees. Non-Medicare retirees benefit from lower premiums because they're included in the same risk pool as state employees, who tend to be younger and healthier. We refer to this in both the PEBB and SEBB Programs as the "implicit subsidy." School districts pay a fee called the "K-12

remittance” to the PEBB Program to account for this subsidy, as well as a premium subsidy for Medicare eligible school retirees. I should clarify that school retirees and state retirees both benefit from that premium subsidy. The K-12 remittance is built into the SEBB Program funding rate.

**Dave Iseminger:** HCA says “K-12 remittance” in our vocabulary. In K-12 and school districts, it’s often called “the carve out.” Those are synonymous terms.

**Molly Christie:** Slide 4 – 2019 Report Recommendation. In consultation with both Boards, HCA recommended creating a new Non-Medicare risk pool under the SEBB Program that would include school employees, as well as school retirees who are not yet eligible for Medicare. The primary consideration in our analysis was member experience and plan choice.

Slide 5 – Impacts. Under the new risk pool scenario, newly retiring school employees who are not yet eligible for Medicare would be able to select from the same SEBB plans they had when they were school employees while they were employed. Non-Medicare school retirees already covered under PEBB would stay in the PEBB Non-Medicare risk pool for continuity of benefits. All retirees, as is current practice, would stay in the PEBB Medicare risk pool once they’re Medicare eligible.

Based on analysis by Milliman, the recommended risk pool scenario would result in up to a 1% increase in SEBB Non-Medicare bid rates, and then a decrease in PEBB Non-Medicare bid rates of the same magnitude because retirees have, on average, higher medical costs. Most of these costlier retirees will age into Medicare probably in the next three to five years, lowering the risk profile and associated costs in the PEBB Non-Medicare risk pool. Then, inversely on the SEBB side, new Non-Medicare school retirees will slowly enter that new SEBB Non-Medicare risk pool causing a minor increase in overall costs. To put it simply, current school retirees will slowly leave the PEBB Non-Medicare risk pool and the new retirees will slowly enter the SEBB Non-Medicare risk pool. That’s why we’ll see that minor decrease in PEBB bid rates and a minor increase in SEBB bid rates over time. Employees pay a percentage of the bid rate based on the employer contribution established under collective bargaining. Any impacts to employee premiums under the recommended risk pool scenario would be minimal, or even zero.

Slide 6 – Considerations & Next Steps. What we found while preparing for a January 2022 implementation date for these changes was there are statutory changes required to make modifications to the SEBB and PEBB risk pools because they are in statute. HCA anticipated making those legislative changes during this 2021 session, but based on how things are going this year, it won’t happen for 2022. We will keep the Board apprised of when the statutory changes are in place and the anticipated implementation date.

**Dave Iseminger:** It’s a timing issue not a substantive issue with the recommendation. By the time we fully appreciated and understood the statutory change needed, it became apparent it would not happen during this legislative session. HCA will focus on the statutory changes during the 2022 session.

**Molly Christie:** Slide 7 provides a link to the report.

## **Medical Flexible Spending Arrangement (FSA) & Dependent Care Assistance Program (DCAP) 2021 Leniency**

**Leanna Olive**, Senior Account Manager, ERB Division. Today, I'll refresh the Board on the Medical Flexible Spending Arrangement Benefits that are available to PEBB Program members, and the measures undertaken to protect the pretax funds of the participants during COVID. Per 41.05 RCW, the Health Care Authority is authorized to offer and implement these benefits.

Slide 3 – Salary Reduction Plan. The salary reduction plan makes it possible for employees to reduce their salary through payroll deduction to participate in tax advantaged benefits. Two available benefits are: Medical Flexible Spending Arrangement (FSA) where employees can deduct up to \$2,750 from their paychecks for 2021 to be used for eligible out-of-pocket medical costs. A participant's annual deduction is available the first day of the plan year and funds can be incurred and spent through a grace period into March of the next plan year.

Second, the Dependent Care Assistance Program works in similar ways with key differences. It comes with a \$5,000 annual maximum election that can be used for eligible dependent care expenses. The \$5,000 maximum has not been changed for this benefit since the late 1980s. This account must be used by December 31 of the plan year and has no grace period. Funds are not *prefunded* and they can be used only after they're contributed through payroll deduction. Traditionally, the amount of the participant's annual election is determined during open enrollment and is locked in. There's no opportunity to change it without a qualifying event, such as a birth, adoption, or a divorce, that precipitates a special open enrollment.

Slide 4 – COVID-19 in the 2020 Plan Year. Last year, the pandemic hit tax advantaged accounts hard, including a statewide suspension of elective surgeries, closures that kept people from health care settings, and it changed the childcare marketplace even though people still needed childcare services, impacting participants' ability to utilize their tax advantaged accounts, making member losses possible.

Slide 5 - COVID-19 in the 2020 Plan Year (*cont.*) Historically, people spend a lot on their FSA in the first couple of months as the deductibles come due. This chart shows a dip from March through May due to COVID, then moderating the rest of the plan year.

Slide 6 - COVID-19 in the 2020 Plan Year (*cont.*) For DCAP, January was low because billing hadn't occurred yet. Claims started coming February through March with a slight dip in April. Once daycares began to reopen, there was a steady increase for the rest of the plan year. COVID had quite an impact on these benefits.

Slide 7 – Federal Actions Addressing FSAs. The IRS issued a memo last year allowing for certain leniency provisions to reduce significant impacts of COVID-19 on these particular benefits. HCA created a limited open enrollment, allowing members to open new DCAP and FSA accounts, or to raise or lower their annual elections, prospectively. PEBB Program participants took over 4,222 individual actions pertaining to their accounts. To address the same problem this year, the COVID Relief Bill passed last December by Congress created more prospective leniency opportunities.



Slide 8 – Actions for PEBB Program Participants. HCA is adopting several of these opportunities for plan year 2021. An extended 12-month grace period is being implemented for DCAP accounts, such that account holders can claim unspent 2020 funds using 2021 eligible expenses, which means unspent 2020 funds will not be forfeited until after January 31, 2021. Terminated employees can continue to incur costs throughout the plan year in which they were terminated without electing COBRA. Increased eligibility age for children in dependent care increased from age 12 to 13 years old. Currently, enrolled members will have the opportunity to make prospective changes to their FSA and DCAP annual elections three times in 2021, by the end of March, June, and September. Each agency sets their own deadlines within those months. An example would be that an agency imposes a March 20 deadline for any changes to be effective April 1.

Slide 9 – 2021 Communications. HCA received the notice of the leniency provisions in December 2020 and the majority of our communication efforts were sent in February. Navia Benefits Solutions, our third-party administrator, will continue to send emails to participants reminding them of this benefit.

**Dave Iseminger:** In the last week, Congress passed a very significant piece of legislation to the tune of \$1.9 trillion. Part of that legislation includes additional flexibility in the DCAP benefit, which HCA is currently reviewing. As Leanna mentioned, the maximum election has not changed since the late 1980s. This legislation allows for plans to allow increased elections up to \$10,500 for plan year 2021. We look forward to providing more information in the near future.

**Yvonne Tate:** I just want to say this is really great. It's a great benefit for employees. And in these times, with so much going on, I think it's the right way to go. I also hope the \$10,000 limit is also included. Thank you.

**Dave Iseminger:** Yes, Yvonne, it's not a matter of if, it's a matter of how, on the additional flexibility from the most recent legislation. HCA will find a way to allow that election. It's just the exact mechanism we're still working through.

**Sue Birch:** I want to put credit where it's due. Dave really pushed the IRS on this issue last year, and then spread it to the Purchaser Business Group on Health for the nation. I truly believe Dave's voice from the outside world moved this along, and I really want to thank you and your team, Dave, for making this such a top priority issue.

**Yvonne Tate:** Kudos.

**Dave Iseminger:** FSA and DCAP have a special place in my heart, and I try to push the envelope on it whenever possible. We started hearing specific members in both the PEBB and SEBB Programs raising concerns about likely forfeitures last year, which I was able to quickly run with mentally, and I am happy the IRS was responsive, and that Congress continues to be responsive on this part of the benefit portfolio.

### **Annual Benefits Planning Cycle**

**John Partin,** Manager, Benefits Strategy and Design Section, ERB Division. Slide 2 – PEBB Benefits Cycle. Today I'll review the annual benefits cycle planning and ask for Board input. The cycle is generally 18 to 24 months. First, new benefit ideas are

identified, then staff review and develop those ideas and submit proposals where appropriate for the operating budget for evaluation. Those ideas are refined and brought back to the Board for review and an ultimate vote. Finally, implementation planning and execution.

Ideas can come from different areas: The Board, customer service, directly from members, information from payers, and claims reviews specific to UMP for PEBB. HCA looks at what's happening in the industry. I want to start the process with the Board today for ideas to implement in January 2023.

**Tom MacRobert:** When I'm looking at the slide, it says start March. January through March, start March 2021. Is that a cycle that will begin again next year, only it would start March 2022, and then every year. The loop repeats itself?

**John Partin:** That's exactly it. The start of each year we'd be looking for ideas for that next 18- to 24-month cycle.

**Dave Iseminger:** Tom, think of it as every 18 to 24 months we have an annual cycle. We're doing both the first year of the cycle and the second year of the prior cycle at the same time.

**John Partin:** What benefits or modifications to existing benefits do Board Members believe would be important to look at based on your knowledge of the groups of members you represent.

**Tom MacRobert:** I'd like a little time to think things out. Would it be okay if we sent you our ideas before the end of March?

**John Partin:** Yes. I think there's value in a group conversation here to try and spark ideas with others. But I understand you're on the spot so I'm fine with that approach.

**Leanne Kunze:** I would also like to consider what it would look like to be able to offer some form of fertility benefits for employees who are unable to conceive naturally. It seems like when we're looking across the market and recruitment retention, not having that being offered could be something that could impact recruitment and retention. In addition to wanting to address the whole diversity/inclusion piece that we all believe in.

**John Partin:** Leanne, I couldn't agree more with that one. HCA has worked on this previously, so we'll revisit that. It has come up in previous cycles. I joined the Health Care Authority in January and I've had a couple of conversations with different vendors that work in this space. They each have a slightly different flavor of how they handle the health equity side of it, and the programs they use to try to connect folks based on the inequities that exist, to the right provider. That's definitely worth us taking a look at.

**Scott Nicholson:** Leanne stole my thunder here. That was going to be my recommendation. I wanted to say reasons why I think it's so important. Over 40% of our new hires in the state of Washington are millennials. Millennials put off, for a variety of factors, having children, as well as other groups of people, including LGBTQ+. The average age of parenthood has increased to almost 30 years old from where it was decades ago. That is a new reality we find ourselves in, which has impacts on the

ability to conceive. I would love to see an expansion of treatment of fertility and/or infertility. I want to expand a little bit on the equity. When we talk about equity, there's also direct links between the ability to conceive, delayed conception, and the difficulty with working swing shifts, or your circadian rhythm gets off, from having to lift large amounts of heavy things, to working more than 40 hours a week. That's going to have an impact on certain populations more than others. Others may be able to have a single career family or household. I think this is critical and something I'd like us to explore.

**John Partin:** Scott, I would group some of your secondary points into the fertility piece. How do we help someone get pregnant, or conceive, or start a family? It's more of the latter, the family planning. I'll note that for the vendor review.

**Sue Birch:** John, continuing in this maternal child realm, I think we've paid for doulas. There's so much work being done about doulas and non-hospital birthing centers. I'm pretty sure we already pay for those, as Washington has a lot of dense maternity centers. But I think there's so much changing in the field of tele-obstetrics that everything in this telehealth environment, and particularly these other supportive paraprofessionals, that we have to continue to push into our equity lens. We have a new leader coming on the Health Care Authority who is a fabulous nurse practitioner in leading our equity efforts. I encourage you to visit with Quyen Huynh as soon as she arrives.

**John Partin:** Absolutely. One of the things that's come out internally as we've talked through pieces of this is the C-section rate, which for Washington had been even more of an issue a number of years ago. There have been great strides made in this area. During my time at Regence, I saw that work happening between Health Care Authority, us as a payer, and the providers trying to work on the C-section rates, and particularly second and subsequent C-sections. We made progress, but encouraging access to those alternative birthing arrangements, whether it's through a doula, midwife, alternative birthing center, all of those things also help impact that overall C-section rate. The clinical evidence is indisputable on the value of that. There are clinical situations where a C-section is the right approach. But I hear you loud and clear and I've jotted that down to include in the review.

**Yvonne Tate:** Mine is always the same, that is trying to increase the insurance benefits, life insurance, long-term, and short-term disability benefits. I still think they're meager compared to other governments and private employers.

**John Partin:** Yvonne, to clarify, you're calling out the basic benefit levels, the "employer-paid?"

**Yvonne Tate:** Yes.

**Leanne Kunze:** I would like to echo what Yvonne said. I also want to go back and echo, to make sure it's clear that it has wide support, of health equity and making sure that doula, birthing centers, and alternatives for maternal and child health are included. That's a significant equity piece. We're on the cutting edge in Washington in so many areas, so when we do lack in some of those areas, it's a bit surprising. It would be great to look at that. And then, also what Yvonne was saying, specifically long-term disability.

Increasing that benefit of what the employer provides, provides much more access and ability to keep people employed post-disability and maintain your basic needs during that time period.

**Dave Iseminger:** I appreciate the call outs from both Yvonne and Leanne about LTD. We have a proposal at the end of today related to an opt-out employee-paid benefit. I've tried to reassure people the fact that the employer-paid benefit is still a component of the overall benefit design proposal, which leaves open for another day conversations to focus on the employer contribution benefit piece. Good news! We already have a decision packet teed up. All we have to do is dust it off, resubmit it, and then maybe there'll be a coalition of support that can push for that together. A lot of work goes into that one, but I think the ongoing conversation we've had in recent years about LTD puts us in a good position for the more immediate change that's proposed, and also that long-term strategy related to the employer-funded benefit.

**Sue Birch:** John, the other thing I think could be very interesting is how we could augment or buy up in terms of case management. When you talk to folks that have family members with long-haul COVID impacts, and/or they're just too busy to figure out how they get in for their COVID vaccines, I'm wondering if the markets are going to start responding with some enhanced case management services, or how we might be able to look at a supplement, that case management care coordination for greater complexity.

**John Partin:** To be clear, what I'm hearing is that sort of care navigator, that folks can navigate the system and find what they need. Is that what you're thinking?

**Sue Birch:** Some people call it "enhanced primary care," some call it "case management," and some people call it "care coordination." It's like having an extra social work concierge benefit. I've heard corporations start talking about it. Leanne is smiling like she knows what I'm talking about. As an example, someone spent four hours trying to get their mother a vaccine. Are there any products we could add?

We can continue to feed John our ideas as they come up. It is not limited to this time, but he does need them soon in order to really dig into these.

### **Eligibility & Enrollment Policy Development**

**Stella Ng**, Senior Policy Analyst, **Emily Duchaine**, Regulatory Analyst, Policy, Rules and Compliance Section, ERB Division. There will be eleven proposed policy resolutions introduced today. Slides 2 and 3 are the RCW for your reference which provides the Board the authority to act on these resolutions. Slides 4 – 6 lists the proposed resolutions being introduced.

**Dave Iseminger:** There is a deliberate order to how the resolutions will be presented. There are similar dual enrollment resolutions for the SEB Board. I wanted the concepts of the second resolution to be the same in both Boards for easy reference. The numbering scheme helps HCA administratively keep things straight with such a complex topic.

**Stella Ng:** Slide 7 – Proposed Resolution PEBB 2021-01 – Removing the Retiree 2-year Dental Enrollment Requirement. The requirement for retirees maintaining a two-

year dental coverage has been in place for a long time. The current policy will apply to both Non-Medicare and Medicare retirees. Originally, the procurement with a two-year lock was tied to rate stability. HCA checked with our carriers and there is no concern about rates by removing this two-year dental lock. In response to our retirees long-standing concern, we are recommending a policy to remove this two-year requirement. If the Board approves this policy proposal, retirees can decide whether to drop their dental coverage during this year's open enrollment.

**Dave Iseminger:** This really is a very long-standing concern that's been raised by the retiree community. It ranks right up there with the words "Silver Sneakers" and "massage therapy." We wanted to take a hard look at this one given the longevity of the PEBB Program. Rate stability concerns simply aren't there at this point.

**Stella Ng:** Slide 8 – Proposed Resolution PEBB 2021-14 - Authorizing A Gap of 31 Days or Less Between Periods of Enrollment in Qualified Coverages During the Deferral Period. The PEBB Board has historically adopted policy resolutions allowing an eligible retiree, or survivor, to defer enrollment impact retirement insurance coverage while they're enrolled in other qualifying coverages. The list of qualifying coverages has evolved over time. In 1996, the Board first allowed a retiree to defer coverage if they enrolled in a PEBB or school district sponsored health plan as a dependent. In 2000, the Board approved employer-based group medical or such medical insurance continued under COBRA or continuation coverage. In the same year, the Board also approved federal retiree medical plan as a qualifying coverage. In 2006, the Board approved Medicare Parts A and B and a Medicaid program that provides creditable coverage. In 2013, the Board approved coverage offered under any health benefit exchange established under the Affordable Care Act and approved Champ VA coverage in 2018.

HCA discovered not all employers offered coverage on the first of the month and end coverage at the end of the month, sometimes creating a gap in coverage for the eligible retiree or survivor. This gap can occur upon enrollment in other qualifying coverage at the initial deferral or when moving between qualifying coverages during the deferral period. This proposal creates an exception to the Board's current deferral policy.

Slide 9 – Retiree or survivor requesting to enroll in a PEBB health plan after deferral. Example #1. Joan deferred PEBB retiree insurance coverage effective July 1, 2018 and is requesting to enroll in a PEBB retiree health plan effective September 1, 2021. In August 2021, Joan submits the required enrollment forms and evidence of continuous enrollment in other employer-based group medical coverage from July 1, 2018 through August 31, 2021. There are no gaps in enrollment greater than 31 days between periods of enrollment in qualified coverages during the deferral period. The evidence provided shows proof of uninterrupted coverage during the deferral period.

Slide 10 – Retiree or survivor requesting to enroll in a PEBB health plan after deferral. Example #2. George deferred PEBB retiree insurance coverage, effective May 1, 2017 and is requesting to enroll in a PEBB retiree health plan effective August 1, 2021. In August 2021, George submits the required enrollment forms and evidence of continuous enrollment in one employer-based group medical coverage from May 1, 2017 through May 31, 2020 and another employer-based group medical coverage from July 1, 2020 through July 31, 2021. There are no gaps in enrollment greater than 31

days between periods of enrollment in qualified coverages during the deferral period. The evidence provided shows a single gap of 31 days or less between the date the coverage was deferred, May 1, 2017, and the start date of the qualifying coverage July 1, 2020.

Slide 11 – Retiree or survivor requesting to enroll in a PEBB health plan after deferment. Example #3. Cathy deferred PEBB retiree insurance coverage effective May 1, 2017 and is requesting to enroll in a PEBB retiree health plan effective August 1, 2021. In August 2021, Cathy submits the required enrollment forms and evidence of continuous enrollment in one employer-based group medical coverage from May 1, 2017 through June 30, 2020 and another employer-based group medical coverage from August 3, 2020 through July 31, 2021. The evidence provided shows there is a gap of 33 days throughout the deferral period May 1, 2017 through July 31, 2021.

Slide 12 - Retiree or survivor requesting to enroll in a PEBB health plan after deferment. Example #4. Cindy deferred PEBB retiree insurance coverage effective June 1, 2016 and is requesting to enroll in a PEBB retiree health plan effective October 1, 2021. In October 2021, Cindy submits the required enrollment forms and evidence of continuous enrollment in one employer-based group medical coverage from June 16, 2016 through December 31, 2020 and federal retiree medical plan from January 16, 2021 through September 30, 2021. The evidence provided shows a gap of 15 days between the date PEBB retiree insurance coverage is deferred and the start date of the employer-based group medical coverage, and another gap of 15 days between the employer-based group medical coverage and federal retiree medical plan.

**Tom MacRobert:** Let's assume I'm using the example of Cathy and on May 1, 2017, I retire. I look at how much my monthly health care is going to be under the PEBB retiree plan and decide that I can't afford it." I know in August 2021 I will be eligible for Medicare, and I have plans to set up a business to supplement my income between May 2017 and August 1, 2021. If I'm understanding this correctly, I would lose my eligibility if I could not show some form of health care between May 1, 2017 and August 1, 2021. I would not be eligible to sign up for a PEBB-based health care plan, correct?

**Stella Ng:** Yes, that's correct.

**Tom MacRobert:** Is that a rule we created? Where does that rule come from?

**Dave Iseminger:** Tom, the origin and genesis of the deferral rule is about capturing ultimate plan liability that can exist within the portfolio. If somebody were to go uninsured, the thought process is that they would likely be foregoing care and coverage, injecting additional risk within the risk pool by allowing people to flow in and out of insurance rather than maintaining insurance continuously and mitigating some of that risk by spreading that risk across multiple years in the program.

Eligibility under the statute originally said you had to enroll *immediately* upon entering retirement. There was no concept of the deferral. The deferral rule was brought about by the Board in roughly 2000 to accommodate some of these instances where people may have other coverages. They may have a spouse. Many people are not married to a spouse that is of the exact same age, and they may just jump onto their spouse's employer-sponsored health care because it has a greater subsidy than any other health

insurance option. My understanding is the Board and prior HCA staff identified there was this gap where individuals were maintaining coverage, getting care along the way, but losing eligibility anyway. That's where the deferral rule came from in its original inception.

Over time, the types of coverage that qualify while you're out on deferral has been expanded. This piece was occurring a little bit more in recent years. I'm not saying it happens regularly, but a little more often in appeals where individuals really were trying to follow the spirit of the deferral rule, and by no fault of their own, for example, their spouse changed jobs from Boeing to Amazon. They lost coverage under one employer mid-month because that was company policy. For example, the private employer may say your last day of work is your last day of coverage. When going to work for company two, they don't get benefits until the first of the next month, so they have this small gap in coverage. It wasn't a systemic piece where there's all this risk building up for deferred care. That's what we were trying address with this policy resolution.

**Tom MacRobert:** Thank you. That'll answer it for now.

**Stella Ng:** Slide 13 – Proposed Resolution PEBB 2021-15 - Rescinding PEBB Policy Resolution #4 SmartHealth (as adopted on July 12, 2017). This previously adopted policy resolution established an eligibility framework for a \$25 gift card incentive negotiated in the Collective Bargaining Agreements. This incentive did not replace the \$125 deductible or health savings account deposit incentive. This was a separate, additional incentive that could be earned. HCA recommends rescinding this policy resolution because it is not in the new Collective Bargaining Agreement.

Slide 14 – The technical request to rescind PEBB Policy Resolution #4 - SmartHealth as adopted by the Board in 2017.

**Leanne Kunze:** Could the savings met by rescinding this resolution be provided to the Board if this were adopted?

**Dave Iseminger:** We can bring that back as part of a final presentation on this resolution. You're asking for the historical expenses related to the gift card and a projection of what it would have cost in the next biennium.

**Emily Duchaine:** Slide 15 – Proposed Dual Enrollment Policy Resolutions addressing dual enrollment prohibitions in conjunction with Senate Bill 5322. Slide 16 – RCW 41.05.742 – Single Enrollment Requirement. Under current statute, individuals are already limited to a single enrollment in medical, dental, and vision plans among PEB and SEB Boards' plans.

Slide 17 - Senate Bill 5322: Refining the Dual Enrollment Prohibition. This slide amends RCW 41.05.742 by striking through language that allows individuals to be enrolled across different types of plans in both the PEBB and SEBB Programs and adds language specifying that an individual is limited to a single enrollment in either the PEBB or SEBB Program.

Slides 18 and 19 are RCW 41.05.065(8) and RCW 41.05.050(1) for your information as the Board considers the policies being presented.

Slide 20 – Resolving the Issue of Dual Enrollment in PEBB and SEBB Benefits. This presentation is a bit different than what we usually do. Normally, we introduce the resolution and provide one or more examples of how the resolution is intended to work, but first I will share information as a foundation to our approach. The resolutions are intended to work in tandem with one another. Considerations were taken with limitations, language used, guidelines and principles for resolving dual enrollment, etc.

Slide 21 – Challenges and Limitations in Implementing the Requirements of Resolving Dual Enrollment. Some questions could be: How do we connect with a member? What is our current technology capable of? What is the Board’s authority? What are federal requirements and IRS rules?

Slide 22 – Language Used Throughout This Presentation defines the language used in the proposed resolutions.

Slide 23 – Examples of Current Dual Enrollment in the PEBB and SEBB Programs. This slide identifies current dual enrollment issues and Slide 24 – Examples of Future Dual Enrollment in the PEBB and SEBB Programs identifies potential issues going forward.

Slides 25 through 28 identifies how employees will be informed that there is an issue with their account, how they can resolve the issue, how they can avoid being dual enrolled, and what happens if they do not act to resolve the dual enrollment issue.

Slide 29 – Guidelines/Principles for Resolving Dual Enrollment. Today’s resolutions are intended to establish policies to enable the member to resolve their issues or the HCA to resolve if no action is taken.

Developing these resolutions has been a very organic process, and it will continue to be an organic process well beyond implementation. There will be lessons learned and situations we didn’t anticipate.

The resolutions for your consideration are:

Slide 30 – Proposed Resolution PEBB 2021-02 - Employees May Waive Enrollment in Medical. This resolution would enable employees to waive PEBB dental only when they waive PEBB medical for SEBB medical, and only on the condition that they also enroll in a SEBB dental plan, and a SEBB vision plan, which is currently not allowed.

Slide 31 – Waiver of Coverage (as approved in May 1995) Proposed to Rescind Effective January 1, 2022. “Other coverage” has always meant employer-based group medical. The resolution should reflect current and historical practice. Allowing re-enrollment in PEBB benefits is already captured elsewhere throughout policy and rule. We're making a substantive change and adding the exception language to allow waiving PEBB medical and PEBB dental for SEBB medical, SEBB dental, and SEBB vision.

Slide 32 – Proposed Resolution PEBB 2021-03 - PEBB Benefit Enrollment Requirements When SEBB Benefits Are Waived.



HCA's intent is for both the PEBB Board and the SEB Board to work together to enact policy resolutions that impact both Boards.

Slide 33 – Proposed resolution PEBB 2021-04 - Resolving Dual Enrollment When an Employee's Only Medical Enrollment Is In SEBB. This resolution resolves the issue of dual enrollment for an employee not enrolled in PEBB medical, who gets their medical from SEBB, but is still in PEBB dental.

Slide 34 – Proposed Resolution PEBB 2104-04 – Example #1.

Slide 35 – Proposed Resolution PEBB 2021-05 - Resolving Dual Enrollment Involving Dual Subscriber Eligibility. This resolution is to resolve the issue of dual enrollment for an employee who is enrolled in both PEBB medical as an employee and SEBB medical as a school employee, or they're not enrolled in medical under either program but have PEBB dental, SEBB dental, and SEBB vision because they're dual eligible for both PEBB and SEBB. The intent of the resolution is to keep the individual in the program where they've received their benefits the longest.

Slides 36 and 37 – Proposed Resolution PEBB 2021-05 – Example #1.

Slides 38 and 39 – Proposed Resolution PEBB 2021-05 – Example #2.

Slide 40 – Proposed Resolution PEBB 2021-06 - Resolving Dual Enrollment Involving a PEBB Dependent with Multiple Medical Enrollments. This resolution is to resolve the issue of dual enrollment for an employee's dependent enrolled in any PEBB benefits and also enrolled in SEBB medical as a SEBB eligible school employee.

Slides 41 and 42 – Proposed Resolution PEBB 2021-06 – Example #1.

Slides 43 and 44 – Proposed Resolution PEBB 2021-06 – Example #2.

The intent of this resolution is to keep the individual in the program where they're enrolled in medical.

Slide 45 – Proposed Resolution PEBB 2021-07 - Resolving Dual Enrollment Involving A Member with Multiple Medical Enrollments as a Dependent.

Slides 46 through 48 – Proposed Resolution PEBB 2021-07 – Example #1.

Slides 49 and 50 – Proposed Resolution PEBB 2021-07 – Example #2.

Slide 51 – Proposed Resolution PEBB 2021-08 - PEBB Benefit Automatic Enrollments When SEBB Benefits are Auto-Disenrolled. This resolution resolves an issue that arises if the dependent is kept in PEBB medical coverage, auto-disenrolled from SEBB medical coverage, but does not have PEBB dental. The dependent would go on the employee's dental if they were not already enrolled since a condition for waiving enrollment in SEBB medical is to also be enrolled in PEBB dental.

Slides 52 and 53 – Proposed Resolution PEBB 2021-08 – Example #1.

Slide 54 – Proposed Resolution PEBB 2021-09 - Enrollment Requirements When an Employee Loses Dependent Coverage in SEBB Benefits. This resolution addresses an employee who waived PEBB medical and PEBB dental, was enrolled in SEBB benefits as a dependent, and dropped by their spouse. The employee would need to return from waive status and enroll in PEBB medical and PEBB dental. The employee could waive PEBB medical if they had Medicare, TRICARE, or other employer sponsored coverage, but would still need to enroll in PEBB dental since waiving PEBB dental is only allowed if the employee is waiving for SEBB medical.

Slide 55 – Guidelines/Principles Recap. This slide recaps the list of guidelines and principles followed when developing these resolutions and determining how to resolve employees' dual enrollment when the employee does not act on their own after HCA gave them the opportunity to do so.

**Dave Iseminger:** This is an extraordinarily complex topic. As you can see, there's a lot of relationships between these resolutions. Our hope is that HCA has minimal times where applying the logic in these resolutions is needed. With approximately 700,000 members between the two programs, I feel confident we've addressed the vast majority of instances with this comprehensive set of eight resolutions. But inevitably, we may have missed something, and we'll be back to the Board with any iterative changes deemed necessary.

Chair Sue Birch had to step out and she delegated the rest of her chair responsibilities for this meeting over to Chair Pro-Tem Lou McDermott.

**Tom MacRobert:** Although you're right, it's a very complicated process with all of those different resolutions, I want to say that staff did a wonderful job, if you were the ones that put together those scenarios that make the resolutions very understandable. It certainly helped me understand what each one was about. So very well done. Thank you very much.

**Dave Iseminger:** There was a whole team. Emily was a key part of that team, along with Barb Scott, Cade Walker, and our Assistant Attorney General. Hopefully, I haven't missed anyone, but there was a whole team focused on those resolutions.

**Elyette Weinstein:** Dave read my mind a few slides ago and what I was thinking about PEBB dental. I'm not clear, although I've read the guidelines and policies, on what happens in that scenario. It seems like it was 12 years back, frankly. We've covered so much. Was a person dropped from PEBB dental?

**Dave Iseminger:** If you are looking at the scenario in Resolution PEBB 2021-04, this is the hard part. Whenever you stack these resolutions, putting them in the natural order, there was no way to order them to cover all instances. This topic was separated by multiple resolutions. Looking at Resolution PEBB 2021-04, that individual was being disenrolled from SEBB Program coverage where they have mandatory dental and vision today, just like a PEBB Program person has mandatory dental today. But in that scenario, because they were a dependent in PEBB medical, they didn't have an affirmative dental plan within the PEBB Program. Because HCA would prioritize medical over dental, they are disenrolled from their dental and vision over in the SEBB Program, which looks like they suddenly don't have dental coverage or vision coverage.

But they do have vision because they're in a medical plan in the PEBB Program and vision benefits are embedded in medical with PEBB medical. That means the dental component is left and that's where Resolution PEBB 2021-08 picks up and says, "If you are disenrolled from SEBB because of PEBB 2021-04, you're going to be auto-enrolled in dental in PEBB."

The reason HCA is focused on medical prioritized over dental is because medical has an employee premium contribution. If HCA tried to enroll and disenroll people in medical, suddenly there is an extra layer of IRS rules to consider. HCA focused on disenrollment and auto-enrollment for dental and vision because those are fully employer-paid benefits where it's much easier to say there's not going to be a harm to the paycheck of the individual and to put them in the related account on that specific benefit. PEBB 2021-04 and PEBB 2021-08 work together. It's unfortunate they're separated in the resolution numbering scheme, but we felt it would be less confusing ensuring there is no gap of any coverage, which was one of the guiding principles.

**Elyette Weinstein:** Okay. Thank you.

**Emily Duchaine:** Slide 56 – Next Steps. HCA requests your feedback on the proposed resolutions by March 29, 2021, for action at the April 14 Board Meeting.

### **Long-Term Disability (LTD) Insurance**

**Kimberly Gazard**, Contract Manager, Portfolio Management & Monitoring Section, ERB Division. Slide 3 – Proposed Employee-Paid LTD Benefit. This slide is a benefit summary of the proposed LTD redesign. Subscribers can opt-out at any time with the cancellation being effective the first day of the following month.

Slide 4 – Comparing Current to Proposed. This slide compares the current 60% plan with the proposed 60% default plan, which increases the maximum monthly benefit to \$10,000 from \$6,000. The minimum monthly benefit also increases from \$100 from \$50, or 10% of the LTD benefit before deductible income. The 90 days benefit waiting period will change to 90 days, the period of sick leave, and/or the period of the Washington Paid Family and Medical Leave, whichever is greater. All PEBB Program subscribers and the 120 through 360 benefit waiting periods will be transitioned to 90 days.

Slide 5 – Employer-Paid LTD Benefit. When comparing the current employer-paid plan, there is an increase in the minimum monthly benefit, to \$100 from \$50, or 10% of the LTD benefit before deductible income. The benefit waiting period would also change to 90 days, the period of sick leave, and/or the period of the Washington Paid Family and Medical Leave, whichever is greater.

Slide 6 – Implementation Timeline. Once the Board votes next month, Standard and HCA would work on finalizing the new policy language and submitting it to the Office of the Insurance Commissioner, with a target approval date by September, so communications can begin with employers and employees prior to open enrollment.

Slide 7 – Proposed Opt-Out Employee-Paid LTD Starting January 1, 2022. New hires would be auto-enrolled in the 60% default plan with coverage effective the first calendar day of the following month. They would receive a letter letting them know they have

their 31-day new hire period to opt-out. Subscribers can opt-out at any time but would be subject to evidence of insurability (EOI) if they choose to re-enroll in either plan. Canceling coverage after the 31-day new hire period would be effective the first day of the following month from the cancellation date. What was referred to as supplemental is now referred to as “employee-paid.”

Slide 8 – Proposed Opt-Out Employee-Paid LTD Starting January 1, 2022 (*cont.*). In fall 2021, existing subscribers would be sent a letter letting them know they're being auto-enrolled in the 60% default plan with coverage effective January 1, 2022. They would be notified of their option to opt-out prior to their first payroll deduction. After January 1, 2022, subscribers can still opt-out at any time, but the cancellation would be effective the first day of the month following the cancellation date. EOI would be required to re-enroll in the employee-paid LTD. If an employee were to buy-down to the 50% option and chose to later increase up to the 60% coverage plan, they would be subject to evidence of insurability because they would be buying-up not down.

Slide 9 – Opt-Out Communication Strategy. HCA will utilize the communication plan used during the one-time LTD opportunity from 2019, tweaking the plan to fit the needs of this redesign.

Slide 10 – Proposed Preliminary Employee-Paid LTD Rates. This slide shows the preliminary proposed employee-paid LTD rates. These rates and the overall design are subject to Washington State Office of the Insurance Commissioner's approval. When comparing the proposed rates with current rates, the 60% default plan is reduced by 22% and the 50% buy-down plan rate is reduced ~53%. It's a great option for subscribers looking for a lower rate with only insuring 10% less of their monthly salary.

Slide 11 – Similar Situated Employer with Opt-Out Design. Standard provided feedback on a similar situated employer that implemented an opt-out design, who had about 110,000 employees and a default 60% employee-paid benefit and a cheaper 50% option. Employees could enroll in the 60%, or the cheaper 50%, or they can opt out entirely. Prior to implementing the auto-enroll design, they had 45% participation in the LTD overall, with 35% specifically in the 60% plan and 10% in the 50% plan. After implementing the opt-out auto-enrolled design, they noted only 22% of the population opted-out of coverage entirely, which gave HCA a baseline.

Slides 12 through 14 – Employee-Paid LTD Premium & Benefits, show examples of how to calculate the LTD premium and the estimated monthly benefit. The calculation is the same in each example regardless of if you're enrolled in the 60% plan or the 50% buy-down plan.

Slide 15 – Proposed Resolution PEBB 2021-10 - Employee-Paid Long-Term Disability (LTD).

**Dave Iseminger:** Normally, we like to have you rescind specific policy statements previously made by the Board. On this resolution, you'll see a general reference of prior Board policy decisions and resolutions. When we went back in time, the current PEBB benefit was created in the late 1970s. That was before the current modern iteration of the Health Care Authority or the PEB Board itself. Before the PEB Board, it was the State Employees Insurance Board (SEIB). That Board's decisions were incorporated

and ratified into the PEBB Program when the PEB Board was created in statute. HCA can't find the physical records of the pre-1980 world in which this LTD benefit was designed, so we went with the direction of trying to codify in our modern language and format for benefit design resolutions and have the nod to the old decisions being repealed. Usually, we will show you exactly what HCA recommends being rescinded or repealed.

**Kimberly Gazard:** Slides 16 and 17 – Proposed Resolution PEBB 2021-11 - Employee-Paid Long-Term Disability (LTD) Enrollment Procedures.

Slides 18 and 19 – Proposed Resolution PEBB 2021-11 – Example #1.

Slide 20 – Proposed Resolution PEBB 2021-11 – Example #2.

Slides 21 – Proposed Resolution PEBB 2021-12 - Amending Resolution PEBB 2020-04 Relating to Default Enrollments is the technical verbiage of what is changing.

Slide 22 – Proposed Resolution PEBB 2021-12 - Amending Resolution PEBB 2020-04 Relating to Default Enrollments is the red line version of what the resolution looks like with the changes.

Slide 23 – Proposed Resolution PEBB 2021-13 - Employer-Paid Long-Term Disability Insurance.

**Dave Iseminger:** This isn't designed to be a substantive change on the employer-paid benefit. Again, ravages of time, HCA doesn't have the original benefit design resolution from the 1970s. We thought it would be good to codify the current benefit design as something we could point to later to show the Board's action.

**Kimberly Gazard:** Slide 24 – Next Steps are listed noting HCA will bring these resolutions back to the Board at the April 14 meeting for action.

### **Public Comment**

**Rachel Gatlin**, Executive Director of Benefits, University of Washington: I wanted to thank the HCA for their work on the redesign of the LTD plan. As the Director of the Benefits Office at UW, we frequently are working with folks who are at critical points in their life, or are experiencing trauma, or tragedy. When they come to us and we have to tell them they didn't have an LTD plan, they look at us with the blank stare of, "what are you even talking about?" They didn't understand the materials. So, we're grateful for the opt-out model being proposed. We think it's very helpful to those folks who are not understanding their full benefit package to get an opportunity to get in. And then, if they want to do more education, they can still opt-out. We think that's wonderful. Hopefully, we'll avoid some of those difficult conversations in the future.

We also wanted to note that, administratively, we think it's fairly simple. We'll work with HCA on how to work that through with our workday product. But other than that, it doesn't seem like it's going to have a lot of barriers for the University or the institution.

Lastly, the premiums are -- those are great rates! We wanted to comment and thank you for your work on the program because we are really looking forward to your program, where we can help more people transition during tragedy.

**Lou McDermott:** It really is impressive to see this benefit go forward. It was one of the things while I was PEBB Director I always regretted that I wasn't able to get done. The more information we have about the benefit, the more needed it really is. I believe one in four people will become partially disabled at some point in their career, versus the life insurance benefit, which is less. To have a big benefit, basically \$240 a month, as our default was horrific at best. I really applaud Dave, you and your team, for making this happen.

### **Next Meeting**

April 14, 2021  
12:00 p.m. – 5:00 p.m.

### **Preview of April 14, 2021 PEB Board Meeting**

**Dave Iseminger**, Director, Employees and Retirees Benefits Division, provided an overview of potential agenda topics for the April 14, 2021 Board Meeting.

Meeting Adjourned: 4:36 p.m.