

School Employees Benefits Board
Meeting Minutes

June 24, 2020
Health Care Authority
Sue Crystal Rooms A & B
Olympia, Washington
9:00 a.m. – 11:35 a.m.

Members Present via Phone

Lou McDermott, Chair
Pete Cutler
Dan Gossett
Dawna Hansen-Murray
Katy Henry
Terri House
Wayne Leonard
Alison Poulsen

SEB Board Counsel

Katy Hatfield

Call to Order

Lou McDermott, Chair, called the meeting to order at 9:00 a.m. Sufficient members were present to allow a quorum. Board introductions followed. Due to COVID-19 and the Governor's Proclamation 20-28, today's meeting is telephonic only and will address only those topics necessary and routine to complete the regular cycle of activity in our Board season.

Meeting Overview

Dave Iseminger, Director, Employees and Retirees Benefits (ERB) Division, provided an overview of the agenda. Dave also provided a COVID-19 update. Carriers are currently applying cost share waivers for COVID-19 treatment. Kaiser Permanente will be waiving cost shares under their plans for the remainder of this calendar year.

The Health Care Authority, as an administrative task and part of the program launch, is performing an audit of the initial dependent eligibility work done in open enrollment. The audit processes started in January with our intent to proceed with outreach to school employees in March. That work has been delayed due to COVID-19. In the last week, we started the member outreach on those accounts that were flagged as part of the audit and that could not be verified independently with database checks, for example, with the Department of Health marriage registry or birth registry. We took a subset of the overall approved dependent population, did data checks across various state

systems with our data sharing agreements, and identified about 760 members who were part of roughly 5,000 sampled live audits that need additional outreach to audit the dependent eligibility. We gave districts the heads up and provided a list of their employees being contacted for this purpose. The work is being done by an HCA audit team so there should be no significant burden on districts. We already have over 100 employees engaged and responding.

The sample size excluded anybody who went through the appeal process earlier this year. It was drawn from individuals who had a simpler path during the initial open enrollment. We anticipate concluding the audit by the end of the year and will report back to you as we get more insight about the results.

State Budget Forecast & Budget Reduction Options

Megan Atkinson, Chief Financial Officer, Financial Services Division. Slide 2 – Big Picture State Budget Background. For the current 2019-21 biennium that ends June 2021, the total budget is approximately \$100 billion. About half of that is General Fund State, our main state funds. HCA accounts for about \$30 billion in total funds, but only about \$6 billion of that is General Fund State because both our PEBB and SEBB monies come through our proprietary account. These are not considered General Fund State, though some of their money may have been in their earlier life cycle. On our Medicaid side, we have a fairly significant portion of federal match, which is not considered General Fund State.

Slide 3 – COVID-19 Economic Impact. The state's response to the COVID-19 pandemic has taken a significant toll on the state's economy. On June 17, HCA received the official state revenue forecast, which projects \$9 billion dollars less being collected over the next three fiscal years. The revenue shortfall was almost evenly spread across the two biennium, approximately \$4.7 billion and \$4.3 billion. In the current biennium, the 2019-21 biennium, we're halfway through it, so having, a \$4.7 - \$4.8 billion reduction in the current biennium essentially means for budgeting purposes that adjusting the state's budget to accommodate that lessened revenue will have to occur in one fiscal year. Whereas, when we move into the next biennium, the 2021-23 biennium, its \$4.3 billion predicted shortfall can be spread over the full two years of the biennium. For budgeting purposes, I wanted to highlight this issue because it concentrates a level of budget pressure in the second fiscal year of the current biennium.

Slide 4 – Select Statewide Actions. The Office of Financial Management (OFM) directed state agencies to make adjustments, which started back in May. There is a hiring freeze and a freeze on some of our contracts and equipment purchases. There's the Voluntary Separation and Retirement Incentive. We received news last week that furloughs are being implemented that will impact all agencies, including HCA. Starting next week, staff will be furloughing one day per week, for the next four weeks.

The Health Care Authority will remain open daily. We will rely on individual managers to adjust and balance across their division to ensure there are sufficient staff to continue operations daily. The general wage increase, or the COLA, that was planned for July 1 was canceled for agency directors, EMS, WMS, and exempt staff who make more than \$53,000 per year.

Slide 5 – Spring 2020 Budget Option Directions. OFM also identified savings targets. The target for the Health Care Authority was about \$462 million in General Fund State. We were asked to identify savings options for program reductions that could happen in the fiscal year starting July 1, 2021. HCA's target represented about 15% of our General Fund State appropriation.

A specific reduction target was not specified for the PEBB and SEBB Programs because they are not directly funded by General Fund State. However, we did identify program changes/reductions that would have budget savings. We did that because we know that both the SEBB and PEBB Programs, while not directly appropriated from General Fund State, they receive General Fund State funding through the employer contribution. HCA identified some possible program changes for the PEBB and SEBB Programs. Those changes are in the Appendix and posted online.

On June 16, we received additional direction that when submitting our 2021-23 budget proposals due in September, to submit a budget proposal that is a 15% reduction from our maintenance level. Washington State Government has three tier levels for budgeting. Tier 1 is Carry Forward Level, the base level. It's what you are already doing. No new programs or big adjustments.

Tier 2 is the Maintenance Level, which maintains current services. You can do adjustments like inflationary adjustments at maintenance levels and caseload adjustments at maintenance level, which are the most common and largest adjustments that happen at maintenance level. On our Medicaid program, in the current environment, as the economy has contracted, we have had increased caseload, more people applying for Medicaid. Adjusting for that increase in our Medicaid caseload is a maintenance level item. Maintenance level items often are dealt with in the Legislature, and in the legislative budget, and get scrutiny. They do not happen in a technical relationship between staff. They get attention in the legislative cycle.

Tier 3 is the Policy Level, sometimes called the Program Level. This level includes new policies, significant program changes, new direction, new programs, etc. Standing up the SEBB Program was a policy level decision. It required legislation. It was debated for many years. That's a classic example of a policy level item.

For this directive, agencies will develop carry forward level for the next biennium, which HCA has already done. Then we will develop our maintenance level adjustments.

Using our Medicaid example, HCA will write a decision package calculating the impact of our increased Medicaid caseloads. That will add money to our budget ask. If HCA had a pilot project that we had started but it wasn't continued, there would be a negative maintenance level item to take that expenditure authority out of our budget.

Slide 6 – HCA's Budget Options Submission. HCA will develop its maintenance level and submit our budget request to OFM in September, which will be 15% less than it would have been. Agency budget proposals will recognize the economic and revenue realities of the state, essentially operating with less money and curtailed programs and activities in the next biennium. HCA's budget submission is in the Appendix and will also be available online on the OFM website.

Slide 7 – HCA's Budget Options Submission (*cont.*). The submitted savings options are not a formal proposal by HCA. We submitted possible program reductions and program changes.

The ultimate goal of the Health Care Authority is to preserve our health care services and our health care programs because we understand the unique role that we perform at all times, but especially in times when families are struggling and under a large amount of economic, social, and possibly mental stress. These were not agency recommendations, just possibilities. OFM and HCA will continue working to refine our budget reduction ideas.

Slide 8 – HCA's Budget Options Submission (*cont.*). We also identified which options needed statute changes or had collective bargaining implications. Some options may require Board action. Few options exist for SEBB and PEBB to make significant contributions to fiscal year 2021 because both the bargaining cycle and the purchasing cycle. We are well into calendar year 2020 and working on rate development for calendar year 2021. Once rate development is done, it will be difficult to make adjustments for the immediate state budget challenges. There are timing considerations on the PEBB and SEBB Program sides.

Slides 9 – SEBB & PEBB Program Submission Topics. Dave will walk us through this slide since they are program changes. This list is online and in the Appendix. This is not an exhaustive list.

Dave Iseminger: These topics are not formal proposals. In the Appendix, you will see these are all options that are either items HCA has been asked to cost out to describe a potential financial impact, if indeed, the option is something considered and implemented.

Dave Iseminger: I will describe these topics in four buckets and indicate instances where legislative authority, Collective Bargaining Authority, or the Board's authority is needed to act on any of these different areas.

Benefits Bucket. There are several topics in this bucket. There could be wholesale changes or elimination of the Wellness Program. The financial incentives of the Wellness Program are part of the Collective Bargaining Agreement so, there are collective bargaining implications with this topic.

In the PEBB Program only, under the PEBB Collective Bargaining Agreement, because of the closer employment relationship with state employees, there is an employer contribution made into a Medical Flexible Spending Arrangement for represented employees who make under \$50,004 at a certain point in the year. That is a collectively bargained benefit that was launched this year in 2020, but it can be costed out to reduce or eliminate it.

Again, for the PEBB Program only, UMP Select was an additional plan offering this year. This Board will remember that when we brought you self-insured options for the SEBB Program launch, this Board authorized an additional plan, later named "UMP Achieve 1," which is roughly an 82% actuarial value plan within the self-insured portfolio. That plan did not exist in the PEBB Program. HCA recommended the PEBB Board implement that plan and they recently authorized that new plan starting in 2021. There are potential cost savings to the state because of the way the funding formula works for the employer contribution in PEBB that is different than the way it is in SEBB.

HCA is working to restructure the Long-Term Disability Benefit, with a presentation scheduled to come before the Board in July. Essentially, the basic benefit would be retired, instead moving to a fully employee-paid optional benefits structure, creating it as an opt-out benefit. The Deferred Compensation Program (DCP) within the Department of Retirement Systems recently converted an opt-out mechanism for contributions. The retention rate was 90%. This has funding implications and Board benefit design authority overlap.

Another option is to delay the next Centers of Excellence bundle for both the PEBB and SEBB Programs. HCA performed a procurement looking at potentially having bariatric surgeries included, alongside current hips and knees and spine care bundles. There has been no implementation, only completion of the initial Request for Information (RFI).

There is the option of reducing the employer contribution for the Health Savings Account associated with an IRS qualified high deductible health plan. This option is listed as PEBB only because in the PEBB Program, their employer contribution at the single subscriber level is \$700 per year. In SEBB, it's \$375 per year. The option described is if the programs were aligned by bringing the PEBB HSA contribution down

to match the SEBB HSA contribution. That's why that's listed as PEBB only. The authority for making this change lies with either the Legislature or the Board.

Slides 10 – SEBB & PEBB Program Submission Topics (*cont.*). Eligibility Bucket. There is one topic in the Eligibility bucket, which would raise the number of hours required for the benefits maintenance eligibility rule for the PEBB Program only. Currently eight hours per month are required. The SEBB Program does not have a comparable rule. For the PEBB Program, once an individual earns eligibility, they maintain eligibility by being in pay status for at least eight hours a month. There's no annual eligibility reboot button in the PEBB Program. This maintenance rule is unique in the state employee context, but an option where that maintenance rule could be increased from eight hours per month to a different number, requiring legislative authority.

State Funding Bucket. In this bucket, there are three topics listed. The first topic is to change the employer/employee contribution split or formula, which is inherent to the Collective Bargaining Agreements of both programs. In the PEBB Program, it's the 85%/15% split on a tiered weighted average. In the SEBB Program, the employer medical contribution is 85% of an 88% actuarial AV plan. Those formulas or the splits could be changed via the Collective Bargaining process. HCA will participate in Collective Bargaining this summer for the next two-year cycle associated with the next biennial budget.

For PEBB only, HCA could add additional plan offerings or directly decrease the explicit subsidy, which could inherently lessen the total overall explicit subsidy paid by the state for retirees of the state. This does not impact the SEBB Program.

Slides 10 – SEBB & PEBB Program Submission Topics (*cont.*). Administrative Bucket. There are several topics in this bucket. Jean Bui, Manager of our Portfolio Management and Monitoring Section, previously described for you that in the Uniform Dental Plan, our third-party administrator Delta Dental returned some of the administration fee associated with the month of COVID-19 when dental procedures were lessened under the Governor's order to reduce elective and non-emergent services. Delta has refunded some of that fee. An accounting of those refunds is a way to influence the bottom line of the budget.

There is the option of simplifying the new criteria that was passed this recent legislative session related to prohibiting PEBB/SEBB dual enrollment in medical, dental, and vision plans. Before working to consider bringing policy statements forward on how to operationalize this topic, we realized there is a change in statute that could make implementation much more administratively simple, and result in our ability to return some one-time project IT funds back in the current operating budget. Current legislation gives the potential for an individual to mix and match benefits across programs. So

medical from PEBB, dental from SEBB, vision from SEBB, as a hypothetical. Administratively, it would be simpler to pick a program and have all the benefits within that program. If there is interest in returning \$1 million between the two programs back for a simpler way of administering this, the Legislature could change that reference in the statute.

There is also the potential of staff reductions. Between the two programs, we currently have three vacant staff positions that could be eliminated going forward.

For the SEBB Program only, there were one-time only actuarial budget funds where there was a lower spend than was anticipated. That variance could be returned to the administrative budget.

Those are potential topics. There was another topic yet to be discussed that came up at last week's PEB Board Meeting. It was mentioned that the tobacco surcharge and spousal surcharge could be changed. That is both Board or legislative authority. The budget bill describes that both of those surcharges shall be at least a certain amount. HCA brought resolutions to both Boards to set the amount and both Boards set those amounts at the minimum required under the budget language. The Legislature could change that number in the budget, which would inherently change how it's implemented in the program, or the Boards, independently, could change those numbers. That's another example of something that's been identified since our initial submission.

Pete Cutler: I have to admit this has been one of the most fascinating presentations for me of all of my history on the SEB Board. I can see there's going to be a lot of excitement and decision making in the coming months.

Dave Iseminger: It's going to be a challenging year.

Slide 12 – SEBB Program FY21 Timeline. FY21 starts in seven days. For calendar year benefits, any changes that happen in the program would impact the last six months of the fiscal year that is about to start. The next twelve months is where that concentrated \$4.5 to \$4.8 billion in revenue shortfall, as it's described, needs to be accounted for across the state.

As we lean forward, we talk about the cycles that exist within in PEBB and SEBB Programs, and any program changes that need to happen. Effectively, any decision making needs to happen now. As we get closer to the beginning of the plan year, or open enrollment, the options become more and more limited. Many of those options require either legislative action or going through the Collective Bargaining process.

An example of something that could change this year and still be implemented are the surcharge numbers in the operating budget. If that were to occur, depending on how

close we are to open enrollment, how to communicate it, and how quickly can we get the information into our IT systems, HCA could pull it off. If that decision was made in July, it's much easier to make it happen than if the decision is made in November. It all depends on the timing of any legislative action.

There are certain things we could change, like the HSA employer contribution. If HCA is sufficiently able to convey that type of change in the PEBB Program, we might be able to operationalize that before 2021. What we aren't able to do is do a wholesale benefit change in time for 2021. For example, even if people wanted to lean forward and structurally change the Long-Term Disability benefit, that could not be accomplished for January 1, 2021. The options become more limited the closer we get to open enrollment.

HCA is not recommending any specific actions to this Board today. If you were to look at this comparable presentation from the PEB Board, we did have recommendations to them. The PEB Board acted on one recommendation, authorizing the UMP 82% AV plan. Depending on enrollment, the new plan offering could have overall program savings.

Policy and Eligibility Resolution

Rob Parkman, Policy and Rules Coordinator, ERB Division. One new proposed resolution was introduced.

Slide 2 – Clarification Needed. A comment was made at the May 7 Board Meeting asking about when a full- or part-time teacher moves to a substitute position the next year, why their prior teacher work is not included in the two-year lookback eligibility determination.

Slide 3 – Discussion and Recommendation. Resolution SEBB 2018-36, which established the two-year lookback eligibility, applies to a school employee returning to the same type of position. The type of work performed by two different positions may be the same, or similar, but the positions are not the same if the work pattern is not the same. For example, a consistent schedule and an intermittent schedule do not have the same work pattern. Also, working a consistent schedule in a prior year is not predictive of the amount of work in a future intermittent position. This question has prompted HCA clarifying the policy to reinforce how it is currently being administered by SEBB Organizations.

Slide 4 – Proposed Resolution SEBB 2020-09 – Amending Resolution SEBB 2018-36 – Eligibility Presumed Based on Hours Worked the Previous Two Years.

The recommendation is to amend SEBB 2018-36 by adding the following to the end of the second bullet: To count as the same type of position, both the type of work and the

work pattern (consistent schedule compared to an intermittent schedule) must be similar between positions, or combination of positions, from one year to the next.

If Proposed Resolution SEBB 2020-09 is approved, Resolution SEBB 2018-36 would read as follows:

A school employee is presumed eligible if they:

- worked at least 630 hours in each of the previous two school years; and
- are returning to the same type of position (teacher, paraeducator, food service worker, custodian, etc.) or combination of positions with the same SEBB Organizations. To count as the same type of position, both the type of work and the work pattern (consistent schedule compared to an intermittent schedule) must be similar between positions or combination of positions from one year to the next.

A SEBB Organization rebuts this presumption by notifying the school employee, in writing, of the specific reasons why the employee is not anticipated to work at least 630 hours in the current school year and how to appeal the eligibility determination.

Resolution SEBB 2018-36, and the two examples supporting that position, as presented at the November 8, 2018 Board Meeting, are included in your Appendix for your review.

Dave Iseminger: I want to draw attention to the way the question was asked in public comment, which focused on words such as “full time” and “part time.” In the proposed recommendation for the proposed resolution, HCA is recommending not using the words “part time” and “full time,” but to more accurately describe the difference in the schedules that exist within this position. That is very deliberate and based on HCA’s experience in the PEBB Program through multiple class action litigations and how the phrase “part time” and “full time” can have unintended consequences.

Rob Parkman: Slide 5 – Example #1 – Rescind. This example was presented November 8, 2018 and will be rescinded and replaced.

Slide 6 – Example #2 – Rescind. This example was presented November 8, 2018 and will be rescinded and replaced.

Slide #7 – Example #1 – Updated. The only update to this example was to add the intermittent schedule aspect. The rest of the example remains the same.

Example #1 now reads: A bus driver (working an intermittent schedule) – A substitute bus driver working an intermittent schedule earned eligibility in April during each of the prior two school years and is returning to a substitute bus driver position for the third year working an intermittent schedule.

The bus driver is eligible for the employer contribution, unless the SEBB Organization informs the bus driver, in writing, of the specific reasons why he/she is not anticipated to work at least 630 hours in the current school year.

Slide 8 – Example #3 is a paraeducator moving from an intermittent schedule to a consistent schedule. Example #3 is a substitute paraeducator working an intermittent schedule who earned eligibility in April during each of the prior two school years. He is returning to work for the same SEBB Organization in the upcoming year. But instead of working as a substitute, he has accepted a position to work a consistent schedule of four hours each day as a paraeducator. He is not returning to the same type of position. He went from an intermittent schedule to a consistent schedule and is eligible for the employer contribution towards SEBB Benefits because he is anticipated to work 630 hours in the coming school year given his consistent work pattern. In this instance, the SEBB Organization would not use the two-year lookback eligibility rule to determine his eligibility.

Dave Iseminger: This is a key issue we will continue to focus our outreach and training efforts on, that if any one prong of eligibility is satisfied, they are benefits eligible. We sometimes see potential confusion in eligibility determinations when people start with the two-year lookback period, when our advice would be to start with the anticipated to work 630 hours criteria. If an employee meets that criteria, you don't need to look at the two-year lookback rule. They are independent eligibility criteria. In future trainings, staff will recommend to first look at the 630-hour criteria for determining eligibility.

Rob Parkman: Slide 9 – Example #4. This is a new example with a teacher changing from working a consistent schedule to working an intermittent schedule and is not anticipated to work 630 hours the upcoming school year. This example is the opposite of Example #3. The teacher is not working the same type of schedule, so he is not eligible for the employer contribution towards SEBB Benefits when he returns to work in an intermittent schedule and not anticipated to work 630 hours.

Dawna Hansen-Murray: I don't have a question about it but I don't think I see an example. I don't know if we need it if the question was, the person was going to be working 630 hours. Do we need to do anything that says they have to do that consistently for two years before they get insurance eligibility again or is that overkill?

Rob Parkman: In Example 4, if that teacher was anticipated to work 630 hours with an intermittent schedule during the upcoming school year, they would actually be a returning employee. They had it in August, they will have it next year as anticipated. They would continue forward. In that case, they would get eligibility through working 630 hours in the next year.

Dave Iseminger: Dawna, we will consider an additional example, based on the question you just asked, for possible inclusion when we bring it back for final review. Thank you for raising that as another piece we can look at, because the way Rob described that may not be intuitive to many people, and so that begs itself to be a potential additional example. Thank you for that feedback.

Rob Parkman: Slide 10 – Example #5. This example is a substitute food service worker moving to a new SEBB Organization. She worked an intermittent schedule, earned eligibility in April during each of the prior two school years, is moving to a substitute food service worker-type position with an intermittent schedule for the third year at a new SEBB Organization. She is not anticipated to work 630 hours. Although she is in the same type of position, she is not eligible for the employer contribution because she moved to a new SEBB Organization and is not anticipated to work 630 hours.

Slide 11 – Example 6 is a teacher who is retiring and returning to work. This teacher worked a consistent schedule for the last 20 years with benefits and is retiring on June 30, 2021. She will return to the same SEBB Organization as a substitute teacher who works an intermittent schedule starting on the first day of school in September 2021 but is not anticipated to work 630 hours in that new school year. She is not eligible for the employer contribution because she is not anticipated to work 630 hours, and she is no longer in the same position type because she's moving from a consistent work schedule to an intermittent schedule.

Pete Cutler: My question has to do with all the situations where somebody goes from a regular schedule to an intermittent schedule. What happens when the employee thinks, they are going to work more than 630 hours in the year? Being a substitute teacher is a perfect example where the employee might think they have that expectation versus the employer thinking they will not get that many hours in. Do we provide any guidance regarding how those differing expectations are resolved?

Rob Parkman: Everyone should get a notice whether they are eligible or not. It sounds like the path you're describing is the SEBB Organization would say they are not eligible so they would provide them with a notice indicating they are not eligible. The employee also has appeal rights. It would be difficult though because of the SEBB Organization's anticipation of future hours worked.

Dave Iseminger: Pete, HCA would monitor through the appeals process to see if there is guidance we're able to provide based on what we're seeing within appeals.

Pete Cutler: I think it's the employer that actually makes the offer to bring somebody in as a substitute. I can see why, for the first year that a person begins working as a substitute for an employer, there would be the difference to the employer's expectation

or assumptions. If a person does work more than the employer thought, the two-year lookback rule shifts the burden and the presumption. I imagine you'll get more than a few appeals where, understandably, if the employer is not sure how much somebody is going to be working as a substitute, the employer doesn't want to take on the cost of providing health coverage. But at the same time, if the substitute is really dedicated to working a lot, would really love to have that coverage. It seems like it is an important thing for communications.

Dave Iseminger: It is something we will monitor during the appeals process as part of the feedback loop. If patterns emerge, the agency is prompted to either provide additional training through Outreach and Training to SEBB Employers or identify additional policy recommendations that should be brought to the Board. This lookback rule is set up such that there is a presumption that must be rebutted in writing, which then gives an employee the specific reason for any appeal they might file.

Jennifer Matter: My question is, wouldn't this also then just be, if that person in Example #6, let's say that person does work 630 hours that first year, wouldn't they still be ineligible for the second year because it's a two-year lookback and you're not going to look at their full-time work history when calculating that? So it'd be two years of having to go through the appeals process is what I'm hearing.

Lou McDermott: Who's asking this question for the record?

Jennifer Matter from Seattle.

Dave Iseminger: I want to make sure I understand your question. You were looking at Example #6 and describing a scenario where in one of the two years the individual actually worked at least 630 hours but they did not in the second year? Or can you help me understand your question a little better again, please?

Jennifer Matter: The way you're setting this new rule up, it's someone starting a whole new job. So there's no two-year lookback. It's only the one year of subbing that you would look at. And if they do meet the 630 hours in that first year of subbing, that's not two years. So does that qualify them for the benefits for the following year, or would it still be the same process of they would have to wait for two years?

Dave Iseminger: It would still be the same process of there needs to be a complete two-year employment lookback process. The underpinnings of this rule in both the SEBB Program, as it was passed, and in PEBB Program, from which this experience was drawn, is an employer reasonably could be wrong, at least once. They could be wrong at least twice. But after you get two data points, it becomes harder to essentially say there is not a true anticipation when you're hiring somebody back to the same type of position year over year. It's really about having multiple data points to be able to

ensure this eligibility exists. So the answer to your question is there does have to be two full years of employment history with the same employer for lookback rule purposes.

Rob Parkman: We will take any Board feedback about the proposed resolution. HCA will then send it out for stakeholdering, as we normally do, gather the stakeholder information, and bring that information back to the Board at the next meeting for possible Board action.

COVID-19 Potential Eligibility Impacts

Rob Parkman, ERB Policy and Rules Coordinator. Slide 2 – Section 5 – Engrossed Substitute Senate Bill 6189 (new section within Chapter 41.05 RCW). ESSB 6189, Section 5, has impacts to SEBB eligibility. This section will be codified within RCW 41.05, which contains RCWs on which HCA must take action and comply. It has yet to be codified, but the bill did pass.

Some of the key ideas from this section that may impact the SEBB Program are: In section (1), if a school employee is eligible for the employer contribution on February 29, 2020, they shall maintain their eligibility for the employer contribution as long as the Governor's State of Emergency related to the novel coronavirus (COVID-19) stays in effect:

(1)(a), during any school closure, or changes in school operations for school employees. As part of this, school employees must continue to meet the statutory definition of school employees as is described in RCW 41.05.011(6)(b).

Slide 3 – Section 5 – Engrossed Substitute Senate Bill 6189 (new section within Chapter 41.05 RCW) (*cont.*). In Subsection (2), the main function causes Subsection (1) to expire when the state of emergency ends.

Subsection (3) addresses what happens when regular school operations resume. When the state of emergency ends, the school employee will maintain their eligibility for the employer contribution for the remainder of the school year. That is very important. If this goes into September 1 when the new school year starts, this could have an impact unless their schedule remained the same upon their return to work, or if they had a new schedule in effect at the start of the school year where they were anticipated to work the minimum hours to meet benefits eligibility.

Subsection (4) is a tie-back to Subsection (1).

Slide 4 – ESSB 6189 Eligibility Impacts. A major impact is we do not know when this emergency will end. It is important to know that school employees must remain a school employee, as described in the RCW I stated earlier. It is possible over time that

some school employees eligible using this COVID-19 eligibility will no longer be a school employee. They could retire or quit and go to work somewhere else.

Dave Iseminger: The employer could also terminate the employment relationship.

Wayne Leonard: Going back to Slide 3, Subsection (3), “When regular school operations resume.” We’ve been told we will be starting up this fall, but with potentially new requirements in terms of social distancing and wearing masks. Would that be considered resuming normal operations?

Dave Iseminger: Wayne, I think you have identified an area that is ripe for interpretation and conversations. Staff also noted that the word “regular” is an interesting word to be in statute. I don't know that we're going to be able to answer that question today, but we are aware similar questions may arise. We are trying to figure out how to answer that question given the phrase in statute. The entire world looks different post COVID.

Wayne Leonard: I’m looking at Subsection (2) and Subsection (3) in combination. We will likely still be functioning under the Governor’s State of Emergency in September.

Dave Iseminger: You're asking if there a relationship between the regular school operation and the ending of a state of emergency. We'll take that under advisement as part of the related question as to what does “regular school operation” even mean. Thank you for flagging that because I haven’t heard anyone link those two Subsections together.

Rob Parkman: Slide 5 – COVID-19 and SEBB Program Eligibility. HCA received your request to look at COVID-19 related eligibility and the SEBB Program’s two-year lookback eligibility. Not all school employees who are eligible for the employer contribution on February 29, 2020 had worked 630 hours within this school year. They may have been anticipated at the start of the school year to work 630 hours but may not have worked those hours yet. The 630-hour standard is half time for a nine- to ten-month employee. If they were on that track, they would be around 210 hours short of hitting 630 hours when the emergency kicked in. If they didn't work more hours in this school year, it may impact their eligibility for the two-year lookback in future years.

There were also some school employees who are not eligible for the employer contribution on February 29, 2020. They were not anticipated at the start of the year to work 630 hours but were on a path to work 630 hours within the school year, if a regular year would have taken place. If they didn't work any more hours in this current school year, it would impact their eligibility for the two-year lookback in future years.

For school employees who work intermittent schedules, there is no guarantee they would have actually worked 630 hours in the remainder of the school year. Some SEBB Organizations have written policies limiting the number of hours for employees working intermittent work schedules. Also, a school employee may have intended to work the additional hours, at that point in time, but decided later to withdraw themselves, or not request additional hours if it was a regular school year.

Slide 6 – Possible Course of Action (COA). The following are courses of action in response to the concerns raised. COA 1 - Use the current rules with no changes for the 2019-2020 school year. Count just the hours worked. Make no adjustments for the impact of the state of emergency on future applications of the two-year lookback rule.

COA 2 - Count the 2019-2020 school year as a 630+ hours year, regardless of the actual number of hours worked, only for purposes of the two-year lookback rule, and the school employee was eligible for the employer contribution on February 29, 2020. If they were not eligible for the employer contribution on February 29, 2020, then use the current rules.

COA 3 - Count the 2019-2020 school year as a 630+ hours year, regardless of the actual number of hours worked, only for the purposes of the two-year lookback rule, and the school employee was scheduled with the SEBB Organization to work 630 hours.

Katy Henry: In COA 2, when it talks about “only for the purposes of the two-year lookback rule, as long as the school employee was eligible for the employer contribution,” I’m thinking about substitutes. For a substitute, if they had been anticipated to work 630 hours, but had not yet reached 630 hours by February 29, would they be eligible?

Rob Parkman: For COA 2, if they were eligible on February 29 for the employer contribution, then it would count as a “good year”, or 630+ hour year using the two-year lookback in the future. Even if they were short a couple hundred hours, it would count if they were eligible on February 29 for the employer contribution.

Katy Henry: I think my question is did they have to have worked the 630 hours to be considered eligible?

Dave Iseminger: Katy, I think the hallmark of this course of action is saying if you had eligibility for purposes of the 2019-2020 school year under the legislative eligibility requirement, the 2019-2020 school year counts as having been met, regardless of what you worked, for purposes of the two-year lookback period, anytime the 2019-2020 school year is part of that lookback period. I think the short answer to your question is the person does not have to have actually worked 630 hours under COA 2.

Rob Parkman: Slide 7 – Recommendation. Okay. HCA recommends COA 1. Use the current rules with no changes. For the 2019-2020 school year, count only the hours worked. Make no adjustment for the impact of the state of emergency on future applications of the two-year lookback rule. There are several reasons for our recommendation. For one, the two-year lookback rule is complex. Also, there are over 300 SEBB Organizations within the program currently and maintaining consistent application among SEBB Organizations is important. And finally, nobody knows how long this emergency will last. It is possible it may cause unintended consequences the longer it lasts.

Dave Iseminger: Ensuring consistent application to the two-year lookback rule is already one of the more challenging parts of ensuring consistency in the eligibility framework given its complexity. Adding in another layer to that process will make it that much harder to ensure consistent application.

Pete Cutler: Am I right that the soonest this would potentially impact an employee in terms of their ability to have coverage, or not have coverage, would be September of 2021? They need two years under the rules, and the program didn't begin until January 2020, assuming 2019-20 school year would be the first year and the upcoming school year would be the second. The first time the two-year lookback rule could result in somebody having coverage would be September 2021, if I understand it correctly.

Dave Iseminger: Pete, I think the first time this would impact an employee would be September 2020. Even though we have not had two years of the program, if an individual has been working in the same SEBB Organization for multiple years, they still look at the employment pattern pre-SEBB launch as part of the lookback period. When the program launched, and the initial eligibility determination was made, this two-year lookback already existed. Although a district or SEBB Organization may not have necessarily, in the rearview mirrors of the 2018-2019 and 2017-2018 school years, realized how work patterns would have influenced SEBB eligibility.

Districts were advised that they needed to look at any historical work pattern information they had in applying the two-year lookback rule for the program launch. The 2019-2020 school year for the next school year's two-year lookback purposes, is just one of the two years they look at. For the eligibility determinations that are made this fall, the two-year lookback rule would look at the 2019-20 school year, and the pre-SEBB Program 2018-2019 school year. It's not that this rule doesn't go into effect until there are two complete cycles of the SEBB Program. Districts do look at the preceding two school years independent of when the program launched.

Pete Cutler: Hearing your explanation, I can understand the idea that you're looking back to employment patterns, regardless of what health plans were offered. That

explains why this is a matter with a little more urgency to come to a decision soon rather than having the luxury of another six months to think about it.

Dawna Hansen-Murray: In the determination, this would affect a lot of our substitute bus drivers, and it would actually impact them for two years. Am I correct? If they did not hit the 630 hours this year, they would not be able to use the two-year lookback in September, and then they would also have this as their second year in the 2021-22 school year.

Rob Parkman: That sounds correct.

Dawna Hansen-Murray: Is there an appeal process? That's a two-year impact.

Rob Parkman: Yes, there is always an appeal process dealing with eligibility determinations.

Dawna Hansen-Murray: But having that proof, you would be basically telling the district that, "No, you know I'm going to hit 630 hours, because I did this year, and I did it the year before last, before there was a pandemic."

Dave Iseminger: Back in example 5, I was trying to highlight that. Remember, all of the ways to determine eligibility are independent of each other and satisfying any one prong gets an individual employee their eligibility. So independent of the two-year lookback rule, if someone is told, "You are not anticipated to work 630 hours," under the core eligibility prong, they can appeal that determination, independent of itself, to say here is why. It may or may not be reasons that are similar or overlap with the whole concept embodied within the two-year lookback rule. But anytime anyone gets a negative benefits eligibility determination, they have an appeal right. Whether it's under the two-year lookback rule, or the main – what I always think of as the main eligibility prong. So if an employee has a reason and support, they can submit an appeal of their negative benefits eligibility determination presenting why they meet any eligibility method.

That's one of the complexities here, if there is reason and evidence to support that the person is anticipated to work 630 hours, that can come as an appeal completely outside the context of the lookback rule. The lookback rule ensures that year over year, if an individual is hired back into the same type of position, there are multiple data points indicating you always get to 630 even if we didn't anticipate it. There comes a point when there's a presumption that the employer must overcome. But in those situations, like you were describing, if that bus driver has a reason to believe they are eligible this coming year, they can always challenge that independent of the two-year lookback rule application. And that would be the process even if the two-year lookback rule didn't exist.

Dan Gossett: I guess my concern really comes up with someone who is working an intermittent schedule and was not eligible for benefits on February 29. It seems like there's a real possibility that the two-year lookback rule resets to zero. No matter if they had one year with 630 hours worked. They would then be moving into the second year, it seems like because of when schools closed, everybody would go back to zero, unless they were working almost every day on an intermittent schedule.

Dave Iseminger: I do think part of the extra complexity here is when schools closed. There was a date when the Governor's proclamation went into effect closing all schools statewide. But there was a period before that when school districts were shutting down on different schedules. Depending on who has snow days and when their first day of school was, maybe one school district was on the 140th day of instruction when everything got shut down for them. Another school district may have been on day 145, while another was on day 147. There are many different permutations. That's more complexity that exists within this concept of trying to find anything that might accommodate the pandemic's impact on the 2019-2020 school year. But I do agree with your underlying assumption, it makes it very difficult to fulfill the lookback requirements related to the 2019-2020 school year, unless you worked 630 hours.

Dan Gossett: Another one is someone who works an intermittent schedule and was eligible on February 29. They maintain their benefits during the state of emergency. But when the state of emergency ends, I guess my question comes down to, let's say, pick a date, September 1 it ends. Would they then still be eligible the following year, when they didn't actually work 630 hours during the current school year, the 2019-2020 school year?

Rob Parkman: They were anticipated this year, they didn't actually hit 630, then they start the next year. If they were anticipated this last year to work 630 hours, it is certainly possible they could be anticipated to work 630 hours the next year. As Dave said, the first choice is to look at that. If they didn't meet that the second year, then one of the eligibility methods is to use the two-year lookback. If we go with COA 1 and they did not work 630 hours this year, it wouldn't count as a "good year" for them within the two-year lookback.

HCA is asking for the Board's thoughts on how to move forward on this subject.

Dave Iseminger: HCA's recommendation to make no changes would effectively mean we would not go forward with stakeholdering. If there are no changes, nothing more is needed. A policy would not be required, just clarification on context.

Rob Parkman: Hearing no comments, is the recommendation of COA 1 accepted?

Pete Cutler: I don't have a specific proposal, so I guess by definition, we continue to use current rules unless a Board Member has a specific motion to propose a different policy that gets seconded and voted on. I'm not prepared to propose one, but I'm not saying that I would vote for COA 1 if I heard a different option proposed and a strong argument made for it. I guess you don't really need a vote from us to continue the status quo.

Katy Henry: I would second what Pete said. Off the top of my head, I don't have replacement language that I would propose at this moment, but I am really not comfortable with the current policy recommendation. I would like a little time to think about how else to write language that might better meet what I think Dan and I, and maybe Pete, are thinking about.

Dave Iseminger: Katy, I appreciate that. It sounds like there's not a specific other option right now. I think that is the hallmark of this question. It's very challenging to figure out a specific proposal that balances a variety of competing interests, and it's not for want of trying. It's actually one of the reasons it took the agency so long to bring forward this presentation for conversation. As Julie Salvi mentioned during public comment in multiple meetings, most recently earlier this month, we've been trying to identify different ways this could be addressed. We ultimately landed on the presentation we had today, which described a couple of options, but with the recommendation to keep the status quo.

I understand some of the difficulties that policy position may face, but it has become extraordinarily challenging to find something else that balances all the interests. If Board Members have any ideas and want to reach out to me about other specific proposals that could be vetted, I'm more than willing to do that. I would remind the Board that if there is an actual policy proposal the Board wants to consider, as we look forward to the July calendar, we're at the point where it's weeks between Board Meetings, which any policy position the Board wants to review has more limited stakeholdering that can occur. There's no legal requirement that you have a four-week period between introduction and action on a resolution, but I would ask if there are ideas that Board Members have about other alternative proposals to reach out to me as early as you can so we could do as much stakeholdering of any alternative proposals beyond the agency's recommendation in time for the next Board Meeting.

2021 Annual Procurement

Lauren Johnston, SEBB Program Procurement Manager, ERB Division. Slide 2: Medical Procurement Work Plan. This slide is an overview of the Request for Renewal (RFR) process, which is used to make changes or modifications to benefits and rate negotiations, if applicable, and any kind of contractual changes that would go into effect on January 1, 2021.

The RFR was released on March 30 of 2020 with written responses received up to May 8. Preliminary negotiations were May and June 2020. The first public presentation of the rates will be mid-July, with final Board action at the end of July 2020.

Slide 3 – Hearing Benefit Change. All of the medical carriers will have a hearing benefit change. Per legislative action during the 2018 session, HCA decided to cover one hearing instrument per ear every five years. This is coverage, in full, at in-network providers. There will be no cost share to the member. It will 100% covered by the health plan with no balance billing by providers.

Slide 4 – Uniform Medical Plan (UMP) 2021 Benefit Changes. The only update for the UMP High Deductible plan is the hearing instrument mandate takes affect once the deductible is met.

UMP Plus and Puget Sound High-Value Network (PSHVN) will have service area changes.

Slide 5 – 2021 Benefit Changes (*cont.*). UMP Plus and Puget Sound High-Value Network have added a new partner with Confluence Health, which increased their service area for 2021 to Chelan County and Douglas County. They are also adding The Everett Clinic, which will join no later than January 1, 2021, but could potentially come onboard earlier. There are no service area changes in 2021 for the UW Medicine Accountable Care Network.

Slide 6 – 2021 Network Partners – PSHVN. This slide has an overview of the network partners for the Puget Sound High-Value Network for 2021. The majority are the same as they were this current year, with the additions of Confluence Health in Chelan and Douglas Counties and The Everett Clinic.

Slide 7 – 2021 Network Partners – UW Medicine ACN. They have the same network partners in 2021 as they had in 2020.

UMP Plus – Counties Served. The gold color is both Puget Sound High-Value Network and UW Medical ACN. The green is where Puget Sound High-Value Network is only, and the blue is where the UW Medicine ACN is only.

Dave Iseminger: The amount of work it took to get to this point, regarding the county service areas and the partnership that Puget Sound High-Value Network was able to establish with Confluence, took months. It's not an easy task to expand service areas with the UMP Plus model where there is additional risk taken on by the network and the partner providers within that network. It's been several years since we've had a county expansion for UMP Plus. Getting those two counties colored green on Slide 8 took a lot of work by a lot of people, both in and outside of the agency.

Lauren Johnston: Slide 9 – 2021 Benefit Changes. The next few slides are changes to benefits for the fully insured medical plans. The only change for Kaiser Foundation Health Plan of the Northwest is adding the hearing instrument mandate to all of their plans.

Slide 10 and Slide 11 – 2021 Benefit Changes (*cont.*). The only change for Kaiser Foundation Health Plan of Washington is the hearing instrument mandate to all of their plans and the same for Kaiser Foundation Health Plan of Washington Options Plan.

Slide 12 – 2021 Benefit Changes (*cont.*). Premera Blue Cross is adding the hearing instrument mandate to all of their plans, as well as adding a virtual Diabetes Prevention Program. They're also adding bariatric surgery for all three of their plans, with coverage limited to in-network facilities. Although Premera currently has a Diabetes Prevention Program, it's not a virtual program that is being offered by the Kaisers or by UMP. This Program will be new to members. Currently, none of the Premera plans cover bariatric surgery so this will also be a new benefit to members in those plans.

Dave Iseminger: Premera's changes will now align them with the rest of the portfolio.

Katy Henry: A lot of the members I work with in Northeast Washington, in counties like Pend Oreille, Stevens, and Ferry, most of their clinics are Providence owned. They weren't able to use Premera because there was no relationship between Providence and Premera. Do you know if that has changed for the upcoming year?

Lauren Johnston: That will not be changing for the upcoming year. Providence is not being added to the Premera network offered to SEBB.

Slide 13 – 2021 Benefit Changes (*cont.*). Currently, Davis Vision covers three tiers for progressive lenses and anti-reflective coating. For 2021 they're going to add a fourth coverage tier for both progressive lenses and the anti-reflective coating, which will have a discounted copay to the member. In 2021 members will have a \$175 copay for progressive lenses and an \$85 copay for anti-reflective coating, instead of paying 100% of the retail price. There will be no increase to their current rates and their rate guarantee remains in effect for 2021.

Slide 14 – Fully Insured Service Areas. There are no changes to counties in which the plans are offered. Service areas will remain in effect in 2021. However, it is our intent for Kaiser Northwest, Kaiser Washington, Kaiser Washington Options, and Premera to be expanding to full live or work. As an example, if you live in Snohomish County and have access to the Premera Standard Plan and you work in a school district in King County, you would now have access to the Premera High PPO as well. It gives you another plan option. This would be for anybody who lives or works anywhere in the

state, or that lives in Idaho or Oregon and works in a school district in Washington State.

Dave Iseminger: I know this was a challenging piece to communicate to school employees. I want to remind the Board that when we brought to you last year the criteria for live or work that described districts that crossed county lines, or were in a county that touches another state, that was done because we saw in the data there were about 20,000 school employees with commute patterns that crossed county lines from where they live to where they worked. Without any criteria, those 20,000 individuals wouldn't have been able to access plans based on their work. What we brought to you last year, with that more limited exception criteria, addressed about 5,000 of those 20,000 of school employees. With this further liberalization of the live or work service area requirement, now all 20,000 of those families, or school employees, would have potentially additional access, depending on exactly which school district they work in.

We're excited to bring this forward and to have made that a little bit easier for people to understand and be able to communicate that during this open enrollment. That means that throughout the portfolio, all the plans are based on live or work, except for the Uniform Medical Plan Plus. That would be the one plan where the service area is still based on where an individual lives, and that is rooted in the contractual agreements with the networks for those plans.

Lauren Johnston: Slide 15 - Fully Insured Provider Network. There are no major provider network changes to any of the fully insured medical plans for 2021.

Slide 16 and Slide 17 – No Benefit Changes for 2021. The Uniform Dental Plan TPA, DeltaCare Dental Plan, and Willamette Dental of Washington are all currently within their rate guarantee and there are no benefit changes to those plans. There are also no benefit changes to EyeMed Vision Care or the MetLife Vision Plans. They are also currently in their rate guarantee. Are there any more questions?

Public Comment

Anne Ellis: For the couple of Board Members who mercifully and thankfully are considering an alternative to the 630 hours and two years of eligibility. For intermittent employees, our school year was truncated. And I think a really, an equitable way of addressing 2019-2020, is to figure out how long the school year was for intermittent employees who had their school year truncated. And basically, if you take the district that had the shortest number of days, then you don't have to worry about deciding between different districts and figure out how many regular hours were in that truncated school year, divide that by two, and that becomes the hours needed, you know, the half time hours needed to qualify. It makes it really easy, and if the Board is already anticipating that the rates of sticking with 630 are a requirement for 2019-20 is going to

result in folks appealing, then why not proactively, preemptively, anticipate the appeals that are going to be burdensome for each intermittent employee who needs to appeal, and just do something that is simple, and basically equitable, and just doing the right thing with respect to health care.

Lindsay: My name is Lindsay and I am a substitute for Seattle. And first, I want to say thank you. I know that this is a tremendous amount of work, and I can only imagine the complications that you guys are up against in terms of COVID, and the budget, and what that looks like. So, I completely understand. Coming from the perspective of how do we make this simple and easy for people. But I kind of want to give you a different perspective.

The substitutes are, across the board, whether it's a substitute bus driver, to a substitute teacher, to a paraprofessional, admins, all of us, right now we are an extremely vulnerable population. The majority of us have not been getting paid. Those of us who were able to get unemployment insurance, thank God, more than likely we're losing that as of when school ended because we don't qualify for unemployment insurance over the summer. That means we're still waiting for those answers. Nobody is able to find work. There are no jobs that we usually have available to us over the summer. So, economically, you're talking about an extremely vulnerable population who are basically waiting for other people to make decisions about what's going to happen to us. On top of which we don't know that we're going to actually have work in September.

I personally have about 430 hours for this school year. If I do not get eligibility for 2019-20, that means I don't qualify for insurance for another two years. Which the possibility of not qualifying in two years, because if we don't go back to school in September, there's no way for me to get those hours. And it's tricky. It's really hard and I understand that. I just really want to emphasize that we're already taking so many hits that losing the potential for having health insurance is going to be devastating to a lot of people. And I would really just ask that you look and see if there are some alternatives to what your resolution was that was presented today. Thank you.

Julie Salvi: I wanted to ask the Board to consider something other than the course of action that was recommended today. And I'm glad that there will be a chance for Board Members to continue to reflect on that. Educating members -- educating school districts about the two-year lookback that it's not the only way to gain eligibility is helpful. But it will not be enough. Without a change in the policies at hand this year is going to harm those on the margins of eligibility for the next two years because school districts have not been consistent in how and when they expect someone to meet eligibility. We've had districts make a very fair determination about eligibility and others who take an approach of "prove it to me," which resulted in some members being a few hours away from eligibility when schools suddenly closed during the pandemic. They were more than on their way to meeting the eligibility standards, but didn't have that chance in this

school year, and will likely be consistent employees again once schools resume. But if districts continue to take that approach, they are going to be haunted until they get two regular school years in a row. So, I recommend that the Board does consider some kind of short-term adjustment to this rule. It can be tied to the 19-20 school year so then it won't live on forever. But that would be a way to bring some clarity and consistency to the entire system and offer protections for members that they are treated fairly. Thank you for your time.

Peter Henry: The question I wanted to ask before was I understand that it's possible for employees who are denied by the district to appeal, but you need grounds to appeal. And so far, Dave, I've not heard any grounds for a successful appeal. It just seems to be based on some indeterminate pattern that may or may not exist. What would constitute a successful appeal?

Dave Iseminger: Peter, it's hard for me to give an example and I have to explain why it's hard for me to give an example. It's because at the end of the day, because of my particular role in the program, the appeal process authority ultimately stems up to me. If I give a specific example today, it would potentially set precedence in appeals. So, I'm very hesitant to give you a specific, direct, clear answer that I think you're looking for. What I believe I can say is, and I managed the appeals process in one of my other past roles previously here at the Health Care Authority, I know enough about the appeals process, and the type of information that people may or may not have available that I can imagine there would be evidence or proof that an individual might be able to bring forward to say "this is why I believe I actually do meet the 630 hours requirement."

In the PEBB Program, initial eligibility is based on anticipated to work 80 hours a month for six months. There are individuals who appeal in that framework and they are able to provide evidence that is compelling, as it has come up the chain, that we actually give guidance back to the employers, whether it's in the PEBB Program or the SEBB Program.

I can't give you a specific answer now without potentially setting too much precedence. But I can say that I have every confidence there will be evidence in certain scenarios that would be compelling, in fact, enough to show that you do meet 630 hours despite the initial negative eligibility determination.

I recognize that this answer I'm giving you is probably not comforting because you want a concrete example. Unfortunately, the authority that I have within the appeals process gives me extreme hesitancy to give a specific answer here today. I do know that based on my experience in the appeals process within the PEBB Program for the last seven years there will be evidence people can provide.

Peter Henry: Thank you. I do have a follow-up question. The first appeal is through the district. If a district has a pattern of denying the appeals, is there a mechanism in place once the employee has proven the district is incorrect by actually working 630 hours? Is there some process where they can get reimbursed for the medical expenses they've undergone where they should have been given, in retrospect?

Dave Iseminger: That concept is called is error correction. There are several rules about error correction. If it is determined there was a mistake in eligibility, there are various courses of action that can be reviewed for what is the appropriate remedy. It can include a wide range of things. Sometimes it's retroactively enrolling in coverage. Other times it may be that the individual doesn't want retroactive coverage, but they do have a claim they want covered. Those things can be negotiated as part of error correction. Any error correction that is granted ultimately does have to be approved by the Health Care Authority to ensure consistency across the system. So, the short answer is there is a mechanism by which circumstances related to incorrect eligibility determination can have a correction made in the system. And if we do see patterns, we use that to inform future policy changes, or training to our entire programs.

Fred Yancey: My question and concerns goes back to Megan's presentation, particularly Slide 5, regarding looking at budget reductions. The statement made on this slide is that PEBB and SEBB Programs are not directly funded by the General Fund appropriations, and therefore, a specific reduction target was not provided for these programs. Yet, Health Care Authority projected, I believe, three different scenarios showing various cuts within the explicit subsidy part. So the question is, why did they do that? Then the second part of my question is, and I thought I heard, and this is my confusion, I apologize, that these are not part of General Fund because they're employer paid so it's not generally General Fund money because it's only General Fund money as a result of employer contributions. I'm confused as to if it's General Fund or not General Fund. And the statement I read earlier implied it's not General Fund, yet Health Care Authority chose to outline three different scenarios of changes to the explicit subsidy. You understand my question?

Megan Atkinson: Fred, the designation of the PEBB and SEBB funds as not being General Funds, what that means, is when the funding is appropriated, and we have some accounts that are not appropriated, but the accounts the PEBB and SEBB Programs stem from are not General Fund State funds. They're not components of that fund. However, we receive revenue, as the employer contribution, and the origin of the majority of that revenue is General Fund State. For example, on the PEBB side are funding rates appropriated in the various state agency budgets. About 42% of that is General Fund State appropriation. So, the Health Care Authority receives appropriation in our administration budget from General Fund State sources for a portion of our employer contributions that we make on behalf of our employees. Similarly, on the SEBB Program, that allocation in the state operating budget for the state funded FTEs,

those are General Fund State. Since we knew, and we are aware, that the origins, if you will, of a great deal of the PEBB and SEBB funding is General Fund State, we did budget reduction scenarios, because if any of those budget reduction scenarios are adopted, then it contributes to the solution of the budget problems facing the General Fund. Is that helpful?

Lou McDermott: And Fred, while you're describing a technicality, we have a good working relationship with the Legislature and OFM. It would be disingenuous for us not to put anything on the table on a program. If this program was worth 100 bucks and that technicality you described existed, maybe we could get away with not saying anything. But this is billions, and billions, and billions of dollars' worth of program, which origins are a substantial amount from General Fund State. We had to do it.

Dave Iseminger: Fred, I'll point you on Slide 5, the fourth bullet – even though we weren't given a specific reduction target, because it was rooted in General Fund State reduction, all parts of government were asked to identify savings to contribute to what was then thought to be just barely a \$2 billion shortfall in the next fiscal year. Now we know it's closer to \$4.5 to \$5 billion. If you go back to the very first slide, roughly 9-10% of the state budget comes through these two programs. Given the magnitude, we had to describe options, particularly those that have been considered and evaluated in prior budget fiscal emergencies, and things that were able to be costed. I do want to make it clear for Board Members that the subsidy Fred is asking about is the Medicare Explicit Subsidy that is part of the retiree population in the PEBB Program. It's not a specific subsidy in this program, though it does have some entanglements because of the K-12 remittance in this program.

Fred Yancey: Well, I understand your point, but you know, it's a substantial amount of money, and the Legislature appropriates it, and then it floats to school districts as part of their allocation, as Megan correctly said. I appreciate it, their formula generated benefit dollars, you know, which they then kick back to Health Care Authority to offset retirees. I understand all of that. I just ask, why Health Care Authority felt compelled to create this for them, for your agency to point that out, when the Legislature is fully cognizant of it, and that would be almost a separate issue. But that's fine. I got the answer. I heard an answer, and certainly I know that you're looking at substantial -- you need to make cuts. But that's a huge cost to the state. Although, I question whether it's a cost to Health Care Authority and you describe cutting money that's not really Health Care Authority money, because it's flow through money in my way of thinking. That's all I have to say.

David Posner: I'm a teacher sub in Seattle. You know, one way or the other, unless it's a significant surge in the virus, schools are going to be delivering some degree of in-person school come fall. And substitutes are going to be needed, and they're going to be in and out of multiple classrooms, multiple schools, meeting with lots of kids and

adults in each of those different settings. Right now, I know in Seattle the percentage of substitutes that qualified for SEBB was I think, maybe, 15% or 20% of our subs. I think statewide it's considerably less than that. What's going to be asked of substitutes in the fall is for them to go into these different settings, and really exposing themselves, without the benefit of health insurance. And that is something that really needs to be looked at. I'm asking if this Board has the authority to temporarily waive an eligibility requirement under these health emergency circumstances; and if you don't, and it has to go through the Legislature, we would like the Board to consider recommending to the Legislature that some of these restricted criteria be waived this year. Thank you.

Anne Ellis: I would just like to say that I realized you guys meeting by phone has required an adjustment and probably some inconvenience on your part. But this is a really large state and I would appreciate it if you would consider going forward, that you have phone meetings so that you guys and your meetings are more accessible to those of us whose lives your decisions impact.

Lou McDermott: Are you suggesting that when we go back to in-person meetings that we have an open phone line to the public, because we do that. Or are you suggesting something else that I'm not understanding?

Anne Ellis: If you already do that then that's great. It would be great if it were more broadly advertised.

Lou McDermott: It's on the agenda that gets posted. As a matter of fact, you can sign up for a listserv, and you'll get emails that will give you all the information you need.

Anne Ellis: Oh great. Okay, thank you.

Dave Iseminger: I believe we have about 1,500 people on that listserv today that receive those notifications.

Barbara McPherson: I'm a substitute teacher in Auburn School District. I've been told that my benefits will end August 31. Under the legislation that was passed, it says that my benefits should continue as long as there's a state of emergency. My question is if the state of emergency lasts into September, October, is the district obligated to continue my benefits?

Dave Iseminger: We don't like to answer individual circumstance questions in the Board Meeting, but with you flagging it this way, I will have staff reach out to you, and/or the Auburn School District, to understand the exact factual pattern, and go forward, and provide some support to your individual scenario outside of the Board Meeting.

Next Meeting

July 16, 2020

9:00 a.m. – 3:30 p.m.

Preview of July 16, 2020 SEB Board Meeting

Dave Iseminger, Director, Employees and Retirees Benefits Division, provided an overview of potential agenda topics for the July 16, 2020 Board Meeting.

Dave acknowledged that this was John Bowden's last Board Meeting since he is retiring. John was hired to manage stakeholders for the launch of the SEBB Program. He was very aware of the K-12 world in his prior incarnations as state employee, including studying K-12 consolidation at JLARC. He's been a very valuable resource for me during the program launch. He's a great resource for stakeholding for many parts of the K-12 system. I want to take a moment to acknowledge the commitment he made because he was able to retire before the SEBB Program journey started. And like many public servants, he took an additional personal sacrifice to remain a state employee to contribute to the launch of the SEBB Program. I really can't thank him enough for his support in helping launch this program. I just wanted to thank John publicly!

Lou McDermott: And John, on behalf of the Board, thank you so much for all the work you did. This was a massive effort. I know hundreds of people were involved here at HCA. I know thousands of people were involved throughout the state and you were a huge part of it. I really appreciate your work and wish you only the best in retirement.

Pete Cutler: I worked with John on the K-12 issues even before SEBB was created. I also wish him the very best in retirement. I think John, you'll find that you enjoy it way more than you even imagined.

John Bowden: I want to say Lou, Dave, Pete, thank you all very much. I appreciate those words and it's been a pleasure helping get the SEBB Program started.

Executive Session

The SEB Board met in Executive Session Pursuant to RCW 42.30.110(1)(I), 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 SEB Board reconvened to adjourn the meeting.

Meeting adjourned at 11:40 a.m.