

School Employees Benefits Board
Meeting Minutes

July 23, 2020
Health Care Authority
Sue Crystal Rooms A & B
Olympia, Washington
9:00 a.m. – 11:00 a.m.

Members Present via Phone

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

SEB Board Counsel

Katy Hatfield

Call to Order

Lou McDermott, Chair, called the meeting to order at 9:01 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.

Meeting Overview

Dave Iseminger, Director, Employees and Retirees Benefits (ERB) Division, provided an overview of the agenda.

Approval of January 27, 2020 Meeting Minutes

Katy Henry moved, and Terri House seconded a motion to approve the minutes as written. Minutes were approved as written by unanimous vote.

Approval of March 5, 2020 Meeting Minutes

Wayne Leonard moved, and Dawna Hansen-Murray seconded a motion to approve the minutes as written. Minutes were approved as written by unanimous vote.

Follow Up From July 16, 2020 Meeting

Dave Iseminger: Slide 3 – Three Types of Group Disability Coverage. This is a replacement slide to the Long-Term Disability (LTD) Supplemental Benefits presentation that Jean Bui and Marcia Peterson provided last week. Jean verbally indicated the final bullet on this slide was not completely accurate and described it as it should be. This is the corrected slide.

Slide 5 – Also related to LTD, it was asked if HCA could provide insights on the current supplemental LTD costs. Last week we discussed with this potential initial proposal, which would start in calendar year 2022, that if there were a change to fully employee-paid, no basic employer-paid benefit, and the supplemental benefit was an opt-out world, the rates that are paid today would not be the rates that are paid tomorrow. With the increase in members involved in that benefit, there would be a lower set of rates than what we're seeing today. Slide 5 shows the current supplemental LTD premiums, but they would be lower in the option we are presenting.

Slides 6 and 7 are illustrative calculations. Slide 6 – If you earn \$1,000 per month, select the correct age range on Slide 5 and multiply to determine the monthly premium cost, which in this example is \$4.10.

Slide 7 is an example of a 37-year-old bus driver who earns \$29,454 a year. Using the premium rate on Slide 5, divide the annual salary by 12 to get a monthly salary. Multiply the monthly salary by the rate to get the monthly premium. Their supplemental rate, for a 60% benefit of their earnings, would be \$7.12 per month.

There will be more conversations on this topic, but we wanted to respond to the error and questions from our last meeting.

I also wanted to share, as a matter of process, we will attempt to get draft minutes posted to the HCA website once they have been reviewed before we meet again in March 2021. We typically don't publish minutes on the outward facing HCA website until they've been approved by the Board. We realize there is a lot of interest in what happens at the Board meetings and since we're heading into the offseason, once we have minutes prepared to present to you, we'll put them online and note them as draft and unapproved. That should help with the lag in posting and with some of the transparency.

Lou McDermott: Does the Board have any issues with that because your comments will be on the website and it may not actually reflect what you said.

Pete Cutler: I'm actually strongly in favor of what you're proposing.

Alison Poulsen: I would agree. Getting information out to the public is important.

Lou McDermott: Okay, we'll proceed with that plan.

Dave Iseminger: My last follow up is to tell you how the limited open enrollment is going. We've described that in the month of July there is an opportunity. Because of HCA's lobbying of the IRS on the way they change cafeteria plan rules, we have a limited open enrollment where you can go from waived status to covered status, add dependents, and basically do whatever you want with FSA and DCAP prospectively. As of Tuesday, we have 800 new enrolled SEBB Program members. About 100 subscribers went from waived status to covered status. Across the entire population, there have been over 700 dependents added, which need to go through the dependent verification review at the districts. Of the dependents added, about half are spouses and half are children. Most of those children are under 17, not older adults. There's a hypothesis that maybe older individuals, older children 18 to 26, may have experienced a layoff or furlough as a result of the economic impacts of COVID-19, and parents were covering their adult children. It turns out that's a much smaller slice of the data.

Lou McDermott: That was my guess. I was very surprised.

Dave Iseminger: The limited open enrollment is going well, and all signs point to a very good impact. That coverage begins August 1.

Vision Benefit Design Resolution

Lauren Johnston, SEBB Program Procurement Manager. Today I'm bringing the vision benefit design resolution to the Board for action. With the progressive lens benefit and the anti-reflective lens benefit, there are three tiers where a member would pay a copay. This proposed resolution is adding an additional tier to the Davis Vision Benefit for progressive lenses and anti-reflective lenses. If members wanted to select the fourth-tier option, they would either pay a \$175 copay for the progressive lens benefit or an \$85 copay for the anti-reflective benefit. In today's world, members would pay 100% of the retail cost, which could run upwards to \$200 more than this copay.

Dave Iseminger: HCA did not do stakeholder review of this resolution because it doesn't impact the rates. The rates are fully paid by the employer, and as Lauren just described, it makes the cost share from the out-of-pocket experience with a member better.

I received a question asking if the copays described in this resolution would align with, or be very similar to, the other two vision plans in the portfolio.

When you look at the summary charts provided during the initial open enrollment, the range of copays that are paid under the MetLife and EyeMed plans, have the same exact upper end for whatever tier structure they have. So, the cap on these benefits for MetLife, EyeMed, and Davis Vision would all be the same as a result of this resolution.

Lou McDermott: Vote – Resolution SEBB 2020-11 – Davis Vision – Benefit Change

Resolved that, the SEB Board endorses Davis Vision’s addition, with no rate increase to the SEBB Program, of a fourth coverage tier to the:

- Progressive lens benefit, for which SEBB Program members will have \$175 copay
- Anti-reflective coating benefits for which SEBB Program members will have an \$85 copay.

Katy Henry moved, and Dan Gossett seconded a motion to adopt.

Voting to Approve: 8

Voting No: 0

Lou McDermott: Resolution SEBB 2020-11 passes.

2021 Premium Resolutions

Tanya Deuel, ERB Finance Manager, Financial Services Division. Today I am asking the Board to take action on the 2021 Premium Resolutions as presented last week. There is one change since last week. In the Appendix we added two slides with enrollment counts based on Board Members’ questions. No other numbers changed.

Lou McDermott: Vote – Premium Resolution SEBB 2020-12 – KPNW Medical Premiums

Resolved that, the SEB Board endorses the Kaiser Foundation Health Plan of the Northwest employee premiums.

Pete Cutler moved, and Alison Poulsen seconded a motion to adopt.

Voting to Approve: 8

Voting No: 0

Lou McDermott: Resolution SEBB 2020-12 passes.

It's an exciting day for us. We worked very hard from January through today to get to this point. It's very exciting and I appreciate all the staff work that's gone into this, the Board, and people bearing with us as we go through this process. Nice job.

Dave Iseminger: Chair McDermott, a point of personal privilege as well. Being first alphabetically always comes with bated breath. Kaiser Northwest often has to wait and see what’s going to happen because sometimes comments about all the premiums are

thrown in their direction on their resolution. For the past few years, they've had a lot of things said about them, and also not about them, related to their resolutions. I think they are probably relieved to have gone through a quick vote with no questions asked!

Lou McDermott: Vote – Premium Resolution SEBB 2020-13 – KPWA Medical Premiums

Resolved that, the SEB Board endorses the Kaiser Foundation Health Plan of Washington employee premiums.

Katy Henry moved, and Terri House seconded a motion to adopt.

Voting to Approve: 8

Voting No: 0

Lou McDermott: Resolution SEBB 2020-13 passes.

Lou McDermott: Vote – Premium Resolution SEBB 2020-14 – KPWAO Medical Premiums

Resolved that, the SEB Board endorses the Kaiser Foundation Health Plan of Washington Options, Inc. employee premiums.

Wayne Leonard moved, and Katy Henry seconded a motion to adopt.

Voting to Approve: 8

Voting No: 0

Lou McDermott: Resolution SEBB 2020-14 passes.

Lou McDermott: Vote – Premium Resolution SEBB 2020-15 – Premera Medical Premiums

Resolved that, the SEB Board endorses the Premera employee premiums.

Pete Cutler moved, and Dawna Hansen-Murray seconded a motion to adopt.

Voting to Approve: 8

Voting No: 0

Lou McDermott: Resolution SEBB 2020-15 passes.

Lou McDermott: Vote – Premium Resolution SEBB 2020-16 – UMP Medical Premiums

Resolved that, the SEB Board endorses the Uniform Medical Plan employee premiums.

Terri House moved, and Wayne Leonard seconded a motion to adopt.

Voting to Approve: 8

Voting No: 0

Lou McDermott: Resolution SEBB 2020-16 passes.

COVID-19 Follow Up and Eligibility Policy Resolution

Rob Parkman, ERB Policy and Rules Coordinator. Slide 2 – Presentation Objectives. Today I will address a public comment from the July 16, 2020 Board Meeting about COVID-19 eligibility and then ask you to take action on one resolution.

Slide 3 – July 16, 2020 Meeting Follow Up. During public comment, Tacoma Public Schools requested insight on how the eligibility provisions of ESSB 6189, responding to the COVID-19 pandemic, relates to benefits eligibility for the upcoming 2020-21 school year. I will revisit three slides from the June 24 Board Meeting related to Section 5.

Slides 4 and 5 – Section 5 – Engrossed Substitute Senate Bill 6189 (new section within Chapter 41.05 RCW. Section 5 from ESSB 6189 will be codified within RCW 41.05, which is the RCW HCA must comply with. The blue verbiage highlights some of the key ideas within this section that may impact the SEBB Program in the future. Certain parts may affect us more than others. For example, in subsection (1), the blue font is verbiage we believe is important. If a school employee was 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. In (1)(a), the blue font says “during any school closures or changes in school operations for the school employees.” As part of this, a school employee must continue to meet the statutory definition of school employee as described in RCW 41.05.011(6)(b), which is the definition of a school employee within our RCW.

Subsection (2) 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, school employees will maintain their eligibility for the employer contribution for the remainder of the school year if their work schedule upon return is the same, or if they have a new schedule that had been in affect at the

start of the school year that would have resulted in the employee being anticipated to work the minimum hours to meet benefits eligibility.

HCA works on the school year within the SEBB Program, and the school year is a defined term, from September 1 to August 31. We are currently at the back end of the current school year. If the state of emergency continues to September 1 or beyond, this will start to affect the next school year. Subsection (4) provides clarification to subsection (1)(b). So, the major impacts of Section 5 of ESSB 6189 are subsection (1), as long as the state of emergency is continued; and subsection (3), when regular school operations begin.

Slide 6 – ESSB 6189 Eligibility Impacts. As I briefed the Board at the June 24 meeting, we have no crystal ball to know when this emergency will be over, but a school employee must remain a school employee as described in RCW 41.05.011(6)(b). It is possible that school employees using COVID-19 related eligibility will no longer be considered a school employee. They may retire or quit their SEBB Organization to work somewhere else.

Dave Iseminger: HCA has been trying to answer this question diligently. It's come in from a variety of school districts and I appreciate that Tacoma Public Schools raised this as public comment last week. We will continue our outreach and training efforts to ensure districts understand the impact of ESSB 6189 and its impact on the next school year, assuming the state of emergency continues to straddles into the 2020-21 school year.

Rob Parkman: Slide 7 – SEB Board Resolution SEBB 2010 – Amending SEBB 2018-36.

Slide 8 – RCW 41.05.740(6)(d).

Dave Iseminger: I want to answer a separate question that was raised during last week's public comment as to whether the Board has the authority to pass Resolution SEBB 2020-10 because of the statutory reference to 630 hours in 6(d)(ii). I have two different insights. First, when you look at that part of the statute, it says the Board "shall be no more restrictive than requiring that a school employee be anticipated to work at least 630 hours per school year." The framework allows the Board to be more generous when it comes to eligibility, but not more restrictive. So, yes, there would be the authority to have a lower threshold than 630 hours. But importantly and secondly, Resolution SEBB 2020-10, in our opinion, doesn't actually change the hours threshold in the statute. Rather, the entire two-year look back policy, and this proposed resolution, is the Board performing this kind of interpretive role of that statutory phrase "anticipated to work 630 hours." When you go back to the purpose of the lookback rule, it's designed to consider past work experience to make a prospective school year

eligibility determination. If the resolution passed, the Board would be taking into account mid-year COVID-19 impacts on the 2019-2020 school year and indicating how to treat the 2019-2020 school year, when that school year is part of a future two-year lookback analysis, when the school district is determining whether a school employee is anticipated to work 630 hours in the upcoming school year. The two-year lookback rule results in a presumption of eligibility, but a SEBB Organization can rebut in writing with specific reasons. That is where the resolution does not actually change the anticipated to work 630 hours threshold.

Rob Parkman: Slide 9 – Background. There is no change to this slide since the last Board Meeting.

Slide 10 – Board Input Received. No change to this slide since the last Board Meeting, however, there were stakeholder comments received. HCA received 28 responses between July 9 and July 20, which is the most responses received for a SEBB stakeholdering since we have started this process. Of the 28, four stakeholders supported this proposed resolution. One said, “Highly support.” The other three supported this resolution based on the highly unusual nature and unpredictable changes that occurred during this school year. They also talked about a fairness aspect.

23 of the 28 did not support. 20 cited increased cost to SEBB Organizations and 8 cited increased workload and complexity of the administration of SEBB eligibility. One stakeholder provided no position but provided data on 59 SEBB Organizations and how this resolution would affect their district. Again, 28 responses, 4 support, 23 don't support, and one has no position.

Slide 11 – Resolution SEBB 2020-10 – Amending Resolution SEBB 2018-36. The only change to this slide was to remove all references related to Resolution SEBB 2020-09, which was not approved at the last Board Meeting.

Dan Gossett: I move for a vote on Resolution SEBB 2020-10 - Amending SEBB 2018-36, which states: **Resolved that**, SEBB 2018-36 is amended to add the following to a new third bullet: For purposes of this policy only, a SEBB Organization must count the 2019-2020 school year as having met the 630 hours' requirement if the school employee (a) worked at least 630 hours during the 2019-20 school year, or (b) worked at least 500 hours between September 1, 2019 and March 16, 2020. SEBB 2018-36 now reads:

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 Organization.

- For purposes of this policy only, a SEBB Organization must count the 2019-2020 school year as having met the 630 hours' requirement if the school employee (a) worked at least 630 hours during the 2019-20 school year, or (b) worked at least 500 hours between September 1, 2019 and March 16, 2020.

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.

Katy Henry seconded the motion to adopt.

Lou McDermott: Before I ask for comments from the public, I want to acknowledge that HCA received approximately 80 to 85 pages of stakeholder feedback on this proposed resolution, which was provided to the Board in advance of this meeting.

David Posner, Board of Directors, Seattle Substitutes Association. We are a branch of the Seattle Education Association and I'm speaking on behalf of substitutes, not only the Seattle School District, but throughout the state. In terms of lowering the threshold to 500 hours for this year, which is better than 630, I would definitely support that. However, for our school district, school was in session for roughly two-thirds of the school year. Two-thirds of 630 would be 400 hours - it would be better if the policy could be amended to like 400 hours. That would be more in keeping with what the current school year looked like. I realize that some school districts may have gotten closed a little later than some and having something specific for districts would be good. If that was not possible, I would definitely be in favor of 500, as opposed to 630. For those who are working on their second year of their requirement if they don't meet the reduced -- 400 but not the 500, they would lose that year of work being factored into getting benefits. I'm just about out of time. Thank you.

Lou McDermott: Thank you, sir. And I'd like to encourage the public speakers to speak loudly. We caught most of what you said, about 95% of it. A couple times you dipped below what we could hear. But we do understand your comment.

Julie Salvi, Washington Education Association. You heard me previously and see my feedback in writing, so I won't revisit all of the details. But in summary, this requested change was brought forward to recognize those who have been on pace to meet 630 hours had that pandemic not disrupted the school year. It does not ensure that these individuals will ultimately have benefit eligibility in future years, but it does ensure that they will receive the benefit of the doubt on looking at work history of a pandemic year. It also allows them consideration. We recognize that the expected work in future years will play a part in the determination of ultimate eligibility, but we wanted a fair look at the work history given the unexpected disruptions in the 19-20 school year. Thanks for your time.

Brian Sims, Washington State School Directors Association. As Dave mentioned in explaining what this meant, this is a change to the existing policy on presumptive eligibility. The whole basis behind a presumptive eligibility policy is that the look-back of the prior two years is a good estimate of what would happen in this coming year. I don't think anybody expects the school year 20-21 to be like anything in the past. As you've been seeing, a lot of school districts have already decided not to open in person in September. We don't know when COVID will be under control, or when the Governor's emergency declaration will end. And so, basing something that is a look-back that assumes stability, is quite irrational when everybody is expecting instability. That's one reason why we oppose this. Another reason is that many districts were managing their SEBB expenditures by ensuring that certain intermittent people weren't going to be working more than 630 hours. This policy would basically jerk the rug out from that legitimate budget control by ignoring those kinds of restraints in the 19-20 school year. For those reasons, as well as the general problems of managing tight budgets in a recession, WSSDA is opposed to this change to the look-back policy.

Mitch Thompson, Battleground Public Schools. The state currently doesn't fund school districts adequately to cover the full cost of SEBB. This resolution only increases district costs. In a budget year where the state is experiencing shortfall in the billions, this shortfall will result in less revenue to school districts. By increasing the SEBB cost to districts, districts will have to reduce other programs to fund this. With the current budget shortfall, districts already have to make cuts for the 20-21 school year. Our kids cannot afford any additional reductions in programs. I would encourage you to vote no on this. Thank you for your time and consideration.

Anne Ellis. You also have received my written comments, and so I just have a couple other things to say. First, a lot of districts have expressed concerns about additional costs. And I was curious to know what data you received from the districts that quantifies what those additional costs will be that they anticipated. Although, having said that, to explicitly manage the work that substitutes are given to make sure they don't reach that 630-hour threshold is rather surprising to me, and very unfortunate. I encourage the Board to vote in favor this proposal given the fact of the unusual situation. Thank you very much for your hard work.

Fred Yancey, WSSDA and AWSP. Certainly, I'm opposed to this resolution. Let me tell you what we're in favor of. We're certainly in favor of people having health insurance. That's not an issue. The issue really is this is a more than generous provision of health insurance when, point of fact, this was quite earlier in the discussion, there are employees that would not have met the threshold, should the school year run uninterrupted. And this grants them benefits that they would not necessarily have been entitled to. The other point was made that the increased costs of this is really costs you're taking away from children. As long as you understand that, then that's clear. This is cause and effect with what happens within a classroom itself.

The last point I will try to make is that I'm concerned about the precedent that this establishes. Next year, what happens if it starts and then stops, starts and then stops? Will there be another resolution to consider, and project working hours when, in effect, there were none worked? I would prefer that the committee stick with that the Health Care Authority recommended, which is no change in the present policy. And my last remark, just as an aside, personal opinion, is as a legal interpretation of why this is not legal to change to 630 hours, I found a little too lawyerly for my taste. But anyway, thank you for the opportunity to speak.

David Posner: There is something I meant to say and forgot to. I wanted to add, and it's sort of obvious, that when schools do start reopening and staff are going in, substitutes will be going into a pretty high-risk situation, moving from school to school, class to class, dealing with lots of kids and lots of adults. And for the most part, have no health insurance. So, we're taking a very vulnerable population and putting them in a higher-than-average risk situation. All right. Thank you very much.

Katy Henry: There were some concerns shared about the 2020-2021 school year and the proposed amendment is restricted only to the 2019-20 school year. The difference between 19-20 and 20-21, is that when staff began the 19-20 school year, there were employees who had reasonable assurance of 630 hours, and they were on pace to meet that standard, and no one could have predicted, of course, the pandemic would change all of that. That is drastically different than the start to the 20-21 school year, where the learning and working models are known to be different from the very beginning of the school year.

Also, I want to go back, because I keep hearing this, and I read this in there. The 500 hours doesn't change the eligibility standard, and based on this, individuals who meet that standard would have worked almost 80% of the annual hours by March 16, while the schools were only in session for, roughly, about 70% of the year by March 16. The reason we brought this forward was that we are trying to address the concern we heard earlier, to bring greater consistency to the application of assessing the work history of employees. Some school districts we heard had granted eligibility for substitutes expecting them to meet the 630 hours. And those districts made a good faith effort to follow the rules and maintain those employees' eligibility, while other districts took a different stance and required substitutes to prove that they would have worked. Because of these different practices in school districts, similarly situated employees across the system are in very different circumstances now. The policy is intended to have more consistency across the whole system, and ultimately under the policy and the proposed amendment, school districts still retain the ability to refute the assumption. That remains intact. This change would bring greater consistency, and a more equitable application of the rule for many of the employees who lost the opportunity when they were more than on pace and days away from meeting eligibility.

Pete Cutler: This has become a very complicated issue. And once again, I wish we had more time to work with it, because I think some issues have been raised that I hadn't been anticipating. First, I agree, I think the state is clearly facing a huge revenue shortfall, even in this biennium and in the following biennium. I think it's very, very likely that school districts are going to see a reduction in state funding, presumably for non-basic education related parts of their programs. In addition, the 630-hour standard we have for eligibility in SEBB is a very, very generous eligibility standard. It works out to working less than 1/3 of what many people would consider a normal 2,000 hour a year annual number of working hours, which would be a 40-hour week for 50 weeks. So, it's already a lot to ask taxpayers to provide a benefit that costs around \$1,000 a month for persons who work, not less than full time, but closer to one-third time.

Having said that, on the other hand, I don't think the use of the 500 hours as a standard for assuming that the persons that had reached that number of hours as of March, would have worked, and remember our policy would be given an assumption that they would have worked 630 hours in the 2019-20 school year. I don't think that change makes any more employees eligible than would have been expected by the districts if there had been no COVID-19 impact on the schools. I find it very hard to believe that there is a significant fiscal impact from that specific change. It seems to me that the more likelihood is that using the 500-hour assumption just allows for the unfolding of whatever marginal impact there would have been under their normal operations.

I think the school district concerns, at least as I've heard them, seem to be more just that the 630-hour standard for eligibility results in the district spending a lot of money on health benefit, health insurance, or insurance for employees that is a concern given the other financial pressures they will be facing. I have a hard time understanding why this assumption of tracking whether employees have reached 500 hours in order to apply the presumption based on two years of part-time work, why that is considered more complex to administer than the 630 hours that is already presumably having to be tracked. I'm a big fan of keeping things simple to administer, but in this case, I haven't really heard an explanation of why this would cause an administrative burden.

For what it's worth, like Katy Henry mentioned, I also would not support – well at least -- I would go farther than her I think, but I would say I would not support applying the 500-hour presumption, or anything like that, beyond the current 2019-20 school year for the reasons that Katy mentioned. And in response to Brian Sims point, I agree that I expect that school districts will be under very different schedules. There'll be different structures for how learning is delivered. And I think that just points to the part of the resolution, and the rule, that says this is just the presumption, and that presumption can be rebutted by the districts going forward, if they do make changes in the number of hours they're expecting to have employees work. I see this as still leaving a huge amount of control, and with the districts, in terms of managing their costs, by also taking into consideration how they structure positions and schedules.

One last point, I would prefer that this resolution actually not apply to districts that had a policy of not allowing their substitutes and non-regularly scheduled employees to work more than 630 hours in a school year. I can understand that for those school districts, this would be a new financial impact, because they, through their personnel policy were, even if somebody had worked up to 500 hours by March, they were not expecting to have those persons reach the 630 hours threshold. So, that's a specific example of something I wish we had time to deal with before we had to take action on this motion. Thank you.

Wayne Leonard: I'd like to follow up on a few things. I agree with Pete, I remember answering this, that the 630-hour threshold for eligibility is in my view extremely generous. In the past, I've always been concerned from a budget aspect that school districts would be able to afford this going forward. Even though the state did fund the classified benefit factor a little more, I don't think that factor was enough to pay for substitutes and to pay for many of the employees. For example, some of the substitutes working at \$20 an hour would cost about \$13,000 in wages to be eligible for SEBB, and then we would give them \$12,000 in medical benefits. We would spend \$25,000 and the state funding I get for that particular teacher would be \$608. Four days at \$151 to \$152 a day. I would get zero funding for a classified employee.

Last year we saw a lot of school districts telling their community they were cutting positions because of SEBB and this is going to add to that conversation on the cost of SEBB for budget cuts going forward. I don't think that's a very good message coming out from the Health Care Authority, coming out from this committee, that we're cutting programs for kids to pay for health insurance. We also had testimony during last year that people recognize that the cost of this program was going to result in less positions. They said at that time they were willing to accept that health insurance for their members, that they would have fewer members. At this point, I'm not willing to do that going into a session. I would rather keep more people employed than pay for more health insurance.

I will be voting no on this. Nobody argues that we don't want to provide health insurance for our employees. We all agree on that. But it's always been a question of how we are going to pay for it, or who is going to pay for it. I think it's the wrong approach that we keep pushing more and more of these costs onto the local school district, and onto the local levy that we're supposed to be using now to enrich programs, that we're using to sustain health benefits for part-time employees. I will not be supporting the resolution.

Pete Cutler: I realized that listening to these comments and considering it, I've decided that since, as written, the motion would apply this presumption that 500 hours is equal to a full year, or equal to 630 hours for purposes of eligibility, since it would apply that in school districts where the district had a policy of not allowing part-time employees to

work up to the 630-hour limit, that I regretfully decided I will not be supporting the motion.

Voting to Approve: 3

Dawna Hansen-Murray
Katy Henry
Dan Gossett

Voting No: 5

Alison Poulsen
Terri House
Pete Cutler
Wayne Leonard
Lou McDermott

Lou McDermott: Resolution SEBB 2020-10 does not pass.

Lou McDermott: I feel like I need to give some explanation. In this time with the budget crisis, with the documents that I see coming back and forth from OFM, with the budget cut exercises this agency is doing, with the list of terrible things that we put on the chopping block to hand over to OFM to be incorporated in the Governor's budget, I think making a more generous eligibility at this time would be a little tone deaf to what we've got going on.

I want to thank everyone for bringing this up, for going through this process, for voting their conscience. It was very well done. We appreciate how the resolution was brought up and all the comments that were made. Everybody has good points. That's what's really tough about this one, because I feel like the Board is made up of reasonable people who, when faced with reasonable circumstances, have fairly predictable outcomes as to which way they're going to vote, and what their thoughts are about it. But unfortunately, this is in the middle of a crisis we're going through, coupled with a lot of complexity on the administrative side. I really do appreciate the debate and all the comments that were made around this topic.

Diabetes Management Program (DMP) RFI Results

Kat Cook, Benefit Strategy Analyst, Benefits Strategy and Design Section, ERB Division. Slide 2 – Diabetes Background. Diabetes is when the body doesn't regulate blood sugar. There are three types of Diabetes, Type 1, Type 2, and Gestational.

Type 1 is the most severe and affects about 5% of the population. It was originally called juvenile onset diabetes, but it's now Type 1 because in rare instances, adults that didn't have it as juveniles can get it. It is a nonreversible condition and people are usually insulin-dependent for the rest of their lives.

Type 2 affects 90% of people with a diabetes diagnosis, which means their cells do not respond well to the insulin their body creates. This is acquired later in life, but some teens and tweens have been diagnosed with Type 2 diabetes. It's not always insulin dependent. It is controllable, and in some instances, reversible.

The third type is gestational diabetes, which is diabetes acquired during pregnancy. This is temporary and usually resolves after pregnancy but increases the odds of the individual having Type 2 diabetes later in life.

In 2019, the PEBB Program had 26,331 members with diabetes. 2020 numbers won't be available until the end of the calendar year. The bulk of our members with diabetes in the PEBB Program were in the Uniform Medical Plan.

Diabetes also increases the risk for additional high-risk complications. These comorbidities include: high blood pressure, asthma, high cholesterol, arthritis, heart disease, stroke, depression, anxiety, kidney disease, and cancers. Diabetes is the number one cause of nontraumatic lower limb amputations in the US. It's also the seventh leading cause of death in the state of Washington, according to a 2017 study by the Department of Health. But if we look at diabetes as a contributing factor with someone with other comorbidities, it becomes the third leading cause of death, after cancer and heart disease.

There are also health equity concerns with diabetes. It affects people of color at a much higher rate than those who are white. Adults who make less than \$25,000 a year are twice as likely to have diabetes than those who make \$75,000 or more a year. We see this disease affecting the most disadvantaged much more heavily, as we see with a lot of our social determinants of health.

Slide 3 – Diabetes Costs. The medical costs listed are for Washington State, not PEBB or SEBB Program specific. In the state of Washington, in 2017, medical costs for diabetes were estimated at \$4.9 billion. These costs include prescriptions, acute care, diabetes maintenance or management, and any of the related comorbidities mentioned earlier. Lost productivity costs for Washington were estimated at \$1.7 billion in 2017. That averages out to \$2,500/per person in lost productivity, and that's due to absenteeism, energy, all sorts of factors. This totals \$6.6 billion of cost in one year.

The estimated lifetime average medical cost for someone with diabetes is between \$55,000 and \$130,000 per person. The graph on Slide 3 shows the cost comparison between someone with diabetes versus someone without diabetes. Someone without diabetes costs just over \$4,500 per year, while someone with diabetes is just under \$24,000. The total estimated medical costs for diabetes in one year with SEBB is about \$622 million for what we spend on diabetics, and that's assuming 10% of our SEBB enrollment is diabetic, which is on par with the average.

Slide 4 – Diabetes Prevention Programs are key. These are digital point solutions, which is a specific digital service provided by a vendor to fill a health care gap. HCA has offered a diabetes prevention program with Omada. People who took the A1C test and tested in the prediabetic range were able to enroll in the Omada Program. PEBB Program results from 2019 show that 36% of Omada participants met, or beat, the target weight loss goal of 5%. Omada is at no cost to the member and covered by claims cost. It's a 16-week education program where people log their food and use a smart scale to log their weight. Once they achieve that 5% weight loss, the risk of developing Type 2 diabetes goes down by 58%. Of our 2,945 participants, just over 1,000 met the goal and reduced their risk of Type 2 diabetes.

Premera will offer diabetes prevention starting January 1, 2021 with Livongo and will be available to all SEBB Program members. Again, this is diabetes prevention, people with a prediabetes diagnosis. With Omada, if the member had an A1C rate above 6.4, they were not eligible because they were considered to already have diabetes.

HCA used SmartHealth for education to give some screening quizzes and direct people to diabetes resources through Omada, if they qualified as prediabetic, or through Kaiser's One Stop Program.

Slide 5 – Diabetes Management Offerings. Diabetes management is different from diabetes prevention. These are people with a diagnosis of diabetes with an A1C rate above 6.4. How do they manage that condition? Kaiser offers Diabetes One Stop. Any Kaiser members with diabetes have access to a digital point solution through Kaiser. Premera will offer Livongo, which is another major player in the market, starting January 1, 2021. The UMP offers traditional case management where a nurse checks in with patients with a diabetes diagnosis on a regular basis, usually about every one to three months. We haven't seen high utilization of this in UMP so we might want to look at getting more members' access.

HCA's Washington Wellness Program did trainings in 2018 and 2020 about diabetes management. Wellness educators at different locations and different districts were educated on what to pass along to the members so they would receive good information about how to manage diabetes. It's also several tiles on SmartHealth. If a Kaiser SEBB Program member was on SmartHealth and they went through information that indicated they might be diabetic, they could be referred straight to Kaiser's One Stop Program. All members have traditional diabetes management available, which was how it was done before the digital point solutions, with care provider, diabetic educators helping them with nutrition, and access to glucometers through their prescription plan.

Slide 6 – Diabetes Management. It takes work on both sides of the patient and the patient's care team to manage diabetes. How that's done varies from patient to patient. On this slide, patient activities are listed first: blood glucose checks, reduction of

carbohydrates and sugars, 20 minutes of vigorous physical activity, and medication, which may or may not be insulin. There are also non-insulin medications used to control Type 2 diabetes, like Metformin and Victoza.

The care team will check a diabetic patient's feet for neuropathy, do eye exams to make sure there's no retinal deterioration, nutrition education by a diabetic educator, and also regular tests of both the hemoglobin A1C and for comorbidities, like high blood pressure and cholesterol.

In the past, the patient and the care team was analog. When a patient went to their doctor, they would discuss issues with their diabetes and tweak as necessary. A patient could go months without feedback. With a digital point solution, the monitoring is constant. In some cases, the care team has access to the patient's daily blood glucose checks to get a real time picture to identify and manage trends.

Slide 7 – Digital Diabetes Management Programs (DMPs). This slide shows what programs offer and their benefits. According to a Mercer study, 94% of consumers are willing to try at least one digital tool to help manage their health. These programs offer blood glucose tracking, food logging, coaching, education elements, activity tracking, and medication tracking for individuals with Type 1 diabetes or Type 2 diabetes that is out of control.

The benefits of a digital diabetes management program are: lower A1C, instant feedback, motivational engagement, documentation, possible reversal, cost reduction, and accountability without fear of judgment.

Slide 8 – RFI Summary. HCA issued a Request for Information (RFI) for diabetes management programs. There were eleven respondents: Betr Health, Cappa, Cecelia, LexisNexis, Livongo, Omada, One Drop, Pops, Solera, Vida, Virta, and WellDoc.

Three of the respondents were eliminated from the final report because they were considered out of scope. One was a diabetes prevention program only, one was a data assessment only looking at risk scoring our members for diabetes using social determinants of health, and one was a marketplace solution. They offered a wide array of diabetes management and weight loss programs we could buy, but their per member/per month price was almost 300% higher than the average per member/per month (PM/PM) of our in-scope respondents. If HCA wanted to offer a marketplace solution, we could offer more than one of the in-scope respondents and save money. That's where we are now.

The RFI questions focused on user experience, clinical development of the program, clinical results of the program, the PM/PM price, and technical specifications.

Slide 9 – Two Types of Self-Directed DMPs. HCA determined there were two types of self-directed diabetes management programs. The first type we called high engagement, which offered in depth education elements that helped to bring people on board and learn what they needed to do to manage their disease. Some offered the possibility of reversing Type 2 diabetes. The more the application offers, the more it costs. The high engagement vendors are Betr Health, Cecelia, Livongo, Omada, Vida, and Verta. These are daily maintenance applications. Engagement was easy and these had a lower cost. Another difference is a low engagement program that will probably be used for the rest of their life, whereas the high engagements were focused on the education elements. They had specific curriculum lengths, six weeks, six months, two years, etc., and it differed from program to program.

Slide 10 – High Engagement Products. High engagement products had a cost range of \$65 to \$200 per member/per month. It's a wide range of costs for what you get. Two products had an additional cost of a one-time implementation fee. A high engagement product requires a more serious time and lifestyle commitment from the member. In the highest engagement product, the member received a meal plan and shopping list. These programs typically ended after one to two years. The average net savings, based on their marketing materials, was about \$23.25 per member/per month. The average return of investment (ROI) self-disclosed by the vendors was 1.3% to 1%.

Slide 11 – Low Engagement Products. For low engagement products, the per member/per month cost range is between \$40 and \$60. These products are more effective for a casual user. The program has no end date, which also makes this a better product for someone with Type 1 diabetes, or gestational diabetes because Type 1 diabetes is not reversible. The average net savings on the low engagement products, based on these companies own marketing materials, was almost \$80 per member/per month. Their self-disclosed average ROI was about 2% to 1%.

Slide 12 – Next Steps. The RFI gave us information for a future Request for Proposal (RFP) if we decide to proceed. Given the current COVID budget situation, an RFP is not a financial possibility until plan year 2022 at the earliest. If the decision is to move forward at a later date, everything is set up to launch an RFP.

HCA will leverage SmartHealth for additional diabetes education and tools to get people understanding their options. HCA will support and promote plans with existing diabetes management programs. Regence has also costed out offering Omada or Livongo to UMP members. While we're not in a position to do that now, it could be something we talk about in the 2021 Board season. HCA can publicize Kaiser's and Premera's diabetes management programs through our wellness programs, SmartHealth, and other wellness support.

Pete Cutler: First of all, thank you for the presentation. This is actually, I think, the best presentation I've ever seen on diabetes management programs. It's been helpful.

Now a big question for me is on Slide 9 it talks about two types of self-directed diabetes management programs. One is called high engagement, the other is low engagement. The question that leaps to my mind is what can any of these vendors show in terms of their unique ability to actually get the appropriate patients or members engaged to have the engagement? In fact, I'm thinking with the high engagement plans that requires a more serious time and lifestyle commitment from members, it would seem to me that you're likely to see your best results in terms of improvement in health and lowering of costs from programs that actually somehow motivate the member to commit to that serious time and lifestyle changes. Do you have information about what their actual experience is that they can document in terms of their ability to promote engagement?

Kat Cook: Pete, that's a great question. A lot of the vendors we talked to had specific targeted marketing plans they develop. If we were to procure this, HCA would work with them on our populations, specific to PEBB and SEBB Programs, and we'd develop marketing and awareness campaigns to get people engaged. A lot of them did have customizable tools to do that. Several of the high engagement products gave us some sort of engagement rates. The most impressive one was engaging 40% of the diabetic population from the get-go. I found that to be a bit optimistic. The average we're seeing is about 10% of the population per year.

Pete Cutler: Can they give objective data and show with these, with obviously keeping the names of the employers or whomever they're working with, anonymous? Can they give objectively verifiable information about how successful they've been in actually getting members to engage in their program and make changes? Because there's a ton of people with incredibly persuasive marketing and great plans. But my experience has been it's really hard to get people to actually change behavior related to diet or similar matters.

Kat Cook: You're absolutely right. They can offer some. There wasn't a specific way that I could say was what we saw overall on the RFI, but I would say probably a third of them did offer information that, at least, looked like something we could trace down. Does that help answer your question?

Pete Cutler: Great. That's fine. Thank you.

SEBB My Account Enhancements

Jerry Britcher, Chief Information Officer, Enterprise Technology Services (ETS) Division. Slide 3 – New Enhancement Process. HCA was made aware of the need for enhancements are through various stakeholder groups. Our Outreach and Training Unit hears from the districts at stakeholder conferences, such as WASBO, WASWUG,

etc. We hear from those who are participating. We hear directly from the SEBB Program employer stakeholder groups. We get additional information through appeals and user inquiries, and then directly from our own HCA staff.

Slide 4 – Enhancement Releases. HCA’s release process is, basically we prioritize the enhancements we receive because there are quite a few. We build those enhancements in two-week cycles. We have X number of hours within a two-week cycle to do the development, the testing, and the release of that new functionality. The only time we go outside of that is if there is so much work that needs to be done for an enhancement it requires more than two weeks. We will then extend our release. An example of that is the current limited enrollment. That was a four-week cycle as opposed to a two-week cycle. As a side note, we do not release enhancements during open enrollment.

Slide 5 – Enhancements Done. Since our last open enrollment, some examples of completed enhancements are: lower limit, which allows benefits administrators to update subscriber enrollment and eligibility information within a two-month back period. From the current month, they could update data that would impact billing to the school districts and/or subscribers back two months. Subscriber termination action functionality was implemented, which enables it, if a subscriber was terminated in error, they could be reinstated without a large workaround that was required before the enhancement. We’ve also eliminated future dates for things, such as dates of birth and partnership dates that were simply causing problems. The back end Pay1 System, and carrier environments weren't supportive of putting birth dates three months in advance or marriages months in advance into the system. So those were eliminated.

Slide 6 – Enhancements Done (*cont.*). Language enhancement updates were completed for clarity, verbiage around the 630 hours; based on local eligibility or SEBB eligibility, we added subscriber mailing addresses at the same time the subscriber is created so the data is more consistent; the ability to unlock subscribers that cannot recall their security questions for logging into the system was added; and added the functionality of being able to use the full Social Security number to look up a user. Before we just used the last four digits, but that slowed the system down due to overlap.

Slide 7 – Enhancements Planned Before Fall Open Enrollment 2020. HCA continues to evolve the system and enhancements we're planning before the fall open enrollment include: user interface enhancements for supplemental LTD, reverification of dependents who failed the audit process, a report of a contact list for Benefits Administrators, and indicators of successful completion to help the subscriber as they're going through the process to understand they've successfully completed a step within that process and can move on. Successful completion indicators will help them navigate more effectively.

Slide 8 - Enhancements Planned Before Fall Open Enrollment 2020 (*cont.*).

Additionally, HCA is modifying the tobacco attestation so it does not include dependents 12 years or younger; we are adding a submit button, which appears only when data changes; and for new subscribers, the dashboard shows a newly eligible tile that will be directed towards functionality geared towards them, as opposed to those who are returning and don't need to go through the same process.

These are our goals. Sometimes things come up, but currently these are in scope to occur before fall open enrollment.

Public Comment

None.

Next Meeting

January 28, 2021

Preview of January 28, 2021 SEB Board Retreat

Dave Iseminger, Director, Employees and Retirees Benefits Division, provided an overview of potential agenda topics for the January 28, 2021 Board Retreat.

I also need to thank HCA staff, Connie, Jesica. July is always a very tough month here at HCA for these programs. We've had four Board Meetings in eight calendar days. It's also exhausting for our stakeholders, equally challenging for our staff. All the work that goes into these meetings, it's important to thank our staff as well.

Wayne Leonard: I wanted to thank all the HCA staff, too, for all the work they put in. I know they're the unsung heroes behind the scenes, but it makes our work go faster and easier.

Pete Cutler: I want to ditto Wayne's comments. I really appreciate all the work of the staff throughout the Board season and year.

Lou McDermott: Thank you, again, for a great Board season. Tough work, lots of decisions needed to be made. As we joked before, there's 40 pages of eligibility for PEBB and SEBB is definitely catching up. There will be things that occur in appeals that we will be bringing for resolution in the next season to adjust or clarify things. So, thanks for bearing with us, thanks for a good Board season, and this meeting is adjourned.

Meeting adjourned at 11:02 a.m.