Washington State Health Care Authority

**School Employees Benefits Board**
**Meeting Minutes**

June 3, 2021
Health Care Authority
Sue Crystal Rooms A & B
Olympia, Washington
9:00 a.m. – 1:30 p.m.

The Briefing Book with the complete presentations can be found at:
https://www.hca.wa.gov/about-hca/school-employees-benefits-board-sebb-program

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

**Member Absent**
Pete Cutler

**SEB Board Counsel**
Katy Hatfield

**Call to Order**
**Lou McDermott, Chair,** called the meeting to order at 9:03 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 via Zoom 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.

Today's Washington communities highlighted are Pend Oreille County, Stevens County, and Ferry County. Between the PEBB and SEBB Programs, in Pend Oreille we serve a little over 8% of the population; and similar levels, 8% and 7%, in neighboring Stevens and Ferry Counties. For Medicaid, it's roughly 30% to 32% of each county population

served. Roughly 40% of the residents in this three-county region are served by programs at the Health Care Authority.

Some of the demographic information in this region shows noticeably higher rates of the residents living in poverty in each county, generally somewhere between 20% to 25%, whereas the statewide average is 15%. There is a slightly lower than average rate of unemployment, so between 6% and 7% in each county, whereas the statewide average is around 8%. There are higher uninsured individuals in the region, between 7% and 7.5% in each county, whereas the statewide average is a little over 5%.

Approximately 60% to 65% of the entire population in the three-county region is covered in some way by either Medicare or Medicaid. A lot of provider rates are heavily drawn and influenced by those rates.

While all three counties are considered rural, there are noticeable referral and utilization patterns from Stevens County, in particular the Spokane region. We also see a lot of referral patterns in the Pend Oreille and Stevens County area over into the Idaho panhandle for non-primary care purposes.

A long-standing challenge in northeast Washington is the recruitment of physicians, Advanced Registered Nurse Practitioners (ARNP), and others that influence access to primary care causing lower access to primary care rates in that part of the state. It's estimated that roughly a third to a half of the population across that three-county region does not have easy access to grocery stores. This relates to food security, health, and the interrelationship between those various aspects of our lives.

We acknowledge our meeting is being supported physically here in Olympia on the traditional territory of the Coast Salish people. This area was a primary portage way to and from the Puget Sound. These lands were shared by several tribes, including the ones known today as the Squaxin Island Tribe and the Nisqually Tribe. HCA honors and thanks their ancestors and leaders who have been stewards of these lands and waters since time immemorial.

**Approval of March 4, 2021 Meeting Minutes**

Alison Poulsen moved, and Wayne Leonard seconded a motion to approve. Minutes approved as written by unanimous vote.

**Follow Up of May 5, 2021 Meeting**

**Dave Iseminger**, Director, ERB Division. There were two questions from our May meeting. One was a second request to have a presentation on program finances. Staff are anticipating bringing that presentation to a June meeting. Our goal is to incorporate a similar presentation annually at the retreat. We'll be looking for feedback at the next meeting on the structure of that presentations and other content Board Members would like for future iterations.

Pete asked the second question regarding a request for what the employer medical contribution financial budget target is in the operating budget that was passed by the legislature, because that employer medical contribution is the crux of how we do rate setting and comply with the collective bargaining agreements. The calendar year 2022

budget employer medical contribution (EMC) target is $570. For context, the first two calendar years of the program, 2020 and 2021, the employer medical contribution target was $555. It did not change from the first year to the second. During the initial financial modeling of the program, we indicated there would be some refinements. We would be right on some projections and off on others. The EMC was stable the first few years. Then the new budget target for the calendar year 2022 rates that we're setting now represents roughly a 3% increase in the EMC used for the rate setting process. Tanya will provide more insights when we have more financial information. That $570 will be in subsequent presentations further in this season.

**SEBB Medical Plan Appeals Process**

**Selena Davis**, Senior Account Manager, ERB. Slide 2 – The General Appeals Process follows state and federal laws, so the medical appeals process is the same across all our carriers. Today I'm focusing on the appeals process specific to the Uniform Medical Plan.

Slide 3 – What is an Appeal? An appeal is a formal request to the health plan for reconsideration of a determination. It can be in writing or phone by the member or an authorized representative of the member. Due to privacy laws and regulations, unless the appealing member is a minor, the plan must have written authorization for a representative to advocate the appeal on the member's behalf. There are medical appeals and employee eligibility appeals. Medical appeals go directly to UMP (Regence). Employee eligibility appeals have a separate process that goes through the employer and HCA. Today's presentation will focus on the UMP medical appeals process.

Slide 4 – Medical Appeal Examples are situations where members may feel they had an authorization request denied, a denial of claims payment or reimbursement, a procedure or service ruled not medically necessary, health care setting denied, or a non-covered service.

Slide 5 – General Levels of Appeals. There are three levels of appeals, denial of request, internal appeal, or external appeal to an independent review organization.

Slides 6 – 8 defines the three levels of appeals, which are required by the Office of the Insurance Commissioner.

Slide 9 – Expedited Appeal has different circumstances and is on a case-by-case basis.

Slide 10 – UMP PEBB Non-Medicare Appeals. The number of appeals for 2018, 2019, and 2020 that UMP saw are listed. For 2020, the most recent information, had 1,805 appeals filed at the first level, which included expedited appeals. Of those, 266 went to a second level appeal, and only 71 went to a third level. The appeal was in favor of the member and overturned 645 times.

Slide 11 – UMP PEBB Retiree Medicare Appeals. In 2020, 202 Level 1 appeals were filed. Of those 48 reached Level 2, 20 went to Level 3. 81 were overturned or found in favor of the member. Expedited appeals were included in the totals.

Slide 12 – UMP SEBB Appeals. Only data for 2020 is available for the SEBB Program active population. Level 1 had 588 appeals filed with 91 going to Level 2. Of those, 16 went to Level 3 with 249 overturned or found in favor of the member.

Slides 13 – 14 – Regence: How to Submit an Appeal. UMP members with a Regence online account can submit an appeal by directly logging into their Regence account, or download the form online and submit by email, fax, or mail. An appeal can also be made by calling Regence Customer Service by phone.

**Dave Iseminger**: PEBB Program numbers were included to show a longitudinal history and a consistent trend. Eventually there will be enough historical knowledge when a program-to-program comparison won't be necessary. With 2020 being a unique year, we felt it would be helpful.

Members may have a perception the appeals process is futile. Selena's presentation shows otherwise. This data shows a hefty number of individuals whose appeal was overturned. The process creates a balance within the appeal process to ensure Regence and the carriers' own individual appeal processes learn along the way and can continue to refine a benchmark.

**Dan Gossett**: I appreciate this presentation. It would be nice to have the total number of claims and then the percentage that go to appeals. That could just be with the SEBB data. If it's possible, to also get information on the number of appeals, what percentage, were related to CAM (chiropractic, acupuncture, and message) therapy. Thank you.

**Lou McDermott**: As appeals go through the process, it can drive modifications we make to our own rules. HCA monitors appeals to see if there's a trend, a discrepancy, or confusion. We've refined our rules, on the PEBB side over the past 30 years. The appeals process drives some of that.

**Wayne Leonard**: I assume the reason, at least initially, that many of these appeals are a question about additional information or whether a procedure is medically necessary. Would that be safe to assume?

**Dave Iseminger**: Yes, I do think that's going to be the lion's share of it is medical necessity. Sometimes questions as to whether there's even a medical necessity override on that benefit. We've tried to highlight this before but the way the plan coverage works, certain parts of the plan design have strict limitations and there is no medical necessity override. And other plans do. Sometimes people want to question which parts of the benefit structure have a medical necessity override because sometimes there wasn't enough information with the original submission. They can supplement the record as they're going through certain levels of the appeal process.

**Wayne Leonard**: As a Board Member, when we receive letters in our Board materials from members who have probably been unsuccessful during the appeals process, that would be primarily for, as Lou mentioned, maybe planning potential future changes to the program. There's nothing the Board can do to overturn appeals. Is that correct?

**Dave Iseminger**: That is correct, Wayne. It does drive opportunity for benefit design changes. Sometimes we learn in the appeal process that maybe the pre-authorization

requirements being applied aren't as our team would expect. Sometimes, from the administrative hat, we're able to help dial those preauthorization criteria a little bit more without even needing to come to the Board because it's for the administrative aspect of it. For example, when it related to treatment limitations, that's the type of thing when the data is used to inform a benefit design discussion with the Board.

**Wayne Leonard**: Okay, thank you for this information. That was very helpful.

**Dave Iseminger**: You reminded me of another piece of information I wanted to share. This presentation has been about medical appeals. There's a separate appeal process when it comes to eligibility for benefits. Those determinations of who gets the employer contribution and whether they have access to the portfolio, start at the employer level, get elevated to the Health Care Authority legal team, and then can move to an Administrative Hearing under the Administrative Procedures Act. A very different process.

**2022 Annual Procurement Update**

**Lauren Johnston**, SEBB Program Procurement Manager, ERB Division. Slide 2 – Medical Procurement Plan includes the timeline for the Request for Renewal Process.

Slides 4 – 5 – Uniform Medical Plan (UMP) 2022 – Proposed Benefit Changes. This is ERB's self-funded plan, administered by Regence. There are proposed changes to mental health parity to ensure compliance with federal parity laws for mental health and substance use disorder benefits compared to medical and surgical benefits. It removes the coinsurance from mental health and substance use disorder inpatient professional services in UMP Achieve 1, UMP Achieve 2, UMP Plus Puget Sound High Value Network, and UMP Plus UW. It does not apply to facility fees of the inpatient stay. There are no changes needed for the UMP High Deductible Plan.

Change is being proposed for 2022 with UMP accumulators. Currently when a member switches plans during the plan year, their accumulators do not roll over when they switch to a different plan. HCA is recommending allowing accumulator rollovers between the UMP plans for member satisfaction and to align with how Kaiser and Premera's plans apply rollovers.

**Dave Iseminger**: As an example, an individual might be enrolled in the UMP High Deductible Plan, get married, and planning to start a family. Their circumstances are now different, and they want to be in UMP Achieve 1 or Achieve 2. If they already had services going toward meeting their deductible, having a special open enrollment related to that marriage and them switching plans, that deductible progress on their original plan election would be wiped away and they'd be back to zero in their new plan. This proposal would allow a midyear UMP plan switch during a special open enrollment to retain what they already accumulated towards their deductible. The progress on one UMP plan is retained and progress toward your deductible as well as all other accumulators when you switch within the carrier. That's how Kaiser and Premera work within their suite of offerings.

**Lauren Johnston**: Slide 6 – Proposed Resolution SEBB 2021-14 UMP Accumulators reads: Beginning January 1, 2022, when a subscriber enrolled in a Uniform Medical

Plan (UMP) changes their enrollment to another UMP plan during the plan year (excluding Open Enrollment), the insurance accumulators (such as deductibles, out-of-pocket maximums, and benefits and limit visits) will transfer into their new UMP plan. This resolution will be brought to the Board for action at a later meeting.

**Dave Iseminger**: This resolution will go through the stakeholder process before we bring it back for action.

**Lauren Johnston**: Slide 7 - Uniform Medical Plan (UMP) 2022 – Proposed Benefit Changes (*cont.*) This change with the UMP High Deductible Plan is due to an IRS change. The health savings account, which applies to the high deductible plan, will have an annual maximum contribution increased to $3,650 for subscriber only and $7,300 for all other tiers. That's a $50 increase for the subscriber only and a $100 increase for all the other tiers.

**Dave Iseminger**: This change is technically under the Cafeteria Plan the state runs that the agency has authority over. No Board action is needed because the authority to make these changes resides with the Health Care Authority. We anticipated bringing another change requiring Board action related to the high deductible plan, however, the change we anticipated did not occur. We had anticipated the IRS was going to increase the minimum deductible level necessary for the plan to be IRS qualified to have those tax advantage aspects of a health savings account. The IRS can increase this in $50 increments each year, which they haven't done in the last few years. The IRS set the floor at $1,400, which is exactly what the UMP High Deductible Plan deductible is. The current plan design complies with the IRS standard for 2022. We believe that signals next year will have enough inflationary pressures to prompt the IRS to raise it.

**Lauren Johnston**: Slides 8 – 9 – Proposed Change to UMP Plus – Puget Sound High Value Network. As of January 1, 2022, this network will no longer be offered in Thurston County in part due to provider contracting issues. There were adult primary care contracting challenges and recent ownership relationships that shifted towards UW Medicine, UMP's Plus network. This impacts 77 members. HCA and UMP will submit notifications to subscribers, as well as the Puget Sound High Value Network. Members can also see it through provider search and web notices.

Thurston County will still have 13 plans - four other UMP plans, three Premera plans, three Kaiser Washington plans, and three Kaiser Washington Options plans.

Slides 10 – 11 - 2022 UMP Plus Network Coverage and UMP Plan Coverage. The only change on these maps is that Thurston County went from purple to yellow on Slide 10 and from dark orange to medium orange on Slide 11 to reflect the Puget Sound High Value Network will no longer be offered in Thurston County.

The next set of slides will show proposed changes to the fully insured SEBB medical plans. HCA considers these proposed changes positive for the member. Slides 13 – 22 show Kaiser Permanente Proposed 2022 Benefit Changes. KPNW is proposing benefit changes to naturopathy, acupuncture, massage, rehabilitation services, and dental services for potential transplant recipient.

KPWA and KPWA Options, Inc. plans are proposing benefit changes to include home infusion therapy and removing cost shares for two urine drug screenings. KPWA Options, Inc. is proposing a benefit change to align with Premera and UMP by removing the annual out-of-network maximum out-of-pocket limit.

Slide 21 – Kaiser 2022 Service Areas – No Changes.

Slide 22 – KPNW and KPWA Provider Network Changes. KPNW is adding PeaceHealth Medical Center as a network provider. KP Washington's contract with UW Medicine, used for their core and SoundChoice plans, expired on May 31, 2021. This does not impact KPWA Options, Inc. plans. The KPWA contract with Kittitas Valley Medical Center will end on December 31 of this year for all plans.

**Dave Iseminger**: KPWA and UW Medicine are still in active negotiations, but the contract did expire earlier this week. Staff looked at the data and understand around 500 members may be impacted in the SEBB Program. There are some protections that exist for individuals in the situation where they have primary contact with UW Medicine. Anything with a preauthorization already in place continues to be honored at the in-network rate, which covered about half the population. While there's no contract in place and because we're hopeful there will ultimately be agreements to bring them back into network status officially, emergency services are still covered. It does not impact the PPO Options product line at this point.

**Lauren Johnston**: Slides 24 – 26 – Premera 2022 Proposed Benefit Changes. Proposed changes include adding a Quit for Life Program with a zero cost to the member and service area expansion to include Kittitas County.

**Dave Iseminger**: I appreciate this response from Premera. It relates to our discussion when we highlighted that Kittitas Valley Health Care and Kaiser Washington will no longer have a network contract there by the end of this year. This will help alleviate some of the challenges the communities in Kittitas County feel with the change in the KPWA network status.

**Lauren Johnston**: Slide 28 – No Proposed Benefit Changes for 2022. There are no proposed changes to the dental and vision benefit offerings for 2022.

**Dave Iseminger**: We've described the benefit design pieces that are on the table. We'll discuss financial implications during our Executive Session. Staff will then move to the final rate setting process with the Board in public session.

**Public Comment**

No public comment.

**Next Meeting**

June 24, 2021
9:00 a.m. – 1:00 p.m.

**Preview of June 24, 2021 SEB Board Meeting**

**Dave Iseminger**, Director, Employees and Retirees Benefits Division, provided an overview of potential agenda topics for the June 24, 2021 Board Meeting.

Dave acknowledged Reimer Douglas, one of our longest standing partners on contracts with Uniform Dental Plan administration, as well as Delta Care. I want to acknowledge that his retirement is tomorrow and to take a moment to publicly thank him for his service to state employees and then school employees as the SEBB Program was formed. We wish him well in his retirement

**Executive Session**

The Board met in Executive session pursuant to RCW 42.30.110 (1)(l), to consider proprietary or confidential nonpublished information related to the development, acquisition, or implementation of state purchased health care services as provided in RCW 41.05.026.

Meeting adjourned at 10:50 a.m.