

Public Employees Benefits Board Meeting

June 13, 2024

Public Employees Benefits Board

June 13, 2024

9:00 a.m. – 2:00 p.m.

This meeting will be hybrid with attendance options both in person and via Zoom

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

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TAB 1

Public Employees Benefits Board
June 13, 2024
9:00 a.m. – 2:00 p.m.

This meeting will be hybrid with attendance options either in person or via Zoom. Masks are optional.

TO JOIN ZOOM MEETING – SEE INFORMATION BELOW

9:00 a.m.*	Welcome and Introductions		Lou McDermott, Chair Pro Tem	
9:05 a.m.	Meeting Overview		Dave Iseminger, Director Employees & Retirees Benefits (ERB) Division	Information
9:10 a.m.	Approval of Meeting Minutes • May 9, 2024	TAB 3	Lou McDermott, Chair Pro Tem	Action
9:20 a.m.	May Meeting Follow Up		David Iseminger, Director Employees & Retirees Benefits (ERB) Division	Information/ Discussion
9:30 a.m.	Property/Casualty Insurance via Payroll Deduction Follow Up	TAB 4	John Partin, Section Manager Employees & Retirees Benefits (ERB) Division	Information/ Discussion
10:00 a.m.	Pharmacy Administration	TAB 5	Jenny Switzer, Senior Account Manager Employees & Retirees Benefits (ERB) Division Ryan Pistorresi, Clinical Pharmacist Clinical Quality & Care Transformation (CQCT) Division	Information/ Discussion
11:00 a.m.	Medicare Update	TAB 6	Ellen Wolfhagen, Retiree Benefits Manager Employees & Retirees Benefits (ERB) Division	Information/ Discussion
11:15 a.m.	UMP Classic Medicare with Part D (PDP) Policy Resolution	TAB 7	Stella Ng, Policy & Rules Coordinator Employees & Retirees Benefits (ERB) Division	Information/ Discussion
11:30 a.m.	General Public Comment			
11:55 a.m.	Closing			
12:00 p.m.	Transition to Executive Session			

12:15 p.m.	Executive Session			
2:00 p.m.	Adjourn		Lou McDermott, Chair Pro Tem	

*All Times Approximate

The Public Employees Benefits Board will meet Thursday, June 13, 2024 at the Washington State Health Care Authority, Sue Crystal Rooms A & B, 626 8th Avenue SE, Olympia, WA. Attendance for this meeting can be in person or via Zoom. Masks are optional.

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

Pursuant to RCW 42.30.110(1)(L), the Board will meet in Executive Session to consider proprietary or confidential nonpublished information related to the development, acquisition, or implementation of state purchased health care services as provided in RCW 41.05.026. The Executive Session will begin at 12:00 p.m. and conclude no later than 1:45 p.m.*

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

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

To provide public comment by email, direct e-mail to: PEBBoard@hca.wa.gov.

Materials will be posted at <https://hca.wa.gov/peb-board-meetings> by close of business on Monday, June 10, 2024.

Join Zoom Meeting

<https://us02web.zoom.us/j/82358248538?pwd=btBtqImFcz5iHGQYIZRTK8umjPqojR.1>

Meeting ID: 823 5824 8538

Passcode: 277765

One tap mobile

+12532050468,,82358248538#,,,,*277765# US

+12532158782,,82358248538#,,,,*277765# US (Tacoma)

Dial by your location

- +1 253 205 0468 US
- +1 253 215 8782 US (Tacoma)
- +1 669 900 6833 US (San Jose)
- +1 719 359 4580 US
- +1 346 248 7799 US (Houston)
- +1 669 444 9171 US
- +1 507 473 4847 US
- +1 564 217 2000 US
- +1 646 931 3860 US
- +1 689 278 1000 US
- +1 929 205 6099 US (New York)
- +1 301 715 8592 US (Washington DC)
- +1 305 224 1968 US
- +1 309 205 3325 US

- +1 312 626 6799 US (Chicago)
- +1 360 209 5623 US
- +1 386 347 5053 US

Meeting ID: 823 5824 8538
Passcode: 277765

Find your local number: <https://us02web.zoom.us/j/82358248538>

PEB Board Members

Name	Representing
Sue Birch, Director Health Care Authority 626 8 th Ave SE PO Box 42713 Olympia WA 98504-2713 V 360-725-2104 sue.birch@hca.wa.gov	Chair
Kurt Spiegel WA Federation of State Employees 1212 Jefferson ST SE #300 Olympia WA 98501 V 833-622-9373 PEBBoard@hca.wa.gov	State Employees
Elyette Weinstein 5000 Orvas CT SE Olympia WA 98501-4765 V 360-705-8388 PEBBoard@hca.wa.gov	State Retirees
Tom MacRobert 4527 Waldrick RD SE Olympia WA 98501 V 360-264-4450 PEBBoard@hca.wa.gov	K-12 Retirees
Michaela Doelman Office of Financial Management 302 Sid Snyder Ave Olympia WA 98501 C 360-790-8315 PEBBoard@hca.wa.gov	Benefits Management/Cost Containment

PEB Board Members

Name	Representing
Sharon Laing Box 358421 1900 Commerce Street Tacoma, WA 98402 V 253-692-4475 PEBBoard@hca.wa.gov	Benefits Management/Cost Containment
John Comerford* 121 Vine ST Unit 1205 Seattle, WA V 206-625-3200 PEBBoard@hca.wa.gov	Benefits Management/Cost Containment
Harry Bossi 19619 23 rd DR SE Bothell WA 98012 V 360-689-9275 PEBBoard@hca.wa.gov	Benefits Management/Cost Containment
Legal Counsel Michael Tunick, Assistant Attorney General 7141 Cleanwater DR SW PO Box 40124 Olympia WA 98504-0124 V 360-586-6495 MichaelT4@atg.wa.gov	

*non-voting members

1/26/24



STATE OF WASHINGTON
HEALTH CARE AUTHORITY
626 8th Avenue SE • PO Box 45502 • Olympia, Washington 98504-5502

PEB BOARD MEETING SCHEDULE

2024 Public Employees Benefits (PEB) Board Meeting Schedule

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

February 1, 2024 (Board Retreat) - starting at 9:00 a.m.*

March 21, 2024 - starting at 9:00 a.m.

April 11, 2024 - starting at 9:00 a.m.

May 9, 2024 - starting at 9:00 a.m.

June 13, 2024 - starting at 9:00 a.m.

June 27, 2024 – starting at 9:00 a.m.

July 11, 2024 - starting at 9:00 a.m.

July 18, 2024 - starting at 9:00 a.m.

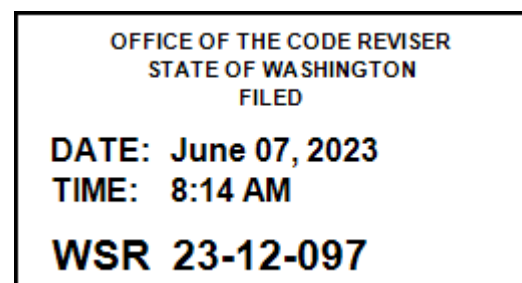
July 25, 2024 - starting at 9:00 a.m.

August 1, 2024 - starting at 9:00 a.m.

*Meeting times are tentative

If you are a person with a disability and need a special accommodation, please contact the Employees and Retirees Benefits (ERB) Board Operations Manager at 360-725-9400.

06/06/2023



TAB 2

PEB BOARD BY-LAWS

ARTICLE I

The Board and its Members

1. **Board Function**—The Public Employees Benefits Board (hereinafter “the PEBB” or “Board”) is created pursuant to RCW 41.05.055 within the Health Care Authority; the PEBB’s function is to design and approve insurance benefit plans and establish eligibility criteria for participation in insurance benefit plans for Higher Education and State employees, State retirees, and school retirees.
2. **Staff**—Health Care Authority staff shall serve as staff to the Board.
3. **Appointment**—The Members of the Board shall be appointed by the Governor in accordance with RCW 41.05.055. Board Members shall serve two-year terms. A Member whose term has expired but whose successor has not been appointed by the Governor may continue to serve until replaced.
4. **Non-Voting Member**—There shall be one non-voting Members appointed by the Governor because of their experience in health benefit management and cost containment.
5. **Privileges of Non-Voting Member**—The non-voting Member shall enjoy all the privileges of Board membership, except voting, including the right to sit with the Board, participate in discussions, and make and second motions.
6. **Board Compensation**—Members of the Board shall be compensated in accordance with RCW [43.03.250](#) and shall be reimbursed for their travel expenses while on official business in accordance with RCW [43.03.050](#) and [43.03.060](#).

ARTICLE II

Board Officers and Duties

1. **Chair of the Board**—The Health Care Authority Administrator shall serve as Chair of the Board and shall preside at all meetings of the Board and shall have all powers and duties conferred by law and the Board’s By-laws. If the Chair cannot attend a regular or special meeting, he or she shall designate a Chair Pro-Tem to preside during such meeting.
2. **Other Officers**—(reserved)

ARTICLE III
Board Committees

(RESERVED)

ARTICLE IV
Board Meetings

1. Application of Open Public Meetings Act—Meetings of the Board shall be at the call of the Chair and shall be held at such time, place, and manner to efficiently carry out the Board's duties. All Board meetings, except executive sessions *as permitted by law*, shall be conducted in accordance with the Open Public Meetings Act, Chapter 42.30 RCW.
2. Regular and Special Board Meetings—The Chair shall propose an annual schedule of regular Board meetings. The schedule of regular Board meetings, and any changes to the schedule, shall be filed with the State Code Reviser's Office in accordance with RCW 42.30.075. The Chair may cancel a regular Board meeting at his or her discretion, including the lack of sufficient agenda items. The Chair may call a special meeting of the Board at any time and proper notice must be given of a special meeting as provided by the Open Public Meetings Act, RCW 42.30.
3. No Conditions for Attendance—A member of the public is not required to register his or her name or provide other information as a condition of attendance at a Board meeting.
4. Public Access—Board meetings shall be held in a location that provides reasonable access to the public including the use of accessible facilities.
5. Meeting Minutes and Agendas—The agenda for an upcoming meeting shall be made available to the Board and the interested members of the public at least 24 hours prior to the meeting date or as otherwise required by the Open Public Meetings Act.

Agendas may be sent by electronic mail and shall also be posted on the HCA website. An audio recording (or other generally accepted electronic recording) shall be made of the meeting. HCA staff will provide minutes summarizing each meeting from the audio recording. Summary minutes shall be provided to the Board for review and adoption at a subsequent Board meeting.

6. Attendance—Board Members shall inform the Chair with as much notice as possible if unable to attend a scheduled Board meeting. Board staff preparing the minutes shall record the attendance of Board Members at the meeting for the minutes.

ARTICLE V
Meeting Procedures

1. Quorum—Five voting members of the Board shall constitute a quorum for the transaction of business. No final action may be taken in the absence of a quorum. The Chair may declare a meeting adjourned in the absence of a quorum necessary to transact business.
2. Order of Business—The order of business shall be determined by the agenda.
3. Teleconference Permitted—A Board Member may attend a meeting in person or, by special arrangement and advance notice to the Chair, by telephone conference call, or video conference when in-person attendance is impracticable.
4. Public Testimony—The Board actively seeks input from the public at large, from enrollees served by the PEBB Program, and from other interested parties. Time is reserved for public testimony at each regular meeting, generally at the end of the agenda. Opportunity for public testimony at Board meetings shall also be made available immediately before the Board’s vote on a resolution. At the direction of the Chair, opportunities for public testimony may also be made available at other times during Board meetings. The Chair has authority to limit the time for public testimony, including the time allotted to each speaker, depending on the time available and the number of persons wishing to speak.
5. Motions and Resolutions—All actions of the Board shall be expressed by motion or resolution. No motion or resolution shall have effect unless passed by the affirmative votes of a majority of the Board Members present and eligible to vote, or in the case of a proposed amendment to the By-laws, a 2/3 majority of the Board.
6. Representing the Board’s Position on an Issue—No Board Member may endorse or oppose an issue purporting to represent the Board or the opinion of the Board on an issue unless the majority of the Board approve of such position.
7. Manner of Voting—On motions, resolutions, or other matters a voice vote may be used. At the discretion of the Chair, or upon request of a Board Member, a roll call vote may be conducted. Proxy votes are not permitted, but the prohibition of proxy votes does not prevent a Chair Pro-Tem designated by the Health Care Authority Director from voting.
8. Parliamentary Procedure—All rules of order not provided for in these By-laws shall be determined in accordance with the most current edition of Robert’s Rules of Order. Board staff shall provide a copy of *Robert’s Rules* at all Board meetings.
9. Civility—While engaged in Board duties, Board Members’ conduct shall demonstrate civility, respect, and courtesy toward each other, HCA staff, and the public and shall be guided by fundamental tenets of integrity and fairness.
10. State Ethics Law and Recusal—Board Members are subject to the requirements of the Ethics in Public Service Act, Chapter 42.52 RCW. A Board Member shall recuse

himself or herself from casting a vote as necessary to comply with the Ethics in Public Service Act.

ARTICLE VI
Amendments to the By-Laws and Rules of Construction

1. Two-thirds majority required to amend—The PEBB By-laws may be amended upon a two-thirds (2/3) majority vote of the Board.
2. Liberal construction—All rules and procedures in these By-laws shall be liberally construed so that the public's health, safety and welfare shall be secured in accordance with the intents and purposes of applicable State laws and regulations.

Last Revised March 9, 2023

TAB 3

Draft
Public Employees Benefits Board
Meeting Minutes

May 9, 2024
Health Care Authority
Sue Crystal Rooms A & B
Olympia, Washington
9:00 a.m. – 1:45 p.m.

The Briefing Book with the complete presentations and an audio recording of the meeting can be found at:
<https://www.hca.wa.gov/about-hca/programs-and-initiatives/public-employees-benefits-board-pebb-program/meetings-and-materials#meeting-materials>

Members Present in Olympia

Sue Birch, Chair
Michaela Doelman
Elyette Weinstein
Sharon Laing
John Comerford
Harry Bossi

Members Present via Zoom

Tom MacRobert (joined approximately 9:50 a.m.)
Kurt Spiegel

Members Absent

None

PEB Board Counsel

Michael Tunick, AAG (in person)

Call to Order

Sue Birch, Chair, called the meeting to order at 9:04 a.m. Sufficient members were present to allow a quorum. Board members and the public were able to attend either in person or virtually via Zoom.

Meeting Overview

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

Approval of Meeting Minutes

Elyette Weinstein moved, and Michaela Doelman seconded a motion to approve the April 11, 2024 meeting minutes. Minutes were approved by unanimous vote. Tom MacRobert was absent for voting.

UMP Benefit Design

Ryan Ramsdell, Uniform Medical Plan Team Manager in the Employees and Retirees Benefits (ERB) Division gave a presentation on a benefit design change in the PEBB Program. The presentation included two resolutions for voting.

- *PEBB 2024-23: UMP diagnostic and supplemental breast exam coverage.* Elyette Weinstein moved, and John Comerford seconded a motion to approve the resolution. The resolution passed with a unanimous vote. Tom MacRobert was absent for voting.
- *PEBB 2024-24: UMP diabetes management program.* John Comerford moved, and Elyette Weinstein seconded a motion to approve the resolution. The resolution passed with a unanimous vote. Tom MacRobert was absent for voting.

Benefits 24/7 Update

Chatrina Pitsch, IT Policy and Planning Manager in the Enterprise Technology Services (ETS) Division presented an update on the implementation of the Benefits 24/7 application that launched earlier in 2024. The update included details of launch successes and challenges, next steps in implementation, information on support for benefits administrators, and communications regarding the application.

Liberty Mutual Auto Insurance Discount Discussion

Andrea Philhower, Fully Insured Team Manager in the Employees and Retirees Benefits Division presented information regarding the PEBB Program Liberty Mutual auto discount and criteria the agency recommends be applied when an insurer approaches the PEBB Program with a proposal for a new benefit. The presentation included some background on the Liberty Mutual benefit, some considerations, and recommended future program evaluation criteria. The presentation also included a sample copy of a letter from Liberty Mutual about their benefit.

General Public Comment

The following members of the public provided comments:

- **Fred Yancey**
- **Amy Fortier**
- **Erica Sahota**

Topics brought forth during public comments included requests for more information about Liberty Mutual and retirees, member support groups regarding future benefit evaluation criteria, and a personal testimony regarding fertility treatment coverage.

Their testimonies can be found in the audio recording for the May 9, 2024 PEB Board meeting at:

<https://www.hca.wa.gov/about-hca/programs-and-initiatives/public-employees-benefits-board-pebb-program/meetings-and-materials#meeting-materials>

Next Meeting

June 13, 2024

Starting time 9:00 a.m.

Preview of June 13, 2024 PEB Board Meeting

Dave Iseminger, Director, Employees and Retirees Benefits (ERB) Division, provided an overview of potential agenda topics for the June 13, 2024 meeting.

Executive Session

Pursuant to RCW 42.30.110(1)(L), the Board met in in Executive Session to consider proprietary or confidential nonpublished information related to the development, acquisition, or implementation of state purchased health care services as provided in RCW 41.05.026. The Executive Session began at 10:56 a.m. and concluded at 12:52 p.m.

Meeting was adjourned at 12:53 p.m.

TAB 4

Property/Casualty Insurance via Payroll Deduction Follow Up

John Partin
Benefit Strategy and Design Section Manager
Employees and Retirees Benefits Division
June 13, 2024

RCW 41.05.065 (9)

(9) The public employees' benefits board shall review plans proposed by insuring entities that desire to offer property insurance and/or accident and casualty insurance to state employees through payroll deduction. The public employees' benefits board may approve any such plan for payroll deduction by insuring entities holding a valid certificate of authority in the state of Washington and which the public employees' benefits board determines to be in the best interests of employees and the state. The public employees' benefits board shall adopt rules setting forth criteria by which it shall evaluate the plans.

Proposed Evaluation Criteria for Contracts under RCW 41.05.065

The Public Employees' Benefits (PEB) Board will use these criteria to evaluate contracts under RCW 41.05.065, as applicable:

- ▶ Product differentiation

- ▶ Does the proposed plan offer additional features that are not available to members outside the program, such as added benefits or lower deductibles?
- ▶ Are the product's benefit design and coverage amounts reasonable in comparison to other such products on the market in Washington?

Proposed Evaluation Criteria for Contracts under RCW 41.05.065 (*cont.*)

▶ Product differentiation (*cont.*)

- ▶ Does the proposed plan offer improved access to coverage for PEBB Program members (for example, rural, accessibility considerations, etc.)?
- ▶ Does the proposed plan offer discounts that are not available in the general market?

Proposed Evaluation Criteria for Contracts under RCW 41.05.065 (*cont.*)

▶ Member convenience

- ▶ Is the process of applying for coverage streamlined and easily understandable?
- ▶ Can the carrier show that it is consistently timely in processing customer requests, such as requests to change benefit limits, or to add or subtract insureds?
- ▶ Does the carrier offer secure, reliable options for automation for member payments?

Proposed Evaluation Criteria for Contracts under RCW 41.05.065 (*cont.*)

- ▶ Would the proposed plan require a minimum administration and reduce administrative burden for employers (state agencies, higher education institutions, etc.) or members?
- ▶ Is it reasonable to expect that offering the plan would have a positive impact on employee recruitment and retention?
- ▶ Does the benefit offered align with HCA benefit offerings (RCW 41.05.745 and RCW 41.05.065)?

Proposed Evaluation Criteria for Contracts under RCW 41.05.065 (*cont.*)

- ▶ Is the carrier licensed in the state of Washington and in good standing with the Office of the Insurance Commissioner (OIC), with no actions in effect with the OIC?
- ▶ Are the carrier's marketing and communications consistent with HCA communication standards and education for voluntary or optional benefits?
- ▶ Can the vendor show that it will comply with all relevant federal, state, and HCA data privacy and retention requirements?

Proposed Resolution PEBB 2024-25

Evaluation Criteria for Contracts Under RCW 41.05.065

The provision of property, casualty, and accident insurance plans and any related evaluation criteria included in prior Board policy decisions and resolutions is rescinded and replaced with the following:

The Board adopts the evaluation criteria as presented at the June 13, 2024 Board meeting by which it shall evaluate contracts considered under RCW 41.05.065, as applicable.

Next Steps

- ▶ Incorporate Board feedback in the proposed policies
- ▶ Submit feedback to HCAPEBSEBBoardPolicyFeedback@hca.wa.gov by June 20, 2024
- ▶ Bring recommended proposed policy resolution to the Board for action at the June 27, 2024 Board meeting

Questions?

John Partin, Benefit Strategy and Design Section
Manager

Employees and Retirees Benefits (ERB) Division

John.Partin@hca.wa.gov

Appendix

RCW 41.05.745

Places the following benefits under the potential purview of the School Employees Benefits Board:

- ▶ Emergency transportation
- ▶ Identity protection
- ▶ Legal aid
- ▶ Long-term care insurance
- ▶ Non-commercial personal automobile insurance

RCW 41.05.745 (*cont.*)

- ▶ Personal homeowner's or renter's insurance
- ▶ Pet insurance
- ▶ Specified disease or illness-triggered fixed payment insurance, hospital confinement fixed payment insurance, or other fixed payment insurance offered as an independent non-coordinated benefit regulated by the office of the insurance commissioner
- ▶ Travel insurance

Background – Liberty Mutual

- ▶ Contract executed with Board approval ~23 years ago
- ▶ Largely implemented before direct bank transfers
- ▶ Twice yearly, co-branded mass solicitation letters sent from Liberty Mutual
- ▶ Members have shared concerns
 - ▶ Privacy of personal contact information
 - ▶ Appears to be endorsed by HCA and the PEB Board
- ▶ Due for review

TAB 5

Pharmacy Administration

Ryan Pistoresi
Assistant Chief Pharmacy Officer
Clinical Quality & Care Transformation Division

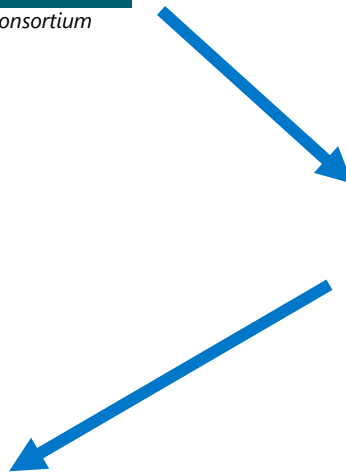
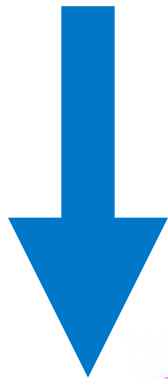
Jenny Switzer
UMP Pharmacy Account Manager
ERB Division
June 13, 2024

Pharmacy Benefits Organizational Structure

UMP Pharmacy Benefits Structure

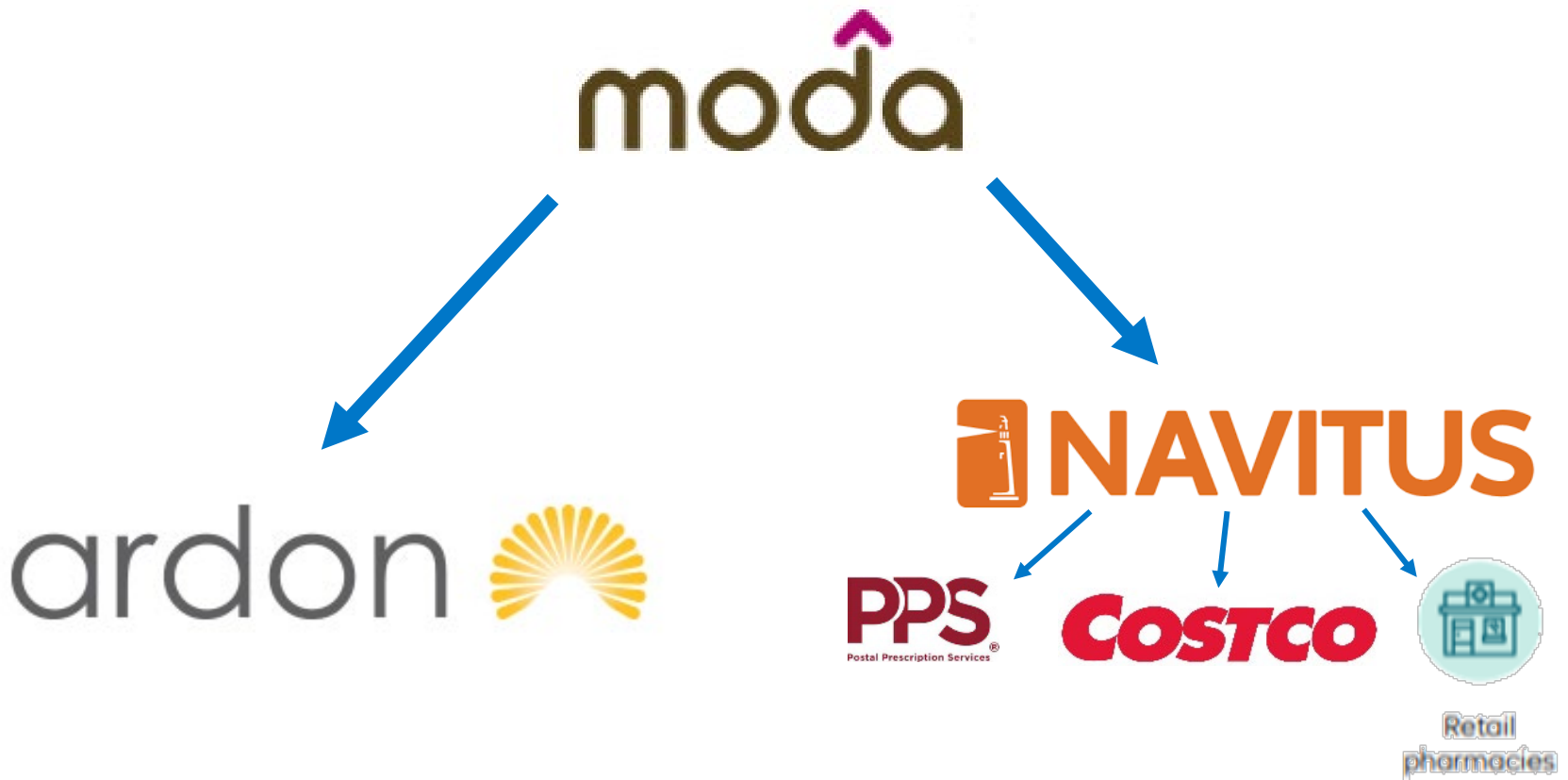


Formerly known as the Northwest Prescription Drug Consortium

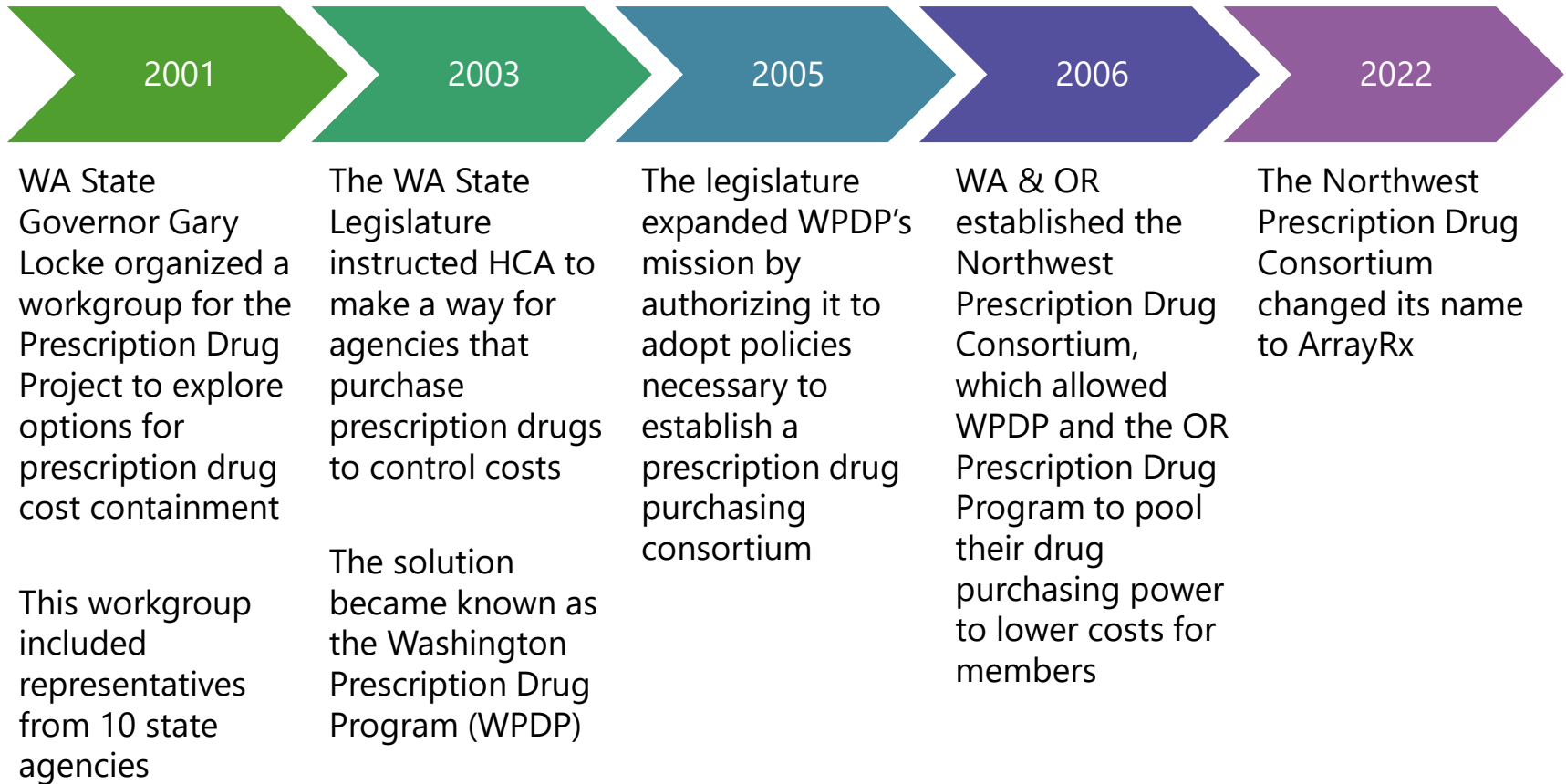


Uniform
Medical Plan

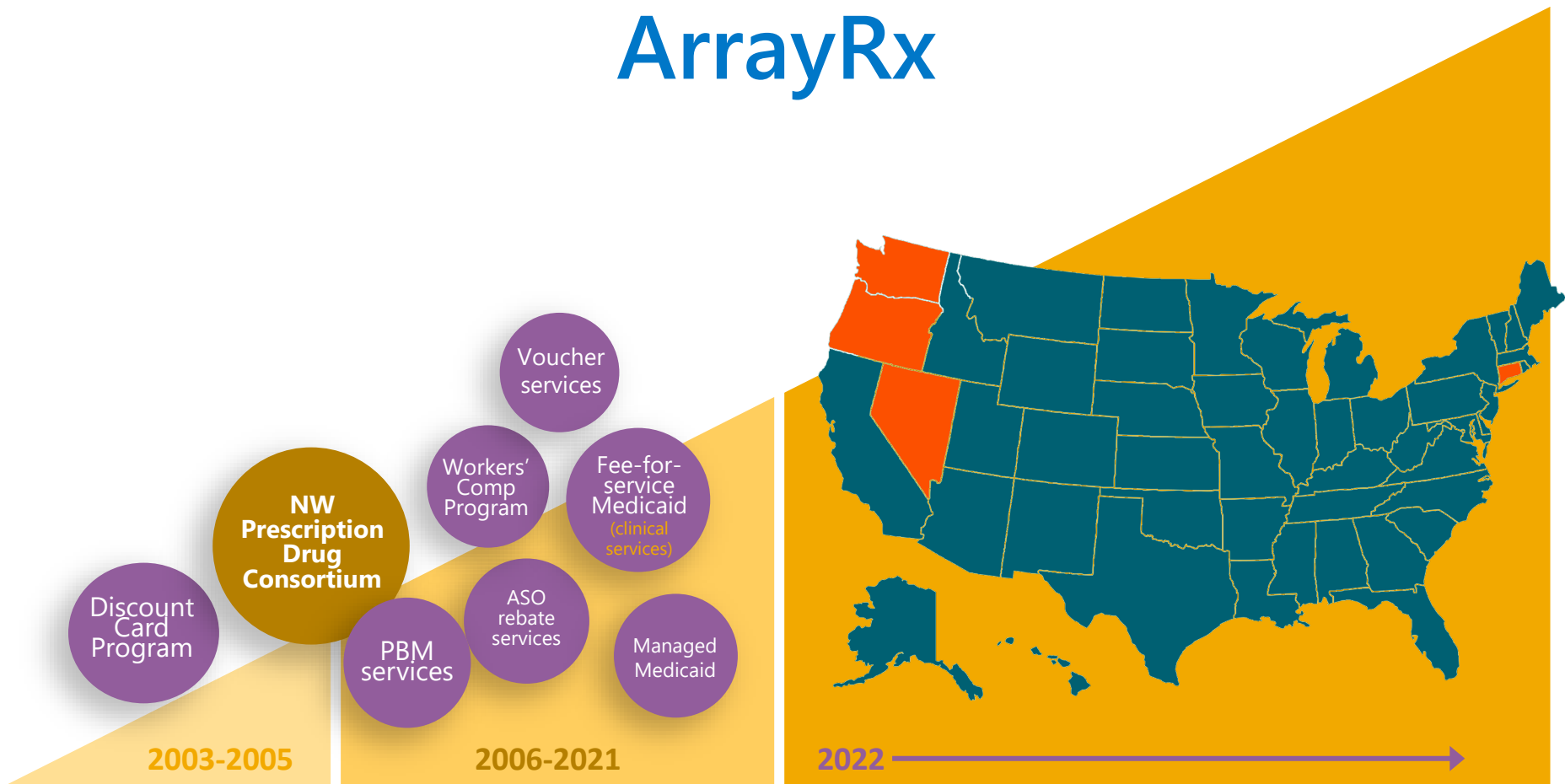
Moda Subcontractors



Northwest Prescription Drug Program



ArrayRx



OR & WA establish prescription discount card programs in their states

OR & WA collaborate to offer a variety of **pharmacy solutions** in their states

The “Consortium” rebrands to ArrayRx to share successful programs and services beyond the Pacific Northwest

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ArrayRx (*cont.*)

- ▶ Per Revised Code of Washington (RCW), state purchased health care programs must purchase prescription drugs through the prescription drug consortium, now known as ArrayRx, for prescription drugs that are purchased directly by the state
- ▶ Washington & Oregon selected Moda Health, then known as ODS Health Plan, Inc., as the successful bidder for the initial agreement
 - ▶ ArrayRx has gone out for public procurement four times
 - ▶ Moda Health was selected as the successful bidder each time
- ▶ ArrayRx is governed by a steering committee
 - ▶ Each steering committee member has a vote when making decisions
- ▶ ArrayRx focuses on delivering program transparency and providing complete pass-through on all discounts and rebates received

Benefits of ArrayRx

Power of group purchasing:

- ▶ Larger pool of members to negotiate rates
- ▶ Aggregate group members to reach lower fee thresholds
- ▶ Aggregate group claims volume to reach lower fee thresholds

Power of ArrayRx:

- ▶ Request for proposal (RFP) cost and resources completed
- ▶ State interests prioritized
- ▶ Contract services and rates negotiated
- ▶ Contract template for program to customize

Moda/Navitus Services

Account support

- Account team
- Summary plan description
- Benefit fairs & open enrollment support
- Oversight of Ardon and Navitus contracts

Member services

- Customer call center
- Communications
- Member portal
- Direct member reimbursement

Clinical services

- Preferred drug list recommendations
- Prior authorization management
- Utilization management
- Clinical reviews
- Appeals

Reporting/ analytics

- Standard and ad hoc reports
- Actuarial services
- Analytics
- Plan modeling
- Claims data file and integration

Benefit design

- Eligibility
- Benefit administration
- Configuration
- Invoicing

Navitus' PBM functions

- Claims processing
- Pharmacy network
- Reporting portal
- Rebate management

Navitus

- ▶ Contracts with Postal Prescription Services (PPS) and Costco mail-order for UMP network mail order pharmacies
- ▶ Provides after-hours pharmacy and member customer service
- ▶ Negotiates drug manufacturer purchasing agreements
- ▶ Hosts the Uniform Medical Plan online price check tool and network pharmacy locator tool

Ardon Health

- ▶ What are some characteristics of specialty drugs?
 - ▶ High cost
 - ▶ High complexity
 - ▶ High touch
 - ▶ Require intensive patient education
 - ▶ Treat complex or rare conditions
 - ▶ Treat specific therapeutic areas
 - ▶ Have special handling requirements
 - ▶ Require side effect monitoring and support

Ardon Health (*cont.*)

- ▶ Ardon Health ensures high-touch services through the following:
 - ▶ Dual accredited program
 - ▶ Pharmacist managed, evidence-based clinical programs
 - ▶ Focus on patients with complex conditions
 - ▶ Patient-specific outreach
 - ▶ Financial assistance coordination and support

WSRxS/ArrayRx

- ▶ Washington State Prescription Drug Services is the name that was created to identify the prescription drug program available to UMP members
- ▶ With the rebranding of the consortium to ArrayRx, UMP is also rebranding WSRxS to ArrayRx beginning 1/1/2025
 - ▶ This will align the various participating programs under one title for clarity
- ▶ ArrayRx is the group of vendors and products that make up the UMP pharmacy program

Uniform Medical Plan

- ▶ Oversight of the Moda Health UMP participating program agreement and contractual requirements
- ▶ Review of data delivered by Moda Health to:
 - ▶ Ensure programs are being administered in an equitable way
 - ▶ Policies are being adhered to
- ▶ Verification and approval of accurate and timely invoices
- ▶ Review of rebate terms and reimbursements
- ▶ Member exception request review and determinations
- ▶ Benefit design determinations
- ▶ Member inquiries
- ▶ Review and determination of preferred drug list changes

Pharmacy Benefit Manager (PBM) Overview

What are PBMs?

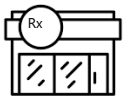
Pharmacy Benefits Managers (PBMs) manage medication benefits for payers and members.



Claims processing. Ensure eligible members are included in pharmacy systems and authorize claims submitted by pharmacies for payment.



Manage formularies. Administer pharmacy & therapeutic committee reviews to select drugs that will be covered under the pharmacy benefit.



Create and administer networks of pharmacies. Ensure that members have broad access to retail pharmacies.



Utilization management. Administer programs to monitor and track that medications are taken as prescribed.

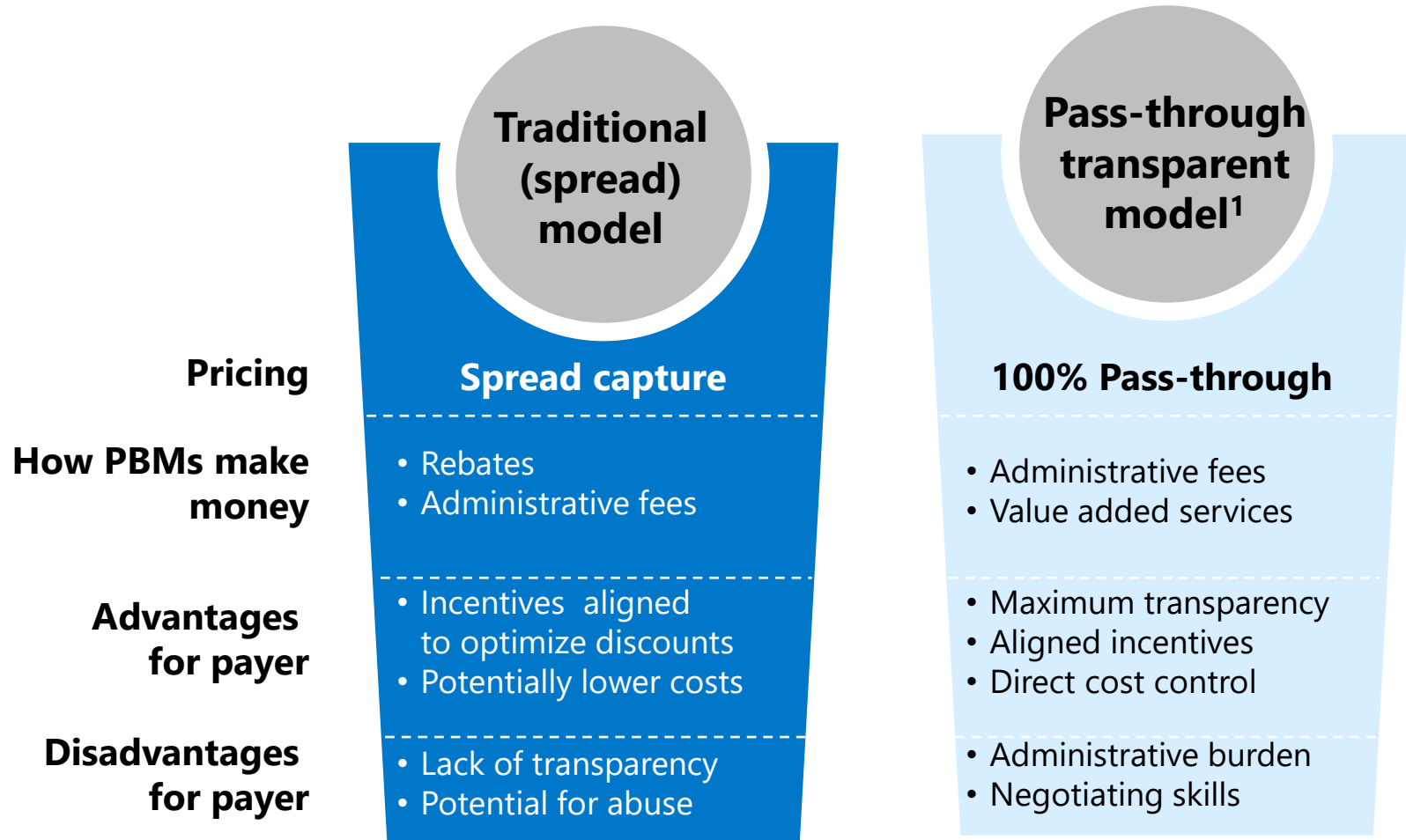


Operate mail order pharmacies. Responsible for having medications delivered directly to a member's door.



Administer rebate programs. Negotiate rebates with manufacturers for cost containment.

How PBMs Make Money



¹ ArrayRx is a Pass-through transparent model

Navitus vs. Traditional PBMs

There are fundamental differences between full pass-through and traditional spread PBM business models.

Traditional-Spread Model	Navitus 100% Pass-Through Model
Multiple maximum allowable cost (MAC) lists	Single MAC list, updated weekly
Spread on rebates and/or MAC savings	100% pass through of rebates and MAC savings
Audit restrictions	Fully auditable
Often publicly traded with Wall Street expectations	Privately held corporation

How Navitus Differs

- ▶ Navitus is a pass-through pharmacy benefits manager which means all discounts and rebates are passed back to UMP to keep premiums low for members
- ▶ Navitus uses a high-performance drug mix (i.e., low-cost generics, less expensive brands) to keep the focus on delivering the lowest net cost and reducing per member per month (PMPM) expenses while maintaining quality for our members
- ▶ Navitus offers a single maximum allowable cost (MAC) list that is updated weekly and does not retain MAC revenue
 - ▶ Navitus provides full disclosure of MAC list pricing to ensure complete transparency
- ▶ Navitus passes 100% of all rebates directly to UMP

Pharmacy & Therapeutics (P&T) Committees

What Does a P&T Committee Do?

- ▶ Pharmacy & Therapeutics (P&T) Committees are groups of clinicians that review clinical trials and other evidence to evaluate the safety, efficacy, and effectiveness of drugs
- ▶ P&T Committees may also review other information, such as costs, prior authorization criteria, utilization data, and other drug related information
- ▶ Different P&T Committees are used throughout healthcare
 - ▶ Federal Government (Veterans Affairs)
 - ▶ State Government (WA P&T)
 - ▶ Health Plans (Moda P&T)
 - ▶ Hospitals (UW Medicine)

How Are Drugs Reviewed For UMP?

- ▶ Two separate paths, as described in certificates of coverage (COCs)
 - ▶ For drugs under the Washington Prescription Drug Program (WPDP), Washington P&T reviews
 - ▶ For all other drugs, Moda P&T reviews
- ▶ Washington P&T is administered under WPDP, a program within HCA, for the Washington Preferred Drug List (PDL), a select subset of drugs on the UMP PDL
- ▶ Moda P&T is administered by Moda Health for the wrap PDL for UMP (or all other drugs covered by UMP not reviewed by Washington P&T)

Washington State P&T Committee

- ▶ Created by RCW 70.14.050(4)
 - ▶ “(4) Agencies shall establish an independent pharmacy and therapeutics committee to evaluate the effectiveness of prescription drugs in the development of the program authorized by this section.”
- ▶ Administered under Chapter 182-50 Washington Administrative Code (WAC)
- ▶ Committee is made up of providers licensed and practicing in Washington
 - ▶ Four physicians; four pharmacists; one nurse practitioner; one physician’s assistant
- ▶ Washington P&T also works as the Washington Drug Utilization Review (DUR) Board for serving Apple Health
 - ▶ 42 USC § 1396r–8(3)

Washington State P&T Committee (*cont.*)

- ▶ WA P&T/DUR Board meetings are open public meetings, meaning anyone can attend
 - ▶ <https://www.hca.wa.gov/about-hca/programs-and-initiatives/prescription-drug-program/meetings-and-materials>
- ▶ Convenes six times per year (even months)
- ▶ Drug reviews are provided by the Drug Effectiveness Review Project (DERP) at Oregon Health & Science University (OHSU)
- ▶ Washington P&T reviews evidence reports from DERP and makes a motion on whether these drugs are safe and effective and be included on the Washington PDL

Washington State P&T Committee (*cont.*)

- ▶ Once Washington P&T has completed a motion, state agencies perform a cost analysis reviewing costs, utilization, and rebate offers to structure the Washington PDL
- ▶ Moda facilitates cost analysis as their role in ArrayRx
 - ▶ State programs who participate in the cost analysis process:
 - ▶ Uniform Medical Plan
 - ▶ Labor and Industries
 - ▶ Apple Health (until 2017 with the creation of the single Apple Health PDL)
- ▶ When agencies agree on the preferred drugs, WPDP releases an Agency Director's memo announcing the decision and any changes to the Washington PDL
- ▶ Moda updates the UMP PDL accordingly

Moda Health P&T Committee

- ▶ Moda evaluates new market entries each week to identify new molecular entities and new biologics from other drugs (e.g., new generics, line extensions, etc.)
- ▶ Clinical pharmacy team initiates an evidence evaluation process for all new molecular entities and biologics
- ▶ After completing a review of the clinical trials, U.S. Food and Drug Administration (FDA) medical review, clinical practice guidelines, and manufacturer dossier, it is ready for review by Moda's P&T Committee
- ▶ Moda P&T reviews drugs within 180 days of market entry

Moda Health P&T Committee (*cont.*)

- ▶ Moda's P&T committee reviews the evidence for drugs and votes to include drugs on the UMP PDL
 - ▶ Votes can be:
 - "Must prefer/must add"
 - "Do not prefer/do not add"
 - "May prefer/may add"
- ▶ Moda P&T also reviews formulary management activities, including prior authorization policy criteria, utilization management edits, formulary status, retrospective drug utilization review, and others to ensure ongoing stability of the pharmacy benefit

Moda Health P&T Committee (*cont.*)

- ▶ After completing a review by Moda P&T, Moda provides a summary of recommendations to UMP to consider for the UMP PDL
- ▶ HCA considers the recommendations from Moda in consideration for Washington laws, regulations, and other program considerations
- ▶ HCA reports back to Moda what the decision should be for UMP, and Moda updates the UMP PDL accordingly

Examples of UMP PDL Updates

- ▶ House Bill (HB) 1979 (2024) updates cost-share caps for epinephrine auto-injectors and inhaled corticosteroids and inhaled corticosteroid combinations for asthma
- ▶ Senate Bill (SB) 6127 (2024) removes cost-sharing for at least one regimen used for the prevention of HIV (post-exposure prophylaxis)

UMP Rebates

Types of Rebates

- ▶ Standard rebates vs. value-based rebates
 - ▶ Standard rebates are a rebate based off a percentage of the list price
 - ▶ Value-based rebates are dependent on health outcomes or volume-based thresholds
 - Less common due to complications with Apple Health best price
- ▶ Rebate agreements often require certain conditions that health plans must follow to qualify
 - ▶ Terms often require preferred PDL placement
 - ▶ Rebate percentage may depend on how many other competitors are preferred
 - ▶ Some manufacturers require certain prior authorization (PA) criteria, which may or may not align with UMP or Moda recommendations

Rebate Administration & Oversight

- ▶ ArrayRx's contract with Moda requires 100% pass-through of rebates from manufacturers to participating programs
 - ▶ In contract with Moda and all of Moda's subcontractors
- ▶ HCA receives quarterly reports with detailed information on rebates billed and received for UMP
 - ▶ Can verify these claims are correct by reviewing utilization data
- ▶ HCA and Moda work together for rebate program integrity

How Rebates Impact Premiums

- ▶ UMP is a self-funded health plan
 - ▶ This means that HCA, on behalf of PEBB Program and SEBB Program employers, is responsible for paying UMP medical and pharmacy claims incurred by members
 - ▶ Moda is UMP's contracted pharmacy benefits administrator (PBA) and processes, but is not at risk for, pharmacy claims expenses
- ▶ Rebates can be received up to 18 months after eligible pharmacy claims are incurred
- ▶ 100% of rebates collected for UMP are used to offset claims expenses for future periods and reduce premiums
- ▶ Certain rebate agreements may offer the lowest net cost to the plan, which benefits members by limiting premium growth

Medicare Part D

- ▶ Medicare Part D will have different PDL and rebate structures impacting its plan
 - ▶ This means different preferred and non-preferred than UMP
- ▶ New UMP Medicare Part D Plan will pay lower amounts for drugs as part of the Medicare Drug Price Negotiation Program
- ▶ UMP Medicare Part D will also receive new rebates if drug prices outpace inflation (i.e., consumer price index penalty)

Questions?

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TAB 6

Medicare Update

Ellen Wolfhagen
Retiree Benefits Manager
Employees and Retirees Benefits Division
June 13, 2024

Presentation Topics

- ▶ UMP with Part D implementation status
- ▶ Communications timetable
- ▶ International prescription drug coverage

UMP Part D Implementation

Preparation for migration of **current** UMP Classic Medicare members:

- ▶ No form or action by a **current** enrollee of UMP Classic Medicare is needed to **stay in** the plan
- ▶ Members who need to make changes can on their Benefits 24/7 accounts
 - ▶ Add or drop dependent(s)
 - ▶ Add or drop dental coverage

Timeline

▶ May

- ▶ Article in PEBB retiree newsletter
- ▶ Updates to Retiree Engagement webpage

▶ June – August

- ▶ Finalizing rates and specific formulary information

▶ September

- ▶ Letter to current UMP Classic Medicare subscribers
- ▶ Moda drug look-up and pricing tools will post

Timeline (*cont.*)

- ▶ Change in Open Enrollment dates
 - ▶ Announced in May newsletters
 - ▶ Ensure support for members making changes
 - ▶ Will always start the **last Monday** of October
 - ▶ Will always end the Monday **before** Thanksgiving
- ▶ For this year dates will be **October 28 to November 25**
- ▶ Forms have to be **received** by November 25

Timeline (*cont.*)

▶ October

- ▶ Customized retiree letter
- ▶ Retiree-specific Open Enrollment webpage update
- ▶ Retiree newsletter
- ▶ Updated retiree open enrollment packets
- ▶ UMP virtual benefits fair webpage updated
- ▶ In-person benefits fairs
- ▶ Open begins October 28

▶ November

- ▶ **Open Enrollment ends November 25**; forms must be **received** by November 25

International Coverage

- ▶ PEBB Program rules for retiree insurance coverage require enrollment in Medicare Parts A and B
- ▶ Medicare is a federal health insurance program – requires a US address
 - ▶ US territories included
 - ▶ Limited exceptions for some international addresses
- ▶ Prescriptions filled in a foreign country can't be covered by Part D
 - ▶ Can get a "travel prescription" for up to 90 days filled in the US

UMP Enrollment Impact

- ▶ Currently fewer than 20 PEBB Program Medicare members
- ▶ International address as a primary address
- ▶ Medicare exclusion for foreign addresses
- ▶ Need policy resolutions from Board

Questions?

Ellen Wolfhagen, Retiree Benefits Manager
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TAB 7

UMP Classic Medicare with Part D (PDP) Policy Resolution

Stella Ng
Policy and Rules Coordinator
Employees and Retirees Benefits Division
June 13, 2024

RCW 41.05.065(4)

(4) Except if bargained for under chapter **41.80** RCW, the public employees' benefits board shall design benefits and determine the terms and conditions of employee and retired or disabled school employee participation and coverage, including establishment of eligibility criteria subject to the requirements of [this chapter](#). Employer groups obtaining benefits through contractual agreement with the authority for employees defined in RCW **41.05.011**(6)(a) (i) through (vi) may contractually agree with the authority to benefits eligibility criteria which differs from that determined by the public employees' benefits board. The eligibility criteria established by the public employees' benefits board shall be no more restrictive than the following:...

RCW 41.05.080 (1) and (3)

(1) Under the qualifications, terms, conditions, and benefits set by the public employees' benefits board:

(a) Retired or disabled state employees, retired or disabled school employees, retired or disabled employees of county, municipal, or other political subdivisions, or retired or disabled employees of tribal governments covered by this chapter may continue their participation in insurance plans and contracts after retirement or disablement;

(b) Separated employees may continue their participation in insurance plans and contracts if participation is selected immediately upon separation from employment;

(c) Surviving spouses, surviving state registered domestic partners, and dependent children of emergency service personnel killed in the line of duty may participate in insurance plans and contracts.

(3) Rates charged to surviving spouses and surviving state registered domestic partners of emergency service personnel killed in the line of duty, retired or disabled employees, separated employees, spouses, or children who are eligible for parts A and B of medicare shall be calculated from a separate experience risk pool comprised only of individuals eligible for parts A and B of medicare; however, the premiums charged to medicare-eligible retirees and disabled employees shall be reduced by the amount of the subsidy provided under RCW 41.05.085.

Introduction of Proposed Resolutions

PEBB 2024-26

PEBB retiree insurance coverage deferral – Permanently Live in a Location Outside of the United States

PEBB 2024-27

Automatic deferral - PEBB retiree insurance coverage for Medicare subscribers who permanently live in a location outside of the United States

Deferral Policy Overview

- ▶ The following individuals may defer PEBB retiree insurance coverage:
 - ▶ A retiring employee or a retiring school employee
 - ▶ A dependent becoming eligible as a survivor
 - ▶ A retiree or survivor
- ▶ "Defer" means to postpone initial enrollment or interrupt current enrollment in PEBB insurance coverage
- ▶ When deferring enrollment, this also defers enrollment for all eligible dependents

Deferral Policy Overview (*cont.*)

- ▶ When returning from deferral, the subscriber must have qualified coverages during the deferral period
- ▶ A gap of 31 days or less is allowed between each period of enrollment in qualified coverages during the deferral period
- ▶ They may enroll during annual open enrollment or when a special open enrollment event occurs

History of Deferral Policies

- | | |
|-----------------|---|
| January 1, 2001 | Employer-based group medical or such medical insurance continued under COBRA or continuation coverage |
| January 1, 2001 | Federal retiree medical plan |
| January 1, 2006 | Medicare Parts A and B and a Medicaid Program that provides creditable coverage |

History of Deferral Policies (*cont.*)

January 1, 2014 Exchange coverage

July 17, 2018 CHAMPVA

Proposed Resolution PEBB 2024-26

PEBB Retiree Insurance Coverage Deferral – Permanently Live in a Location Outside of the United States

Effective January 1, 2025, retirees and survivors who are enrolled in Medicare may defer enrollment in a PEBB retiree insurance coverage when they permanently live in a location outside of the United States.

Evidence of continuous enrollment in a qualified coverage is waived while a retiree or survivor enrolled in Medicare lives outside of the United States.

A retiree or survivor enrolled in Medicare who defers enrollment while permanently living outside of the United States will have the opportunity to enroll in a PEBB health plan when they return to the United States by submitting the required forms and proof of enrollment in Medicare Parts A and B within the HCA required enrollment timeframe.

Proposed Resolution PEBB 2024-27

Automatic Deferral - PEBB retiree insurance coverage for Medicare subscribers who permanently live in a location outside of the United States

All Medicare enrollees who are enrolled in UMP Classic Medicare with creditable drug coverage as of December 31, 2024 and permanently live outside of the United States, where the subscribers did not make an election during the PEBB annual open enrollment period held in 2024, will be automatically deferred from PEBB retiree insurance coverage with an effective date of January 1, 2025. These subscribers will be exempt from the deferral form requirement.

Next Steps

- ▶ Incorporate Board feedback in the proposed policies
- ▶ Submit feedback to HCAPEBSEBBoardPolicyFeedback@hca.wa.gov by June 20, 2024
- ▶ Bring recommended proposed policy resolutions to the Board for action at the June 27, 2024 Board meeting

Questions?

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Employees and Retirees Benefits (ERB) Division

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Appendix



Resolution PEBB 2021-14 Authorizing A Gap of 31 Days or Less Between Periods of Enrollment in Qualified Coverages During the Deferral Period (as adopted on 4/14/2021)

Resolved that, effective January 1, 2022, an eligible retiree or survivor who deferred enrollment while enrolled in qualified coverage may later enroll themselves and their dependent in a PEBB health plan by submitting the required form and evidence of continuous enrollment in one or more qualifying coverages, except that a gap of 31 days or less is allowed between the date PEBB retiree insurance coverage is deferred and the start date of a qualified coverage, and between each period of enrollment in qualified coverages, during the deferral period.