

Legislative PEBB/SEBB Consolidation Report Update

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Legislative Consolidation Report

In the 2024 supplemental operating budget, the Legislature tasked the Health Care Authority (HCA) with writing a legislative report about the potential future consolidation of the PEBB and SEBB Programs

History of Consolidation Reports

- ▶ 2020: the Consolidation of PEBB and SEBB Programs report to the Legislature
- ▶ 2019: Engrossed Substitute House Bill (ESHB) 2140
- ▶ 2018: Engrossed Substitute Senate Bill (ESSB) 6241
- ▶ 2017: Engrossed House Bill (EHB) 2242
- ▶ 2012: Engrossed Substitute Senate Bill (ESSB) 5940
- ▶ 2011: The State Auditor's Office
- ▶ 2004: the Office of Financial Management, (OFM)
- ▶ Additional reports dating back to the 1980s

2024 Legislative Report Requirements

ESSB 5950 (2024)- Section 212*

- ▶ Single governing Board structures
- ▶ Single risk pool for active employees and non-Medicare retirees
- ▶ Maintain current eligibility for all active employees
- ▶ A single portfolio of benefits

Report due December 1, 2024

- ▶ This report's requirements ask for insights and analysis, but no recommendations
- ▶ Provide the necessary statutory changes to achieve consolidation

*<https://lawfilesexternal.wa.gov/biennium/2023-24/Pdf/Bills/Session Laws/Senate/5950-S.SL.pdf?q=20240614100833>

2024 Legislative Report Requirements (*cont.*)

Additional considerations

- ▶ Engage with impacted participants
- ▶ Maintain benefit eligibility for current participants
- ▶ Ensure equity
- ▶ Previous consolidation reports

Single Governing Board Structures

Current Board Structures

PEB BOARD		SEB BOARD
1	Director of HCA (Chair)	
2	Benefits management and cost containment	Health benefits policy and administration
3	Benefits management and cost containment	Health benefits policy and administration
4	Benefits management and cost containment	Health benefits policy and administration
5	Benefits management and cost containment (<i>non-voting</i>)	Health benefits policy and administration (WASBO)
6	State employees	Certificated employees
7	State retirees	Certificated employees
8	School district retirees	Classified employees
9		Classified employees

Current Structure Statutes & Insights

- ▶ Statutes describing the board composition
 - ▶ PEB Board: RCW 41.05.055
 - ▶ SEB Board: RCW 41.05.740
- ▶ Insights
 - ▶ Boards balance equal representation of covered populations and health policy representatives
 - ▶ The HCA director (or designee) is an additional voting member

Single Governing Board Options

Three potential Board structure options for the number of representatives of covered populations:

▶ Proportional

- ▶ Representation based on proportion of covered lives

▶ Equal

- ▶ Two representatives each for state employees, school employees, and retirees

▶ Combined

- ▶ Combine boards and maintain current board representation levels

Medical Plan Enrollment as of May 2024

	Subscribers	Total Members
PEBB	128,883 (37%)	287,670 (42%)
SEBB	133,484 (39%)	279,987 (41%)
Retirees	82,603 (24%)	115,662 (17%)
Total	344,970 (100%)	683,319 (100%)

Single Governing Board Options (*cont.*)

Proportional Representation (11 members)	Equal Representation (13 members)	Combined Representation (15 members)
HCA Director	HCA Director	HCA Director
Benefits policy and cost containment (x5)	Benefits policy and cost containment (x6)	Benefits policy and cost containment (x7)
State employees	State employees	State employees
State employees	State employees	Retirees (state)
School employees	School employees	Retirees (K-12)
School employees	School employees	School employees (certificated)
Retirees	Retirees	School employees (certificated)
	Retirees	School employees (classified)
		School employees (classified)

Single Risk Pool for Active and Non-Medicare Retirees

Current Risk Pools

RCW 41.05.022(2)

PEBB Program Non-Medicare Risk Pool

State & Other*
Employees

State & Other* Non-Medicare Retirees

Non-Medicare School Retirees

RCW 41.05.080(3)

PEBB Program Medicare Risk Pool

State & Other*
Medicare Retirees

Medicare School Retirees

RCW 41.05.022(3)

SEBB Program Risk Pool

School Employees

*Other includes political subdivisions, COBRA, LWOP, etc. employees or retirees and their dependents

Single Risk Pool for Active and Non-Medicare Retirees

- ▶ Consolidation of the current risk pools described in RCW 41.05.022(2) & (3)
 - ▶ Results in:
 - One non-Medicare risk pool created
 - One Medicare risk pool maintained

Note: There are no report requirements for any changes to the existing Medicare risk pool (RCW 41.05.080(3))

Risk Pools After Consolidation

Non-Medicare Risk Pool

State & Other Employees

School Employees

State & Other non-Medicare
Retirees

Non-Medicare School Retirees

Medicare Risk Pool

State & Other
Medicare Retirees

Medicare School
Retirees

Maintain Current Eligibility for All Active Employees

Current Eligibility

Eligibility can be largely grouped into three categories:

- ▶ **PEBB Program employees**

- ▶ All employees of the state (including higher education institutions), elected and appointed officials of the executive branch, justices of the supreme court and judges of the court of appeals and superior courts, members of the state legislature, and employees of employer groups (*see RCW 41.05.011(6)(a)*)

- ▶ **SEBB Program employees**

- ▶ All employees of school districts, educational service districts, charter schools, and employees of SEBB Program employer groups (*see RCW 41.05.011(6)(b)*)

- ▶ **Retired, disabled, and separated employees** (*see RCW 41.05.080*)

Current Eligibility (*cont.*)

Statutory eligibility requirements and rules:

▶ **PEBB Program employees**

- ▶ RCW 41.05.065(4)(a)–(k)
- ▶ WAC 182-12

▶ **SEBB Program employees**

- ▶ RCW 41.05.740(6)(d) & (e)
- ▶ WAC 182-31

▶ **Retired, disabled, and separated employees**

- ▶ RCW 41.05.080
- ▶ WAC 182-12

Consolidated Eligibility

Eligibility statutes and rules would be combined and continue to differentiate into three categories based on the existing population structure:

▶ **State employees**

- ▶ All employees of the state (including higher education institutions), elected and appointed officials of the executive branch, justices of the supreme court and judges of the court of appeals and superior courts, and members of the state legislature

▶ **School employees**

- ▶ All employees of school districts, educational service districts, and charter schools

Consolidated Eligibility (*cont.*)

▶ **Other eligible subscribers (optional participation)**

- ▶ Separated employees (as currently defined by RCW 41.05.011(25))
- ▶ Retired or disabled public and school employees, and their dependents
- ▶ Surviving dependents of public and school employees
- ▶ Surviving dependents of emergency personnel killed in the line of duty
- ▶ Formerly elected or appointed officials and legislators
- ▶ School board members
- ▶ Employer groups (as currently defined by RCW 41.05.011(6)(a) & (b)(iv))
- ▶ Retired employees from formerly participating employer groups

What Would Not Change?

- ▶ Current eligibility specific to state or school employees would continue to apply to those specific employee categories under the consolidation

Examples include:

- ▶ Hour requirements unique to an employee category type
- ▶ Eligibility determinations occurring at the start of each school year would continue to apply only to school employees
- ▶ The 8-hour maintenance rule for benefits would continue to apply only to a subset of state employees
- ▶ Faculty averaging would continue to apply only to higher education institutions
- ▶ Seasonal worker eligibility would continue to apply only to a subset of state employees

A Single Portfolio of Benefits

Current Benefits Portfolios

	PEBB Program (non-Medicare)	SEBB Program
Medical*	3 Carriers (Kaiser Northwest, Kaiser WA, UMP); 10 plans	5 Carriers (Kaiser Northwest, Kaiser WA, Kaiser WA Options, Premera, and UMP); 17 plans
Dental	3 Networks/Plans (DeltaCare, Uniform Dental, Willamette)	3 Networks/Plans (DeltaCare, Uniform Dental, Willamette)
Vision**	3 Networks/Plans (Davis, EyeMed, MetLife)	3 Networks/Plans (Davis, EyeMed, MetLife)
Life/AD&D	MetLife; basic and supplemental option	MetLife; basic and supplemental option
LTD	The Standard; basic and supplemental option	The Standard; basic and supplemental option

* Not all medical carriers or plans are available in all counties.

** PEBB Program standalone vision plans will be available for the 2025 plan year.
Current PEBB Program vision benefits are embedded in the medical plans.

Current Benefits Portfolios (*cont.*)

2024 Medical Plans

	PEBB Program (non-Medicare)	SEBB Program
Employee Premium	\$26/\$72 to \$331/\$910 (individual/full family)	\$21/\$63 to \$237/\$711 (individual/full family)
Deductible	\$125/\$375 to \$1,600/\$3,200	\$125/\$375 to \$1,600/\$3,200
Out-of-Pocket Max	\$2,000/\$4,000 to \$5,100/\$10,200	\$2,000/\$4,000 to \$5,000/\$10,000
Coinsurance	10% to 20%	10% to 30%

Current Benefits Portfolios (*cont.*)

▶ **Dental**

- ▶ DeltaCare and Willamette plans are the same for each program
- ▶ Uniform Dental Plan (UDP) has differences:
 - ▶ SEBB Program: Waived deductible for children up to age 15, increased plan coverage for crowns, posterior teeth composite fillings, increased benefit for nonsurgical treatment of temporomandibular joint (TMJ)

▶ **Vision**

- ▶ The plans as of the 2025 plan year are identical

▶ **Life Insurance/AD&D**

- ▶ The basic and optional supplemental coverage are identical

▶ **Long Term Disability**

- ▶ The optional supplemental coverage (employee paid) is the same for both programs
- ▶ However, the basic benefit (employer paid) is different
 - ▶ PEBB Program: \$240 monthly maximum benefit
 - ▶ SEBB Program: \$400 monthly maximum benefit

Consolidated Benefits Portfolio

- ▶ Anticipated benefits of single non-Medicare portfolio
 - ▶ Contracts for medical can be better leveraged for service covering both populations
 - ▶ Single portfolio of medical plans
 - ▶ Increased availability of plans throughout the state
- ▶ A single portfolio
 - ▶ For example, one UDP plan, one set of UMP, Kaiser, Premera plans
- ▶ Financial insights
 - ▶ Employer medical contribution (EMC)
 - ▶ Tier ratio alignment

Stakeholder Feedback Process

Stakeholder Engagement and Feedback

- ▶ Feedback from PEB and SEB Boards
- ▶ Stakeholder engagement will take place between July 18 and August 15, 2024
 - ▶ General informational meeting on July 18
 - ▶ Leveraging existing stakeholder meetings
- ▶ Written feedback due on August 16, 2024
 - ▶ Written feedback will be what HCA considers in finalizing the draft of the report

Stakeholder Feedback Topics

- ▶ Single governing Board structures
- ▶ Single risk pool for active employees and non-Medicare retirees
- ▶ Maintain current eligibility for all active employees
- ▶ A single portfolio of benefits

Final Reminders

- ▶ Written feedback is due to HCA by August 16, 2024
- ▶ Send feedback to:
cade.walker@hca.wa.gov
- ▶ Legislative report is due December 1, 2024

Questions?

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