



**Washington State  
Health Care Authority**

# **Public Employees Benefits Board**

**February 13, 2007 Meeting**



**PEBB Board Meeting**

February 13, 2007

1:00-3:00 p.m.

Health Care Authority, Center Conference Room

676 Woodland Square Loop SE

Lacey, Washington

Conference call dial in: 360-923-2998, code 360-946-1464

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## **PEBB Board Meeting**

February 13, 2007

1:00 p.m.

The Center Conference Room, HCA

676 Woodland Square Loop SE, Lacey

Conference call dial in: 360-923-2998, code 360-946-1464

## **Agenda**

<b>Item</b>		<b>Objective</b>
<b>Public Meeting</b>		
Call to Order	Steve Hill	
Welcome and Introductions	Steve Hill	
Approval of minutes	Steve Hill	Action
Public Meeting Protocol	Dave Wasser	Action
Procurement Update	Barney Speight	Information
Revised Domestic Partner Eligibility	Mary Fliss & Melissa Burke-Cain	
Public Comment Domestic Partner Eligibility		Action
Legislative Update	Richard Onizuka	Information
Public Comment	Steve Hill	
Adjournment	Steve Hill	

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**PEBB Board Members**

<b>Name</b>	<b>Representing</b>
Steve Hill, Administrator Health Care Authority 676 Woodland Square Loop SE PO Box 42700 Olympia WA 98504-2700 V 360-923-2828 steve.hill@hca.wa.gov	Chair
Greg Devereux, Executive Director Washington Federation of State Employees 1212 Jefferson Street, Suite 300 Olympia WA 98501 V 360-352-7603 greg@wfse.org	State Employees
Lee Ann Prielipp 29322 6 <sup>th</sup> Avenue Southwest Federal Way WA 98023 V 253-839-9753 leeannwa@comcast.net	K-12 Retirees
Robert Porterfield 10423 – 65 <sup>th</sup> Avenue South Seattle WA 98178 V 206-722-8194 robertporterfield@comcast.net	State Retirees
Dr. Penny Palmer 123 East Indiana Spokane WA 99207 V 509-389-4229 pennypalmer@msn.com	Benefits Management/Cost Containment
Eva Santos, Director Department of Personnel PO Box 47500 Olympia WA 98504-7500 V 360-664-6350 evas@dop.wa.gov	Benefits Management/Cost Containment

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**PEBB Board Members**

<b>Name</b>	<b>Representing</b>
Christine Sargo* Sedro Woolley School District 23631 Lake Street PO Box 128 Clear Lake WA 98235 V 360-855-3530 csargo@swsd.k12.wa.us	K-12
Margaret T. Stanley Executive Director Puget Sound Health Alliance 2003 Western Ave, Suite 600 Seattle WA 98121 V 206-448-2570 mtstanley@pugetsoundhealthalliance.org	Benefits Management/Cost Containment
Yvonne Tate, Director* Human Resources City of Bellevue PO Box 90012 Bellevue WA 98009-9012 V 425-452-4066 ytate@ci.bellevue.wa.us	Benefits Management/Cost Containment
<b>Legal Counsel</b> Melissa Burke-Cain, Assistant Attorney General 2425 Bristol Court SW PO Box 40109 Olympia WA 98504-0109 V 360-586-6500 melissab@atg.wa.gov	

\*non voting members

**\*D\*R\*A\*F\*T\***  
**Public Employees Benefits Board**  
**Meeting Minutes**

January 16, 2007  
Health Care Authority  
676 Woodland Square Loop SE  
Lacey, WA  
1:00 p.m.

**Members Present:**

Steve Hill  
Greg Devereux  
Dr. Penny Palmer

**Members Absent:**

Christine Sargo

**Via Telephone:**

Robert Porterfield  
Lee Ann Prielipp  
Eva Santos  
Margaret Stanley  
Yvonne Tate

**Call to Order**

Steve Hill, Chair, called the meeting to order at 1:00 p.m. Sufficient members were present to allow a quorum.

**Approval of August 23, 2006, PEBB Meeting Minutes**

It was moved, seconded, and carried to approve the August 23, 2006, PEBB Board meeting minutes.

**Public Meeting Protocol**

At its October 2006 meeting the board discussed how other boards and commissions receive public input and processes currently in place. Dave Wasser, Health Care Authority (HCA), presented a proposed Public Employees Benefits Board Statement of Commitment to Open Communication, and an outline of the current processes the PEBB Board has in place to receive and respond to public comment. Board members asked that the proposed Public Employees Board Statement of Commitment to Open Communication be revised to reflect that:

1. The Board is committed to having open ways for people to dialogue with the board; and,
2. Public comment periods are typically at the end of each meeting however, at the direction of the Chair, public testimony at board meetings may also occur in conjunction with a public hearing or during the board's consideration of a specific agenda item.

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A revised Statement of Commitment will be presented to the board for consideration at the February 13, 2007, meeting.

At the October meeting Board members requested to receive copies of correspondence addressed to the board. Chair Hill advised that correspondence will be distributed to board members on a regular basis, but that personal information will be redacted and board members are to maintain appropriate confidentiality.

### **Board By-Laws**

Melissa Burke-Cain presented proposed board by-laws. It was moved, seconded and carried to adopt the by-laws with the following amendments:

Article V, 1. Quorum, amended to read: "Five voting members of the Board shall constitute a quorum."

Article V, 4. Public Testimony, amended to read: "Time is reserved for public testimony at each regular meeting, generally at the end of the agenda. At the direction of the Chair, public testimony at board meetings may also occur in conjunction with a public hearing or during the board's consideration of a specific agenda item."

### **Governor's Budget Update**

Megan Atkinson, Health Care Authority, gave the board an overview of the Health Care Authority and PEBB 2007-09 budget.

### **Legislative Update—Blue Ribbon Commission**

Richard Onizuka, Health Care Authority, presented an overview of the final report of the Blue Ribbon Commission on Health Care.

### **Open Enrollment Results**

Mary Fliss, Health Care Authority, provided an open enrollment report. Ms. Fliss reported that the use of e-coverage continues to climb. This year PEBB had 78% participation through e-coverage, compared to a 45% participation rate in 2001. In addition, a tool was developed and on the HCA website allowing members to compare different benefits options. She said that approximately 12,000 members transferred from traditional plans into the Value Plans. Ms. Stanley asked if there was a difference between those paying their own premiums versus not. Barney Speight, Health Care Authority, said that HCA intends to do some additional reporting on the characteristics of the members, and will include that data in the report.

### **Domestic Partner Benefit**

Mary Fliss, Health Care Authority, and Melissa Burke-Cain, Assistant Attorney General, briefed the board on information regarding domestic partner coverage and its potential impacts on the PEBB program. In 2001 the Board voted to extend same sex domestic partner coverage to state employees and retirees. The 2006 Legislature passed ESHB 2661, which bars discrimination based on sexual orientation. The passage of ESHB 2661 prompted the Human Rights Commission to inquire about the PEBB policy. Ms. Fliss gave an overview of what other employers currently have in place, the potential financial implications to the PEBB program, how domestic partner coverage impacts recruitment and retention, and the legal

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issues associated with offering domestic partner coverage. She said that a compelling financial implication would be the modification of the PAY1 system. Chair Hill advised that the BAIAS project underway at HCA is the replacement for the Legacy PAY1 system, and that BAIAS should be up and running by 2009. He advised that, should the board vote to extend benefits to opposite sex domestic partners, there would be operational problems if the implementation was before the completion of the BAIAS project.

Melissa Burke-Cain, Assistant Attorney General, said that case law regarding opposite sex domestic partner coverage varies as far as both government benefits and the equal protection benefits. She advised that it would be legal for the board to pursue having coverage for those legally barred from getting married and not to extend that coverage to opposite sex domestic partners. Chair Hill suggested that the HCA remove mention of gender or sex from the HCA regulation and the affidavit, and base eligibility on bona fide domestic partnerships where partners are prohibited from being married.

Ms. Burke-Cain said that next steps would be amending rules defining eligible dependents to delete same sex from domestic partner language, and including the criteria to define the recognized domestic partner coverage. Additional rules such as deferral, COBRA, continuation of coverage would also need to be amended, as well as the declaration of marriage and same attestation. This item will be on the agenda of the February 13, 2007, PEBB Board meeting.

### **Procurement Update**

Barney Speight and Elin Meyer, Health Care Authority, gave a procurement update. Mr. Speight presented a graphic depicting the consolidation of plans that occurred in 2006. He said the board has statutorily been granted the authority to offer a high deductible health savings account plan, but because of the implementation of BAIAS at the HCA, that will be deferred until BAIAS is operational. Ms. Meyer said the HCA is looking at a self-insured plan to offer alternatives to members in every county, as many of the managed care plans are no longer being offered in every county. This year HCA intends to put out an RFP for disease and care management benefits for the Uniform Medical Plan and also an RFP for a managed dental care plan. She said that HCA hopes to bring to the board recommendations that would include an optional supplemental continued life policy for retirees. Mr. Speight advised that the board has been asked to take under advisement a retiree dental only option. A feasibility workgroup has been formed to review scenarios of terms and conditions for eligibility, potential underwriting risks and risk mitigation policies and the board will be updated on its efforts.

Mr. Speight said that HCA leadership has been meeting with the Labor Health Care Coalition to share ideas and receive input. He also reported that UMP has organized to manage the bariatric surgery benefits and will be providing the board with updates. Comparisons across the plans that offer bariatric surgery will also be provided to the board.

The meeting was adjourned.

Respectfully submitted,

Steve Hill, Chair

**PEBB BOARD BY-LAWS**  
**Adopted January 16, 2007**

**ARTICLE I**  
**The Board and its Members**

1. **Board Function**—The Public Employee 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 for State employees and school district employees.
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 Members**—Until there are no less than twelve thousand school district employee subscribers enrolled with the authority for health care coverage, there shall be two non-voting Members of the Board. One non-voting Member shall be the Member who is appointed to represent an association of school employees. The second non-voting Member shall be designated by the Chair from the four Members appointed because of experience in health benefit management and cost containment.
5. **Privileges of Non-Voting Members**—Non-voting Members 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 for adoption by the Board. 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 10 days 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. Minutes summarizing the significant action of the Board shall be taken by a member of the HCA staff during the Board meeting, and an audio recording (or other generally-accepted) electronic recording shall also be made. The audio recording shall be reduced to a verbatim transcript within 30 days of the meeting and shall be made available to the public. The audio tapes shall be retained for six (6) months. After six (6) months, the written record shall become the permanent record. Summary minutes shall be provided to the Board for review and adoption at the next 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.

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**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 Member may attend a meeting in person or, by special arrangement and advance notice to the Chair, A Member may attend a meeting 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. At the direction of the Chair, public testimony at board meetings may also occur in conjunction with a public hearing or during the board’s consideration of a specific agenda item. 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 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 Member of the Board may endorse or oppose an issue purporting to represent the Board or the opinion of the Board on the 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.
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 [RONR]. 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—Board Members are subject to the requirements of the Ethics in Public Service Act, Chapter 42.52 RCW.

**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.

## **Public Employees Benefits Board Commitment to Open Communication**

### **Statement of Commitment**

As a public entity appointed by the Governor, the Public Employee Benefits Board actively seeks input from the public at large, and particularly from the more than 300,000 Washington residents for whom we determine benefits and program eligibility.

The Board encourages input from enrollees and the general public in the form of letters, emails, and other means of communication. In addition, the Board sets aside time during its meetings to receive public input. At all times, and in all means of communication, the Board is committed to maintaining open and respectful interaction with the public and with PEBB enrollees.

### **Processes for Receiving and Responding to Public Comment**

Public Meetings	The Board actively seeks input from the public at large, from enrollees served by the PEBB Program, and from other interested parties. Time is generally reserved for public testimony at each regular meeting. At the direction of the Chair, public testimony at Board meetings may also occur in conjunction with a public hearing or with Board consideration of a specific agenda item. 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.
Letters to the Board	Letters directed to the Board for input on benefits and eligibility are shared with the Board in their meeting packets, along with responding correspondence from HCA staff. Letters asking questions or seeking clarification, along with the answers from HCA staff, are also shared with the Board.
Emails to the Board	Emails that come in through the HCA Web site are triaged to agency staff. Frequently, due to lack of understanding about the HCA's structure, emails addressed to the Board do not pertain to the Board's sphere of influence. Any emails dealing with input or questions about benefits and eligibility will be shared with the Board, along with corresponding answers from HCA staff.
Corresponding Staff	Staff corresponding on behalf of the Board will inform the Board of pertinent correspondence. HCA will also maintain a record of all such correspondence. Primary staff involved in this process will be: <ul style="list-style-type: none"><li>• Lynn Kennedy, Executive Assistant to the Administrator</li><li>• Dave Wasser, Public Affairs Director</li><li>• Mary Fliss, Assistant Administrator for PEBB</li></ul>

# PEBB Procurement Strategic Planning Calendar: 2007 – 2010

	2007												2008												2009												2010																						
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D											
<b>Legislative Session</b>	■											■												■															■																				
<b>Collective Bargain</b>																																																											
<b>BAIAS Implement</b>	P				I																																																						
<b>BAIAS Go Live!</b>																																																											
<b>HEALTH PLANS</b>																																																											
<b>UMP PPO</b>	R											R												R												R																							
• Disease Mgmt					P							I																								R																							
• TPA																								P												I																							
• HPN																																				?	?	?	?	?	?	?	?	?	?	?	?												
• HSA																																																											
<b>MCO Plans (2)</b>	R																																																										
<b>PEBB Copay Plan</b>	P					I																														R																							
<b>GHC Classic/Value</b>	R											R												R												R																							
<b>KP Classic/Value</b>	R											R												R												R																							
<b>Early Retiree Only Plans</b>	P																																																										
<b>DENTAL PLANS</b>																																																											
<b>UDP PPO</b>	R											R																																															
• Preshent PPO																								P												I																							
<b>Managed Dental</b>	R											R												R												R																							
• RFP																								P												I																							
<b>Retiree Dental Only</b>	P																																																										
<b>L T D</b>																																																											
<b>Current Plan</b>	R											R												R												R																							
<b>Improved Plan</b>																								P												I																							

**P = Planning**    **I = Implementation**    **R = Renewal**    **? = Contingent on Market Conditions**    
  **Pre-Operational**    
  **Operational**

# PEBB Procurement Strategic Planning Calendar: 2007 – 2010

	2007												2008												2009												2010											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
<b>LIFE INSURANCE</b>																																																
<b>Current Plan</b>	R											R												R																								
• Retiree Life	P																																															
<b>Improved Plan</b>																																																
																								P												I												
<b>LTC Insurance</b>																																																
<b>Current Self Pay Plan</b>												?																																				
<b>Improved Plan</b>																								P																								
<b>Home/Auto</b>																																																
<b>Current Self Pay Plan</b>												?																																				

**P = Planning**    **I = Implementation**    **R = Renewal**    **? = Contingent on Market Conditions**    
  **Pre-Operational**    
  **Operational**

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**PEBB Procurement Strategic Planning Calendar: 2007 – 2010**

**Commentary**

<b>Legislative Session</b>	Annual session during which PEBB statutory and fiscal policy is subject to legislative review and action.
<b>Collective Bargaining</b>	Biennial negotiations between labor organizations representing state employees and executive branch. Subject to legislative ratification.
<b>BAIAS</b>	<b>Benefits Administration Insurance Accounting System.</b> A major HCA project to replace its Legacy computer system with improved functionality and operational capability for managing PEBB eligibility, benefits administration and insurance accounting.
<b>HEALTH PLANS</b>	
<b>UMP PPO</b>	PEBB's self-insured <b>Preferred Provider Organization</b> serving over 150,000 members in all 39 counties. Subject to annual renewal of covered services and cost sharing as approved by Board.
• Disease Mgmt	UMP will procure a best-in-class vendor for intensive management of select chronic conditions (diabetes, coronary artery disease, e.g.) Operational by end of 1 <sup>st</sup> Q, 2008.
• TPA	<b>Third Party Administrator Request for Proposal (RFP)</b> will be developed during 2 <sup>nd</sup> Q, 2008; procured during 3 <sup>rd</sup> and 4 <sup>th</sup> Q 2008, Implementation from mid 1 <sup>st</sup> Q, 2009 through year-end. TPA functions will include provider network management, utilization and quality oversight, claims administration and related health plan functions.
• HPN	TPA procurement project will determine the feasibility of implementing a <b>High Performing Network</b> benefit plan under UMP management.
• HSA	HCA was directed by the 2006 Legislature to offer a <b>Health Savings Account</b> in the PEBB medical benefits portfolio. Planning for the design and implementation of this benefit option will commence after BAIAS is implemented and the 2008 Open Enrollment (for CY '09) is completed. Target implementation is January, 2010.
<b>MCO Plans (2)</b>	Two current <b>Managed Care Organization</b> plans, Regence and Community Health Plans of WA, will be discontinued effective 1-1-08. They will be replaced with a self-insured copay plan option with similar benefits. The Co-pay Plan will be administered by a TPA and managed by UMP.
<b>PEBB Copay Plan</b>	

<b>GHC Classic/Value</b>	With the Classic and Value plan designs available in both Group Health and Kaiser Permanente, no significant changes are anticipated. Subject to annual renewal of covered services and cost sharing as approved by Board.
<b>KP Classic/Value</b>	
<b>Early Retiree Only Plans</b>	HCA staff is evaluating the feasibility of offering one or more “early retiree only” health plan options. The purpose is to offer a less costly option for early retirees who must self-pay the entire premium until Medicare eligible. Staff will report to Board later in '07. Possible implementation timeline not yet determined.
<b>DENTAL PLANS</b>	
<b>UDP PPO</b>	PEBB’s self-insured dental <b>Preferred Provider Organization, Uniform Dental Plan</b> , serves the majority of PEBB members in all 39 counties. UDP is administered by Washington Dental Services (WDS). Subject to annual renewal of covered services and cost sharing as approved by Board.
• <b>Preshent® PPO</b>	In early 2008, staff will assess a new WDS dental benefits plan design, Preshent®, based evidence-based dental standards. Recommendations will be presented to Board in 2 <sup>nd</sup> Q, '08 for possible implementation on 1-1-09.
<b>Managed Dental RFP</b>	PEBB offers two managed dental benefit options, Regence Columbia (Willamette Dental Group) and DeltaCare (WDS). During 2007, staff will issue a <b>Request For Proposal</b> for managed dental services to determine if other plan options are available in the marketplace and to assure competitive rates. Vendor(s) for CY '08 and beyond will be selected in 2 <sup>nd</sup> Q, 2007. Subject to annual renewal of covered services and cost sharing as approved by Board.
<b>Retiree Dental Only</b>	Current PEBB eligibility policy requires retirees to enroll in a medical plan to be eligible for enrollment in a PEBB dental plan. Staff is evaluating the feasibility of permitting retirees to enroll in PEBB dental only. Staff will report to Board later in '07. Possible implementation timeline not yet determined.
<b>Long Term Disability</b>	No changes are anticipated for 2008 and 2009. PEBB’s employer-paid Long Term Disability (LTD) benefit does not compare favorably with other high quality Washington State employers, public and private. Subsequent to BAIAS implementation and in consultation with the Department of Personnel (DOP), Office of Financial Management (OFM), the Governor’s Office, organized labor and the Legislature, HCA is planning to propose an improved employer-paid LTD benefit for possible implementation during CY 2010.



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<b>Life Insurance</b>	No changes are anticipated for this benefit for Actives in 2008 and 2009. Subsequent to BAIAS implementation, HCA is planning to issue an RFP and consider a simplified benefit structure.
• Retiree Life	HCA staff is evaluating the feasibility of modifying the amount of life insurance a retiree may purchase.
<b>Long Term Care Insurance</b>	This benefit is 100% self-pay by member. HCA staff is monitoring legislative policy proposals related to LTC insurance and will incorporate into planning after adjournment of 2007 Legislative Assembly.
<b>Home / Auto</b>	This benefit is 100% self-pay by member. At this time there are no plans to change vendor.

# Public Employees Benefits Board

## 2008 Dental Procurement

February 13, 2007

**Elin Meyer, PEBB Procurement**

# Dental Overview

- Employer Paid
- Uniform Dental Plan: Renewal
  - State-Wide PPO Coinsurance Plan
  - Three-Year Rate Guarantee
  - 129,521 Subscribers
- Managed Dental: Request For Proposal
  - Limited Washington Licensed Managed Dental Organizations
  - Clinic Model Copayment Plan
  - Access in approximately 1/3 of WA counties
  - 26,993 Subscribers
- Actuarial Difference in UDP & Managed Dental Benefit Design

# Managed Dental Procurement Objectives

- Covered Serves Are Understood and Financial Impact is Predictable
  - Standardize Benefits
  - Covered Services Reflect Market Practices
- Assess Market Trends and Premium Impact of High Cost Procedures
  - Orthodontia
  - Crowns
  - Dentures
  - Implants
- Obtain Most Favorable Combination of Plan Design and Price

# Managed Dental Key Procurement Dates

- February 21: Release RFP
- March 14: Proposals Due
- June 27: Board Brief & Recommendations
- July 10: Board Vote on Benefit Design

Background & Context

1. In January 2001 PEBB implemented qualified same-sex domestic partner (SSDP) coverage. Domestic partner coverage was limited to same-sex couples for financial reasons and because opposite-sex domestic partners are able to marry.
2. In 2006 the Legislature passed HB 2661 barring discrimination based on sexual orientation and gender identity.
3. The Human Rights Commission Executive Director has met with HCA and sent a letter to PEBB about eligibility rules that limit domestic partner coverage to only same-sex couples. It is his position that the recently passed law requiring nondiscrimination based on sexual orientation makes this eligibility distinction illegal. HCA has also received legislative inquiry on this matter and at least one recent appeal about these rules.

Actions to Date

1. HCA has been working to understand the legal, financial and operational aspects of this issue.
2. On January 16<sup>th</sup> HCA briefed the PEBB Board on this matter:
  - Practices of other States and large employers – Washington is one of 13 States offering DP benefits and one of 5 that limit to same-sex. About half of the Fortune 500 offer DP benefits and 44% limit to same-sex.
  - Cost: An additional \$15 million per year to cover all domestic partners in PEBB.
  - Legal issues: “Domestic partner” is not defined in law. It appears that federal law does not prohibit limiting to same-sex. PEBB’s current practice may not be in compliance with the 2006 legislation.
  - Operational: To implement opposite-sex DP coverage would require modifications to legacy IT systems while HCA is focusing its efforts on its new BAIAS system. HCA 2007 contracts with health plans are based on current eligibility requirements. Changing them has the potential of the plans asking for a reopening.
3. The Legislature is currently considering several bills related to domestic partners, including same-sex domestic partner registration.

### HCA Proposal to the PEBB Board

1. Change the eligibility language within the WACs to remove any mention of “same-sex”. The eligibility standards would continue to require that the “partners are barred from a lawful marriage”. Further, the declaration that domestic partners complete would be updated to reflect this language and to eliminate requirements in the current declaration that go beyond the requirements of married participants. The eligibility requirements in the declaration would be included in WAC.
2. Commit to reexamine extending benefits to all domestic partners after the completion of the BAIAS project, likely in 2009. This reexamination would include:
  1. Revisiting the practices of other States and large employers;
  2. Staff recruitment and retention issues;
  3. Cost and rating issues; and,
  4. Protecting the PEBB fund from adverse selection and fraud.

**WAC 182-12-260 Eligible dependents defined.** The following are eligible as dependents under the PEBB eligibility rules:

(1) Lawful spouse.

(2) Domestic partner qualified through the declaration certificate issued by PEBB in a domestic partnership that meets all of the following criteria:

(a) Partners have a close personal relationship in lieu of a lawful marriage;

(b) Partners are not married to anyone;

(c) Partners are each other's sole domestic partner and are responsible for each other's common welfare;

(d) Partners are not related by blood as close as would bar marriage; and

(e) Partners are barred from a lawful marriage.

(3) Dependent children through age nineteen. The term "children" includes the subscriber's biological children, stepchildren, legally adopted children, children for whom the subscriber has assumed a legal obligation for total or partial support of a child in anticipation of adoption of the child, children of the subscriber's qualified domestic partner, or children specified in a court order or divorce decree. Married children who qualify as dependents of the subscriber under the Internal Revenue Code, and extended dependents approved by PEBB are included. To qualify for PEBB approval, the subscriber must demonstrate legal custody for the child with a court order, and the child:

(a) Must be living with the subscriber in a parent-child relationship; and

(b) Must not be a foster child for whom support payments are made to the subscriber through the state department of social and health services (DSHS) foster care program.

(4) Dependent children age twenty through age twenty-three and who are registered students at an accredited secondary school, college, university, vocational school, or school of nursing.

(a) Dependent student coverage begins the first day of the month in which the quarter/semester for which the dependent is registered begins and ends the last day of the month in which the dependent stops attending or in which the quarter/semester ends, whichever is first, except that dependent student eligibility continues year-round for those who attend three of the four school quarters or two semesters.

(b) Dependent student coverage continues during the three month period following graduation provided the subscriber is covered, at the same time, the dependent has not reached age twenty-four, and the dependent meets all other eligibility

requirements.

(5) Dependent children of any age with disabilities, developmental disabilities, mental illness or mental retardation who are incapable of self-support, provided such condition occurs prior to age twenty or during the time the dependent was eligible as a student under subsection (4) of this section. The subscriber must provide proof that such disability occurred prior to the dependent's attainment of age twenty or during the time the dependent satisfies eligibility for student coverage under subsection (4) of this section, and as periodically requested thereafter by the PEBB program.

(a) The subscriber must notify the PEBB program, in writing, no later than sixty days after the date that a dependent child age twenty or older no longer qualifies under this subsection.

(i) For example, children who become self-supporting are not eligible under this rule as of the last day of the month in which they become capable of self-support. The dependent may be eligible to continue PEBB coverage under provisions of WAC 182-12-270.

(ii) Children age twenty and older that become capable of self-support do not regain eligibility under subsection (5) of this section if they later become incapable of self-support.

(6) Dependent parents.

(a) Dependent parents covered under a PEBB medical plan before July 1, 1990, may continue enrollment on a self-pay basis as long as:

(i) The parent maintains continuous coverage in PEBB sponsored medical coverage;

(ii) The parent qualifies under the Internal Revenue Code as a dependent of an eligible subscriber;

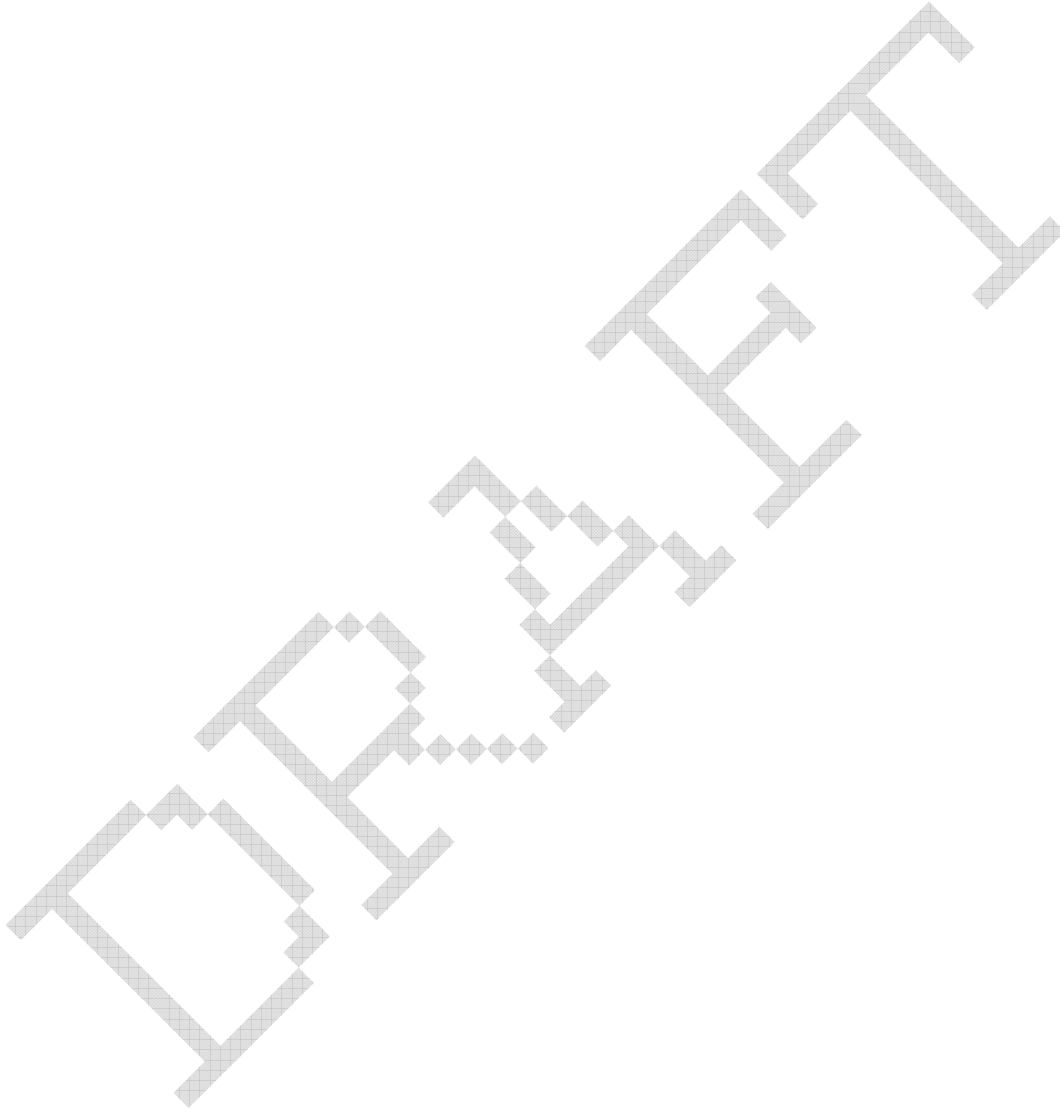
(iii) The subscriber who claimed the parent as a dependent continues enrollment in PEBB insurance coverage; and

(iv) The parent is not covered by any other group medical coverage.

(b) Dependent parents that are eligible under (a) of this subsection may be enrolled with a different health carrier than that selected by the eligible subscriber; however, dependent parents may not add additional dependents to their coverage.

(7) The enrollee must notify the PEBB program, in writing, no later than sixty days after the date that a dependent no longer qualifies under subsection (1), (2), (3), (4) or (6) of this section. The subscriber must notify the PEBB program in writing no later than sixty days after the date a dependent no longer qualifies under subsection (5) of this section. A PEBB continuation of coverage election notice will only be available

if the PEBB program is notified in writing within the sixty-day period.



# Declaration of Marriage or Domestic Partnership



## Section 1: Spouse

I, \_\_\_\_\_, certify that \_\_\_\_\_  
Print Subscriber's Name Print Spouse's Name  
 and I were legally married on \_\_\_\_/\_\_\_\_/\_\_\_\_.  
month / day / year

## Section 2: Domestic partner

I, \_\_\_\_\_, certify that \_\_\_\_\_  
Print Subscriber's Name Print Domestic Partner's Name  
 and I established a domestic partnership beginning \_\_\_\_/\_\_\_\_/\_\_\_\_ and we meet the  
month / day / year  
 following criteria for a domestic partnership:

1. We have a close personal relationship in lieu of a lawful marriage.
2. We are not married to anyone.
3. We are each other's sole domestic partner and are responsible for each other's common welfare.
4. We are not related by blood as close as would bar marriage.
5. We are domestic partners who are barred from a lawful marriage.

Subscribers are advised to consult an attorney regarding the possibility that the filing of this declaration may have other legal and/or financial consequences, including the fact that it may, in the event of the termination of the domestic partnership, be regarded as a factor leading a court to treat the relationship as the equivalent of marriage for the purposes of establishing and dividing community property, assigning community debt, and for the payment of support.

## Section 3: Signature (required)

It is understood that:

- Subscribers may add a new spouse or qualified domestic partner within 60 days of marriage or establishment of a qualified domestic partnership, or during a special or annual open enrollment period.
- This declaration shall be terminated upon death of the spouse or domestic partner or by change of circumstance attested to in this declaration.
- Employees will notify their personnel, payroll, or benefits office, and retirees and Consolidated Omnibus Budget Reconciliation Act (COBRA)/self-pay members will notify the Health Care Authority at 1-800-200-1004, if the marriage has dissolved or the domestic partnership no longer meets all of the criteria attested to in this declaration within 60 days of a change.

We declare, under penalty of perjury, that the foregoing information provided by us is true and correct and that all provisions of this statement have been met. Washington State law may require disclosure of any information you submit as a public record. The Health Care Authority's Privacy Notice is available upon request by calling 360-923-2822 or online at [www.hca.wa.gov](http://www.hca.wa.gov).

\_\_\_\_\_  
 Subscriber's Signature

\_\_\_\_\_  
 Social Security Number

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Spouse or Domestic Partner's Signature

\_\_\_\_\_  
 Social Security Number

\_\_\_\_\_  
 Date

**Legislative Update**

Handout to be provided at meeting.

**PEBB Meeting Schedule 2007**

Working Lunch or Executive Session: 11:15 a.m. - 12:45 p.m.  
Public Meeting: 1:00 p.m. - 3:00 p.m.

**Proposed Dates:**

January 16, 2007

February 13, 2007

March 13, 2007

April 17, 2007

May 23, 2007

June 27, 2007

July 10, 2007

*\*July 17, 2007*

*\*July 24, 2007*

October 16, 2007 – Board Retreat

*\*tentative meeting dates during procurement*