



**Washington State  
Health Care Authority**

# **Public Employees Benefits Board**

**March 20, 2008 Meeting**



## **Public Employees Benefits Board Meeting**

**March 20, 2008**

**2:00 p.m. – 4:00 p.m.**

Health Care Authority  
Sue Crystal Center  
Lacey, Washington

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# AGENDA

## **Public Employees Benefits Board**

**March 20, 2008**

**2:00 – 4:00 p.m.**

Health Care Authority  
Sue Crystal Center  
Lacey, Washington  
Conference call dial in 360-923-2998, pin 360 946 1464

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|                  |   |  |             |
|------------------|---|--|-------------|
| <b>2:00 p.m.</b> | <b>Welcome and Introductions</b>                  | Steve Hill                               |             |
| <b>2:05 p.m.</b> | <b>Approval January 17, 2008, meeting minutes</b> | Steve Hill                               | Action      |
| <b>2:10 p.m.</b> | <b>Legislative and Budget Update</b>              | Megan Atkinson<br>Richard Onizuka        | Information |
| <b>2:30 p.m.</b> | <b>Opposite Sex Domestic Partners</b>             | Steve Hill                               | Information |
| <b>2:50 p.m.</b> | <b>Bariatric Surgery Update</b>                   | Dr. Nancy Fisher<br>Dr. Malcolm Dejnozka | Information |
| <b>3:10 p.m.</b> | <b>Procurement Update</b>                         | Elin Meyer                               | Information |
| <b>3:30 p.m.</b> | <b>Public Comment</b>                             |  |             |
| <b>3:45 p.m.</b> | <b>Adjourn</b>                                    |  |             |

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The Public Employees Benefits Board will meet Thursday, March 20, 2008, at the Health Care Authority, Sue Crystal Center, 676 Woodland Square Loop Southeast, Lacey, Washington. The board will consider all matters on the agenda plus any items that may normally come before them.

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

Direct e-mail to: [board@hca.wa.gov](mailto:board@hca.wa.gov)

Materials posted at: <http://www.pebb.hca.wa.gov/board/>

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**PEBB Board Members**

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



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**PEBB Board Members**

| <b>Name</b>   | <b>Representing</b>                  |
|---|--------------------------------------|
| Vacant position*  | K-12                                 |
| Margaret T. Stanley<br>Executive Director<br>Puget Sound Health Alliance<br>2003 Western Ave, Suite 600<br>Seattle WA 98121<br>V 206-448-2570<br>mtstanley@pugetsoundhealthalliance.org | Benefits Management/Cost Containment |
| Yvonne Tate, Director*<br>Human Resources<br>City of Bellevue<br>PO Box 90012<br>Bellevue WA 98009-9012<br>V 425-452-4066<br>ytate@ci.bellevue.wa.us                                    | Benefits Management/Cost Containment |

**Legal Counsel**

Melissa Burke-Cain, Assistant Attorney General  
7141 Cleanwater Dr SW  
PO Box 40109  
Olympia WA 98504-0109  
V 360-586-6500  
melissab@atg.wa.gov

\*non voting members

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

January 17, 2008  
Health Care Authority  
Sue Crystal Center  
Lacey, WA  
1:00 p.m.

**Members Present:**

Steve Hill  
Greg Devereux  
Lee Ann Prielipp  
Robert Porterfield  
Margaret Stanley  
Yvonne Tate  
Penny Palmer

**Members Absent:**

Eva Santos

**Call to Order**

Steve Hill, Chair, called the meeting to order at 1:00 p.m. Sufficient members were present to allow a quorum. Audience and board self-introductions followed.

**Approval of July 17, 2007, PEBB Meeting Minutes**

It was moved, seconded, and carried to adopt the July 17, 2007, PEBB Board meeting minutes. Ms. Yvonne Tate advised the board that a former member, Ms. Sally Fox, passed away. The board wishes to formally acknowledge Ms. Fox's contributions to the PEBB Board.

**LEOFF 2 Eligibility Resolution**

In response to a request from Steve Nelsen, Executive Director of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board, Steve Hill directed the PEBB program to approve the applications of family members of emergency service personnel, including LEOFF 2 members, who die in the course of employment. In his December 12, 2007, memo, Mr. Hill advised that a formal board vote would be called for at the January meeting. It was, moved, seconded, and carried that surviving spouses and dependent children of emergency service personnel killed in the course of employment as determined by the Department of Labor and Industries consistent with Title 51 RCW are eligible to participate in PEBB program insurance plans and contracts. The motion passed unanimously.

**Governor's Budget Update**

Ms. Megan Atkinson gave the board an update on the Governor's Supplemental Budget for Fiscal Years 2008 and 2009.

**2008 Open Enrollment Results**

Ms. Mary Fliss gave an open enrollment overview and presented changes for 2008.

**Aetna Implementation Update**

Ms. Debi Dexter, Aetna, and Ms. Nicole Oishi gave an update on the Aetna Public Employees Plan implementation.

**Procurement Update**

Ms. Elin Meyer presented 2009 purchasing goals and the 2008 tentative board procurement schedule.

**PEBB Legislative and Rules Update**

Ms. Mary Fliss gave board members an overview of 2008 Health Care Authority agency request legislation and rules revisions.

**BAIAS Update**

Ms. Mary Fliss presented a project overview of the Benefits Administration Insurance Accounting System (BAIAS) project at the Health Care Authority.

The meeting was adjourned.

Respectfully submitted,

Steve Hill, Chair

DRAFT

***Bills Passed by Both Houses and on the Way to the Governor***

| <b>Bill Title/Description</b>                                      | <b>Bill #</b>     | <b>Comments</b>   |
|--|-------------------|---|
| Health insurance partnership act                                   | <b>2SHB 2537</b>  | HIP technical corrections bill, narrowed eligibility criteria, subsidy funding  |
| Patient-centered primary care pilots                               | <b>E2SHB 2549</b> | Senate amendments, pilot collaboratives through DOH, HCA to expand 5930-1 reimbursement study and payment strategies, partially funded  |
| Chiropractor Reimbursement   | <b>2SSB 5596</b>  | PEBB plans may not pay a chiropractor less for a service than other types of providers. By January 1, 2012, OIC is to report on the impact of the chiropractor payment requirement. Sunset June 30, 2013. |
| Citizen's health care work group                                   | <b>ESSB 6333</b>  | 13 member (4 legislators) work group to review BRC results and economic analysis of health reform proposals; staff support OFM, leg staff to procure economic analysis                                    |
| Radiologist assistants   | <b>SSB 6439</b>   | Radiologist assistants created as a new profession certified by DOH.  |
| Disclosure / adverse health events<br>Governor Request Legislation | <b>SSB 6457</b>   | Makes changes related to the reporting / notifications of an adverse event or an incident through a quality improvement or peer review committee.   |
| Transfer of DCAP to HCA<br>HCA / DRS Request Legislation           | <b>HB 2652</b>    | Administration of DCAP transferred from DRS to HCA. Changes made to definitions to encompass both the DCAP and Medical FSA program. DRS laws related to DCAP are repealed.                                |

**2007-09 Revised Omnibus Operating Budget (2008 Supp)****WA State Health Care Authority**

(Dollars in Thousands)

|   | FTEs  | Conference Version |         |
|---|-------|--------------------|---------|
|   |       | Near GF-S          | Total   |
| 2007-09 Original Appropriations         | 325.1 | 575,246            | 784,533 |
| 2007-09 Maintenance Level               | 325.1 | 575,250            | 784,541 |
| <b>2008 Policy Non-Comp Changes:</b>    |       |                    |         |
| 1. Insurance Accounting System          | 0.0   | 0                  | -14,280 |
| 2. Dependent Care Assistance Trnf #     | 0.0   | 0                  | 18      |
| 3. Health Insurance Partnership         | 2.7   | 2,240              | 2,240   |
| 4. Moore, et al v. HCA                  | 0.0   | 1,000              | 1,000   |
| 5. Washington Wellness Grant            | 0.0   | 0                  | 100     |
| 6. BHP Premium Growth                   | 0.0   | -2,253             | -2,253  |
| 7. BHP underenrollment adjustment       | 0.0   | -2,692             | -2,692  |
| 8. CHC Adult Dental Access Grant        | 0.0   | 2,000              | 2,000   |
| 9. IT Pool Project Funding-Tech. Adj.   | 0.0   | 0                  | 94      |
| 10. Medical Homes                       | 0.0   | 100                | 100     |
| Policy -- Non-Comp Total                | 2.7   | 395                | -13,673 |
| Policy -- Comp Total                    | 0.0   | -335               | -634    |
| Total Policy Changes                    | 2.7   | 60                 | -14,307 |
| 2007-09 Revised Appropriations          | 327.8 | 575,310            | 770,234 |
| Difference from Original Appropriations | 2.7   | 64                 | -14,299 |
| % Change from Original Appropriations   | 0.8%  | 0.0%               | -1.8%   |

*Comments:*

**1. Insurance Accounting System** - Funding authority is reduced to reflect discontinuation of the Benefits Administration and Insurance Accounting System (BAIAS) project. (Health Care Authority Administrative Account-State)

**2. Dependent Care Assistance Trnf #** - Beginning July 1, 2008, the Dependent Care Assistance Program, a pre-tax spending account for dependent care expenses, will be transferred from the Department of Retirement Systems to the Health Care Authority (HCA). The HCA will serve as the single state agency responsible for pre-tax benefit plans. (Medical Flexible Spending Account-Nonappropriated)

**3. Health Insurance Partnership** - Funding is provided to continue implementation of the Health Insurance Partnership (HIP), a program for employees of small business to purchase affordable health insurance. The funding level assumes the enactment of Second Substitute House Bill 2537 (Health Insurance Partnership), which provides some modifications to the program, including a delay in employee coverage by two months to March 1, 2009. A savings is realized in FY 2008 from the program delay, and the administrative infrastructure is enhanced in FY 2009. In addition, FY 2009 contains funding for a third party administrator and \$750 thousand for premium subsidies for low-income employees. (Health Services Account-State)

**4. Moore, et al v. HCA** - Funding is provided to pay the Office of the Attorney General for costs associated with Moore v. HCA. The suit deals with the eligibility requirements for part-time employees seeking health benefits. (General Fund-State)

**5. Washington Wellness Grant** - A grant from the National Governors Association will provide the opportunity for Washington Wellness to offer a health risk assessment for each state employee, retiree, and dependent. (Health Care Authority Administrative Account-Private/Local)

\* Near General Fund-State = GF-S + EJA + ELT + HSA + PFSA + PSEA + SAF + VRDE + WQA

**2007-09 Revised Omnibus Operating Budget (2008 Supp)**  
**WA State Health Care Authority**

**6. BHP Premium Growth** - The appropriation level for the Basic Health Plan (BHP) for fiscal year 2009 is adjusted to reflect a premium growth rate assumption that is consistent with the actual premium growth rate of 6 percent for calendar year 2008. This funding level assumes an enrollment increase from current enrollment of 103,600 in February, to 105,500 projected for March through June 2008, to 107,000 by January 2009. (Health Services Account- - State)

**7. BHP underenrollment adjustment** - In the 2007-09 biennial budget, the Legislature provided additional funding to expand enrollment in the Basic Health Plan to 107,700 slots by June 2008 and to 109,500 slots by June 2009. Funding is adjusted for FY 2008 to account for lower than expected enrollment and the increased cost of the program due to changing demographics of the population served. Funding levels allow enrollment to increase from February 2008 enrollment of 103,360 to 105,500 per month for the remainder of FY 2008. (Health Services Account-State)

**8. CHC Adult Dental Access Grant** - Funding is provided for one-time competitive grants to community health centers (CHCs) to increase the number of adults served on an ongoing basis. Each clinic receiving grant funding will report annually, beginning December 2008, on key adult access indicators established by the authority, including but not limited to increases in the number of low-income adults served. (Health Services Account -State)

**9. IT Pool Project Funding-Tech. Adj.** - A technical correction is made to accurately fund projects assumed in the Information Technology (IT) Pool contained in the 2007-09 biennial budget. (General Fund-Federal)

**10. Medical Homes** - Funding is provided for the Authority to develop reimbursement mechanisms that would reward primary care providers participating in the Medical Home Collaborative program, pursuant to Engrossed Second Substitute House Bill No. 2549 (patient-centered care). (Health Services Account-State)

\* Near General Fund-State = GF-S + EJA + ELT + HSA + PFSA + PSEA + SAF + VRDE + WQA

**Washington State Health Care Authority**  
**Conference Budget - February Update 2008 Legislative Model 2.6**  
**March 2008**  
**Fiscal Years 2007-2011**

**Scenario: FY 09 FR = \$561.00 FY 09 URFB -\$12M. Revise Fund 418.**

**Projected Funding Rate(s)**

|        | Represented | Non-Represented | K-12     | Employer Groups |        |               |
|--------|-------------|-----------------|----------|-----------------|--------|---------------|
| FY2006 | \$663.00    | \$663.00        | \$629.00 | \$663.00        |        |               |
| FY2007 | \$744.00    | \$618.00        | \$682.54 | \$684.00        |        |               |
| FY2008 | \$707.00    | \$707.00        | \$707.00 | \$707.00        | 3.4%   | } AVG<br>9.4% |
| FY2009 | \$561.00    | \$561.00        | \$561.00 | \$561.00        | -20.7% |               |
| FY2010 | \$782.00    | \$782.00        | \$782.00 | \$782.00        | 39.4%  |               |
| FY2011 | \$837.00    | \$837.00        | \$837.00 | \$837.00        | 7.0%   |               |

Note: The K-12 fiscal year indicated in this section is October through September.

**Ending Fund Balance Components**

|                                | FY2006        | FY2007        | FY2008        | FY2009        | FY2010       | FY2011       |
|--------------------------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Premium Stabilization Reserves | \$44,060,173  | \$49,972,791  | \$60,276,229  | \$70,811,737  | \$76,225,175 | \$82,332,155 |
| Restricted Fund Balance        | \$105,012,028 | \$114,861,078 | \$2,600,000   | \$2,600,000   | \$2,600,000  | \$2,600,000  |
| Unrestricted Fund Balance      | \$57,228,289  | \$89,116,193  | \$215,380,928 | -\$12,000,000 | \$0          | \$0          |
| Total Fund Balance             | \$206,300,489 | \$253,950,062 | \$278,257,157 | \$61,411,737  | \$78,825,175 | \$84,932,155 |

**Employee Contributions**

|   | CY2006  | CY2007  | CY2008  | CY2009  | CY2010  | CY2011   |
|---|---------|---------|---------|---------|---------|----------|
| Average Subscriber Contribution         | \$72.13 | \$71.52 | \$78.94 | \$92.45 | \$99.80 | \$107.65 |
| Explicit Spouse Charge                  | \$10    | \$10    | \$10    | \$10    | \$10    | \$10     |
| Subscriber Contribution as % of Premium | 11.4%   | 10.4%   | 11.2%   | 12.0%   | 12.0%   | 12.0%    |

**Explicit Medicare Retiree Subsidy**

|        | Suggested Value | Input Value |
|--------|-----------------|-------------|
| CY2006 | N/A             | \$131.87    |
| CY2007 | N/A             | \$149.67    |
| CY2008 | N/A             | \$164.08    |
| CY2009 |                 | \$182.89    |
| CY2010 |                 | \$190.25    |
| CY2011 |                 | \$203.42    |

**K-12 Subsidy Remittance**

|        | Suggested Value | Input Value |
|--------|-----------------|-------------|
| FY2006 | N/A             | \$48.42     |
| FY2007 | N/A             | \$55.15     |
| FY2008 | N/A             | \$57.71     |
| FY2009 | \$60.40         | \$60.40     |
| FY2010 | \$67.73         | \$67.73     |
| FY2011 | \$73.65         | \$73.65     |

Note: The fiscal year indicated in this section is the K-12 fiscal year - September through August.

We understand that this projection model will be utilized to prepare future scenarios. Any results obtained are the sole responsibility of the HCA.

## **Opposite-Sex Domestic Partner PEBB Benefits March 2008**

The PEBB Board considered full Domestic Partner coverage in 1996. The Board adopted same-sex partner benefits only in January 2001.

In 2007 SSB 5336 became law. This law created a Domestic Partner Registry. The statute amended RCW 41.05 to require that PEBB recognize a certificate of domestic partnership as evidence of a qualified same-sex domestic partnership fulfilling all necessary eligibility criteria for the partner of the employee to receive benefits. PEBB has since amended its rules to allow the same-sex domestic partnership registration to be sufficient evidence of a partnership for eligibility purposes.

At the February 13, 2007, PEBB Board meeting, the Board discussed whether to extend PEBB benefits to opposite-sex domestic partnerships. The Board voted not to extend benefits to at that time but committed to re-examine the issue in 2008, with the expanded benefits effective at the beginning of 2009.

PEBB cannot extend benefits to opposite sex domestic partners at this time because:

### **BUDGET CONSTRAINTS**

- Mercer cost projections for FY 2009 is \$15.7 million. The state budget does not include these funds.

### **OPERATIONAL LIMITATIONS UNTIL BAIAS IS IN PLACE**

- The Pay1 system would require programming. PEBB's IT resources have been staffing BAIAS, a Pay1 system freeze is being implemented and the ongoing Pay 1 system is under examination.
- Rules, procedures, communications and processes relative to eligibility, extension of coverage (COBRA,) coverage of dependents and retiree coverage would require reconfiguration. The manual processes of same-sex domestic partnership benefits administration would be insufficient for the increased work load.

### **POTENTIAL STATUTORY LIMITATIONS**

- A benefits extension may not be considered substantially equivalent to 1993 benefits as required by RCW 41.05.065(2)(g).

**HEALTH CARE AUTHORITY  
PUBLIC EMPLOYEES HEALTH PLANS  
2008 Bariatric Program Update  
March 20, 2008**

**Malcolm M. Dejnožka, MD, Medical Director**

# **Overview and Update**

## **Original Program & Implementation**

Program Operations & Recent Program Changes

Centers of Excellence

## **2007 - 2008 PEHP Experience in Obesity Surgery**

## **What's Changed Since the 2006 PEBB Decision?**

## **Literature on Lap. Adjustable Gastric Banding**

## **Ongoing Issues and Future Challenges**

**PEBB Decision:** *Provide evidence-based coverage for bariatric surgery through Group Health, Kaiser, Regence, and UMP.  
(Components of which include: psychological and physical and behavioral readiness, pre-surgery and post-surgery)*

**Based on:**

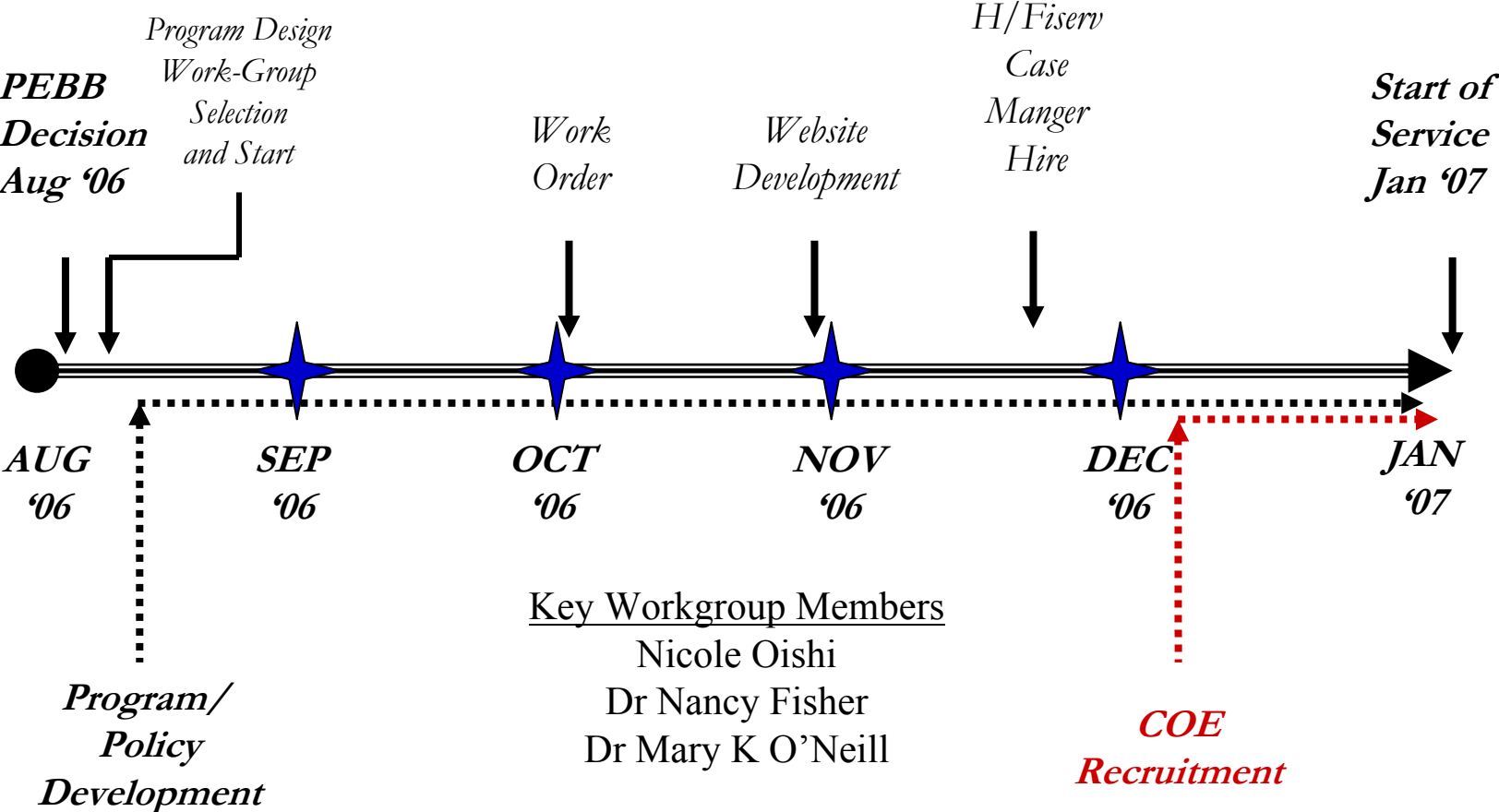
- 1. Published evidence - Roux-en-Y Gastric Bypass procedure most effective in weight-loss and improved comorbidities**
- 2. Concerns over the published article (Flum et al, 2003) of high risks in WA Medicare cases**

## **Implementation Tasks**

- Patient Eligibility and Exclusion criteria
  - Those most likely to benefit from surgery
- Standards/benchmarks
  - Surgeons and Hospitals
- Patient Education Modules
  - Reality-based expectations; informed, better prepared
- Resources Needed for Program Administration
  - Case Management; Site visits; participation terms/conditions
  - Website development; on-line application
- Performance and Outcome measures

Public Employees Health Plans

# Timelines: Decision to Implementation



*Guiding Principles – PEBB direction to establish and “evidence-based” program*

## **Related Obesity Surgery Services Not Covered**

- Excess skin removal (Cosmetic Surgery)
- Complications from “non-approved” Obesity Surgery
- Any procedure except the Roux-en-Y (< 150cm)
- More than one obesity surgery in lifetime
- Reversal of the Roux-en Y Procedure
  - considered irreversible

## **Exclusion Criteria**

- **Complex diseases that present high-risk**
  - e.g., Multiple Sclerosis, some blood disorders
- **Untreated Psychiatric Disorders**
- **Personality Disorders**
- **Not willing to commit to UMP Pre-Surgical Program**
  - Unable to achieve 5% wt loss,
  - comply with diet and exercise reporting requirements prior to referral to surgery (~ 6 months)
- **May apply only one time per calendar year (Jan – Dec)**

## Bariatric Program Eligibility Entry Criteria

### JANUARY 2007

21 - 60 yrs of age ( $\geq$  65 yrs, UMP 2nd payer to Medicare); AND

Body Mass Index (BMI)  $\geq$  40 kg/m<sup>2</sup> AND

Either Poorly controlled diabetes mellitus, (adult onset, or Type II diabetes)

OR two of the following:

High Blood Pressure Pressure

High Cholesterol

Sleep Apnea

Heart Disease

Pickwickian Syndrome

Willing and motivated to commit to a long-term pre-surgical program with UMP Case Management, that if successful will result in the Roux-en-Y procedure.

### JANUARY 2008

**18 – 20 yrs of age (Lap. Adj. Gastric Band)**

**21 - 64** yrs of age ( $\geq$  65 yrs, UMP 2nd payer to Medicare); AND

Body Mass Index (BMI)  $\geq$  40 kg/m<sup>2</sup> AND

Either Poorly controlled diabetes mellitus, (adult onset, or Type II diabetes)

**OR ONE** of the following:

High Blood Pressure Pressure

High Cholesterol

Sleep Apnea

Heart Disease

Pickwickian Syndrome

Willing and motivated to commit to a long-term pre-surgical program with UMP Case Management, that if successful will result in the Roux-en-Y procedure.

## Program Overview

- **Initial Phone Interview with Bariatric Case Manager**
  - Review personal history & provide program overview
  - Assess enrollee motivation
  - Enrollee signs agreement for 2 years participation after surgery
- **Pre-Surgical Program**
  - Primary Physician referral and candidate validation
  - Directed psychological evaluation (stable, capable, motivated to change)
  - Nutrition or dietary counseling.
  - Loss of at least 5% of current body weight
  - Complete and report on daily exercise and diet
  - Educational Modules (risks, benefits, costs)
  - Selection and Referral to Center of Excellence
  - Completes COE requirements
  - Final review and approval of UMP Associate Medical Director
  - **Surgery Scheduled**

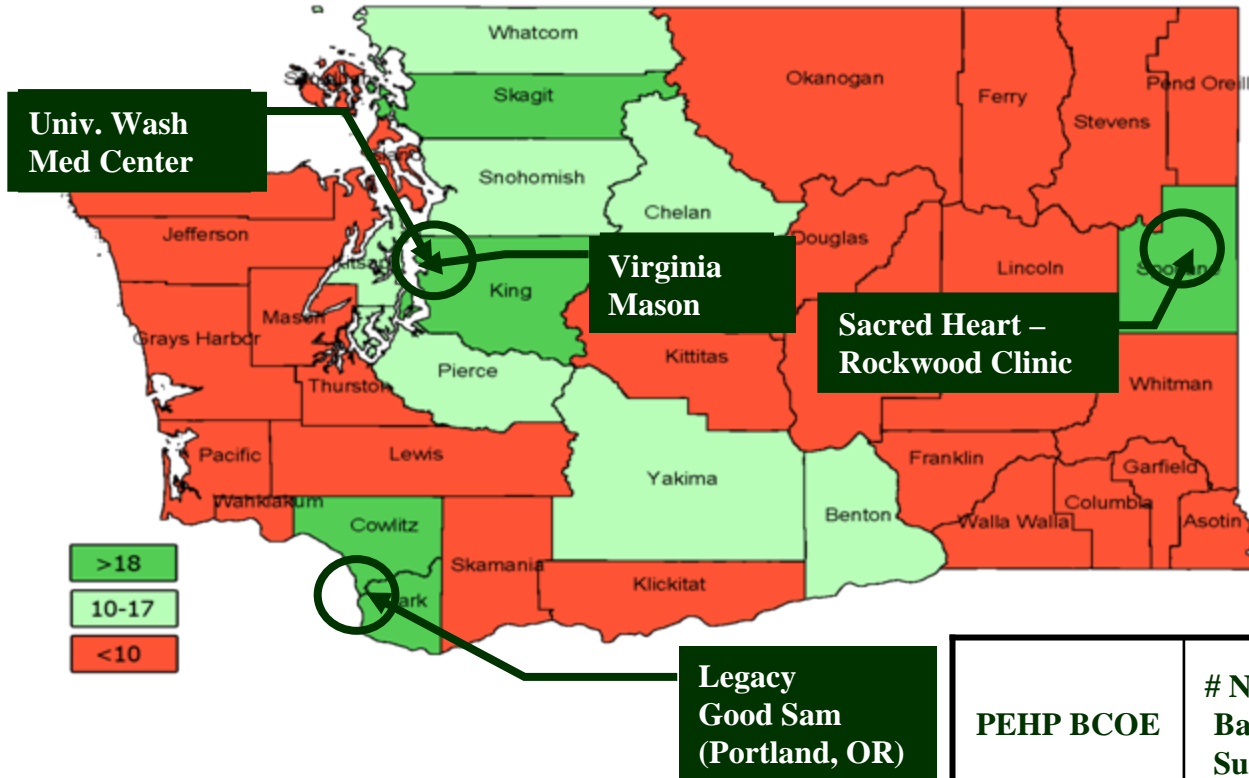
**PEHP Bariatric Centers of Excellence:** Certified by the American College of Surgeons (ACOS) or American Society of Metabolic and Bariatric Surgeons (ASMBS)

*What does that mean?*

Through a site visit and extensive application process

- Facility's Bariatric Surgeon(s) passed specific credentialing criteria
- Facility's Bariatric Surgeon(s) have specific training/experience in performing bariatric surgery
- Facility has provided the staff with specific training
- Facility has the necessary equipment and supplies to perform the procedures
- Facility and surgeons have completed a required number of procedures and achieved outcomes at the very least consistent with accepted standards

# Public Employees Health Plans



## PEHP Bariatric Centers of Excellence

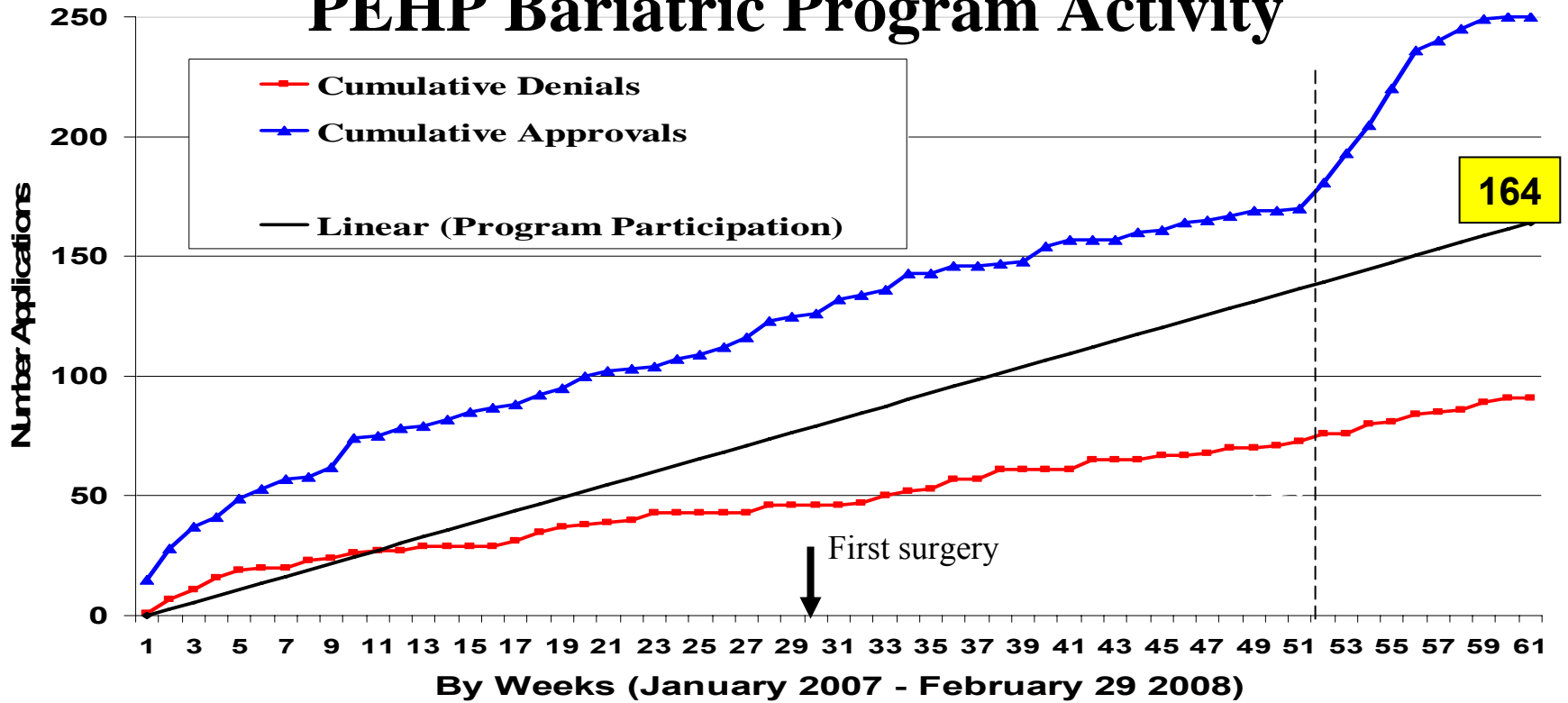
### Discussion Points

- Location in areas with the greatest referral base (PCPs per 100 members range from 6.6 for the dark green counties, to 0.7 for the red counties.)
- Competing for capacity with other payers
- East of Cascades, underserved
- Centers have preferences to types of surgeries

| PEHP BCOE                    | # Network Bariatric Surgeons | # PEHP Completed Operations CY 2007 | # More Approved in 2007 |
|------------------------------|------------------------------|-------------------------------------|-------------------------|
| Legacy/Good Samaritan        | 2                            | 2                                   | 3                       |
| Rockwood Clinic/Sacred Heart | 3                            | 7                                   | 12                      |
| UWMC                         | 3                            | 13                                  | 15                      |
| Virginia Mason               | 3                            | 20                                  | 24                      |

# Public Employees Health Plans

## PEHP Bariatric Program Activity



| Program Participation from Start |         |
|----------------------------------|---------|
| 18 to 20 yo                      | ≥ 21 yo |
| 1                                | 163     |

|                |    |                   |             |                |       |
|----------------|----|-------------------|-------------|----------------|-------|
| Denied         | #  | Age               | BMI         | Co-Morbidities | Other |
|                | 90 | 26                | 25          | 36             | 3     |
| Program Losses | #  | Compliance Issues | Disenrolled | Death          | Other |
|                | 8  | 2                 | 5           | 1              | 0     |

# Current Issues

- **Development of internal patient tracking tool**
  - Post-op Interviewing (2 wks; then 2, 6, 12, 18 and 24 months)
  - Analysis of Claims and Pharmacy Databases
- **COE outcomes reporting**
  - Metrics allow only for the HCA experience, not overall COE experience
  - Surgical Clinical Outcomes Assessment Program (SCOAP)
    - Adding a field to the data collection form to identify PEHP patients
    - Data is limited to surgery complications/ procedures rather than short-term and long-term outcomes
  - Investigating if COEs will share aggregate data from:
    - LABS (Longitudinal Assessment of Bariatric Surgery – NIH study)
    - Bariatric Outcomes Longitudinal Database (BOLD) program - ASMBS

## Since the 2006 PEBB Decision

### 1. Health Technology Clinical Committee (HTCC)

- LAGB for patients aged 18 - 20 years is a covered benefit
- Created a gap in LAGB coverage for 21–64 yr olds (CMS covers LAGB)

### 2. # WA-based Bariatric COEs ↑ from 1 to 6 (4 are PEHP BCOEs)

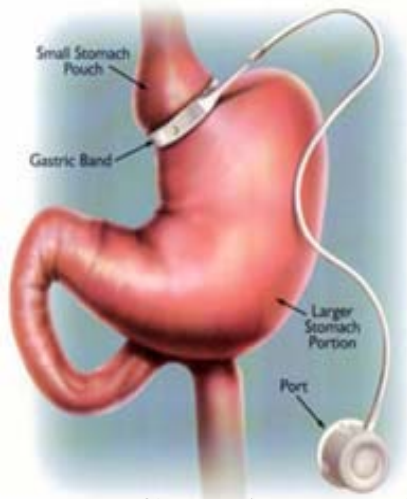
- Newest BCOEs in Shelton, WA (Mason Hosp); Kirkland, WA (Evergreen Hosp); Post Falls, ID (NW Specialty Hosp)

### 3. Recent (2007) Health Technology Reviews

**Blue Cross Blue Shield TEC & INAHTA HTA** (International Network of Agencies for HTA)

- “May lower future healthcare costs, severity and comorbidities”
- “Significant excess weight loss, low short-term complications”
- Option for those “suited to less invasive, reversible, lower risk surgery”
- “Sufficient evidence for patient to make informed choice”

# Gastric Banding and Bypass Surgeries



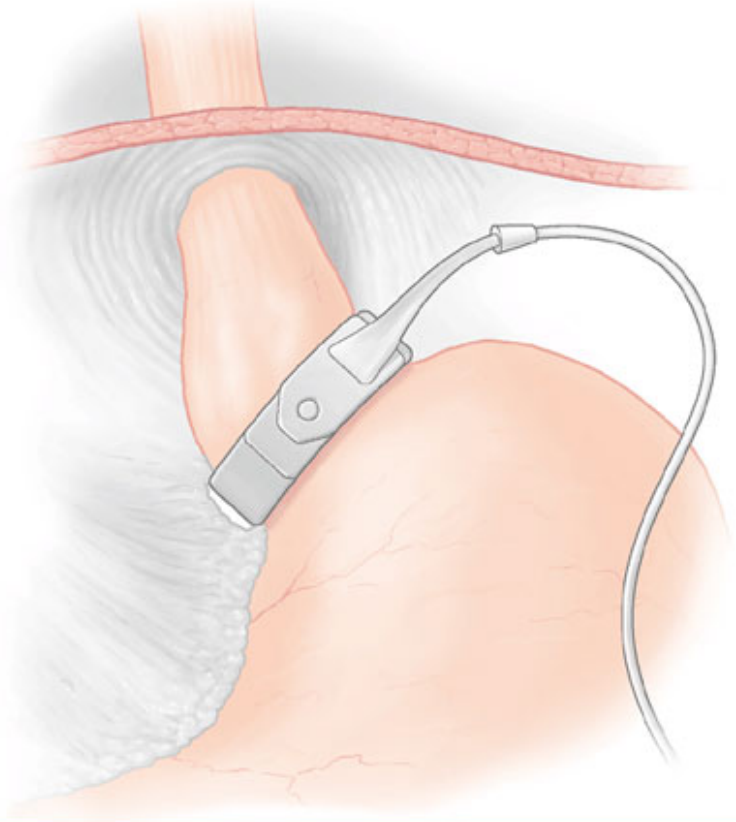
**Adjustable Gastric Banding (AGB)** – An adjustable hollow band is placed around the stomach near its upper end, creating a small pouch and a narrow passage into the stomach inducing weight loss through the restriction of food intake.



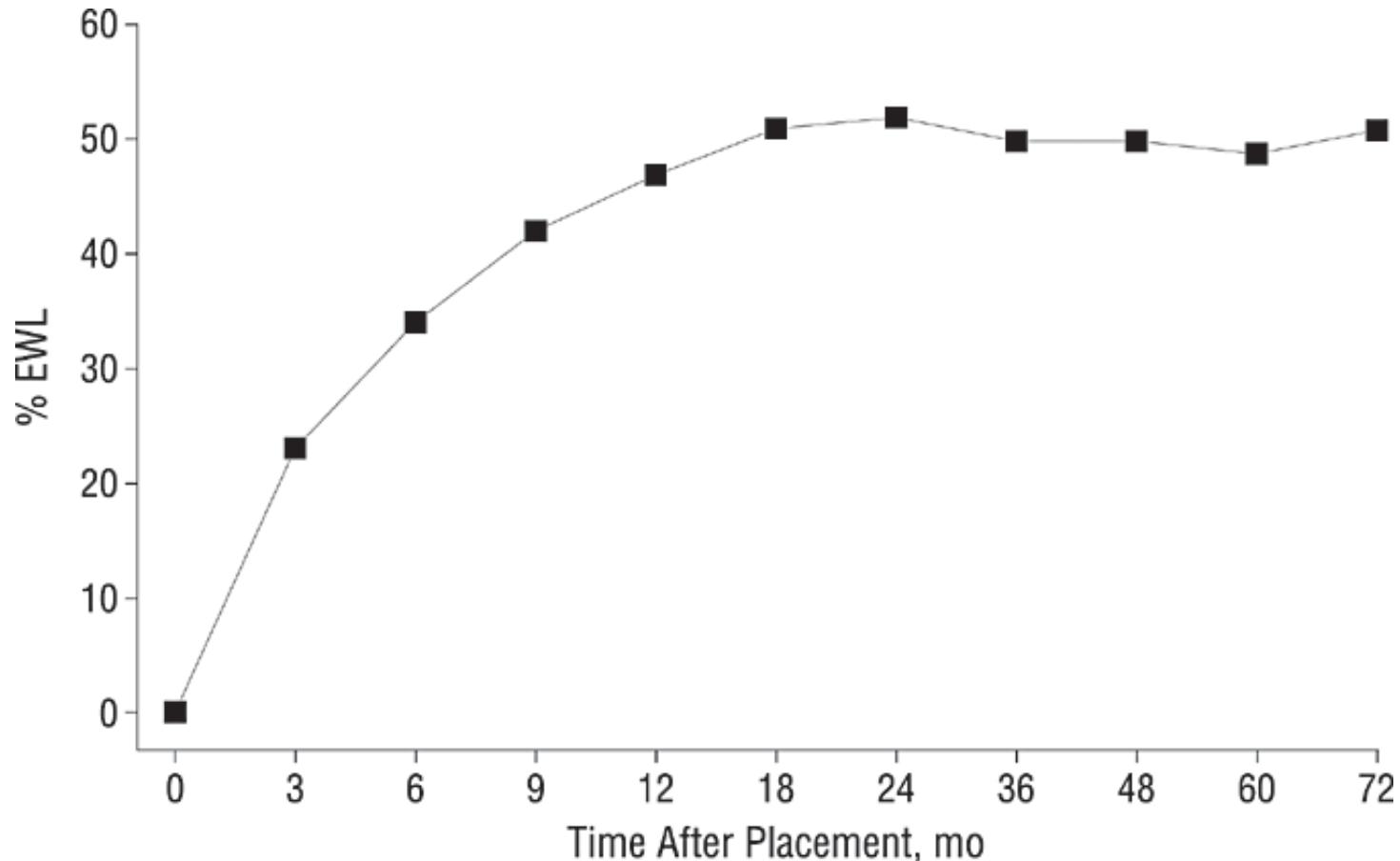
**Gastric Bypass Roux-en-Y (RYGBP)**

- The restrictive element: partitioning the stomach to create a small gastric pouch.
- The malabsorptive element: created by attaching a Y shaped section of the small intestine to the new pouch, to allow food to bypass the lower stomach, the duodenum (1<sup>st</sup> segment of the small intestine), and the first portion of the jejunum (the 2<sup>nd</sup> segment of the small intestine).

# Public Employees Health Plans



## Public Employees Health Plans



**Curve of percentage of excess weight loss (%EWL) over 6 years after the patient has undergone laparoscopic adjustable gastric banding. 951 patients measured at 3 months, 503 at 2 years, 260 at 4 years, and 61 at 6 years. (O'Brien et al; *Arch Surg.* 2003;138:376-382).**

## Resolution of Co-morbidities with LapBand

| Disease              | Improved | Resolved |
|----------------------|----------|----------|
| Arthritis            | 47%      | 41%      |
| High cholesterol     | 33%      | 63%      |
| Heartburn            | 24%      | 72%      |
| Hypertension         | 18%      | 70%      |
| Sleep apnea          | 19%      | 74%      |
| Depression           | 47%      | 8%       |
| Urinary incontinence | 39%      | 44%      |
| Asthma               | 69%      | 13%      |
| Diabetes             | 18%      | 82%      |
| Headaches            | 29%      | 57%      |
| Gout                 | 14%      | 72%      |

(Alvarez-Cordero R, Ramirez-Wiella G, Aragon-Virulette E et al. Laparoscopic gastric banding: initial two year experience. *Obes Surg* 1998;8:360).

## Laparoscopic Adjustable Gastric Banding (LAGB) or “Lap-Band®” Restrictive Procedure

### Advantages

- Laparoscopic placement
- Reversible Procedure
- Band Adjustability
- Absence of anemia
- No dumping syndrome
- Natural food/nutrient absorption
- Shorter hospital stays (1day)
- Lower (6–10x) risk of mortality
- Significant Wt Loss (45-60%)
- Significant improvement of co-morbidities

### Disadvantages/Complications

- Intra-operative: bleeding, need to convert to open procedure, and spleen, stomach or esophagus injury
- Postoperative: band slippage (stomach prolapse), balloon or tubing leak, port infections, band infections, obstruction
- Frequent outpatient visits/band adjustments
- Late complications: band erosion into stomach, esophageal dilatation, and failure to lose weight
- Re-operation rate 11% – 25%

## **Challenges (re. PEHP and LapBands)**

- COE experience/expertise is variable across centers
- Access to network LapBand surgeons
- Short-term costs ~ 50-60% less than GBP, but long-term may be “a wash” and off-set early savings
  - Multiple outpatient visits (band fluid adjustments)
  - Reoperations (though primarily handled as outpatient)
  - Administrative resources required to manage program

## **Issues Related to Lap. Adjustable Gastric Banding**

- Evidence supports use in patients with a BMI  $\geq 40$  kg/m<sup>2</sup>, or a BMI  $\geq 35$  kg/m<sup>2</sup> with severe obesity-related co-morbidities
- Little to no evidence to support the use of LASGB in super obese or super-super obese patients
- Definitive patient selection criteria have not yet been established for LASGB

## In Conclusion

- When comparing LAGB with RNYGB, there is a tradeoff in terms of risks and benefits.
- The data on short-term outcomes/complications is favorable; however long-term outcomes/complications seem to favor RNYGB, *however . . .*
  - Patients do benefit from either, and
  - For patients considering bariatric surgery, there is sufficient evidence to allow an informed choice between gastric bypass and LAGB.

# **PEHP Bariatric Program Update**

**Questions?**

# Public Employees Benefits Board Meeting

March 20, 2008

# Procurement Overview

- Medical Procurement Summary
  - Enhanced Hearing Aid Benefit
  - Standardized Self-Insured Prescription Drug Benefit
  - Annual Update to Evidence-Based Bariatric Surgery Protocols
- Implementation of 2007 Legislative Initiatives
  - Age 20-25 Dependent Health Care Coverage
  - Tribal Government Participation
- Dental, Life and Long-Term Disability
  - Negotiated Renewal: No Changes

# Key Board Dates

May 28

- Annual Rules Brief

June 25

- Procurement Results and Staff Recommendations

July 9

- Board Resolution: Benefits, Eligibility and Premiums

## **PEBB Meeting Schedule**

Working Lunch 11:30 a.m. – 1:00 p.m.  
Board meetings 1:00 p.m. – 3:00 p.m.

### **Proposed dates:**

January 17, 2008

February 20, 2008

March 20, 2008

April 23, 2008

May 28, 2008

June 25, 2008

July 9, 2008

July 16, 2008

October 22, 2008                      Board Retreat

March 10, 2008

**UPDATE:  
WELLPARTNER MAIL-ORDER PHARMACY ISSUES**

In 2005, the legislature created the "Washington State Prescription Drug Purchasing Consortium." This purchasing consortium requires state health programs, such as those administered by Public Employees Health Plans (PEHP), including Uniform Medical Plan (UMP) and the Aetna Public Employees Plan, to combine their purchasing power for prescription drugs. In late 2006, the Washington State Health Care Authority conducted a competitive bidding process and awarded a contract to the ODS Companies to administer this purchasing consortium. Express Scripts, Inc. did not bid on the contract. As a result, when Express Scripts' contract with PEHP expired on December 31, 2007, PEHP started a new contract with the ODS Companies for pharmacy benefit management (PBM) services beginning on January 1, 2008.

The ODS Companies partnered with other companies to provide the full scope of PBM services to PEHP. Collectively, PEHP refers to these companies as "Washington State Prescription Services," which includes the following companies:

1. The ODS Companies—Responsible for overall service provided to PEHP enrollees by all of the participating companies, as well as contract administration and customer service.
2. MedImpact Healthcare Systems Inc.—Responsible for managing the retail pharmacy network and prescription claims processing.
3. Wellpartner Inc.—Mail-order pharmacy services
4. BioScrip Inc.—Specialty pharmacy services.

PEHP and these consortium vendors worked diligently to make the transition to the new contract as smooth as possible. However the mail-order pharmacy, Wellpartner, had serious service issues during the transition, most of which have been resolved. These include:

- **Delays in filling prescriptions.** Initial transition issues caused a backlog of orders to develop in January and early February. By the beginning of February, PEHP began authorizing a 30-day supply at a network retail pharmacy for enrollees who were about to run out of medications due to delays getting prescriptions from Wellpartner. We posted a notice on our Web site letting enrollees know about this option on February 5<sup>th</sup>. As of March 10<sup>th</sup>, the backlog has been eliminated and the average turnaround time on prescriptions is within the contract standard of 5 days (the five days does not including mailing time).
- **Excessive hold times on the phones.** Wellpartner has addressed this by doubling the number of staff answering phones and extending customer service hours. Call hold times have much improved and averaged 24 seconds for the week of March 3-7. Customer service staff are currently available weekdays from 7:30 AM to 5:30 PM. In addition, Wellpartner identified and replaced a defective telephone trunk line, and added a fourth trunk line.
- **Not returning messages.** Wellpartner was not initially able to keep up with returning messages. In addition to adding staff, Wellpartner created a team of six dedicated individuals to handle escalated calls and return voicemail. Wellpartner is now returning all messages by the next business day.
- **Unable to register multiple online accounts using one e-mail address.** Wellpartner addressed this by upgrading its website in late January. Enrollees can now register multiple family members using the same e-mail address.
- **Duplicate online accounts.** Many enrollees registered for an online account (profile) with Wellpartner before the refill file from Express Scripts was fully loaded on January 8, 2008.

Unfortunately, this created a duplicate account (profile) for the same individual — which locked them out of Wellpartner’s system. Wellpartner put together an IT customer service team to address these issues and respond to enrollees who were unable to log on. Duplicate accounts have been merged and nearly all e-mails and phone calls regarding online accounts are handled within the same day. There are now 8,800 PEHP enrollees registered and using an online account.

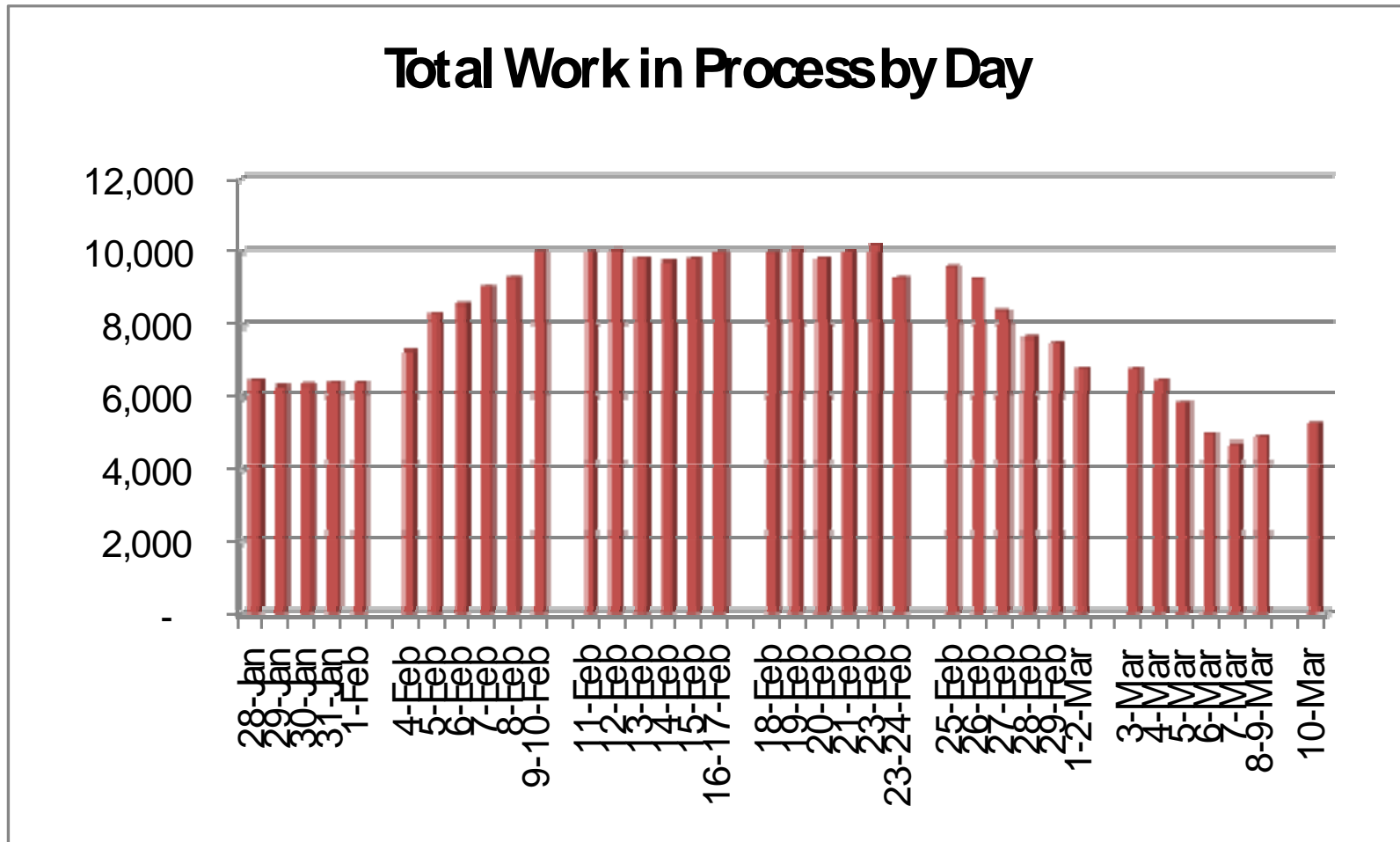
We sincerely regret the inconvenience and frustration experienced by many UMP and Aetna Public Employees Plan enrollees during this transition period. PEHP and Washington State Prescription Services are committed to working with enrollees to address outstanding complaints or service issues that have not been entirely resolved.

Attachment – Wellpartner Management Charts and Graphs



# Performance Charts: Washington Uniform Medical Plan and Aetna Public Employees Plan

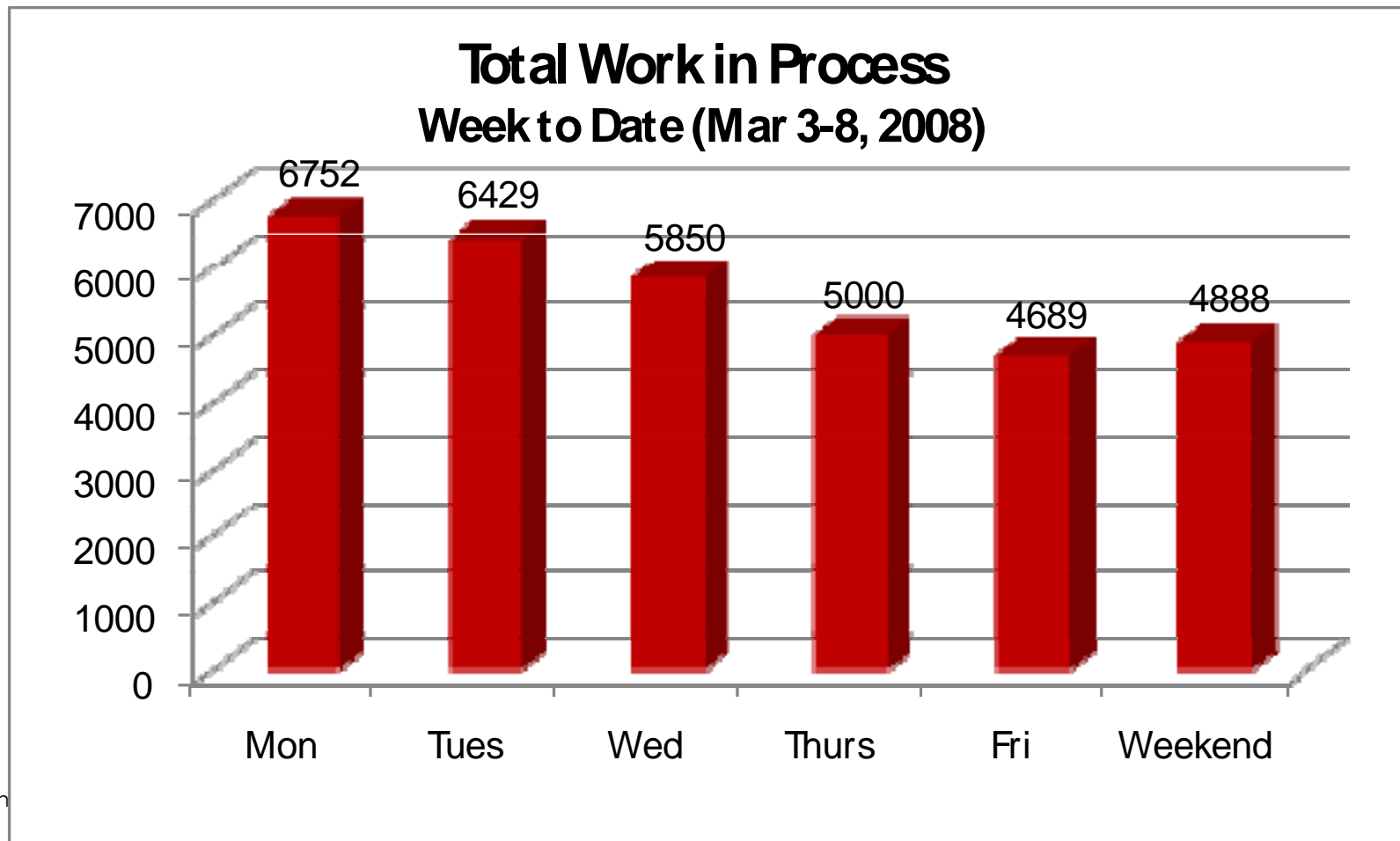
## Work in Process





# Performance Charts: Washington Uniform Medical Plan and Aetna Public Employees Plan

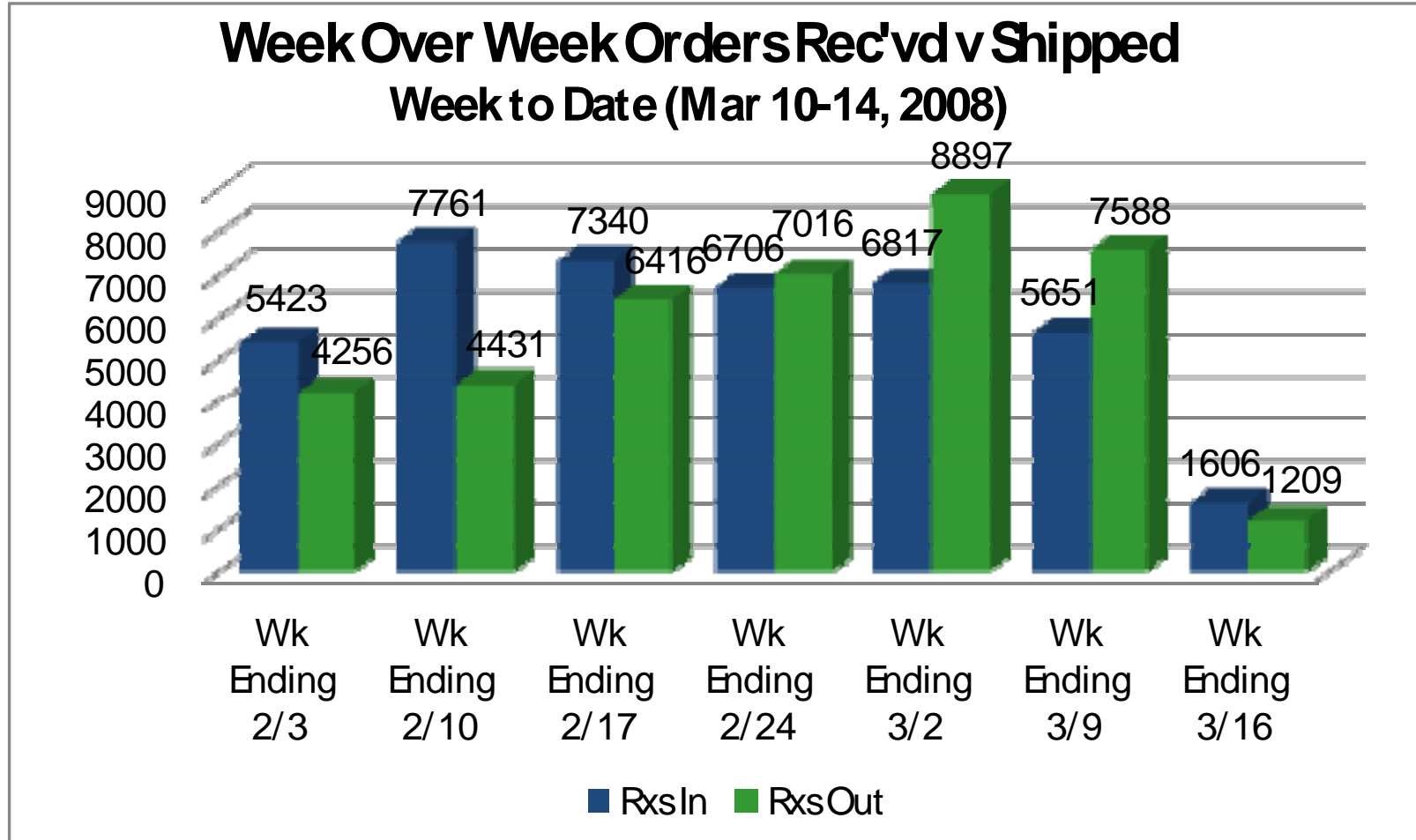
## Work in Process – Last Week to Date





# Performance Charts: Washington Uniform Medical Plan and Aetna Public Employees Plan

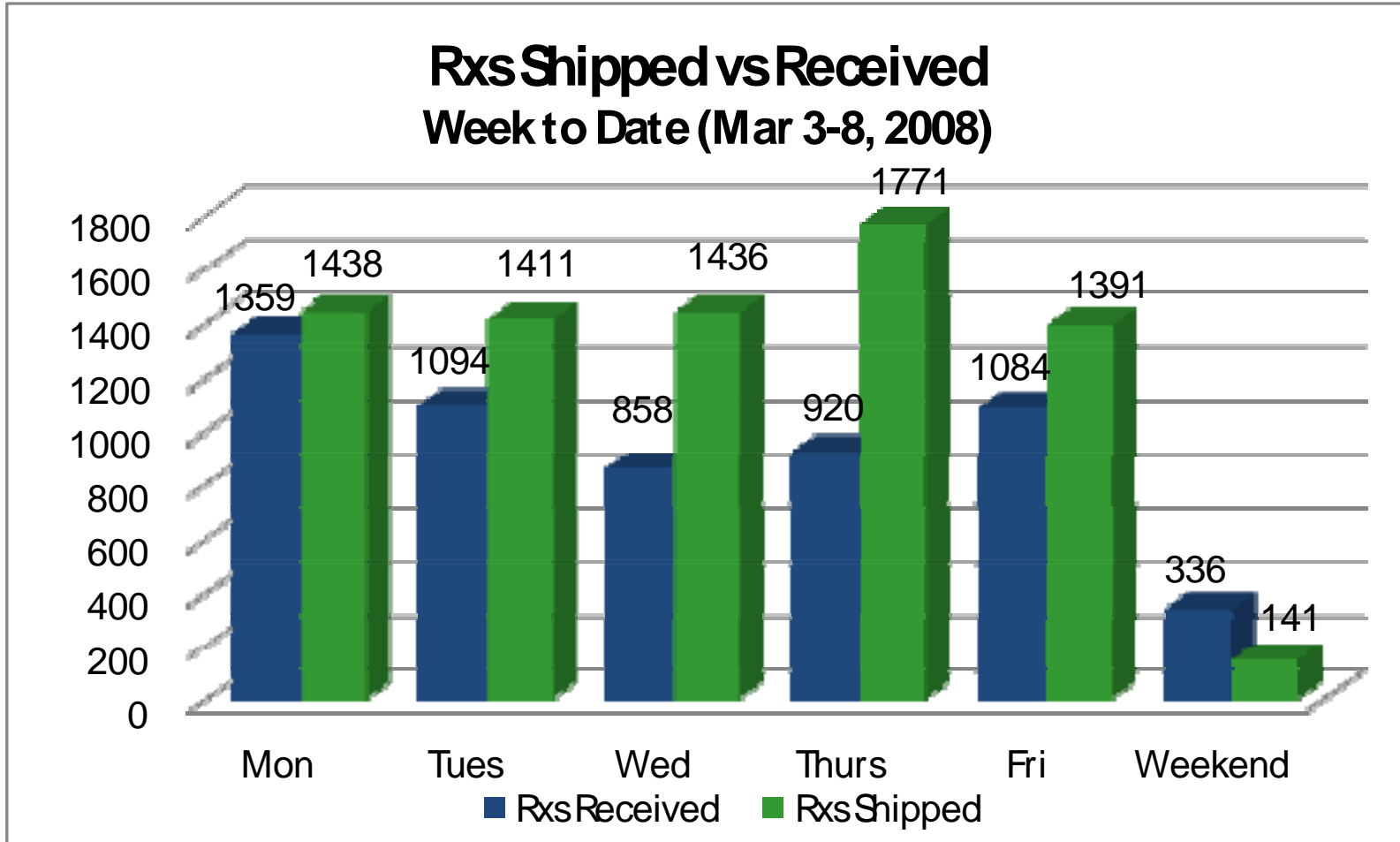
## Orders Received vs Shipped





# Performance Charts: Washington Uniform Medical Plan and Aetna Public Employees Plan

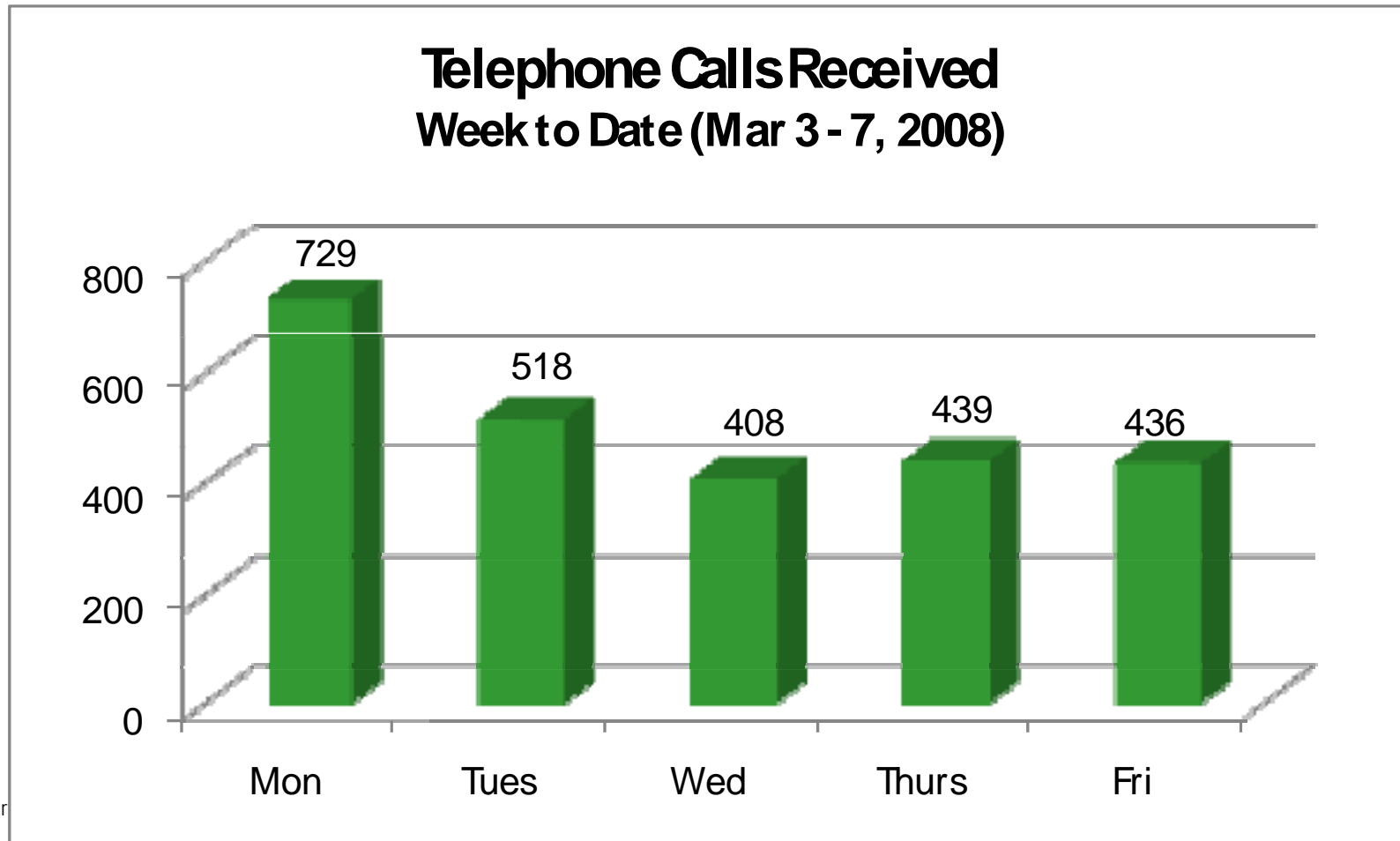
## Orders received vs Shipped – Last Week to Date





Performance Charts: Washington Uniform Medical Plan and Aetna Public Employees Plan

Telephone Calls Received – Last Week to Date





Performance Charts: Washington Uniform Medical Plan and Aetna Public Employees Plan

# Telephone Average Speed to Answer – Last Week to Date

