



**Washington State
Health Care Authority**

Public Employees Benefits Board

July 14, 2010 Meeting

Public Employees Benefits Board Meeting

July 14, 2010

1:00-3:00 p.m.

Legislative Building, Columbia Room
416 Sid Snyder Avenue
Olympia, Washington

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Public Employees Benefits Board

July 14, 2010

1:00 – 3:00 p.m.

Legislative Building, Columbia Room

416 Sid Snyder Avenue

Olympia, Washington

Conference dial in: 1-877-597-2663, code 9771860

1:00 p.m.	Welcome and Introductions	Doug Porter	
1:05 p.m.	Approval June 30, 2010 meeting minutes	Doug Porter	Action
1:10 p.m.	Annual Rule Making Policy Resolution	Mary Fliss	Information
1:20 p.m.	2011 PEBB Medical Plans Benefit Designs	John Williams Nicole Oishi	Information
1:45 p.m.	Focused Change in Plan Administration	Elin Meyer	Information
1:55 p.m.	2011 Budget Overview	Tim Smolen John Williams	Information
2:15 p.m.	HCA Recommendations	John Williams	Information
2:20 p.m.	Public Comment		
3:00 p.m.	Adjourn		

The Public Employees Benefits Board will meet Wednesday, July 14, 2010, at 1:00 p.m., at the Legislative Building, Columbia Room, 416 Sid Snyder Avenue, (Room 111), Olympia, 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

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

PEBB Board Members

Name	Representing
Doug Porter, Administrator Health Care Authority 676 Woodland Square Loop SE PO Box 42700 Olympia WA 98504-2700 V 360-923-2829 portejd@dshs.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
Phil Karlberg* Arlington Public Schools 315 N French Ave Arlington WA 98223 V 360-593-6275	K-12
Gwen Rench 3420 E Huron Seattle WA 98122 V 206-324-2786 gwenrench@covad.net	State Retirees
Lee Ann Prielipp 29322 6 th Avenue Southwest Federal Way WA 98023 V 253-839-9753 leeannwa@comcast.net	K-12 Retirees
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



PEBB Board Members

Name	Representing
Margaret T. Stanley 19437 Edgecliff Dr SW Seattle WA 98166 V 206-484-9411 mtstanley@comcast.net	Benefits Management/Cost Containment
Yvonne Tate 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
Harry Bossi* 3707 Santis Loop SE Lacey WA 98503 V 360-689-9275 hbossi@comcast.net hbossi@spipa.org	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

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

June 30, 2010
Health Care Authority, Sue Crystal Center
Lacey, WA
1:00 p.m.

Members Present:

Doug Porter
Harry Bossi
Phil Karlberg
Lee Ann Prielipp
Gwen Rench
Margaret Stanley

Members Absent:

Greg Devereux
Eva Santos
Yvonne Tate

Call to Order

Doug Porter, Chair, called the meeting to order at 1:10 p.m. Sufficient members were present to allow a quorum. Board introductions followed.

Approval of April 21, 2010, PEBB Meeting Minutes

Ms. Lee Ann Prielipp offered an amendment to the April 21, 2010, minutes to reflect that Harry Bossi is filling the slot on the board vacated by Penny Palmer. It was moved and seconded to approve the April 21, 2010, PEBB Board meeting minutes as amended. Minutes approved by unanimous vote.

PEBB Procurement Process Overview

Ms. Marilyn Wilfong, Ms. Elin Meyer, and Mr. Tim Smolen, Health Care Authority (HCA), presented an overview of the PEBB procurement process. PEBB benefits are available to employees, retirees, and their dependents in the following areas:

- Medical: insured and self-insured
- Dental: insured and self-insured
- Life Insurance
- Long Term Disability Insurance

The Board's role in the procurement process is to approve benefits plans for employees and retirees; authorize premium contributions for employees; authorize the Medicare explicit subsidy; and, establish eligibility policies.



Aetna Public Employees Plan

Mr. John Williams, Deputy Administrator, HCA, asked Aetna Public Employees Plan representatives to explore alternative plan designs to build better utilization into their program. Mr. Jay Sheehy, Mr. Matt McCormick, and Ms. Linda Gable of Aetna presented preliminary design proposals.

Public Comment

Mr. Jonathan Rosenblum gave comment.

The meeting was adjourned.

Respectfully submitted,

Doug Porter, Chair

DRAFT



PEBB

Annual Rule Making

July 14, 2010

Purpose of this briefing

■ Information

- Inform you about a policy proposal we will ask you to take action on during the July 21 board meeting.

Policy Proposal:

Amend eligibility, as it relates to children of any age with disabilities who are incapable of self-support, to require evidence that the condition occurred before attainment of age twenty-six.

Next Steps

- July 21 Board Meeting
 - Board action on today's policy recommendation
 - High-level information related to the annual rule making not requiring Board policy decisions



**Washington State
Health Care Authority**
Public Employees Benefits Board

**Public Employees Benefit Board
Procurement Brief and
Recommendations
July 14, 2010**

Agenda

- I. Aetna Public Employees Plan
- II. PEBB 2011 Non-Medicare Plan Designs
- III. PEBB 2011 Medicare Plan Design Changes
- IV. Focused Change In Plan Administration
- V. 2011 Budget Overview
- VI. Next Step

Aetna Public Employees Plan

2011 Proposed Aetna PEP Plan Redesign

	Individual	Family	Benefit Incentives
Employee Premium Contribution	\$95	\$271	
Out-of-Pocket Maximum	\$3000	\$6000	<p>* Earn up to \$250 in incentives to buy-down deductible. Must see network provider</p> <p>Must see network provider</p> <p>**Where Aexcel network providers are available. In geographical areas where no Aexcel providers, Aexcel co-insurance applies.</p> <p>Centers of Excellence (COE) & Institutes of Quality (IOQ)</p> <p>Waived if admitted.</p>
*Deductible	\$500	\$1500	
Preventive Services	\$0		
Office Visits w/PCP	10%		
**Office Visits w/Specialist	20% Aexcel; 50% non-Aexcel		
Urgent Care Visits	20%		
Inpatient Hospital	20%		
Diagnostics & DME	20%		
Prescription Drugs	Retail: \$20/\$40/\$60 Mail: \$40/\$80/\$120		
Bariatric, Musculoskeletal & Diabetes Services	20% IOQ/COE; 50% non-IOQ/COE		
Ambulance	20%		
Emergency Room	\$150		

Comparison: 2011 UMP & Proposed Aetna PEP Benefit

	UMP	Aetna PEP
Employee Premium Contribution	\$53/\$156	\$95/\$271
Out-of-Pocket Maximum	\$2000/\$4000	\$3000/\$6000
Deductible	\$250/\$750 medical \$100/\$300 Rx (Tier 2/3)	\$500/\$1500 (ability to buy down to \$250)
Office Visit	15%	PCP: 10%; Specialist: 20% Aexcel; 50% non-Aexcel
Preventive Services	\$0	\$0
Inpatient Hospital	\$200/day; \$600/yr facility 15% professional services	20%
Diagnostics	15%	20%
Prescription Drugs	Retail: 10%/30%/50% Mail: \$10/\$50/\$100	Retail: \$20/\$40/\$60 Mail: \$40/\$80/\$120
Bariatric, Musculoskeletal & Diabetes IOQ/COE	Specialized bariatric program for any coverage.	20% IOQ/COE; 50% non-IOQ/COE
Durable Medical Equipment	15%	20%
Ambulance	20%	20%
Emergency Room	\$75 + 15% professional	\$150

PEBB 2011 Non-Medicare Plans

2011 Non-Medicare Portfolio Changes

TERMINATIONS	MEMBER DEFAULT ¹
ACTIVE AND NON-MEDICARE RETIREE PLANS	
Kaiser Value Plan	Kaiser Classic Plan

¹ PEBB Plan that member defaults to if they do not choose to enroll in an alternative Plan during Open Enrollment

2010 PEBB Non-Medicare Plan Design*

Benefit Designs Remain the Same For 2011

	UMP	Group Health Classic	Group Health Value	Kaiser Classic
Out-of-Pocket Maximum	\$2000/\$4000	\$2000/\$6000	\$2000/\$6000	\$1500/\$3000
Deductible	\$250/\$750 medical \$100/\$300 Rx (Tier 2/3)	\$250/\$750	\$350/\$1050	\$0
Office Visit	15%	\$25	\$30	\$20 primary; \$30 specialty; \$40 urgent
Preventive Services	\$0	\$0	\$0	\$0
Inpatient Hospital	\$200/day; \$600/yr facility 15% professional services	\$200/day; \$600/yr	\$300/day; \$900/yr	\$200/day; \$1000/max admit
Diagnostics	15%	\$0	\$0	\$10
Prescription Drugs	Retail: 10%/30%/50% Mail: \$10/\$50/\$100	Retail: \$20/\$40/\$60 Mail: \$40/\$80/\$120	Retail: \$20/\$40/\$60 Mail: \$40/\$80/\$120	Retail: \$15/\$30 Mail: \$30/\$60
Durable Medical Eqmt.	15%	20%	20%	20%
Ambulance	20%	\$75 ground; \$100 air	\$75 ground; \$100 air	\$100
Emergency Room	\$75 + 15% professional	\$75	\$75	\$75

*No recommended Medicare plan design changes; Medicare Advantage plans subject to 2011 Medicare benefit mandates.

PEBB 2011 Medicare Plans

2011 Medicare Portfolio Changes

TERMINATIONS	MEMBER DEFAULT ¹
MEDICARE RETIREE PLANS	
Kaiser Value Plan	Kaiser Classic Plan
Secure Horizons Value Plan	Secure Horizons Classic Plan
Medicare Supplement Plans E, J with Rx & Plan J without RX, for both disabled and aged	Medicare Supplement Plan F
Aetna PEP Medicare Plan	UMP

¹ PEBB Plan that member defaults to if they do not choose to enroll in an alternative Plan during Open Enrollment

Focused Change In Plan Administration

Coordination of Benefits

Administer Non-Duplication of Benefits for Non-Medicare Self-Insured Plans

- Non-duplication of benefits affects dependents who have other coverage that is primary; 5.6% UMP members.
- Non-duplication of benefits ensure that, in total, dependents with dual coverage receive benefits up to what they would have received if UMP was their only source of coverage (but not in excess of that amount).
- Non-duplication of benefits maintains the UMP patient cost of health care services, encouraging enrollees and dependents to be smarter consumers of health care services in PEBB and in other health plans.
- Non-duplication of benefits is commonly administered in self-funded plans and would eliminate the need to pay special fees to UMP's third-party administrator (TPA) to manually process full coordination of benefits claims (UMP would be the only client in TPA's book of business administering full coordination of benefits).

2011 Budget Overview

2011 Active and Non-Medicare Retiree Budget Overview

<u>Product Line</u>	2011 Bid Rates with Aetna PEP	% Bid Rate Increase Over 2010 Rates	2011 Bid Rates without Aetna PEP	% Bid Rate Increase Over 2010 Rates
Group Health Cooperative Classic	\$513.56	10.6%	\$513.56	10.6%
Group Health Cooperative Value	\$473.05	14.0%	\$473.05	14.0%
Kaiser Permanente Classic	\$547.98	17.8%	\$547.98	17.8%
Aetna PEP	\$533.46	1.6%	n/a	n/a
Uniform Medical Plan (UMP)	\$491.14	13.2%	\$503.39	16.1%
Weighted Average Increase		11.9%		13.0%

Active Employee Contributions (No Aetna PEP Plan for 2011)

<u>Product Line</u>	Employee Contribution by Family Tier							
	2010 and Proposed 2011							
	CY 2010	CY 2011	CY 2010	CY 2011	CY 2010	CY 2011	CY 2010	CY 2011
	Employee	Employee	Employee & Spouse or Partner	Employee & Spouse or Partner	Employee & Child(ren)	Employee & Child(ren)	Full Family	Full Family
GHC Classic	\$ 71	\$ 71	\$ 152	\$ 152	\$ 124	\$ 124	\$ 205	\$ 205
GHC Value	\$ 22	\$ 30	\$ 54	\$ 70	\$ 39	\$ 53	\$ 71	\$ 93
Kaiser Classic	\$ 72	\$ 105	\$ 154	\$ 220	\$ 126	\$ 184	\$ 208	\$ 299
Aetna PEP	\$ 132	N/A	\$ 274	N/A	\$ 231	N/A	\$ 373	N/A
Uniform Medical Plan	\$ 41	\$ 60	\$ 92	\$ 130	\$ 72	\$ 105	\$ 123	\$ 175
Average Employee Contribution								
Average % Employee Contribution of Required Premium								12%
Budget Assumption								12%

Active Employee Contributions (Includes Proposed Aetna PEP Benefit Changes)

<u>Product Line</u>	Employee Contribution by Family Tier							
	2010 and Proposed 2011							
	CY 2010	CY 2011	CY 2010	CY 2011	CY 2010	CY 2011	CY 2010	CY 2011
	Employee	Employee	Employee & Spouse or Partner	Employee & Spouse or Partner	Employee & Child(ren)	Employee & Child(ren)	Full Family	Full Family
GHC Classic	\$ 71	\$ 76	\$ 152	\$ 162	\$ 124	\$ 133	\$ 205	\$ 219
GHC Value	\$ 22	\$ 35	\$ 54	\$ 80	\$ 39	\$ 61	\$ 71	\$ 106
Kaiser Classic	\$ 72	\$ 110	\$ 154	\$ 230	\$ 126	\$ 193	\$ 208	\$ 313
Aetna PEP	\$ 132	\$ 95	\$ 274	\$ 200	\$ 231	\$ 166	\$ 373	\$ 271
Uniform Medical Plan	\$ 41	\$ 53	\$ 92	\$ 116	\$ 72	\$ 93	\$ 123	\$ 156
Average Employee Contribution								
Average % Employee Contribution of Required Premium								12%
Budget Assumption								12%

Estimated Non-Medicare Retiree Contributions (No Aetna PEP Plan for 2011)

<u>Product Line</u>	2010 and Proposed 2011 Contributions							
	CY 2010	CY 2011	CY 2010	CY 2011	CY 2010	CY 2011	CY 2010	CY 2011
	Retiree	Retiree	Retiree & Spouse or Partner	Retiree & Spouse or Partner	Retiree & Child(ren)	Retiree & Child(ren)	Full Family	Full Family
GHC Classic	\$ 471	\$ 520	\$ 935	\$ 1,033	\$ 819	\$ 905	\$ 1,283	\$ 1,419
GHC Value	\$ 421	\$ 479	\$ 836	\$ 952	\$ 733	\$ 834	\$ 1,148	\$ 1,307
Kaiser Classic	\$ 472	\$ 554	\$ 937	\$ 1,102	\$ 820	\$ 965	\$ 1,285	\$ 1,513
Aetna PEP	\$ 531	N/A	\$ 1,056	N/A	\$ 925	N/A	\$ 1,450	N/A
Uniform Medical Plan	\$ 440	\$ 510	\$ 874	\$ 1,013	\$ 766	\$ 887	\$ 1,199	\$ 1,391

Estimated Non-Medicare Retiree Contributions (Includes Proposed Aetna PEP Benefit Changes)

<u>Product Line</u>	2010 and Proposed 2011 Contributions							
	CY 2010	CY 2011	CY 2010	CY 2011	CY 2010	CY 2011	CY 2010	CY 2011
	Retiree	Retiree	Retiree & Spouse or Partner	Retiree & Spouse or Partner	Retiree & Child(ren)	Retiree & Child(ren)	Full Family	Full Family
GHC Classic	\$ 471	\$ 520	\$ 935	\$ 1,033	\$ 819	\$ 905	\$ 1,283	\$ 1,419
GHC Value	\$ 421	\$ 479	\$ 836	\$ 952	\$ 733	\$ 834	\$ 1,148	\$ 1,307
Kaiser Classic	\$ 472	\$ 554	\$ 937	\$ 1,102	\$ 820	\$ 965	\$ 1,285	\$ 1,513
Aetna PEP	\$ 531	\$ 540	\$ 1,056	\$ 1,073	\$ 925	\$ 940	\$ 1,450	\$ 1,473
Uniform Medical Plan	\$ 440	\$ 497	\$ 874	\$ 989	\$ 766	\$ 866	\$ 1,199	\$ 1,357

2011 Medicare Retiree Medical Budget Overview

Health Plan	2010 Bid Rate	2011 Bid Rate	2011 Bid Rate Increase
Group Health Classic	\$251.84	\$262.54	4.2%
Group Health Value	\$236.01	\$249.77	5.8%
Kaiser Classic	\$319.93	\$354.37	10.8%
Secure Horizons Classic	\$387.15	\$423.93	9.5%
Premera Med Supp F - Retired	\$164.29	\$173.82	5.8%
Uniform Medical Plan	\$312.85	\$370.78	18.5%
Weighted Average Bid Rate Increase			

***No recommended changes for Medicare Retiree Plans. Consistent with federal regulations, Medicare Advantage Plans will comply with benefit mandates.**

2011 Budgeted Weighted Average Rate Increase Over 2010 Bid Rates:

Estimated Medicare Retiree Premium After \$182.89 Employer Contribution*

<u>Product Line</u>	2010 Retiree Only Contribution	2011 Retiree Only Contribution
Group Health Classic	\$ 132.36	\$ 137.51
Group Health Value	\$ 124.44	\$ 131.12
Kaiser Classic	\$ 166.40	\$ 183.42
Secure Horizons Classic	\$ 210.70	\$ 247.28
Uniform Medical Plan	\$ 162.86	\$ 194.13
Premera Med Supp F Retired	\$ 88.58	\$ 93.15
Premera Med Supp F Disabled	\$ 146.08	\$ 153.98

*Employer contribution limited to the lesser of \$182.89 or 50% of plan premium.

HCA Recommendations

HCA Recommendations

❖ **Aetna Public Employees Health Plan**

HCA Recommendation:

Endorse HCA removing PEP from PEBB for 2011

❖ **2011 Non-Medicare Plan Benefit Design Changes**

HCA Recommendation:

Endorse 2010 Benefit Designs without change for 2011 for the GHC Classic plan, the GHC Value plan, the Kaiser Classic plan, and the Uniform Medical Plan.

❖ **Focused Plan Design Upgrades**

HCA Recommendation:

- a) Adopt Non-duplication of Benefits plan administration
- b) HCA track savings for possible use for wellness incentives in 2012

❖ **2011 Active Employee Contribution**

HCA Recommendation:

Approve the Active Employee Contributions for the GHC Classic plan, the GHC Value plan, the Kaiser Classic plan, and the Uniform Medical Plan

❖ **2011 Employer Medicare Contribution**

HCA Recommendation:

Approve the maximum \$182.89 Employer Medicare Contribution set forth in the legislative budget appropriation

Next Steps

Proposed Resolutions

July 21: Call For Resolution Votes

1. Resolved that the PEB Board endorses HCA removing the Aetna PEP plan from PEBB beginning January 1, 2011.
(Slide 5 of the Board presentation)
2. Resolved that the PEBB Board endorses 2010 Benefit Designs without change for 2011 for the GHC Classic plan, the GHC Value plan, the Kaiser Classic plan, and the Uniform Medical Plan.
(Slide 8 of the Board presentation)
3. Resolved that the PEB Board approves Non-Duplication of Benefits for UMP and Aetna PEP Non-Medicare Plans
(Slide 12 of the Board presentation)
4. Resolved that the PEB Board approves the Active Employee Contributions for the GHC Classic plan, the GHC Value plan, the Kaiser Classic plan, and the Uniform Medical Plan.
(Slide 15 of the Board presentation)
5. Resolved that the PEB Board approves the maximum \$182.89 Employer Medicare Contribution set forth in the legislative budget appropriation
(Slide 20 of the Board presentation)

PEBB Meeting Schedule 2010

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

Proposed dates:

February 17, 2010

March 17, 2010

April 7, 2010

April 21, 2010

May 25, 2010

June 23, 2010

June 30, 2010

July 14, 2010

July 21, 2010

October 27, 2010 Board Retreat