

Meeting Minutes
Central Washington Public Utilities
UIP (Unified Insurance Program) Monthly Administrator Call
February 11, 2016 at 9:00 a.m.

Roll call / introductions / additional agenda items:

The meeting was called to order at 9:03 a.m. by Chair Shannon. Those present were:

<u>PUD</u>	<u>Trustees</u>	<u>Alternate Trustees</u>	<u>Administrators</u>
Benton	Melina Wenner	Jody George	
Douglas	Barbara Davis	Gary Ivory	
Ferry	Marilee Kuehne		
Franklin		Sylvia Hubbard	
Grant	Darla Shannon	Annette Hernandez	Leah Knopp
Okanogan			Cindy Lynn-Bartella
Pend Oreille	Paul Boxleitner		

Grant PUD: Brook-Lyn Fankhauser

Alliant: Keith Robertson

Wellness Proposal

Alternate Trustee George brought forward the proposal for a wellness vendor by the Wellness Subcommittee for Preventure. Chair Shannon asked each Trustees if they could support the decision to move forward with a wellness vendor. Okanogan and Ferry PUD's were hesitant. Broker Robertson shared that Alliant wants to see the Trustees select a wellness vendor to take Alliant out of the "vendor" role. Jennifer Spence is a consultant at Alliant and not a wellness vendor.

Chair Shannon asked if there were any opposed to letting the Wellness Subcommittee present a wellness vendor. There were none opposed.

EIAC Preparation

Vice Chair Hubbard shared the presentation that Alliant compiled. This will be presented at the EIAC Meeting next week on February 16, 2016.

Financial Report

Chair Shannon shared the revised Financial Report ending December 31, 2016 from CliftonLarsonAllen. Trustees had no follow-up questions.

Motion was made by Trustee Davis and seconded by Trustee Boxleitner to approve the revised Financial Report for Year-End December 31, 2016. Motion passed unanimously.

Meeting Minutes

Chair Shannon opened discussion for any edits to the minutes. Trustee Boxleitner brought forward several edits.

Motion was made by Trustee Davis and seconded by Trustee Boxleitner for approval of meeting minutes from September 23, 2015, September 30, 2015, October 8, 2015, November 3, 2015,

November 12, 2015 and December 10, 2015; with edits as proposed. Motion passed unanimously.

3rd Quarter Trustee Meeting Change

Chair Shannon asked Trustees if any were opposed to changing the regularly scheduled October Trustee meeting to September since the plan year is now from January to December.

Motion was made by Trustee Davis and seconded by Vice Chair Hubbard to change the regularly scheduled meeting on October 26, to September 21, 2016. Motion passed unanimously.

PEBB

Alternate Trustee George gave an overview of the pros/cons of transitioning to PEBB. The full document is attached for review.

Adjourned 9:50 a.m.

Approved by Trustees on June 9, 2016



Melina Wenner, UIP Chair

Agenda/Minutes Distribution:

Trustees

Melina Wenner
Barbara Davis
Marilee Kuehne
Carrie Locke
Darla Shannon
Don Coppock
Paul Boxleitner

Alternate Trustees

Jody George
Gary Ivory
Sue Nush
Sylvia Hubbard
Annette Hernandez
Laura Richards
John Jordan

Public Utility District of:

Benton County
Douglas County
Ferry County
Franklin County
Grant County
Okanogan County
Pend Oreille County

Administrators/Others:

Leah Knopp	Grant PUD
Suzanne O'Neil	Mercer
Jeff Scalph	Mercer
Lindsey Gauper	Mercer
Connie Olson	CliftonLarsonAllen
Lee Colclasure	CliftonLarsonAllen
Tim Nies	UIP Auditor - Franklin PUD
Phillip Law	UIP Treasurer - Grant PUD
Cary West	UIP Assistant Treasurer – Grant PUD
Bob Sebris	CWPU Labor Counsel

CWPU Managers:

Chad Bartram	Benton PUD
William Dobbins	Douglas PUD
John Friederichs	Ferry PUD
Ed Brost	Franklin PUD
Tony Webb	Grant PUD
John Grubich	Okanogan PUD
John Jordan	Pend Oreille PUD

Meeting Notices/Agendas/Minutes posted on www.grantpud2.org/cwpu and sent to:

Shannon Stuber	DES – Risk Management - State of WA
Brian Gray	IBEW Local 77
Steve Hendrickson	IBEW Local 77

Benton PUD Analysis of PEBB Programs
TALKING POINTS SUPPORTING CONCLUSION – CWPU Trustee Meeting 2016-01-27

Conclusion

A transition to PEBB at this time does not appear to be a viable and affordable option for CWPU. We have based this conclusion on information obtained directly from PEBB, as well as feedback from employers presently enrolled in PEBB, and our own analysis of how CWPU's current population might migrate to PEBB. Primary factors supporting this conclusion include:

- 1) CWPU member utilities, depending on which employer group package is selected, could experience as much as a (2) million dollar increase in annual costs; and
- 2) CWPU would likely have to renegotiate many of the benefits currently provided to employees; and
- 3) CWPU may not gain a higher level of administrative efficiency by transitioning to PEBB at this time.

Overview of PEBB Program

The Public Employees Benefits Board (PEBB) Program, which is managed by the Washington State Health Care Authority (HCA), currently administers benefits and eligibility for more than 350,000 public employees, retirees and their dependents. The HCA purchases program benefits within funding approved by the legislature. The HCA contracts through a competitive bid process with private insurance companies and manages its own self-insured Uniform Medical and Dental plans. PEBB Programs offered to public employer groups include:

- **Medical Plans**
- **Dental Plans**
- **Life and AD&D Insurance**
- **Long-Term Disability**
- **Auto and Home Insurance**
- **COBRA, PEBB Extension of Coverage, and Leave without Pay coverage**
- **Retiree Coverage**

If approved for group participation by the HCA, CWPU would have the option to purchase a full benefits package, which includes medical with vision, dental, basic life and AD&D, and basic long-term disability; or an individual medical with vision only option.

Previous Studies

In 2009 and again in 2013, the UIP Trust reviewed and considered transitioning to PEBB and in both instances found it to be cost prohibitive.

The 2009 study indicated that PEBB's full benefits package for all active CWPU employees was estimated to be 23% (\$3.8 million) more expensive, and with somewhat less favorable coverage than UIP Insurance at the time. The 2013 study, which looked primarily at the premium and administration burden if the UIP were to move to PEBB's medical with vision plan, indicated that while it would reduce administrative costs and workload to CWPU employers, the transition would once again result in overall higher plan costs and virtually no control over both plan structure and costs. The 2013 estimated increase in cost was estimated to be 6.9% (\$1.3 million) more expensive.

The sub-committee who completed the study in 2013 recommended that the UIP monitor PEBB for changes that may provide favorable opportunities for CWPU.

Current Analysis of PEBB

Benton PUD has been tasked with conducting another study of PEBB Plan options, to include analysis of overall cost and potential for administration and service level improvements. We have concluded that while PEBB may

reduce CWPU costs associated with plan administration and marketing for the medical and vision products the transition would increase health plan premium costs by an estimated 10.5% (\$2.0 million) if CWPU were to transition. Our analysis has also indicated to us that if CWPU were to transition to the full benefits package and maintain the CWPU UIP wellness program as it is currently designed the cost to transition would result in a 17.5% (\$3.4 million) increase.

Plan Design

- As previously stated, Legislature establishes how much state money is available to spend on benefits; the PEBB Board establishes eligibility requirements and approves designs for insurance and other benefits, and the HCA purchases benefits approved by the Legislature. Since the PEBB Trust is dependent on the state budget CWPU utilities would have little to no control over when or where changes in cost or plan design might occur and would need to be prepared to negotiate benefit changes with the Union as they occur.
- PEBB is required to accept public employers that ask to join regardless of their claims experience. The increased cost associated with the high claims experience of one employer can result in increased cost for all employer groups regardless of their own claims experience. CWPU as a whole has performed well over the last 5 years and as a result has experienced a less than average trend increase in cost for services (2.2% compared to the 2011-2015 healthcare trend of 7.2%).
- PEBB offers employer groups several health plan type options to participate in. The plan type is the model for which the plans offered are designed from. The following plan types are offered within the CWPU and PEBB plans:
 - **Preferred Provider Organization (PPO):** This is an indemnity plan where coverage is provided to participants through a network of selected health care providers. Enrollees may go outside the network, but if they do will incur larger costs in the form of higher deductibles, higher coinsurance rates or non-discounted charges from providers.
 - CWPU currently offers employees with the option to elect either a Traditional PPO Plan design or a Consumer Driven Health PPO Plan design; both are administered by Premier Blue Cross.
 - PEBB offers one (1) Traditional and one (1) CDHP PPO Plan option; both are administered by Regence BlueShield. As of September 2015, 67.86% of the members in PEBB were enrolled in the Traditional PPO Plan and 4.47% were enrolled in the CDHP PPO Plan.
 - **Health Maintenance Organization (HMO):** This is a managed-care health care system that assumes both the financial risks associated with providing comprehensive medical services and the responsibility for health care delivery in a particular geographic area to the HMO member in return for fixed, prepaid fee. Coverage is usually limited to care from doctors who work for or contract with the HMO and it generally won't cover out-of-network care except in an emergency.
 - CWPU currently does not offer a managed-care HMO option to employees. PEBB's HMO Group Health Medical Plans would not be accessible to all CWPU utility members due to their remote locations and community size.
 - PEBB offers two (2) Traditional HMO Plans (both are administered by Group Health Cooperative) and one (1) CDHP managed-care plan option administered by Group Health Options. As of September 2015, 26.44% of the members in PEBB were enrolled in one of the Traditional HMO Plans and 1.23% were enrolled in the CDHP HMO Plan.
- The Consumer Driven Health Plan is a plan design option that includes a financial incentive to members to use health care services appropriately and conservatively. This plan option encourages employees to be better consumers of their personal health-care due to the additional financial responsibility and control over how their health-care dollars are spent. It is our understanding that PEBB is placing significant emphasis on consumer driven/high deductible health plans. PEBB's current enrollment in a CDHP Plan option is 5.7% in comparison to CWPU's current enrollment of 35.12%. PEBB's low enrollment could be due lack of education

on how to use the plan, premium structure within the employer groups, or the overall employee financial liability associated with the higher Out-of-Pocket (OOP) maximums associated with the plan.

- It is important to consider how plan disruption may affect CWPU members as a result of going to a new health plan carrier. Further analysis would need to be done to determine how access to providers would impact employees should CWPU decide to transition to a PEBB package.
- Employees may waive coverage for themselves if they have other employer-based group medical insurance. If an employee waives PEBB medical coverage, he or she cannot enroll dependents.
- Family members cannot be enrolled in two (2) PEBB medical accounts at the same time, even if eligible under more than one enrolled subscriber.

Cost Comparison

The following comparisons are assuming that CWPU would transition to PEBB’s Medical and Vision package and that CWPU’s September 2015 membership would make plan enrollment decisions similar to those of PEBB’s member population as of September 2015.

- **Start-up Fee:** When employer groups join PEBB, they are assessed a start-up fee based on the number of employees who will receive benefits from PEBB. CWPU’s start-up fee would be approximately \$4,000.00.
- **Premium:** CWPU’s annual cost for health premiums (medical/vision only) and the CDHP financial incentive is approximately \$19,145,667.36. If our current memberships plan enrollment during a transition was to align with those of PEBB this annual cost is estimated to increase 10.35% which equates to approximately 2 million in additional annual cost to CWPU.
- **Employee Premium:** In some cases the premium itself is less expensive to CWPU and for some employees more favorable. When analyzing the data assumptions were made on how CWPU membership might map over to the PEBB Plans. To do this, our current membership enrollment percentages were mapped over to align the plan election percentages of current PEBB members.

The table below illustrates our current CWPU membership enrollment in the Traditional Plan (by tier) and how these members might elect to enroll in PEBB’s Traditional Plan during a transition. The “Mapped Enrollment %” in the table below accounts for those CWPU employees currently in the CWPU PPO Plan and those who may elect to transition from the CDHP Plan to one of the PEBB Traditional Plans.

	Employee Only	Employee + Spouse	Employee + Children	Employee + Family
CWPU Traditional Plan	8.21%	18.99%	6.93%	30.75%
Traditional PEBB Plan 1 (HMO Plan Type)	41.01%	10.84%	2.93%	-6.75%
Mapped Enrollment %	1.43%	2.50%	1.06%	5.23%
Traditional PEBB Plan 2 (HMO Plan Type)	34.08%	4.81%	-2.58%	-11.97%
Mapped Enrollment %	2.27%	3.96%	1.69%	8.30%
Traditional PEBB Plan 3 (PPO Plan Type)	34.61%	5.27%	-2.17%	-11.58%
Mapped Enrollment %	9.51%	16.57%	7.06%	34.72%
PEBB Enrollment Total	13.22%	23.02%	9.81%	48.25%

Factors that may impact these percentages is the availability of PEBB’s Traditional Plan 1 and 2 (HMO Plans) to CWPU’s more rural utilities and whether or not employees currently enrolled in the CWPU CDHP Plan actually do make an election to transition to one of the PEBB Traditional Plans. It should be noted that PEBB member enrollment in one of the three (3) Traditional PEBB Plan options equates to 94.30% of their total membership, of those enrolled in a Traditional Plan, 71.96% are enrolled in their Plan 3 (PPO Plan Type).

Regardless of which Traditional Plan elected by CWPU employees, those who choose to enroll in the Employee + Family tier would experience a reduction in premium; whereas, those electing any of the other tiers, excluding Employee + Children would experience an increase in premium regardless of which Plan option they elect.

The table below illustrates our current CWPU membership enrollment in the CDHP Plan (by tier) and how our enrollment in PEBB's CDHP Plans might look after a transition.

	Employee Only	Employee + Spouse	Employee + Children	Employee + Family
CWPU CDHP Plan	5.80%	5.43%	3.47%	20.42%
CDHP PEBB Plan 4 (HMO Plan Type)	95.00%	60.12%	49.95%	32.44%
Mapped Enrollment %	.17%	.30%	.13%	.63%
CDHP PEBB Plan 5 (PPO Plan Type)	94.89%	60.03%	49.87%	32.36%
Mapped Enrollment %	.63%	1.09%	.46%	2.29%
PEBB Enrollment Total	.80%	1.39%	.59%	2.92%

Similar to PEBB's Traditional Plan options, some CWPU utilities may not have access to Plan 4 shown above (HMO Plan Type). The cost of PEBB's CDHP Plan options is expensive in all scenarios and in the event CWPU membership in the CDHP Plan remained at 35.12% vs. the assumed 5.7% shown above it would be even more cost prohibitive.

- **Surcharges:** PEBB requires employees to pay following surcharges in addition to the PEBB medical plan premium if applicable:
 - A monthly \$25 surcharge will apply if the subscriber or any family member enrolled uses tobacco products.
 - A monthly \$50 surcharge will apply if the subscriber enrolls a spouse or registered domestic partner and the spouse or domestic partner has chosen not to enroll in other employer-based group medical insurance that is comparable to PEBB's Uniform Medical Plan (UMP) Classic (PEBB Plan 3 shown above).
- **CDHP Financial Incentive:** The CWPU CDHP financial incentive is an annual Health Reimbursement Arrangement (HRA) contribution based on the tier selected by the employee. The contribution ranges between \$700 for employee only to \$1,250 for employee and family. PEBB employers pay a monthly financial incentive to a Health Savings Account (HSA) which equates to an annual contribution amount of \$700.08 for employee only and \$1,400.04 for the employee and at least one family member. Both are tax-exempt employer contributions.
 - If only 5.7% of the CWPU population were to enroll in one of the PEBB CDHP Plans, CWPU utilities combined would be responsible for approximately \$100,000.00 in annual contributions. CWPU's combined cost for the incentive is currently approximately \$483,750.00.
 - IRS rules limit contributions and access to HSA and HRA Plan contributions when the employer and/or employee make or receive contributions to an HRA Plan. Making the financial incentive change to an HSA Plan would require education for all employees and their spouses to ensure full understanding of the limitations and how they can utilize these plans.
- **Wellness Program:** The cost of the Wellness Program is not covered by the employer group. CWPU's current liability for wellness with 100% participation is approximately \$2.4 million annually. *The Wellness section below contains additional comparative information for your review and consideration.*
- **Traditional Plan Out-of-Pocket (OOP) Maximum:** PEBB's Plan OOP maximum of \$2,000 individual/\$4,000 family is more favorable to the employee than CWPU's \$2,000 individual/\$6,000 family.

- **CDHP Plan Out-of-Pocket (OOP) Maximum:** Overall the CWPU CDHP Plan OOP maximum of \$2,200 individual/\$6,400 family is more favorable to the member than PEBB's \$4,200 individual/\$10,200 family OOP maximums. Alternately, PEBB's deductible and OOP structure may be more favorable to the overall PEBB risk pool as more of the up-front financial responsibility and risk is with the member.

Administration

- PEBB Program support to employer groups appears to be limited to providing documentation needed to administer the Plan. Sources have indicated to us that due to limited funding it is difficult for PEBB to support employer group open enrollment activities. PEBB does hold Open Enrollment fairs in larger counties on an annual basis giving those communities access to plan providers for all of their Plans. We have received feedback that employees attending these fairs found them more confusing than beneficial because as an employer group member, they do not have access to all the benefit options offered under the PEBB Program.
- Once enrolled in the PEBB Program, employer groups with Unions must be prepared and willing to address negotiable benefit changes that occur as a result of legislation changes to the program and budget.
- Because all PEBB Program data is pooled, employer groups lose transparency in reporting because they do not have access to claims experience data for their own members. This can represent an issue for employer groups wishing to leave the PEBB Program and result in higher initial costs in administration fees because insurance carriers have no historical claims data to consider.
- Feedback received during this analysis indicates that the administration of these plans has been viewed as somewhat archaic and frustrating to employer groups. Administratively, we have been told that the technology provided by PEBB does not allow the transfer of subscriber data electronically and as a result leaves both PEBB and the employer groups at risk of a breach when PHI has to be delivered via the postal service.

Wellness Programs

- Both PEBB and CWPU have wellness programs that incentivize subscribers to achieve a healthier lifestyle. The total financial exposure associated with the CWPU wellness program using a September 2015 headcount and 100% participation equals an annual of \$2.4 million a year; whereas there is no financial exposure to the employer for PEBB's program.
- Participation in CWPU's program is running at approximately 96%; whereas PEBB's is running at 48%.
- PEBB's wellness program is not employer designed or managed; whereas CWPU's program is both employer and employee designed and managed. The CWPU Trust and member utilities both benefit from the joint involvement of the EIAC in development and communication of the wellness initiatives. The joint efforts result in not only reduced cost to the trust but increased employee engagement and productivity while at work.
- CWPU's wellness program is designed to promote employee awareness by engaging them in a process that helps identify and address potential health issues before they become serious. Several employees as a result of these efforts have benefited through early detection of a serious condition or potential for one and as result have made lifestyle changes in an effort to curtail the issue. PEBB's program focuses on giving subscribers easy-to-use, interactive tools and engaging activities that help participants improve their health and well-being.
- PEBB's program incentive is either a \$125 reduction in the subscriber's medical deductible or a one-time deposit of \$125 into an HSA; whereas CWPU's incentive is employer paid and substantially more beneficial to the employee.
- PEBB's program is point based and managed via a website. Subscribers register on the website, take a well-being assessment and then complete activities show on the website to earn the minimum number of points

needed within a designated period of time to earn the programs incentive. CWPU's program to date has been activity based.

- Feedback received from other entities indicates that the value of the incentive for employees to participate is not significant enough to encourage participation in the PEBB program and for those who do participate to keep them engaged beyond achieving what is required to earn the incentive.
- PEBB charges monthly surcharges to employees who have family members who use tobacco and/or who have access to a PEBB Plan, decline the coverage and then elect coverage under a Spouse in a PEBB Plan.

Other PEBB Benefit Options

- Retiree Coverage is an option for CWPU if we enrolled in either of their benefit packages and is not available to employer groups as a stand-alone benefit option.
- Long Term Disability costs are somewhat lower within the PEBB Program.
- Life and AD&D coverage is offered at a basic level of \$25,000 in life and \$5,000 in AD&D. This would be a negotiable change if CWPU were to join PEBB or as an employer we would need to consider other options to increase the coverage to its current level. Supplemental coverage is offered under the PEBB Program.