

SENATE BILL REPORT

SB 5169

As Reported by Senate Committee On:
Health & Long Term Care, February 16, 2023

Title: An act relating to health care plans administered by the health care authority that are available to medicare eligible retirees.

Brief Description: Concerning health care plans administered by the health care authority that are available to medicare eligible retirees.

Sponsors: Senators Hunt and Wilson, C..

Brief History:

Committee Activity: Health & Long Term Care: 1/27/23, 2/16/23 [DPS-WM].

Brief Summary of First Substitute Bill

- Directs the Health Care Authority to report to the Legislature by December 1, 2023, with its findings related to stakeholder engagement and affordable government self-insured plans with benefits that are equal to or richer than Uniform Medical Plan Classic-Medicare.

SENATE COMMITTEE ON HEALTH & LONG TERM CARE

Majority Report: That Substitute Senate Bill No. 5169 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Cleveland, Chair; Robinson, Vice Chair; Rivers, Ranking Member; Muzzall, Assistant Ranking Member; Conway, Dhingra, Holy, Padden, Randall and Van De Wege.

Staff: Amanda Cecil (786-7460)

Background: The Health Care Authority (HCA), through the Public Employee Benefits Board (PEBB), provides medical benefits for eligible retired employees of the state,

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participating local governments, and school employees covered by the School Employees' Benefits Board (SEBB).

Retirees that are not Medicare eligible, generally below age 65, have access to the same plans available to active employees. Medicare eligible retirees, generally 65 or older, have access to plans designed for Medicare eligible retirees. This currently includes a mix of fully-insured plans provided by Kaiser Permanente and United Healthcare; Medicare Supplements provided by Premera Blue Cross; and the self-insured Uniform Medical Plan (UMP) Classic-Medicare. Medicare eligible plans have lower premiums relative to plans available to non-Medicare plans as they take into account Medicare Parts A and B coverage, federal subsidies, and a state subsidy.

Plan premiums are set by PEBB and vary in part based on the level of benefits but a more significant factor in premiums based on federal subsidies. Federal subsidies through the Centers for Medicare and Medicaid Services are available to plans offering Part C and D. Self-insured employer programs providing a cost of benefit plans are ineligible for Part C and D plans and are instead eligible for a retiree drug subsidy for employers that meet requirements related to subsidizing the cost of prescriptions for retired employees. This state subsidy is currently set at up to \$183 per retiree, per month.

Medicare retiree premiums adopted by PEBB for the 2023 benefit year are shown below.

Plan	2023 Single Subscriber Premium	2023 Subscriber+ Spouse Premium
Kaiser NW Senior Advantage	\$176.13	\$347.32
Kaiser WA Medicare Advantage & Original Medicare	\$174.59	\$344.24
UMP Classic Medicare	\$438.34	\$871.74
United Healthcare (MA-PD) PEBB Complete	\$145.63	\$286.32
United Healthcare (MA-PD) PEBB Balance	\$122.94	\$240.94
Premera Medicare Supplement Plan F Retired	\$115.16	\$225.38
Premera Medicare Supplement Place G Retired	\$98.53	\$192.12

At the June 9, 2022 PEBB meeting, in response to the rising cost of UMP Classic-Medicare, PEBB considered closing this plan after the 2023 plan year. Following feedback to PEBB expressing concerns with this, at the June 30, 2022 PEBB meeting, resolution 2022-16 was

adopted, which resolved that PEBB would postpone action on closure of the UMP Classic Medicare plan until at least January 2024 to allow staff to interact in earnest with stakeholders.

Summary of Bill (First Substitute): The Legislature recognizes that HCA, consistent with PEBB resolution 2022-16, will be consulting with stakeholders during 2023 related to the needs to retirees. By December 1, 2023, HCA must report its findings to the Legislature of the stakeholder engagement and on an analysis of government self-insured plans with benefits that are equal to or richer, and with more affordable premiums, than UMP Classic-Medicare.

EFFECT OF CHANGES MADE BY HEALTH & LONG TERM CARE COMMITTEE (First Substitute):

Removes the requirement that PEBB continue to allow Medicare eligible retirees access to the UMP Classic-Medicare plan. Provides that HCA must gather feedback about the needs of retirees rather than members. Adds an analysis of government self-insured plans with benefits that are equal to or richer, and with more affordable premiums, than UMP Classic-Medicare.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: Retirees were not sufficiently consulted prior to PEBB considering the closure of the plan. HCA has been begging for additional federal subsidies but when retirees call they stale and don't tell them that. The news that this plan would be closed caused members a great deal of stress. Without UMP members in rural areas might have to travel as much as three hours for access to care. This bill provides members with a guarantee that they will have access to UMP. This bill should move forward with the fiscal note.

OTHER: HCA heard loud and clear that members value access to the UMP Classic plan and as such there is no future plan to consider closure of this plan. HCA will continue to work with stakeholders related to this issue.

Persons Testifying: PRO: Senator Sam Hunt, Prime Sponsor; Elyette Weinstein; Mary Lindsey, Washington Education Association Retired & PEBB Stakeholders' Medicare Coalition; David Loud, Healthcare Is A Human Right & PEBB Stakeholders' Medicare

Coalition; Jim Howe, American Federation of Teachers Washington - Retired & PEBB Stakeholders' Medicare Coalition; Carol Dotlich, Retired Public Employees Council of Washington; Matt Groshong, Retired Public Employees Council of Washington; Mike Ragan, Washington Education Association Retired; James Barrett DeLong, Puget Sound Advocates for Retirement Action.

OTHER: David Iseminger, WA State Health Care Authority.

Persons Signed In To Testify But Not Testifying: No one.