

Everett School Employee Benefit Trust

2014 RENEWAL REPORT

AUGUST 28, 2013

Seattle

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Renewal Summary

ESEBT–Sponsored Plan

ESEBT currently offers the following health and welfare programs:

<i>Coverage</i>	<i>Funding Arrangement</i>	<i>Carrier/Administrator</i>	<i>Renewal Status</i>
WEA Select Benefit Plans			
Medical Plans	Fully-Insured	Premera Blue Cross	+16.4% to +17.0% depending on plan and tier
Dental	Fully-Insured	Washington Dental Service	0%
Dental	Fully-Insured	Willamette Dental	0%
Vision	Fully-Insured	Premera	+3.4%
HMO Medical	Fully-Insured	Group Health Cooperative (GHC)	+6.27%
Basic Accidental Death and Dismemberment	Fully-Insured	MetLife	+0% (last year of three-year guarantee through 12/31/2014)
Basic and Supplemental Life	Fully-Insured	MetLife	+0% (last year of three-year guarantee through 12/31/2014)
Long-Term Disability	Fully-Insured	Standard Insurance Company	+0% (last year of two-year guarantee through 12/31/2014)
Voluntary Short-Term Disability	Fully-Insured	Standard Insurance Company	+0% (last year of two-year guarantee through 12/31/2014)
EAP	Service Contract	Magellan	-2.4% (first year of two-year guarantee through 12/31/2015)
Voluntary Long Term Care	Fully-Insured	UNUM	+0%, will increase 25% in 2015 and expected to increase 2016
Health Programs	Service Contract	Alere	+0%
Health Programs	Service Contract	Health Force Partners	+0%

Renewal Results

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Renewals — WEA Select Benefit Plans

WEA Premera Medical Plans (Fully-Insured)

- Plan year effective date will change from October 1 to November 1.
 - Current premium rates will be extended one month through October 31, 2013.
 - Deductible carry-over feature will be modified to carry-over deductible amounts during November and December, rather than October through December.
- 16.4-17.0% rate increase effective November 1, 2013.
- Increase in the deductible for Plans 2, 3 and 5.
- Coverage of clinical trials is being expanded to include all in-network routine services related to treatment of cancer or other life-threatening diseases.
- All plans include coverage for medically necessary transgender services (hormone treatment, counseling, psychotherapy, and surgical services).
- See the WEA renewal announcement in the Appendix for a detailed description of the changes.
- Health Care Reform:
 - All of the WEA Medical plans meet the essential coverage requirements.
 - Premera has confirmed they will be paying the PCORI Fee.
 - Premera estimates about 4% of the renewal increase is due to HCR requirements.

Renewals — WEA Select Benefit Plans

Dental Plans

WEA Washington Dental Service (Fully Insured)

- No increase in rate.
- Due to the plan year effective date changing to November 1, WDS will extend the current benefit year by one month. Enrollees receive \$170 for October in addition to the remaining balance of their 2012-13 benefit maximum. The full 2013-14 annual benefit year maximum becomes effective November 1.

WEA Willamette Dental Plan (Fully Insured)

- No increase in rate.
- No plan design changes.

<i>Tier</i>	<i>Active Enrollment</i>	<i>Current Rates</i>	<i>2013-2014 Rates</i>
WDS	1,473	\$85.40	\$85.40
Willamette	453	\$74.70	\$74.70
Total Projected Annual Cost		\$1,915,633	\$1,915,633
\$ Increase/(Decrease) Over Current			\$0
% Increase/(Decrease) Over Current			0%

Renewals — WEA Select Benefit Plans

WEA Premera Vision Plans (Fully Insured)

- Rate increase of 3.4%.
- No plan design changes.

	<i>Active Enrollment</i>	<i>Current Rate</i>	<i>Proposed Rate</i>
Premera	1,934	\$16.25	\$16.80
Total Projected Annual Cost		\$377,130	\$389,894
\$ Increase/(Decrease) Over Current			\$12,764
% Increase/(Decrease) Over Current			3.4%

Renewals — Other Plans

Group Health — HMO Plan (Fully-Insured)

- Overall rate increase of 6.27%.
- Health Care Reform:
 - Mandated comparative effectiveness fee — \$2/member/year.
 - Group Health has confirmed they will be paying the PCORI Fee.
 - Rates include a pro-rated reinsurance fee, effective in 2014.

<i>Tier/Cost</i>	<i>Active Enrollment</i>	<i>2013 Monthly Rates</i>	<i>Proposed 2014 Rates</i>	<i>% Change</i>
Employee	187	\$642.01	\$682.29	6.27%
Employee + Spouse	85	\$1,213.41	\$1,289.53	6.27%
Employee + Child(ren)	92	\$885.98	\$941.56	6.27%
Employee + Family	142	\$1,450.95	\$1,541.98	6.27%
Annual Total	506	\$6,128,889	\$6,513,386	6.27%
\$ Increase Over Current			\$384,497	
% Increase Over Current			6.27%	

Renewals — Other Plans

MetLife (Fully-Insured)

- Basic Life and Accidental Death & Dismemberment:
 - Last year of a three-year guarantee through December 31, 2014.

<i>Coverage</i>	<i>Enrollment</i>	<i>Rate (per \$1,000)</i>
Basic Life Insurance	1,641	\$0.10
Basic AD&D Insurance	1,641	\$0.018
Combined Life and AD&D Composite Rate	1,641	\$5.90 PEPM
Projected Annual Cost		\$116,183

- Supplemental Life:
 - Last year of a three-year guarantee through December 31, 2014.

<i>Age Range</i>	<i>Rate (per \$1,000)</i>	<i>Age Range</i>	<i>Rate (per \$1,000)</i>
Under 30	\$0.06	55 – 59	\$0.63
30 – 34	\$0.08	60 – 64	\$0.84
35 – 39	\$0.09	65 – 69	\$1.29
40 – 44	\$0.13	70 – 74	\$2.06
45 – 49	\$0.22	75 and Over	\$3.34
50 – 54	\$0.37	Child(ren)	\$0.27 per employee

Renewals — Other Plans

Standard Insurance Company (Fully-Insured)

- Renewal Summary:
 - Last year of a two-year guarantee through December 31, 2014.
- Voluntary Short-Term Disability:
 - Rates guaranteed through December 31, 2014.

<i>Age Range</i>	<i>Rate per \$10 of weekly benefit</i>	<i>Age Range</i>	<i>Rate per \$10 of weekly benefit</i>
Under 25	\$1.12	45 - 49	\$0.73
25 - 29	\$1.31	50 - 54	\$0.83
30 - 34	\$1.03	55 - 59	\$1.07
35 - 39	\$0.83	60 - 64	\$1.31
40 - 44	\$0.75	65 and Over	\$1.45

- Long-Term Disability:
 - Rates guaranteed through December 31, 2014.

<i>Coverage</i>	<i>PEPM Rate</i>
Long-Term Disability	\$20.55

Renewals — Other Plans

Magellan Employee Assistance Plan (Service Contract)

- Rate decrease of 2.4%.
- First year of a two-year rate guarantee through December 31, 2015.
- Slight changes to the benefit design:
 - Increase CISM to 25 hours from 20 hours.
 - Decrease training hours to six from nine.

<i>PEPM Rate</i>	
<i>EAP</i>	\$1.65

UNUM Long Term Care Plan (Fully-Insured)

- UNUM provides LTC coverage to Trust employees on a voluntary basis.
- Rates are modified only when rates change for the rating pool and when filed with the state, UNUM has filed to increase the rates effective for plans after 2014.
- No changes for 2014. UNUM has filed for a 25% in 2015, which has been approved. UNUM requested a total increase of 70% over the three year period 2015-2017, the Washington Insurance Commissioner is taking a “wait and see” approach before approving the 2016-2017 increases.

Renewals — Other Plans

Alere Health Programs (Service Contract)

- Mind & Body program enhancements TBA.
- Quit For Life-Text2Quit messaging service now available at no additional fee for participants in the smoking cessation program.
- No rate changes through December 31, 2014.
- Previously discussed terminating the Mind & Body program for 2014; still the intent?

<i>Component</i>	<i>Fee Per Participant</i>
Mind and Body	\$375
Quit for Life	\$375

Health Force Partners

- No changes for 2014; current rates are entering last year of a multi-year guarantee period.
- Requires a \$2,500 a month minimum

<i>Component</i>	<i>Fee Per Participant Per Year</i>
Online Portal	\$5.00
Health Risk Assessment	\$5.50

ESSB 5940 Update

ESSB 5940 Update

- The table below lists some of the primary requirements of ESSB 5940, the current status for the plans offered by ESEBT, and potential next steps.

<i>Requirement</i>	<i>Current Status</i>	<i>Next Steps</i>
• Offer a plan with high deductible and health savings account	• QHDHP made available through the WEA	• TBD
• Offer a plan with full-time premium the same as that for state employees (15% FT contribution)	• WEA EasyChoice Plan continues to meet the intent of this requirement.	• Consider this requirement when making ESEBT subsidy decisions • Consult with counsel on interpretation of how to apply
• Must make progress toward more affordable full family insurance coverage; ratio of 3:1	• All current plans except Group Health are within the accepted range	• Make progress on the Group Health plan
• Each K-12 public school employee pays a minimum premium charge	• All plans require a contribution	• Determine whether current contributions are an appropriate “minimum contribution”
• Employee premiums are structured to ensure that employees who select richer benefit plans pay the higher premium	• Current contribution structure is in compliance	• Maintain compliance
• Follow responsible contracting standards and open competitive bidding	• Move to WEA improved affordability	• Need further guidance on frequency and plans to be included
• Promote health care innovation and cost savings and significantly reduce administrative expense	• Wellness program can provide progress toward this requirement	• Need further guidance

Trust Financial Projections

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Summary of Contribution Scenarios

Employer Subsidy Percentages

	Status Quo	Scenario A
WEA — Employee	81%	78%
WEA — Dependent	72%	69%
GHC — Employee	85%	82%
GHC — Dependent	77%	74%
	Status Quo	Scenario A
2014 Estimated Reserve	2.7 months	3.0 months
2015 Estimated Reserve	0.5 months	1.1 months

Summary of Contribution Scenarios

Employee Contributions

Everett School Employees Benefit Trust 2014 Employee Contribution Exhibit

	2013 Contributions	2014 Contributions Status Quo	% Inc	Ratio to Single	2014 Contributions Scenario A	% Inc	Ratio to Single
WEA PPO 2							
EE	\$201.00	\$218.99	9.0%	1.00	\$240.36	19.6%	1.00
EE + Spouse	\$389.56	\$453.84	16.5%	2.07	\$492.94	26.5%	2.05
EE + Child(ren)	\$269.36	\$313.71	16.5%	1.43	\$342.24	27.1%	1.42
EE + Family	\$477.80	\$556.83	16.5%	2.54	\$603.72	26.4%	2.51
WEA PPO 3							
EE	\$115.76	\$135.30	16.9%	1.00	\$156.67	35.3%	1.00
EE + Spouse	\$258.36	\$300.86	16.4%	2.22	\$339.96	31.6%	2.17
EE + Child(ren)	\$201.00	\$202.14	0.6%	1.49	\$230.67	14.8%	1.47
EE + Family	\$320.61	\$373.45	16.5%	2.76	\$420.34	31.1%	2.68
WEA EasyChoice							
EE	\$82.69	\$96.58	16.8%	1.00	\$111.83	35.2%	1.00
EE + Spouse	\$201.00	\$212.71	5.8%	2.20	\$240.41	19.6%	2.15
EE + Child(ren)	\$122.98	\$143.03	16.3%	1.48	\$163.26	32.8%	1.46
EE + Family	\$226.62	\$263.91	16.5%	2.73	\$297.09	31.1%	2.66
WEA PPO Foundation/5							
EE	\$302.57	\$354.03	17.0%	1.00	\$375.40	24.1%	1.00
EE + Spouse	\$674.51	\$786.25	16.6%	2.22	\$825.35	22.4%	2.20
EE + Child(ren)	\$447.41	\$521.38	16.5%	1.47	\$549.91	22.9%	1.46
EE + Family	\$828.35	\$965.70	16.6%	2.73	\$1,012.59	22.2%	2.70
WEA QHDHP							
EE	\$65.05	\$75.92	n/a	1.00	\$87.91	n/a	1.00
EE + Spouse	\$143.49	\$166.97	n/a	2.20	\$188.72	n/a	2.15
EE + Child(ren)	\$96.65	\$112.34	n/a	1.48	\$128.23	n/a	1.46
EE + Family	\$175.07	\$203.81	n/a	2.68	\$229.50	n/a	2.61
Group Health Cooperative							
EE	\$96.00	\$102.00	6.3%	1.00	\$123.00	28.1%	1.00
EE + Spouse	\$227.00	\$242.00	6.6%	2.37	\$281.00	23.8%	2.28
EE + Child(ren)	\$152.00	\$162.00	6.6%	1.59	\$190.00	25.0%	1.54
EE + Family	\$282.00	\$300.00	6.4%	2.94	\$347.00	23.0%	2.82

1 Assumes 15% increase to WEA rates for November-December 2014

2014 Budget — Status Quo

Financial Projections Comparison Scenario SQ January 1, 2014 - December 31, 2014

WEA: Employee 81% Dependent 72%
HMO: 85% 77%

Estimated Income

	1/1/2013 - 12/31/2013 Projection				1/1/2014 - 12/31/2014 Projection				1/1/2015 - 12/31/2015 Projection	
	PEPM or Mo. Sum	No. of Benefit FTEs	No. of Months	Estimated Total	PEPM or Mo. Sum	No. of Benefit FTEs	Number of Months	Estimated Total	Assumed % Change	Estimated Total
Employer Contributions (January through August)	\$768.00	1,832 ⁽¹⁾	8	\$11,255,808	\$768.00 ⁽²⁾	1,832 ⁽¹⁾	8	\$11,255,808	0%	\$11,255,808
Employer Contributions (September through December)	\$768.00	1,832 ⁽¹⁾	4	\$5,627,904	\$768.00 ⁽²⁾	1,832 ⁽¹⁾	4	\$5,627,904	0%	\$5,627,904
Additional Supplemental District Contribution				\$0				\$0	0%	\$0
Employee Contributions	n/a	n/a		\$5,121,330				\$5,766,987	10%	\$6,343,686
Investment Income ⁽³⁾				\$150,000				\$50,000	0%	\$50,000
Total Estimated Revenues				\$22,155,042				\$22,700,699		\$23,277,398

Estimated Expenses

	1/1/2013 - 12/31/2013 Projection				1/1/2014 - 12/31/2014 Projection				1/1/2015 - 12/31/2015 Projection	
	YTD Actual 1/1/13-8/31/13	PEPM or Mo. Sum	No. of Employees ⁽¹⁾	Estimated Total	PEPM or Mo. Sum	No. of Employees ⁽¹⁾	Number of Months	Estimated Total	Assumed % Change	Estimated Total
MetLife Life / AD&D Premiums	\$77,449	\$5.90	1,641	\$116,177	\$5.90	1,641	12	\$116,183	3%	\$119,668
MetLife Voluntary Term Life Premiums	\$125,184	\$16,351.43 ⁽⁴⁾	n/a	\$190,590	\$16,351.43	n/a	12	\$196,217	3%	\$202,104
Standard Voluntary STD Premiums	\$87,423	\$12,489.02 ⁽¹⁰⁾	n/a	\$149,868	\$12,489.02	n/a	12	\$149,868	3%	\$154,364
Standard LTD Premiums	\$287,885	\$20.55 ⁽⁴⁾	1,751	\$431,817	\$20.55	1,751	12	\$431,797	3%	\$444,751
WDS Dental Premiums	\$1,015,577	\$85.40 ⁽⁴⁾	1,481	\$1,521,486	\$85.40 ⁽⁵⁾	1,481	12	\$1,544,898	5%	\$1,622,143
Willamette Dental Premiums	\$269,172	\$74.70 ⁽⁴⁾	453	\$404,529	\$74.70 ⁽⁵⁾	453	12	\$411,145	5%	\$431,702
WEA Medical Premiums	\$8,107,901	n/a	1,111	\$12,500,907	n/a ⁽⁵⁾	1,111	12	\$14,500,185	15%	\$16,675,212
Premiera WEA Vision	\$253,874	\$16.25 ⁽⁴⁾	1,953	\$382,967	\$16.80 ⁽⁵⁾	1,953	12	\$401,202	5%	\$421,263
Group Health Medical Premiums ⁽⁶⁾	\$4,063,250	n/a	507	\$6,109,210	n/a	507	12	\$6,526,268	10%	\$7,178,895
UNUM Voluntary LTC Premiums	\$6,689	\$836.15	n/a	\$10,034	\$836.15	n/a	12	\$10,034	0%	\$10,034
Wellness Program Internal Support	n/a	n/a	n/a	\$43,000	n/a	n/a	n/a	\$35,000	0%	\$35,000
Magellan EAP	\$25,931	\$1.69	1,918	\$38,897	\$1.65	1,918	12	\$37,976	5%	\$39,875
Quit for Life Tobacco Cessation	n/a	n/a	n/a	\$1,500	n/a	n/a	n/a	\$1,500	0%	\$1,500
Mind & Body	n/a	n/a	n/a	\$1,875	n/a	n/a	n/a	\$0	0%	\$0
Weight Watchers	n/a	n/a	n/a	\$43,125				\$30,000	0%	\$30,000
HRA & Web Portal	n/a	n/a	n/a	\$30,000	n/a	n/a	n/a	\$30,000 ⁽⁷⁾	0%	\$30,000
Wellness Incentive	n/a	n/a	n/a	\$109,150 ⁽⁸⁾	n/a	n/a	n/a	\$5,000	0%	\$5,000
Mercer Consulting Fee	n/a	n/a	n/a	\$100,000	n/a	n/a	n/a	\$55,000	0%	\$55,000
ESEBT Administration ⁽⁹⁾	n/a	n/a	n/a	<u>\$177,809</u>	n/a	n/a	n/a	<u>\$183,143</u>	3%	<u>\$188,637</u>

Total Estimated Expenses

\$22,362,940

\$24,665,417

\$27,645,148

Estimated Surplus / (Deficit)

(based on estimated/current enrollment)

(\$207,898)

(\$1,964,718)

(\$4,367,751)

Unallocated reserve at December 31 ⁽¹¹⁾

Months of expenses

\$7,520,558

4.0

\$5,555,840

2.7

\$1,188,089

0.5

2014 Budget Notes

Notes:

- (1) Enrollment based on August 2013 summary of Payments to Carriers from ESEBT.
- (2) Allocations shown as outlined Engrossed Substitute House Bill 1244 effective 5/19/2009. Assumes a 0.0% increase effective September 1, 2013 and 2014.
- (3) Based on investment earnings plus appreciation of market value through May 2013 with assumed interest for June from ESEBT Statement of Operations and Fund Balance with a 50% decrease for 2014.
- (4) Based on current rates and August 2013 enrollment.
- (5) Based on WEA renewals effective November 1, 2013. Total annual cost assumes a 5% increase effective November 1, 2014 for dental and vision and a 15% increase for medical.
- (6) Based on Group Health renewal effective January 1, 2014 (6.3% increase).
- (7) Includes cost for Health Force Partners (\$2500 minimum per month).
- (8) Based on incentive values of \$200 for Gold (8 wellness credits), \$150 for Silver (7 wellness credits), and \$100 for Bronze (5 wellness credits).
Assumes incentives apply to employees only (no incentives for spouse participation) and HRA completion rate of 50% (0 HRA completers).
Assumes incentive achievement rates of 20% for Gold (161), 30% for Silver (243), and 50% for Bronze (405).
- (9) Based on administrative expenses from January through May 2013 annualized from ESEBT Statement of Operations and Fund Balance. Assumes an increase of 3% for 2015.
- (10) Based on premiums paid through Jan-July 2013 and July 2013 enrollment.
- (11) Based on a year end fund balance at 12/31/2012 of \$7,728,456.

2014 Rates — Status Quo

	Current Enrollment by Tier	2013 Rates	2013 EE Contribs	2013 ER Contribs	2013 Aggregate EE Contribs	Projected Enrollment by Tier	2014 Rates	2014 EE Contribs	2014 ER Contribs	2014 Aggregate EE Contribs
WEA Plan 2										
Employee Only	117	\$680.70	\$201.00	\$493.50	\$282,204	117	\$795.81	\$218.99	\$576.82	\$307,462
EE + Spouse	63	\$1,249.73	\$389.56	\$860.17	\$294,507	63	\$1,456.37	\$453.84	\$1,002.53	\$343,103
EE + Child(ren)	52	\$911.94	\$269.36	\$642.58	\$168,081	52	\$1,062.41	\$313.71	\$748.70	\$195,755
EE + Family	53	\$1,498.04	\$477.80	\$1,020.24	\$303,881	53	\$1,746.04	\$556.83	\$1,189.21	\$354,144
Total	285	\$1,000.67	\$1.00			285	\$1,167.18			
WEA Plan 3										
Employee Only	162	\$609.26	\$115.76	\$493.50	\$225,037	162	\$712.12	\$135.30	\$576.82	\$263,023
EE + Spouse	95	\$1,118.53	\$258.36	\$860.17	\$294,530	95	\$1,303.39	\$300.86	\$1,002.53	\$342,980
EE + Child(ren)	79	\$816.31	\$201.00	\$615.31	\$190,548	79	\$950.84	\$202.14	\$748.70	\$191,629
EE + Family	117	\$1,340.85	\$320.61	\$1,020.24	\$450,136	117	\$1,562.66	\$373.45	\$1,189.21	\$524,324
Total	453	\$941.12				453	\$1,097.42			
WEA EasyChoice Plans										
Employee Only	75	\$435.22	\$82.69	\$352.53	\$74,421	73	\$508.30	\$96.58	\$411.72	\$84,604
EE + Spouse	23	\$792.48	\$201.00	\$591.48	\$55,476	22	\$923.06	\$212.71	\$710.35	\$56,155
EE + Child(ren)	29	\$579.13	\$122.98	\$456.15	\$42,797	28	\$674.19	\$143.03	\$531.16	\$48,058
EE + Family	56	\$949.25	\$226.62	\$722.63	\$152,289	54	\$1,105.92	\$263.91	\$842.01	\$171,014
Total	183	\$660.23				177	\$768.42			
WEA Plan 5										
Employee Only	82	\$796.07	\$302.57	\$493.50	\$297,729	82	\$930.85	\$354.03	\$576.82	\$348,366
EE + Spouse	28	\$1,534.68	\$674.51	\$860.17	\$226,635	28	\$1,788.78	\$786.25	\$1,002.53	\$264,180
EE + Child(ren)	30	\$1,089.99	\$447.41	\$642.58	\$161,068	30	\$1,270.08	\$521.38	\$748.70	\$187,697
EE + Family	25	\$1,848.59	\$828.35	\$1,020.24	\$248,505	25	\$2,154.91	\$965.70	\$1,189.21	\$289,710
Total	165	\$1,134.32				165	\$1,323.58			
WEA QDHP										
Employee Only	4	\$342.35	\$65.05	\$277.30	\$3,122	2	\$399.60	\$75.92	\$323.68	\$1,822
EE + Spouse	1	\$622.48	\$143.49	\$478.99	\$1,722	1	\$724.78	\$166.97	\$557.81	\$2,004
EE + Child(ren)	0	\$455.20	\$96.65	\$358.55	\$0	1	\$529.67	\$112.34	\$417.33	\$1,348
EE + Family	1	\$735.28	\$175.07	\$560.21	\$2,101	2	\$856.34	\$203.81	\$652.53	\$4,891
Total	6	\$454.53				6	\$627.72			
GHC										
Employee Only	187	\$642.01	\$96.00	\$546.01	\$215,424	187	\$682.29	\$102.00	\$580.29	\$228,888
EE + Spouse	85	\$1,213.41	\$227.00	\$986.41	\$231,540	85	\$1,289.53	\$242.00	\$1,047.53	\$246,840
EE + Child(ren)	92	\$885.98	\$152.00	\$733.98	\$167,808	92	\$941.56	\$162.00	\$779.56	\$178,848
EE + Family	142	\$1,450.95	\$282.00	\$1,168.95	\$480,528	142	\$1,541.98	\$300.00	\$1,241.98	\$511,200
Total	506	\$952.32				506	\$1,072.69			
All Med (Actives)										
	\$1,034,121	\$12,234,058			\$4,570,090		\$14,255,362			\$5,148,045
COBRA/Plan 2					\$98,066					\$126,056
COBRA/Plan 3					\$34,822					\$52,676
COBRA/GHC					\$8,988					\$12,872
COBRA/Easy Choice					\$11,884					\$18,442
COBRA/Plan 5					\$30,627					\$47,649
COBRA/QDHP					\$5,454					
COBRA/WDS					\$8,795					\$8,198
COBRA/Willamette					\$0					\$0
COBRA/Vision					\$2,113					\$2,556
Vol. Term Life					\$190,590					\$190,590
Vol. Long Term Care					\$10,034					\$10,034
Vol. Short Term Disability					\$149,868					\$149,868
Total Contributions					\$5,121,330					\$5,766,987

^[1] Enrollment as of August 2013 and provided by District.

^[2] COBRA Enrollment based on August 2013 ESEBT Payments to carriers.

2014 Budget — Scenario A

Financial Projections Comparison Scenario A January 1, 2014 - December 31, 2014

	Employee	Dependent
WEA:	78%	69%
HMO:	82%	74%

Estimated Income

	1/1/2013 - 12/31/2013 Projection				1/1/2014 - 12/31/2014 Projection				1/1/2015 - 12/31/2015 Projection	
	PEPM or Mo. Sum	No. of Benefit FTEs	No. of Months	Estimated Total	PEPM or Mo. Sum	No. of Benefit FTEs	Number of Months	Estimated Total	Assumed % Change	Estimated Total
Employer Contributions (January through August)	\$768.00	1,832 ⁽¹⁾	8	\$ 11,255,808	\$768.00 ⁽²⁾	1,832 ⁽¹⁾	8	\$11,255,808	0%	\$11,255,808
Employer Contributions (September through December)	\$768.00	1,832 ⁽¹⁾	4	\$ 5,627,904	\$768.00 ⁽²⁾	1,832 ⁽¹⁾	4	\$5,627,904	0%	\$5,627,904
Additional Supplemental District Contribution				\$ -				\$0	0%	\$0
Employee Contributions	n/a	n/a		\$ 5,121,330				\$6,359,905	10%	\$6,995,896
Investment Income ⁽³⁾				\$ 150,000				\$50,000	0%	\$50,000
Total Estimated Revenues				\$ 22,155,042				\$23,293,617		\$23,929,608

Estimated Expenses

	1/1/2013 - 12/31/2013 Projection				1/1/2014 - 12/31/2014 Projection				1/1/2015 - 12/31/2015 Projection	
	YTD Actual 1/1/13-8/31/13	PEPM or Mo. Sum	No. of Employees ⁽¹⁾	Estimated Total	PEPM or Mo. Sum	No. of Employees ⁽¹⁾	Number of Months	Estimated Total	Assumed % Change	Estimated Total
MetLife Life / AD&D Premiums	\$77,449	\$5.90	1,641	\$116,177	\$5.90	1,641	12	\$116,183	3%	\$119,668
MetLife Voluntary Term Life Premiums	\$125,184	\$16,351.43 ⁽⁴⁾	n/a	\$190,590	\$16,351.43	n/a	12	\$196,217	3%	\$202,104
Standard Voluntary STD Premiums	\$87,423	\$12,489.02 ⁽¹⁰⁾	n/a	\$149,868	\$12,489.02	n/a	12	\$149,868	3%	\$154,364
Standard LTD Premiums	\$287,885	\$20.55 ⁽⁴⁾	1,751	\$431,817	\$20.55	1,751	12	\$431,797	3%	\$444,751
WDS Dental Premiums	\$1,015,577	\$85.40 ⁽⁴⁾	1,481	\$1,521,486	\$85.40 ⁽⁵⁾	1,481	12	\$1,544,898	5%	\$1,622,143
Willamette Dental Premiums	\$269,172	\$74.70 ⁽⁴⁾	453	\$404,529	\$74.70 ⁽⁵⁾	453	12	\$411,145	5%	\$431,702
WEA Medical Premiums	\$8,107,901	n/a	1,111	\$12,500,907	n/a ⁽⁵⁾	1,111	12	\$14,500,185	15%	\$16,675,212
Premiera WEA Vision	\$253,874	\$16.25 ⁽⁴⁾	1,953	\$382,967	\$16.80 ⁽⁵⁾	1,953	12	\$401,202	5%	\$421,263
Group Health Medical Premiums ⁽⁶⁾	\$4,063,250	n/a	507	\$6,109,210	n/a	507	12	\$6,526,268	10%	\$7,178,895
UNUM Voluntary LTC Premiums	\$6,689	\$836.15	n/a	\$10,034	\$836.15	n/a	12	\$10,034	0%	\$10,034
Wellness Program Internal Support	n/a	n/a	n/a	\$43,000	n/a	n/a	n/a	\$35,000	0%	\$35,000
Magellan EAP	\$25,931	\$1.69	1,918	\$38,897	\$1.65	1,918	12	\$37,976	5%	\$39,875
Quit for Life Tobacco Cessation	n/a	n/a	n/a	\$1,500	n/a	n/a	n/a	\$1,500	0%	\$1,500
Mind & Body	n/a	n/a	n/a	\$1,875	n/a	n/a	n/a	\$0	0%	\$0
Weight Watchers	n/a	n/a	n/a	\$43,125				\$30,000	0%	\$30,000
HRA & Web Portal	n/a	n/a	n/a	\$30,000	n/a	n/a	n/a	\$30,000 ⁽⁷⁾	0%	\$30,000
Wellness Incentive	n/a	n/a	n/a	\$109,150 ⁽⁸⁾	n/a	n/a	n/a	\$5,000	0%	\$5,000
Mercer Consulting Fee	n/a	n/a	n/a	\$100,000	n/a	n/a	n/a	\$55,000	0%	\$55,000
ESEBT Administration ⁽⁹⁾	n/a	n/a	n/a	<u>\$177,809</u>	n/a	n/a	n/a	<u>\$183,143</u>	3%	<u>\$188,637</u>
Total Estimated Expenses				\$22,362,940				\$24,665,417		\$27,645,148
Estimated Surplus / (Deficit) (based on estimated/current enrollment)				(\$207,898)				(\$1,371,799)		(\$3,715,541)
Unallocated reserve at December 31 ⁽¹¹⁾ Months of expenses				\$7,520,558 4.0				\$6,148,759 3.0		\$2,433,218 1.1

2014 Rates — Scenario A

	Current Enrollment by Tier	2013 Rates	2013 EE Contribs	2013 ER Contribs	2013 Aggregate EE Contribs	Projected Enrollment by Tier	2014 Rates	2014 EE Contribs	2014 ER Contribs	2014 Aggregate EE Contribs
WEA Plan 2										
Employee Only	117	\$680.70	\$201.00	\$493.50	\$282,204	117	\$795.81	\$240.36	\$555.45	\$337,465
EE + Spouse	63	\$1,249.73	\$389.56	\$860.17	\$294,507	63	\$1,456.37	\$492.94	\$963.43	\$372,663
EE + Child(ren)	52	\$911.94	\$269.36	\$642.58	\$168,081	52	\$1,062.41	\$342.24	\$720.17	\$213,558
EE + Family	53	\$1,498.04	\$477.80	\$1,020.24	\$303,881	53	\$1,746.04	\$603.72	\$1,142.32	\$383,966
Total	285	\$1,000.67				285	\$1,167.18			
WEA Plan 3										
Employee Only	162	\$609.26	\$115.76	\$493.50	\$225,037	162	\$712.12	\$156.67	\$555.45	\$304,566
EE + Spouse	95	\$1,118.53	\$258.36	\$860.17	\$294,530	95	\$1,303.39	\$339.96	\$963.43	\$387,554
EE + Child(ren)	79	\$816.31	\$201.00	\$615.31	\$190,548	79	\$950.84	\$230.67	\$720.17	\$218,675
EE + Family	117	\$1,340.85	\$320.61	\$1,020.24	\$450,136	117	\$1,562.66	\$420.34	\$1,142.32	\$590,157
Total	453	\$941.12				453	\$1,097.42			
WEA EasyChoice Plans										
Employee Only	75	\$435.22	\$82.69	\$352.53	\$74,421	73	\$508.30	\$111.83	\$396.47	\$97,963
EE + Spouse	23	\$792.48	\$201.00	\$591.48	\$55,476	22	\$923.06	\$240.41	\$682.65	\$63,468
EE + Child(ren)	29	\$579.13	\$122.98	\$456.15	\$42,797	28	\$674.19	\$163.26	\$510.93	\$54,855
EE + Family	56	\$949.25	\$226.62	\$722.63	\$152,289	54	\$1,105.92	\$297.09	\$808.83	\$192,514
Total	183	\$660.23				177	\$768.42			
WEA Plan 5										
Employee Only	82	\$796.07	\$302.57	\$493.50	\$297,729	82	\$930.85	\$375.40	\$555.45	\$369,394
EE + Spouse	28	\$1,534.68	\$674.51	\$860.17	\$226,635	28	\$1,788.78	\$825.35	\$963.43	\$277,318
EE + Child(ren)	30	\$1,089.99	\$447.41	\$642.58	\$161,068	30	\$1,270.08	\$549.91	\$720.17	\$197,968
EE + Family	25	\$1,848.59	\$828.35	\$1,020.24	\$248,505	25	\$2,154.91	\$1,012.59	\$1,142.32	\$303,777
Total	165	\$1,134.32				165	\$1,323.58			
WEA QDHP										
Employee Only	4	\$342.35	\$65.05	\$277.30	\$3,122	2	\$399.60	\$87.91	\$311.69	\$2,110
EE + Spouse	1	\$622.48	\$143.49	\$478.99	\$1,722	1	\$724.78	\$188.72	\$536.06	\$2,265
EE + Child(ren)	0	\$455.20	\$96.65	\$358.55	\$0	1	\$529.67	\$128.23	\$401.44	\$1,539
EE + Family	1	\$735.28	\$175.07	\$560.21	\$2,101	2	\$856.34	\$229.50	\$626.84	\$5,508
Total	6	\$454.53				6	\$627.72			
GHC										
Employee Only	187	\$642.01	\$96.00	\$546.01	\$215,424	187	\$682.29	\$123.00	\$559.29	\$276,012
EE + Spouse	85	\$1,213.41	\$227.00	\$986.41	\$231,540	85	\$1,289.53	\$281.00	\$1,008.53	\$286,620
EE + Child(ren)	92	\$885.98	\$152.00	\$733.98	\$167,808	92	\$941.56	\$190.00	\$751.56	\$209,760
EE + Family	142	\$1,450.95	\$282.00	\$1,168.95	\$480,528	142	\$1,541.98	\$347.00	\$1,194.98	\$591,288
Total	506	\$952.32				506	\$1,072.69			
All Med (Actives)										
COBRA/Plan 2	[2]	\$1,034,121	\$12,234,058		\$4,570,090		\$14,255,362			\$5,740,963
COBRA/Plan 3	[2]				\$98,066					\$126,056
COBRA/GHC	[2]				\$34,822					\$52,676
COBRA/Easy Choice	[2]				\$8,988					\$12,872
COBRA/Plan 5	[2]				\$11,884					\$18,442
COBRA/QDHP	[2]				\$30,627					\$47,649
COBRA/WDS	[2]				\$5,454					
COBRA/Willamette					\$8,795					\$8,198
COBRA/Vision					\$0					\$0
Vol. Term Life					\$2,113					\$2,556
Vol. Long Term Care					\$190,590					\$190,590
Vol. Short Term Disability					\$10,034					\$10,034
					\$149,868					\$149,868
Total Contributions					\$5,121,330					\$6,359,905

[1] Enrollment as of August 2013 and provided by District.

[2] COBRA Enrollment based on August 2013 ESEBT Payments to carriers.

APPENDIX

The background of the slide is composed of three distinct horizontal bands of color. The top band is a dark navy blue, the middle band is a medium teal, and the bottom band is a bright cyan. The boundary between the top and middle bands is a diagonal line that slopes upwards from left to right.

2014 Plan Design for All Coverages

The background of the slide is composed of three distinct horizontal bands of color. The top band is a dark navy blue, the middle band is a medium teal, and the bottom band is a light cyan. The bands are separated by diagonal lines that slope upwards from left to right, creating a layered, geometric effect.

2013-2014 Medical Benefit Chart

2013/2014 Medical Benefit Comparison ESEBT (Effective November 1, 2013 to October 31, 2014)

<i>Medical</i>	<i>WEA Plan 2</i>	<i>WEA Plan 3</i>	<i>WEA Plan 5</i>	<i>WEA EasyChoice</i>	<i>WEA QHDHP</i>	<i>Group Health HMO</i>
Annual Deductible	\$200/person \$600/family	\$300/person \$900/family	\$200/person \$600/family	Plan A: \$1,000/\$3,000 in network Plan B: \$750/\$2,250 in network Plan C: none in network All Plans include non network ded.	\$1,500/person \$3,000/family	No deductible
Annual Out of Pocket	\$1,500/person \$4,500 family	\$2,750 person \$8,250 family	\$500/person \$1,500/ family (Includes deductible)	Plan A: \$5,000/\$15,000 in network Plan B: \$4,000/\$12,000 in network Plan C: \$7,500/\$22,500 in network (includes coinsurance and deductible) All Plans non network: Unlimited	\$4,000/person \$8,000/family	\$2,000/person \$4,000/family
Office Visit Copays	\$25 network \$30 non-network	\$30 network \$40 non-network	\$15 network 30% non-network	Plan A: \$15 in network Plan B: \$30 in network Plan C: \$35 in network All plans non network: 50%	80% coinsurance	\$15 copay
Hospital Inpatient Copay	\$150/day to \$450 maximum/ person/calendar year	\$300/day to \$900 maximum/ person/calendar year	\$200 per admission \$600/person; \$1,000/family/ per calendar year 90% coinsurance	None Deductible and coinsurance apply	80% coinsurance	\$100 per day , up to 3 days per admission
Hospital Physician Services	80% network 60% non-network	80% network 60% non-network	90% network 70% non-network	Plan A: 80% in network Plan B: 75% in network Plan C: 65% in network All plans non network: 50%	80% coinsurance	100%

2013-2014 Medical Benefit Chart

<i>Medical</i>	<i>WEA Plan 2</i>	<i>WEA Plan 3</i>	<i>WEA Plan 5</i>	<i>WEA EasyChoice</i>	<i>WEA QHDHP</i>	<i>Group Health HMO</i>
Preventive Care	100% network 80% non-network	100% network 80% non-network	100% network 70% non-network (exams/immunizations non-network are not covered)	100% network 50% non-network (exams/immunizations non-network are not covered)	100%	100%
Prescription Drug Copays	\$10 generic \$20 preferred brand \$35 non preferred brand Mail order: \$10 generic \$20 preferred brand \$35 non preferred brand	\$15 generic \$25 preferred brand \$40 non preferred brand Mail order: \$15 generic \$25 preferred brand \$40 non preferred brand	\$10 generic \$15 preferred brand \$30 non preferred brand Mail order: \$10 generic \$30 preferred brand \$60 non preferred brand	CY Deductible (per person): Plan A - \$500; B - \$250; C-\$500 CY Out of pocket max/person: All plans - \$5,000 (Ded, OOP, copays) Retail Copays: Plan A: \$0/\$30/30% Plan B and C: \$0/\$30/\$45 Mail Order Copays: Plan A: \$0/25%/25% Plans B and C: \$0/\$75/\$112 Special Drugs All Plans: 30%	Subject to deductible and coinsurance. (Certain generics are covered at 100%; not subject to deductible)	Retail: \$10 generic \$20 preferred brand Mail order: \$20 generic \$40 preferred brand

2013-2014 Dental Benefit Chart

Washington Dental Services Plan C (Fully-Insured)

Coverage	Benefits
Deductible	None
Annual Maximum	\$1,750 (\$2,000 if you see a Delta Dental PPO dentist)
Class I – Diagnostic & Preventive	100%
Class II – Restorative <ul style="list-style-type: none"> • Restorations, Endodontics, Periodontics, Oral Surgery 	80%
Class II – Crowns & Onlays	50%
Class III – Major <ul style="list-style-type: none"> • Dentures, Partials, Bridges, and Implants 	50%
TMJ – Surgical and Nonsurgical <ul style="list-style-type: none"> • Annual maximum • Lifetime maximum 	50% \$1,000 \$5,000
Orthodontia	Not covered

2013-2014 Dental Benefit Chart

Willamette Dental Plan 1 (Fully-Insured)

<i>Coverage</i>	<i>Benefits</i>
Deductible	None
Annual Maximum	Unlimited
Class I – Diagnostic & Preventive	100% after \$15 copay
Class II – Restorative • Restorations, Endodontics, Periodontics, Oral Surgery	100% after \$15 copay
Class II – Crowns & Onlays	100% after \$15 copay per visit; additional \$50 copay for crowns
Class III – Major • Dentures, Partials, Bridges, and Implants	100% after \$15 copay per visit; additional \$50 procedural copay
Orthodontia	Not covered

2013-2014 Vision Benefit Chart

Premera Vision Plan A (Fully-Insured)

<i>Network</i>	<i>Premera Blue Cross</i>	<i>Other Licensed Vision Providers</i>
Copay Amounts • Exam	\$5	\$0
Exam once every calendar year after copay	Paid in full	\$48
Eyeglass lenses (pair) once every calendar year • Single vision • Bifocal • Trifocal • Lenticular • Continuous blend • Lens tinting, coating, or oversize	Paid in full Paid in full Paid in full Paid in full \$125 Not covered	\$45 \$74 \$87 \$122 \$125 Not covered
Frames once every two calendar years	\$80	\$45
Contact lenses once every two calendar years (in lieu of frames and eyeglass lenses)	\$130	\$130

2013-2014 Other Benefit Chart

MetLife (Fully-Insured)

Life Insurance programs

<i>Coverage</i>	<i>Benefits</i>
Basic Life & AD&D	\$50,000 ¹
Supplemental Life	
• Employee	\$10,000 units up to five times basic annual earnings to a maximum of \$250,000
• Spouse	One-half employee supplemental life coverage
• Child(ren)	\$2,000 each

¹ The Life and AD&D benefits amounts reduce 35% at age 65, and additional 20% of the original amount at age 70, an additional 15% of the original amount at age 75 and an additional 10% of the original amount at age 80.

2013-2014 Other Benefit Chart

Standard Insurance Company (Fully-Insured)

Long-Term Disability Coverage

<i>Coverage</i>	<i>Benefits</i>
Benefit Waiting Period	90 days of continuous total disability
LTD Benefit	66 2/3% of basic monthly earnings
Maximum LTD Benefit	\$8,000 before reduction by deductible income
Minimum LTD Benefit	\$100 or 10% of LTD benefits before reduction by deductible income, whichever is greater
Benefit Duration (based on age at beginning of total disability) <ul style="list-style-type: none"> • Under age 60 • Age 60 through Age 64 • Age 65 through Age 69 • Age 70 and over 	<ul style="list-style-type: none"> • To age 65 • 5 years • To age 70 • 1 year
Return to Work Provision	50% reduction after 12 months
Survivor Benefits	Three times monthly benefit
Limitations	24 months for mental illness, alcoholism and drug abuse

2013-2014 Other Benefit Chart

Standard Insurance Company (Fully-Insured)

Voluntary Short-Term Disability Coverage

<i>Coverage</i>	<i>Benefits</i>
Benefit Waiting Period	14 days (other waiting periods apply if not enrolled when first eligible)
STD Benefit	66 2/3% of pre-disability earnings
Maximum STD Benefit	\$600/week
Minimum STD Benefit	\$15/week

2013-2014 Other Benefit Charts

Magellan (Service Contract) Employee Assistance Plan

Coverage	Benefits
Employee Assistance Plan	One to five visits (per issue) model, up to 25 hours of critical incident stress management (i.e., group sessions for affected employees following a traumatic event) and up to six training/service hours

UNUM (Fully-Insured) Long Term Care

Coverage	Benefits
Covered Benefits	\$1,000 to \$3,500 monthly benefit for nursing home care, as pre-selected by the participant, and 50% of the facility benefit for home and community-based care
Waiting Period	60 days
Benefit Maximum	Plan benefits are capped through a “pool” of dollars equivalent to three or five years (36 or 60 months) times the monthly facility benefit

WEA Select Benefit Plans Renewal Summary

2013-14 WEA Select Benefit Plans Renewal Summary



WEA
WASHINGTON
EDUCATION
ASSOCIATION

SELECT

Important Renewal Information—Please Read!

Introduction

TO: WEA Leaders
School District Administration/Personnel/
Payroll/HR

The WEA Benefits Services Advisory Board (BSAB) and Board of Directors are pleased to announce the 2013-14 WEA Select Benefit Plan renewals.

With no proposed increase in the State Fringe Benefit Allocation—the last time there was an increase was in 2010, WEA is very sensitive to the fact that employees will be looking for ways to mitigate any rate increase, and they will be carefully evaluating the cost versus the perceived value of benefit for each of the available program options.

WEA is pleased that employees will see no increase in rates for most of WEA's sponsored programs. In particular, the dental plan will experience a rate pass this year following 3 years with rate reductions.

Medical Plan

When National Healthcare Reform was passed in March of 2010, immediate required benefit changes, along with unclear regulations and lack of specific regulatory guidance, contributed to the first double digit medical rate increase the WEA plans had experienced in over 6 years.

Since then, the WEA plans have experienced 2 strong years with very low overall needed rate increases of 5% to 6%, and innovative approaches in the medical plan benefit and rate structure—resulting in over 40% of the covered employees “doing the math” and seeing year over year decreases in medical plan premiums, often through switching plans.

Much like in 2010, National Healthcare Reform again plays a significant role in this year's renewal. The overall impact of several new fees and taxes to help fund Healthcare Reform, along with their projected impact to utilization and costs shifts, contribute (4%+) to a higher rate increase than has been experienced in many years.

This is further amplified by significant enrollment shifts, as people moved off of Plan 1 and other plans in large numbers—frequently moving not only one plan level down, but taking an unprecedented two or three steps down toward even larger monthly cost savings.

At the same time, however, WEA is pleased that the underlying medical and pharmacy claims trends remain very favorable and well below market benchmarks; as well as their very low administrative expenses—representing in total, only ~5% of premium for the medical plan. These expenses encompass all aspects of administering the plan, including WEA's online enrollment/benefits administration system.

The 2013-14 overall renewal rate increase is **+16.8%**. After considerable discussion and evaluation, WEA made the difficult decision to increase the deductible on Plans 2, 3 and 5. This is the first time the deductibles have been increased in 9 years! WEA believes that this benefit modification was necessary for the following reasons:

- Given the current funding environment and the higher than typical rate increase, it's projected that a large number of enrollees could likely switch plans again this fall. It will help position the plan for this continued enrollment migration.
- Since office visits, preventive care and prescription drugs are not subject to the deductible, it will be absorbed only by people who need to use more comprehensive medical services.
- For most people, the premium relief that they will experience will be greater than the increase in deductible.

Important Renewal Information—Please Read!

The renewal also includes an adjustment to the employee only and dependent tiers to ensure districts continue to make progress toward the 3:1 ratio, required by ESSB 5940. Additional information regarding steps the plan is taking to comply with ESSB 5940 can be found on pages 5–6.

Rate Stabilization Fund

The WEA Rate Stabilization Fund (RSF) is continually being used to benefit plan participants through premium subsidies. Many of this year's plan renewals include a premium subsidy.

The medical plan renewal does not include a subsidy this year. WEA was able to subsidize rates for each of the past 6 plan years by as much as 2.5% in some years. WEA took the approach of reducing the subsidy the past two years, with only a 0.74% subsidy last year and only 1.5% the previous year. This was designed to minimize the impact of no longer having a subsidy available at some point.

Key Plan Features/Highlights

The WEA Select Plans include:

- Very large purchasing pools, blending all claims statewide, many of which cover over 126,000 total plan participants
- Favorable funding and financial arrangements, which result in very low plan administrative expenses (less than 5% of premium for the medical plan for all aspects of administering the plan, including WEA's online enrollment/benefits administration system)

- For most "Basic Benefit" programs, we have negotiated with our chosen vendors to refund 100% of premiums in excess of claims and administrative expenses to WEA's RSF Trust. These excess funds are held in the RSF, which is a formal 501 (c) (9) IRS Trust Account. By contract, these funds can only be used to benefit plan participants, usually by subsidizing rates.
- When there is no money in the RSF and the claims and administrative expenses exceed premium, our vendors must continue to pay claims and carry the deficit on their books until it can be offset by future gains.
- In many ways the plans operate as if they were self-insured plans. By allowing the plan to carry forward a deficit, the WEA Select Plans include a feature that is even more advantageous than being self-insured. A self-insured plan would need to make up the deficit between claims and stop-loss insurance immediately, either from a mid-year rate increase, or from a pre-funded reserve account.
- The sophistication of our plan participants results in favorable health care behaviors, such as "embracing" generic prescriptions—*without* requiring the use of them, and increased participation in the Health Management Program.

WEA SELECT Service Team Contact Information

Aon Hewitt

1420 Fifth Avenue, Suite 1200
Seattle, WA 98101

Team Service Line:	206.467.4646
Team Fax:	206.467.4641
Email:	wea.select@aon.com

Important Renewal Information—Please Read!

Section 1—WEA Select 2013-14 Renewal

Rate Action Summary

All rate and benefit changes will be effective **November 1, 2013**. The 2013-14 WEA Select Medical, Dental, Vision, and Life Plan rates are attached to this notice.

Renewal Rate Action

(a summary of benefit changes can be found on pages 4–7)

Group Basic Benefit Plans	Rate Action
Medical —Premera Blue Cross	+16.4% to +17.0% depending on plan and tier
Core Dental —Washington Dental Service (WDS)	0%
Managed Dental —Willamette Dental	0%
Managed Dental —WDS	+3.8%
Orthodontia —WDS	0%
Orthodontia —Willamette Dental	0%
Vision —Premera Blue Cross and VSP	+2.2% to +4.3% depending on plan
Long-Term Disability (LTD) —Unum	0%
Flex LTD (including voluntary buy-up feature)—Unum	0%
Group Life (includes AD&D)—Unum	0%
Voluntary Benefit Plans	Rate Action
Short-Term Disability (STD) —American Fidelity Assurance (AFA)	0%
Long-Term Disability (LTD) —AFA	0%
Term Life and AD&D (VTL) —Unum	0%
Accidental Death & Dismemberment (AD&D) —AFA	0%
Employee Assistance Program (EAP) —OptumHealth Behavioral Solutions	0%
Section 125 —AFA	0%
Retiree Dental —WDS	+10%
Long Term Care (LTC) —Premera Blue Cross (currently not accepting new groups or enrollment)	N/A

Important Renewal Information—Please Read!

Section 2—WEA Select 2013-14 Renewal

Benefit Change Summary

The following is a brief summary of benefit modifications/enhancements only for those plans with changes. Refer to plan booklets for a full description of benefits, limitations, and exclusions.

Group Basic Benefit Plans with Changes

New Plan Year

As was communicated in March, in response to numerous requests from school districts, the renewal date for the WEA Select program has moved to **November 1**, beginning this fall. The 2012-13 rates and benefits will continue for the month of October.

A. WEA Select Medical Plan—Premera Blue Cross

The WEA Select Medical Plan rate increase is +16.4% to +17.0%, depending on plan and tier (refer to Section 5 for the rates). The renewal includes an increase in the deductible for Plans 2, 3 and 5 (see below), which positions the plan for the projected enrollment migration this fall. It also supports the long term financial viability of the plans which continue to offer a wide variety of options to meet the various needs of plan participants.

Increase Deductible (Plans 2, 3 and 5)

As explained on page 1, WEA has made the difficult decision to increase deductibles on Plans 2, 3 and 5 as follows:

	Current Deductible		New Deductible	
	In-Network	Out-of-Network	In-Network	Out-of-Network
Plan 2	\$100 individual / \$300 family		\$200 individual / \$600 family	
Plan 3	\$200 individual / \$600 family		\$300 individual / \$900 family	
Plan 5	\$100 individual / \$300 family	\$250 per person	\$200 individual / \$600 family	\$350 per person

Note: For most employees, the amount saved in annual premium exceeds the increase in deductible.

Plan 5 out-of-network services are subject to a separate per person deductible, with no family maximum.

Office visits, prescription drugs and preventive care are not subject to the deductible.

Deductible Carry-Over (All Plans, except the QHDHP)

The deductibles for the WEA plans are calculated on a calendar year basis. The plan's deductible carry-over provision will be modified to be aligned with the new November 1 plan year. Therefore, any deductible amounts incurred from November 1st through December 31st will be credited toward the next year's calendar year deductible.

Important Renewal Information—Please Read!

Clinical Trials (All Plans)

As required by a state mandate, coverage of clinical trials is being expanded to include all in-network routine services related to a Phase I, II, III or IV clinical trial for treatment of cancer or other life-threatening diseases or conditions. It does not include the actual cost of the trial itself. The clinical trial must have Institutional Review Board (IBR) approval by a qualified IBR, such as the National Institutes of Health (NIH) or other facility or research entity that meets the approved criteria. The enrollee must meet the eligibility requirements of the clinical trial according to the trial's protocol. All benefits are subject to the deductible and coinsurance provisions of the plan.

Transgender Benefits (All Plans)

The plans will include coverage for medically necessary transgender services, including hormone treatment, counseling, psychotherapy and surgical services, as follows:

- All benefits are subject to applicable copayment, deductible and coinsurance.
- Eligible surgical services, including facility and anesthesia charges related to the surgery are available up to a lifetime benefit of \$25,000.
- A Benefit Advisory (or Pre-Authorization) is required.

Note: *The overall rate impact for adding this benefit was negligible.*

Premera's Controlled Substance Medication Safety Policy (All Plans)

Premera will be implementing a new controlled substance medication safety medical policy, **effective July 1, 2013**. Premera will proactively identify enrollees who are at risk of over utilization of controlled substance prescription(s) for non-cancerous conditions. These individuals will be contacted by a Case Manager who will work in conjunction with the primary care physician to establish treatment alternatives that meet the patient's specific needs.

ESSB 5940 and Other Updates

Low Cost Plan Offering as Compared to State Benchmark Plan

School districts must offer at least one health plan (other than QHDHP) in which the employee share of the premium for a full-time employee does not exceed the share of premiums paid by state employees during the state's benefits plan year that starts prior to the school year.

As was the case last year, this requirement applies to the portion of full plan premium costs paid by employees over all coverage tiers (blended payroll contribution split over all four coverage tiers). The benchmark from the state employee plan for the 2013 plan year is 15% contribution from full-time employees and 85% paid by the employer.

WEA's actuarial resources re-tested the plans and believe that the **WEA Select EasyChoice Plan continues to meet the intent of this requirement**. Based on the 2013-14 rates and statewide average enrollment mix in the EasyChoice Plan, the 2013-14 fringe benefit funding amount covers more than 85% of the composite costs for the WEA Select EasyChoice Plan, and therefore, the plan meets or exceeds this requirement.

Important Renewal Information—Please Read!

3:1 Ratio

As required by ESSB 5940, school districts must make progress toward the 3:1 ratio for premium out-of-pocket costs. As was the case last year, premiums for the 2013-14 plan year have been adjusted to reflect a slightly higher needed rate increase for employees covering themselves and a slightly lower needed rate increase for employees covering dependent(s). This was done in an effort to provide relief to families, and help districts continue to meet this requirement.

Data Reporting Requirements

The Office of the Insurance Commissioner (OIC) data request was issued in March 2013. On behalf of the WEA Select Medical Plan, Premera provided the requested aggregate data.

Based on guidance that was received from the OIC, the WEA Select Medical Plan/Premera Blue Cross does not need to provide districts with their own specific claims experience. However, WEA supports providing some level of aggregate plan information to districts. With this in mind, a Plan Management Report is being developed, which will provide high level "aggregate" plan information. This report will be distributed to districts later this summer.

Employer Shared Responsibility (National Healthcare Reform)

Starting on January 1, 2014, employers with more than 50 full time employees (defined as anyone working 30 hours or more a week) are required to provide affordable health coverage that meets minimum essential coverage requirements or face penalties (known as the shared responsibility penalties). Information provided below is based on the 10% discount rates:

- All of the WEA Select Medical Plans meet the minimum essential coverage requirements.
- Affordable coverage is defined as any **employee-only coverage** that costs less than 9.5% of the employee's **household** income for the taxable year. Any school district offering its employees the EasyChoice and Qualified High Deductible Health Plans (as outlined below) meet the affordability provisions and thus will not be subject to shared responsibility penalties in 2014.

Plan	Meets the Affordability Provisions	
	Full-Time Employees	Part-Time Employees—Working 30 Hours a Week
EasyChoice Plan	Yes	Yes—If income is at least \$12,000 a year No—If income is less than \$12,000 a year
QHDHP	Yes	Yes

Important Renewal Information—Please Read!

WEA Select Health Management Program

The WEA Select Health Management Program will move its qualification period from February 1 through April 11 to align with the 2014 open enrollment period. This is the time when participants are encouraged to take the online health assessment and potentially qualify for health coaching. Starting with open enrollment in 2014, enrollees will be able to take the assessment as part of the new online enrollment process.

Beginning January 1, 2014, the program will be administered by Vivacity. New online tools, trackers, games and additional resources will be available to participants at that time. The current online tools and resources (administered by WebMD) will continue to be available through December, 2013. Additional information about the program will be shared before the new tools “go live” in January 2014.

B. Core Dental Plan

Due to the plan year changing to November 1, Washington Dental Service (WDS) will be extending the benefit year by one month. All enrollees will receive a set dollar amount of approximately 1/12th of the \$2,000 annual benefit maximum for the month of October. This “extra” benefit of \$170 will be available in addition to any remaining balance of their 2012-13 benefit maximum. The full 2013-14 annual benefit year maximum will be available effective November 1.

Historically, WDS has not required enrollment forms to add new dependents to the plan since the composite rate covers all family members. Instead, their “auto-gen” system would automatically add a new dependent to the plan after a claim was received. Now that all the data has been transferred to the new online enrollment system the “auto-gen” system will be shut down coinciding with open enrollment in the fall. Employees should review their dependent information on the new online enrollment system to ensure that all eligible dependents are enrolled.

C. WEA Select Life and AD&D Plan—Unum

The Life and AD&D plans (Life with Medical, Group Life and Voluntary Term Life) will be moving to a newer and more robust system at Unum. This move will provide some plan enhancements, including:

- New Survivor Support Counseling Service
- Increased Accelerated Death Benefit
- New Airbag Benefit
- Additional Paralysis Benefits
- New Repatriation Benefit

D. Dependent Eligibility Verification (Medical, Dental and Vision Plans)

As a reminder, employees who enroll new dependents on the WEA Select Medical, Dental and/or Vision Plans will be asked to provide documentation to verify their dependents’ eligibility for coverage under the WEA Select Plans.

Employees should be directed to Your Benefits Resources (YBR) to add new dependents to the plan(s). They will be asked to “certify” that they are adding valid dependent(s) through the online enrollment process. *Please keep in mind that certification does **not** verify dependent eligibility.* Shortly thereafter, employees will receive a request notice from the WEA Select Dependent Verification Team (located in Lincolnshire, Illinois) which will describe the process, including

Important Renewal Information—Please Read!

the documentation needed to verify eligibility and the deadline. Unverified dependents will be removed from the plan(s) prospectively.

Gap Verification—A separate process will happen later this year for employees who enrolled dependents in the WEA Select Medical Plan *between November 2011 and October 1, 2012*. It will also include employees who enrolled a dependent(s) in the WEA Select Medical, Dental and/or Vision Plans on or after October 1, 2012 and before January 2013. Additional details will be provided before notices are mailed to impacted employees.

Note: *Employees who have already verified the eligibility of their dependents won't be asked to provide additional documentation, even if they change WEA Plans.*

Section 3—What's Coming in the Summer

Later this Month

Additional information regarding open enrollment will be communicated to school districts later this month.

End of July

New Summary of Benefits, rates and other brochures for the WEA endorsed programs will be included in the brochure mailing.

Tip: Given that there is no increase expected in the State Fringe Benefit Allocation for the 3rd year in a row, employees will again be evaluating lower cost options. Employees may be able to reduce their out-of-pocket co-premiums by moving to a lower cost plan. For example, did you know...

- An employee only purchaser on WEA Medical Plan 5 can eliminate the rate increase, just by moving to Plan 2.
- Employees covering full families on Plan 3 would save nearly \$230 per month with an annual savings of almost \$2,750 by moving to any of the EasyChoice options.

In previous years, a Plan Evaluation Worksheet was included to assist your employees in planning/projecting their personal medical expenses compared to different plan benefit/rate options. However, a more robust automated tool is now available as part of the online enrollment system. Please see below for additional information.

End of August

Starting on August 22nd the Your Benefits Resources (YBR) website will be updated with the 2013-14 medical, dental and vision plan information and will be available for viewing. At this time, employees may access YBR to:

- View all WEA Select Plans offered (benefits and rates)
- Compare WEA medical plans, side by side
- Use the Medical Cost Estimator tool—customizable to each employee's and family member's needs
- Review their dependent information to ensure that all eligible dependents are enrolled

Important Renewal Information—Please Read!

August 26th through September 30th

Official open enrollment period when employees may enroll and make changes on YBR through the secure website, a smart phone, or by calling the WEA Select Benefits Center.

Section 4—2013-14 State Fringe Benefit Allocation

Although the State Budget has not been finalized to date, the proposed changes to the monthly state allocation for employee benefits per FTE and the Health Care Authority remittance for retired school employees is as follows:

	Current 2012-13	Senate Proposed 2013-14	House Proposed 2013-14
State Allocation <i>\$ Increase (% Increase)</i>	\$768.00	\$763.00 <i>-\$5.00 (-0.7%)</i>	\$768.00 <i>No Change</i>
Retiree Subsidy <i>\$ Increase (% Increase)</i>	\$65.17	\$60.17 <i>-\$5.00 (-7.7%)</i>	\$64.40 <i>-\$0.77 (-1.2%)</i>
Net State Allocation * <i>\$ Increase (% Increase)</i>	\$702.83	\$702.83 <i>No Change</i>	\$703.60 <i>\$0.77 (0.1%)</i>

* If retiree subsidy is not paid by district.

A separate communication confirming the State Allocation and Retiree Subsidy amounts will be provided once the State Budget is finalized.

Important Renewal Information—Please Read!

Section 5—2013-14 Monthly Renewal Rates

The rates listed below become effective November 1, 2013.

WEA Select Medical Plans (+16.4% to +17.0%—depending on plan and tier)

Premiera Blue Cross	10% Discount	Full Rate
Plan 5/Foundation +16.5 to +17.0%		
Employee only	\$908.15	\$1,009.10
Employee + spouse	\$1,745.15	\$1,937.90
Employee, spouse + child(ren)	\$2,102.35	\$2,334.55
Employee + child(ren)	\$1,239.10	\$1,376.60
Plan 2 +16.5 to +16.9%		
Employee only	\$776.40	\$858.30
Employee + spouse	\$1,420.85	\$1,574.85
Employee, spouse + child(ren)	\$1,703.45	\$1,888.70
Employee + child(ren)	\$1,036.50	\$1,147.35
Plan 3 +16.5 to +16.9%		
Employee only	\$694.75	\$768.65
Employee + spouse	\$1,271.60	\$1,409.40
Employee, spouse + child(ren)	\$1,524.55	\$1,690.25
Employee + child(ren)	\$927.65	\$1,027.40
EasyChoice Plan +16.4 to +16.8%		
Employee only	\$495.90	\$548.35
Employee + spouse	\$900.55	\$997.90
Employee, spouse + child(ren)	\$1,078.95	\$1,195.95
Employee + child(ren)	\$657.75	\$727.95
QHDHP +16.4 to +16.8%		
Employee only	\$389.85	\$430.95
Employee + spouse	\$707.10	\$783.40
Employee, spouse + child(ren)	\$835.45	\$925.95
Employee + child(ren)	\$516.75	\$571.80

Note: Rates and benefits are intended to be guaranteed for 12 months (November 1, 2013 through October 31, 2014). However, any mid-year benefit changes and/or interpretation/guidance on health care reform (Federal or State) could result in a mid-year adjustment.

Important Renewal Information—Please Read!

WEA Select Dental Plans

Core Dental Plans (WDS)		No Change
Plan A		\$106.40
Plan B		\$97.20
Plan C		\$85.40
PPO Plan*		\$101.45
Managed Dental Plans		
WDS		+3.8%
DeltaCare Plan		\$67.75
Willamette Dental		No Change
Plan 1		\$74.70
Plan 2		\$64.35

WEA Select Orthodontia Plans

WDS Orthodontia Plans		No Change
Plan A		\$14.90
Plan B		\$10.05
Plan C*		\$6.00
Plan D*		\$16.70
Plan E*		\$11.35
Plan F		\$17.85
Plan G		\$12.00
Plan H		\$20.65
Plan I		\$13.70
Willamette Dental Orthodontia Plans		No Change
Plan 1		\$9.45
Plan 2		\$7.60
Plan 3		\$3.85
Plan 4		\$11.05
Plan 5		\$8.80
Plan 6		\$4.45

* Rates for existing groups only. Plans are no longer available to new groups.

WEA Select Vision Plans

Vision Plans		+2.2% to +4.3%
Plan	Renewal Rate	Provider Network
A	\$16.80	Premiera Blue Cross
B	\$27.90	VSP
C	\$31.25	VSP
D*	\$24.70	None
E	\$20.45	VSP
F	\$11.70	VSP

WEA Select Group Life Plans

Unum	No Change Includes 50% Subsidy
\$10,000	\$1.00
\$15,000	\$1.30
\$25,000	\$2.20
\$30,000	\$2.40
\$50,000	\$4.10
\$75,000	\$6.00

WEA Select VTL Plan

Unum	No Change Includes 50% Subsidy
Age Bands	Per \$1,000
34 and Under	\$0.05
35-39	\$0.06
40-44	\$0.08
45-49	\$0.11
50-54	\$0.16
55-59	\$0.26
60-64	\$0.38
65-69	\$0.64
70 and Over	\$1.03
Dependent Child(ren)	\$0.20 (per month)

Benchmarking



Employee contributions for ESEBT Medical/Dental

	<i>School Boards and other 500+</i>		<i>1,000-4,999 Employees</i>		<i>ESEBT 2013-2014</i>	
	<i>Average monthly \$ amount</i>	<i>Average contribution as a % of premium</i>	<i>Average monthly \$ amount</i>	<i>Average contribution as a % of premium</i>	<i>Monthly \$ amount¹</i>	<i>Contribution as a % of premium</i>
PPO						
Employee-only	\$143	22%	\$110	22%	\$201/116/83/303	30/19/19/39%
Family	\$548	41%	\$392	30%	\$478/321/227/828	32/24/24/46%
HMO						
Employee-only	\$109	18%	\$109	22%	\$96	15%
Family	\$443	34%	\$369	28%	\$282	19%
HDHP						
Employee-only	\$43	8%	\$63	15%	\$65	19%
Family	\$463	37%	\$238	22%	\$175	24%
Dental²						
Employee-only	\$21	67%	\$17	49%	\$0	0%
Family	\$57	75%	\$49	53%	\$0	0%

¹ WEA Premera Plan 2 / Plan 3 / EasyChoice / Plan 5

² Based on Dental PPO Plan

PREFERRED PROVIDER ORGANIZATION (PPO) / POINT-OF-SERVICE PLANS (POS)



Employee cost-sharing requirements for PPO

Most prevalent plan, WEA Plan 3

	<i>School Boards and Other 500+ In-network</i>	<i>1,000-4,999 Employees In-network</i>	<i>ESEBT 2013-2014 In-network</i>
Deductible	78%	85%	Yes
Require deductible			
Individual amount (median)	\$500	\$500	\$300
Family amount (median)	\$1,000	\$1,000	\$900
Primary care physician's office visit			
Require copay	86%	84%	Yes
Copay amount (median)	\$20	\$20	\$30
Require coinsurance	18%	21%	Yes
Coinsurance amount (median)	20%	20%	20%
Specialist's office visit			
Require higher copay for specialist visit	39%	50%	No
Copay amount, when higher (median)	\$40	\$35	N/A
Lab tests / X-rays			
Require copay	19%	17%	N/A
Require coinsurance	56%	64%	Yes
Coinsurance amount (median)	20%	20%	20%

Employee cost-sharing requirements for PPO, continued

Most prevalent plan, WEA Plan 3

	<i>School Boards and Other 500+ In-network</i>	<i>1,000-4,999 Employees In-network</i>	<i>ESEBT 2013 In-network</i>
Out-of-pocket maximum			
Individual OOP max (median)	\$2,000	\$2,750	\$2,750
Hospitalization			
Require per-admission copay	16%	19%	Yes
Copay amount (median)	\$250	\$250	\$300/day
Require coinsurance	53%	74%	Yes
Coinsurance amount (median)	20%	20%	N/A
Emergency room visits			
Require separate copay	82%	80%	Yes
Copay amount (median)	\$100	\$100	\$100

HEALTH MAINTENANCE ORGANIZATION (HMO) – PLAN DESIGN AND EMPLOYEE CONTRIBUTIONS



Employee cost-sharing requirements for HMOs

Most prevalent plan

	<i>School Boards and Other 500+</i>	<i>1,000 – 4,999 Employees</i>	<i>ESEBT 2013-2014</i>
Doctor's office visit			
% requiring copay	97%	96%	Yes
% requiring coinsurance	0%	2%	No
Median copay for physician visit	\$20	\$20	\$15
% requiring higher copay for specialist visit	42%	51%	No
Median copay for specialist visit, when higher than PCP	\$40	\$35	N/A
Hospitalization			
Employers requiring deductible	50%	60%	Yes
Median deductible	\$250	\$250	\$100/day; Max \$300
Emergency room copayment			
Require per-admission copay	89%	89%	Yes
Median copayment	\$100	\$100	\$100

DENTAL BENEFITS – PLAN DESIGN AND EMPLOYEE CONTRIBUTIONS



Dental plan design¹

	<i>School Boards and Other 500+ In-network</i>	<i>1,000-4,999 Employees In-network</i>	<i>ESEBT 2013-2014 In-network</i>
Deductible			
Require deductible	64%	84%	No
Individual amount (median)	\$50	\$50	N/A
Annual benefit maximum			
Plan includes annual benefit maximum	89%	95%	Yes/No ²
Individual maximum (median)	\$1,500	\$1,500	\$2,000/unlimited
Orthodontia			
Plan includes separate max for orthodontic	80%	95%	No
Individual ortho lifetime max (median)	\$1,500	\$1,500	N/A

¹ Based on dental PPOs and fee-for-service plans

² WDS/Willamette

