

## **PEB Board discusses changes to employees' benefits, costs for 2010**

The Public Employees Benefits Board (PEB Board) met on June 24 to discuss the Health Care Authority's (HCA) proposals for meeting the state's budget shortfall for employee health benefits. The PEB Board is expected to take a final vote on these proposals at either its July 8 or July 15 meeting.

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### **Will my monthly premium increase in 2010?**

Half of the medical plans' premiums will likely increase for 2010 (Aetna, Uniform Medical Plan [UMP] and Kaiser Value plan), and the other plans' premiums will either decrease or stay about the same (Group Health Classic and Value, and the Kaiser Classic plan).

State agency and higher-education employees will continue to pay an average of 12% of the total medical premiums while their employer will continue to pay 88%. This average is based on enrollment across all PEBB medical plans.

### **Why are the premiums increasing so much for UMP?**

With about 55% of PEBB's members enrolled in UMP, the HCA proposed few changes to UMP's benefits costs (increasing the medical deductible, out-of-pocket maximum, and network coinsurance from 10% to 15%) and instead increased the monthly premiums. This keeps UMP as one of the lowest-cost plans for members, and makes UMP comparable to other large employers' self-funded plans.

### **Are the increases in UMP's premiums and benefit costs related to their contract with Aetna for 2010?**

No. UMP's overall costs (both the employer's and the employee's contributions) are still the lowest among all the medical plans.

### **Why are employees' costs for medical services increasing for 2010?**

There are a couple of reasons:

1. The cost of health coverage continues to increase. Medical inflation is currently around 8%.
2. In addition, the state's budget included a lower-than-anticipated employer contribution for state employees. Employees' share of the total medical premiums will stay at about 12%, so the plans increased employees' costs for medical services to help PEBB stay within its budget limits.

### **What kind of cost increases will occur in 2010?**

- **Deductibles**—Plans that already have deductibles will increase their deductibles. Plans that didn't have deductibles in 2009 will have them in 2010 (except for Kaiser Classic).
- **Out of pocket maximums**—All plans will increase their out-of-pocket maximums (the most you pay toward the majority of covered benefits in a calendar year).
- **Copayments and coinsurance**—All plans will increase the copayment or coinsurance you pay for an office visit, and all plans except UMP will increase the copayments or coinsurance you pay for prescription drugs.

### **Don't deductibles discourage patients from seeking care for medical issues early on, and encourage them to put off care until the issue becomes more severe and costly?**

Deductibles don't apply to all plan benefits. For example, the plans still offer preventive care services at no cost, so members should use their preventive care benefits to maintain their health and be screened for illnesses before they become more severe.

### **Have any benefits (coverage for medical services) changed, or just the costs for them?**

All medical plans will cover the same benefits as before, but some of the benefits have higher costs when you receive services.

### **How were the benefits that have higher costs (such as office visits and prescription drugs) selected? And why such a big increase (for example, an office visit copay increasing from \$10 to \$25)?**

The HCA required that the plans meet a budget target to offset the budget shortfall for the employer's share of the monthly premiums. To keep the average employee contribution at around 12%, the plans proposed increasing the cost of certain benefits that were widely used by many members (such as office visits and prescription drugs), rather than making less frequently used benefits unaffordable for a few members. Employees' costs for these benefits are typical with other large employers.

### **Why weren't the costs for all benefits increased, rather than significantly increasing the deductibles and certain benefits?**

Changing the annual deductible amounts and costs for a few benefits served two purposes:

1. It required no changes to the plans' benefit designs, and fewer changes for members to learn about and understand.
2. By increasing the annual deductible and costs for more widely used benefits (like office visits and prescription drugs), the plans could more easily predict future usage and meet the PEBB's budget.

**Do I get fewer benefits if I choose a value plan?**

No—the value plans offer the same benefits as other PEBB medical plans.

**Will there be any cost increases or benefit changes for the dental plans?**

No—the dental plans' benefits and the costs will remain the same for employees in 2010.

**Can I use a flexible spending account (FSA) to pay for deductibles, copays, and coinsurance?**

Yes—FSA contributions can reimburse your costs for deductibles, copays, and coinsurance, but not monthly premiums.

**Are these changes final? How can I provide input into this process?**

The PEB Board was briefed on the proposed changes at its June 24 meeting. They will meet again July 8, and are expected to take a final vote on benefit changes and cost increases in that meeting, or in a subsequent meeting on July 15. These meetings are open to the public. (For meeting times, locations, and directions, go to the PEBB Program's website at [www.pebb.hca.wa.gov](http://www.pebb.hca.wa.gov) and select "PEB Board.") You can also send input to the PEB Board at [board@hca.wa.gov](mailto:board@hca.wa.gov).