



**Washington State
Health Care Authority**

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TO: Select Committee on Pension Policy

FROM: Steve Hill, Administrator

The Public Employees Benefits Board (PEBB) welcomes the opportunity to review and address the long-term disability study recommendations set forth by the Washington State Institute for Public Policy. We understand the objective of the recommendations was to improve disability coverage for Plans 2 and 3 members of the state's retirement systems.

Although Plans 2/3 members constitute 86 percent of the active membership in the various state's retirement systems, as noted in the study, state agency and higher education members, enrolled in the Public Employees Benefits Board (PEBB) program, represent only 27 percent of that population; the majority of public employees being covered by benefit programs administered by school districts, cities, counties and non-state, public agencies. Health Care Authority's authorizing environment is limited to employees participating in the PEBB program.

The following recommendations directly impact the PEBB program:

1. Increase awareness and importance of participating in the employer's Optional LTD insurance plan by instituting an improved communication program for new hires.
2. In collaboration with the state's insurer, provide a one-time open enrollment period for all eligible employees to enroll in the PEBB Optional LTD plan [without evidence of insurability].
3. Increase the PEBB Basic [employer paid] LTD plan maximum benefit to bring it closer to the market median.
4. Issue a Request for Information to the Insurance industry for a group insurance product that replaces the actuarial reduction in benefits of Plan members taking a disability retirement.

Because these recommendations have administrative, financial and legal implications for PEBB, and recommendations 1 and 4 above, also impact public employers not participating in PEBB, the Health Care Authority will coordinate its analysis of the recommendations with its contracted disability vendor and appropriate stakeholders and report its findings to the committee in the first quarter of 2011.