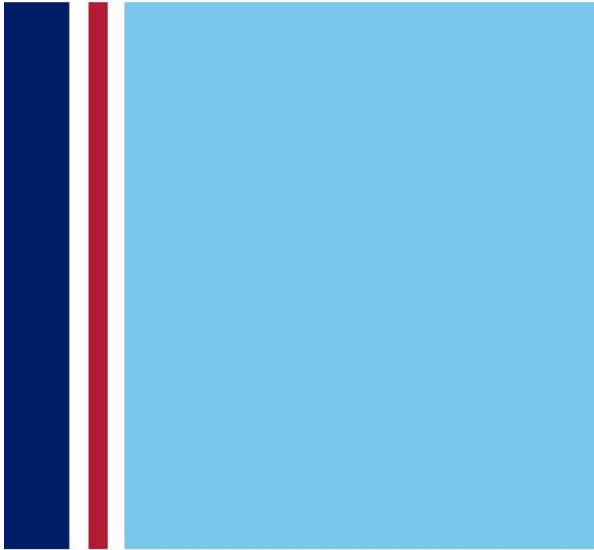


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Comparable Costs and Trend
DISCUSSION DRAFT

OEBB

January 10, 2008

Attachment 10

SB 426 Section 17 (2)

- *“The Board shall offer a range of benefit plan designs sufficient to ensure that, when benefit plans are first provided by the board to a district, the district and district employees can choose benefit plans that are comparable in design to, and are not more expensive than the comparable costs of, the benefits plans the district provided immediately before the purchase of the benefit plans provided by the board.”*

Comparability of Design

Proposed definition

■ **Scope**

- “...medical, dental, vision, life, disability and other health care recognized by state law...”
- All plans provided prior to a district joining OEGB (up to October 1, 2010)
- Proposed exception: if a plan has less than 100 employees enrolled pre-OEGB

■ **Design**

- A new OEGB option will be considered “comparable” to a pre-OEGB option if the difference between their actuarial values is less than or equal to 2.5%
- Actuarial values will be determined using an industry standard valuation model
 - The model is based on a broad (national) claims dataset of allowed charges
 - The valuation procedure applies plan design criteria to the dataset of allowed charges to determine the estimated claims which would be paid under the particular plan option

Comparable Cost

Proposed approach

■ **Cost**

- The comparable OEGB plan option must be the same or lower in cost than a district's prior plan option based on a comparison of premium rates, trend-adjusted to the same period [per the language of SB 426 Section 17(2)]
- An appropriate trend factor will be applied based on prevailing rates in Oregon at the time the comparability test is conducted

■ ***Trend survey and OEGB trend factors***

- A survey will be conducted of insurance carriers doing business in Oregon
- The survey will be conducted on or about April 1, 2008
- Insurance carriers will respond with trend rates they are using (or plan to use) for renewals dated October 1, 2008
- Trend rates will be surveyed for: Medical-PPO, Medical-HMO, Pharmacy, Dental, and Vision coverage
- OEGB will use the data from the survey to develop an average trend factor for each type of coverage
- These trend factors will be applied to current 2007-2008 rates to create expected 2008-2009 rates which can then be compared to the actual OEGB rates for the comparable plan option or options, to test the achievement of the goal in SB 426 Section 17(2)
- Note: for groups/districts joining OEGB in years after October 1, 2008, the same approach will be used, but with rates and trend factors appropriate for that time period

Comparable Cost

Proposed Carriers for Trend Survey

- Regence BCBS of Oregon
- ODS Health Plans
- Clear Choice Health Plans
- PacificSource Health Plans
- Kaiser Permanente
- HealthNet
- PacifiCare
- Providence Health Plans
- Aetna
- CIGNA
- United Healthcare
- Great West Life
- LifeWise Health Plan of Oregon
- The Standard
- Willamette Dental
- MetLife
- Vision Service Plan
- Others with Oregon business
- *Note:* carriers may respond with trend rates for any/all OEBC insurance coverage types which they provide in Oregon

Comparable Cost

Proposed Application of the Methodology

- The OEGB trend factors will be applied to current 2007-2008 rates to create a total expected 2008-2009 premium amount by coverage (minimum threshold)
- An actual 2008-2009 expected premium by coverage will be developed for each bidding carrier (actual bid premium)
- Actual bid premium totals will be compared to the minimum premium threshold to determine which carriers meet the minimum cost qualification for the RFP process