

Oregon Educators Benefit Board

Tuesday, July 10, 2007 - 9:30 a.m. to 2:30 p.m. - Minutes

Department of Agriculture, Basement Hearing Room

635 Capitol Street NE, Salem OR

Board Members Present	
Michael Cannarella Mylia Christensen Richard Clarke Ron Gallinat Thomas Husted	Alison Little Steve McNannay Victor Musial Peter Tarzian Brett Yancey
OEBB Staff Present	
Denise Hall Jean Thorne Heidi Young	Heidi Williams Ali Hassoun
Guests Present	
Tamara Strauss - SHS Shelia Jamison - OEA Chair Trust Donna Chastain - Lebanon SD Kenneth Teunon - Mercer H&B Renee McDonald - Regence Dave Westmark - OSBA Megan Myrick - Willamette Dental Rachael Waasshull - BHS Diana Skutach - BHS	Gordon Hoberg - ODS Valerie Sebesta - Facilitator OEA Christine Wells - Willamette Doug Franz - Regence Pam Hodge - AON Steven Marlow - DOJ Drew Higher - DOJ Keith Kutler - DOJ James Sager - Office of the Governor Geoff Brown - Watson Wyatt
Agenda	
Welcome Overview of Meeting Elect initial Board chair and vice chair Approve minutes from June 22, 2007 Approve temporary rules chapter 111, Divisions 1, 2 and 5 Oregon Administrative Rules Executive Session - discuss draft Department of Justice and Attorney General advice Facilitated session General Public Comment Other Business	
Welcome, Introductions and Overview	
Denise Hall welcomed the Board and provided an overview of the meeting agenda. She noted that this is the first official Board meeting.	
Elect initial Board Chair and Vice Chair	
The Board voted on and approved unanimously the appointing of Board Chair, Steve McNannay and Vice Chair, Brett Yancey.	
Approval of June 22, 2007 minutes	
Steve McNannay asked the Board if they had any changes or corrections to the minutes.	

Approved August 9, 2007

Victor Musial moved to adopt the minutes as they are and Mylia seconded the motion. The Board voted unanimously to approve the minutes as presented.

Approval of Temporary Rules

Steve McNannay asked the Board if anyone had any questions or discussion on the temporary rules before they are voted on to be adopted. **Mylia Christensen** questioned the procurement rules for the larger contracts. She asked the staff to clarify the thinking of the roles and responsibilities between the selection committee and the Board in terms of the distinction between who makes the final decision.

Jean Thorne offered clarification on the temporary rules. The entire Board could be used as a selection committee and make recommendations to itself. Alternatively, just a few members of the Board could be on the committee and make recommendations to the whole Board. In that case, the Board must accept what the committee has recommended unless there has been a violation of the RFP or some other legal issue. Once the scoring is done, the highest score is the Apparent Successful Proposer (ASP) and the Board must approve that unless there has been a violation.

Mylia Christensen asked if the rules could be written differently to allow the Board to have a preliminary review committee and then have the Board take on the next level of review and decision-making.

Jean Thorne responded that she believes that would be possible and we would need to look more closely at these rules. The Board could actually have two different committees as well. It will depend on what it is the Board is contracting. She does not believe there is anything that prohibits any of the Board members from listening in and being aware of the information, but not actually scoring.

Brett Yancey asked if these rules are the AG model rules and that there are no exceptions.

Jean Thorne said because both PEBB and OEBC are exempt from the general contracting rules of the State for benefits contracts, we have our own rules here. We also use the AG model rules as well and DOJ must also sign off.

Mylia Christensen stated at this point the only thing these rules will affect is the Consultant RFP, but she asked that when the Board goes forward to consider permanent rules that they look at the decision-making authority for the future selection committees.

Jean Thorne suggested when the time gets closer they talk to DOJ to see if there is some way to provide more flexibility to the Board in making these decisions.

Steve McNannay suggested that the selection committee and the process established go forward under the temporary rules for the upcoming selection of the consultant. As these are temporary rules, the Board might instruct the staff to come back with some alternatives after hearing the concerns of the Board that would provide for more Board input, but would not allow the Board, in its totality, to be the selection committee.

Victor Musial moved that the Board adopt the rules in Division 5 as set forth with the understanding the Board will be directing the staff to look at and consider modifying or making changes to the permanent rules. **Mylia Christensen** seconded the motion. No further discussion was heard. The rules were adopted unanimously.

Victor Musial moved to adopt the temporary rules, Division 1, Notice of Proposed Rule Changes. **Richard Clarke** seconded. No further discussion was heard, the rules were adopted unanimously.

Victor Musial had a question on Division 2, section 4. Why was the language changed from the Board “may” to the Board “will”? **Jean Thorne** responded by saying it was taken from the PEBB rules. Victor pointed out that as it is stated it does not make a lot of difference, and it is followed by an “as necessary.”

Steve McNannay asked if Victor saw a problem here for the temporary rules, and Victor answered no, he was satisfied.

Peter Tarzian moved to adopt the temporary rules, Division 2, **Richard Clarke** seconded. No further discussion was heard, the rules were adopted unanimously.

Executive Session

Steve McNannay led the group into Executive Session for discussion with legal counsel pursuant to ORS 192.660(2)(f). Executive session rules were stated. Legal counsels Drew Higher and Keith Kutler as well as James Sager from the Governor’s office were asked to stay for the meeting.

OSBA and OEA Program Overviews

Denise Hall introduced Dave Westmark from Oregon School Board Association to provide an overview of their programs. Dave Westmark is the first and only Director of Insurance Services that OSBA has ever had. He was hired to bring an OSBA presence to schools in Oregon and answer questions from the schools about health insurance. When he came to OSBA in 2005, the Trust owed \$21 million to Regence Blue Cross. The enrollment of the Trust was about 33,000 employees and declining. Over the course of 2.5 years, the focus has changed. Today OSBA has grown into 38,000 employees. The Trust reserves are now around \$65 million. They offer 21 different options to schools; each employee group in a school district can have up to three different options per group (there are three groups, classified, certified, administrative non-union). OSBA has a retrospective funding agreement. Each year there is a settlement and it minimizes the risk to Regence Blue Cross and the trust. It also returns dollars back to the Trust if there is a surplus. This way they also get a lower administrative cost. Regence currently sells and markets their plans, collects premiums, maintains eligibility and provides customer service for the employees. They recommend that OEBB look at a system that is completely electronic. This will be key to a smooth transition.

Mylia Christensen asked Dave Westmark to address the volatility in terms of the funding issue.

Dave Westmark stated you have to keep on top of trends and utilization and rely on your underwriters to give you a number that you feel is an appropriate rate for increases each year. OSBA has learned you cannot predict spikes. If you build up some reserves, you can take a few more chances. They bought down two years. The other years were not bought down; they produced a return in surplus.

Alison Little asked how this turn around was accomplished. Dave Westmark stated that Disease Management, a communications program, and communications plans to end users. OSBA also started interacting with health committees, and adjustments were made to the pharmacy program - they lowered the co-pay for prescriptions.

Denise Hall introduced **Shelia Jamison** from OEA Choice Trust. OEA Choice Trust was created 27 years ago by the Oregon Education Association to provide the members an alternative for health care benefits. Today they are represented in 105 school districts across the state. They hire a staff that does the eligibility, customer service and claims processing. Utilization and cost are the main factors in changing plans.

Jean Thorne asked about the funding arrangement. **Shelia Jamison** said that the OEA has a minimum premium arrangement. There are no buy down rates.

There were no additional questions or comments from the Board.

Board Members Background

Denise Hall asked everyone to share a little bit of their background so that everyone knows what each of the members brings to the Board.

Richard Clarke – Chief Human Resources Officer for Portland Public Schools. He administers the health and wellness strategies for all employees and administers a self-insured program through Kaiser and the OSBA Trust for union and non-represented employees. He is interested in using health and wellness as a strategy for reducing claims. Looking to address the needs of a younger population that will be coming into the workforce. Can bring a perspective for the multi-generational employees, as a large number of the older group is getting ready to retire.

Victor Musial – Is a member of a large statewide federation as a labor manager. He brings labor management and bargaining experience in health benefits. He also brings experience in contract negotiation and review.

Michael Cannarella – Has worked for two AFT locals and Portland Community College. They are not required to come into the OEBC. They have some specific requirements that may or may not be there with the K-12. His interest is to see that this fits for the eventuality of the time when the community colleges will become a part of this. PCC currently has more than 50% of staff working half time or less. He has also worked in emergency rooms in the Portland area and understands the impact of not having insurance. Has patient accounts background work as well. Has some ideas about some of the innovative things being done by some larger unions.

Alison Little – Family physician by training and has spent 7 years as a medical director

of a health plan. She has also done evidence based policy work.

Ron Gallinat – Is a Board member of the High Dessert Education Service District. He will also be a member of the Bend/La Pine School Board, as well as worked as a consultant to employers for benefits. Ron is self-employed.

Mylia Christensen – Works in Operations and Planning at OHSU Center for Evidence-based Policy as the project director for the Medicaid Evidence-based Decision project. She works with Medicaid agencies across the country to bring high quality evidence into their decision-making. Before this position she has over 30 years of healthcare background (PEBB Administrator, consulting, nursing, healthcare management and administration). She also brings health policy expertise to the group.

Peter Tarzian – Has been involved in Oregon education since the mid-1970's. His experience has been mainly in central office administration. He is the management representative. Peter is the current superintendent of the Falls City School District. He is the legislative and policy chair for the Oregon Small Schools Association and is always looking at ways to reduce costs and divert funds back into the classroom.

Brett Yancey – Chief Financial Officer for the Springfield School District for the last 5 years. Brett Yancey represents a management position on the Board. He has been involved in collective bargaining at three school districts. His interest is getting more money into the classroom and available in the local school districts.

Steve McNannay – Brings operational experience. Steve has been in the insurance industry for 20 years and has worked in the claims payment side of the eligibility. He brings the nuts and bolts side of what goes on in the insurance industry and believes we can create a system which brings money back into the education system while providing better quality programs with higher service levels.

Steve McNannay used the previous information as a transition into the facilitated session with Valerie Sebesta.

Valerie Sebesta asked Board members what they need to be an effective board member. What do they need to be at their prime. She also asked the group to tell one thing that no one would know just by looking at them (something personal).

- Brett – needs concise and complete data
- Peter – information about what drives healthcare costs
- Mylia – to learn about the constituents of the Board and their expectations and values
- Ron – expertise from the other Board members
- Alison – help in framing questions we are trying to answer, as well as adequate time to review materials
- Michael – time to think and review
- Victor – communications, complete and accurate, clear understanding
- Jean – Board to be comfortable in making decisions at times without total and

complete information

- Richard – needs a really good vision and guiding values
- Denise – needs time to process
- Steve – vision of where we are going and information from staff

The group discussed how to accomplish incorporation of the listed needs of the Board members. It was suggested there be a vision/ goal to guide decision of subcommittees as well as the entire Board. A Board working agreement might be beneficial that would define:

- Communication to groups
- Relationship to constituents
- Decision-making
- Roles
- What should be delegated or not delegated

Mylia Christensen mentioned it took three years to get the PEBB plans in place. She would offer that this group put aside the time to develop goals, visions and direction otherwise we will run into issues when we are trying to get things done on a shortened schedule.

Jean Thorne suggested there should be some work that PEBB has already done that OEBB can get without having to go through all the time. Perhaps there could be some time set aside for PEBB to give OEBB some information on what they have. This might save them some time.

Brett Yancey agreed that the visionary process is very important, when there is time. He does not see that there is enough time to do this process. The amount of work we have to do just is not going to allow us any time.

Richard Clarke – wanted to make sure that we are clear about what we are going to do. This is our one opportunity in this state to redesign benefit structures in a way that puts more money in our classrooms and still provides high-quality healthcare. We do not want to just go fast and replicate what is already in place.

Victor Musial suggested we begin to look at the groups we are going to need to make these decisions.

Valerie Sebesta suggested they look at all the decisions needing to be made and then make a commitment.

Peter Tarzian asked what the staff needs from the Board and when they need it. We are the policy-maker for the staff. We need to know from them on what the Board needs to concentrate. The Chair then can create sub-committees to make recommendations and pull the information together, so the Board can then take action on it at the next meeting.

Denise Hall – Suggested the staff and the consultants that come on board have the key responsibility for working with the Department of Justice and all the districts to get all

the information together so the Board can review all of that information. The roles of the staff would be to get into the information, pull it all together and provide it to the Board so they can make decisions.

Jean Thorne believes we will be relying on the consultant to assist us with the school districts information, as the staff does not have an educational background. We, the staff and the consultants, should bring you information and options, along with implications of those options. That will help the Board make decisions. We need to develop, over time, a level of trust and understanding of needs and directions.

Peter Tarzian mentioned he has some expectations of the staff. That is to operationalize this plan. Bring the Board the decisions that you need a policy stamp on. The staff needs to provide a work development scenario for the Board to come up with the overall, overarching vision and direction this Board needs to be headed.

Steve McNannay agreed this is the one opportunity to redesign the plan. Why just do what has been done before? We are going to get the same results. He said he believes once the consultant is on Board, hopefully they have the expertise to help manage the timeline and provide us with some vision.

Mylia Christensen reiterated the Board's need to have rules, visions and goals in order to address the operational issues that we are going to face.

Valerie Sebesta suggested each of the group think about what the "ideal" looks like in their mind so that everyone has something to work with to streamline the discussion. Streamlining the conversation can help to build the guidelines and vision.

Brett Yancey brought up that the vision needs to be about the school district employees and not about what the Board thinks are the best offerings. He believes the school district employees would be saying that their visions are to have the lowest cost for the best care. He is hearing this in schools. He also thinks another problem they are facing right now is the Board is not trusted. We need to be sure we are always "checking in" to make sure we are representing what we are doing here.

Valerie Sebesta said that "checking in" should be a part of the working plan. You need to know how to check in, when to check in and where to check in to make sure you are not going too far a field.

Steve McNannay suggested the Board form a subcommittee to work on guiding principles and how the Board might work together on decision-making processes. Steve also said that we should wait for the consultants to come on Board to assist us in this process.

Brett Yancey has a question for DOJ regarding the Board's authority relating to requiring information. What happens if we just get a small amount of input, what can we require? He also had a question that might need the Attorney General's input. The law states they have to provide comparable coverage for no more money. Does that mean every finite

benefit?

Denise Hall said before we start we need to define “comparability.” There have been four definitions so far.

Mylia Christensen mentioned again that the plan design, the eligibility and comparability issues are going to tug at the same underlying issues in terms of the consensus and development of guiding principles. These are going to be important to have established as we go into the decision-making process.

Denise Hall said we are looking at having two meetings a month for the next year. The Board discussed which two days will work best for everyone. The Board reached a consensus that the 2nd and 4th Thursdays would work best for most.

Valerie Sebesta suggested that at the next full Board meeting the Board should consider having a rough draft of the guiding principles and rules of operation.

Other Business

Denise Hall reported we have a conference call meeting set for July 26 at 1:30 p.m. This call will be to approve the consultant from the selection committee. Denise asked the Board who would be available. It was noted there would be enough people for a quorum. Denise reported she is in the process of hiring four positions: Communications Coordinator, Executive Assistant, Program/Policy Coordinator and a Contracts Officer. If any Board members would like to assist in the interview process, it would be appreciated and welcomed. The RFP interviews will be on the 12th of July. Anyone that would like to attend is welcome.

Brett Yancey reminded everyone that Ron, Denise and he will be attending the OSASBO conference on July 23 in Bend where they can address the group with the OEBC timeline, etc.

Public Comment

Donna Achatee, Lebanon School District - she believes that they have excellent coverage now, and does not know how they are going to improve upon that. She heard that they are going to add some wellness features; she thinks that is a great idea. She enjoys the nurse hotline. She expressed the need for communication to the districts. Her concern as a district is that having more money for the classroom is going to be through negotiations. It is not going to add staff, or adding supplies, it is going to be increasing what we pay to our employees to cover their health benefit costs. Interpretation of the bill is going to be important for the school districts. Plan design is going to be important as well as the definition of comparable.

Adjourned

The meeting was adjourned at 2:30 p.m.