

Oregon Educators Benefit Board January 24, 2008 Minutes

The Oregon Educators Benefit Board held a regular meeting on January 24, 2008 at the Revenue Building, 955 Center Street, NE in Salem, Oregon. Steve McNanney, Chair, called the meeting to order at 9:35 a.m.

Attendees

Board Members:

Steve McNannay, Chair
Brett Yancey, Vice Chair
Michael Cannarella
Mylia Christensen
Richard Clarke
Ron Gallinat
Tom Husted
Alison Little
Victor Musial
Peter Tarzian

OEBB Staff:

Joan Kapowich, PEBB/OEBB Administrator
Denise Hall, OEBB Deputy Administrator
Heidi Williams, Director of Operations
Glenn Baly, Policy Advisor
Pam Broadus, Benefits Manager
Ali Hassoun, Financial Coordinator
Rose Mann, Executive Assistant

Watson Wyatt:

Geoff Brown

Guests:

Richard Garrett, PAT

Lauren Pavlat, Springfield Public Schools
Doug Franz, Regence
Shelia Jameson, OEA Choice
Diane M. Skutack, Benefit Help Solution
Thandi Clements, VSP
Jean Poling, Kaiser Permanente
C.J. McLeod, ODS
Megan Myrick, Willamette Dental
David Scarce, Standard Insurance
Herb Drew, Drew & Buehler
Angie Peterman, OSBA
Brian Riney, Providence
Debbie Johns, Bethel School District



1. Minutes of January 10, 2008 Board Meeting

Tom Husted moved to adopt the minutes of the January 10, 2008 Board meeting. Mylia Christensen seconded the motion. The motion carried in a unanimous vote.

2. Work plan & Issues Log Update

Geoff Brown reviewed the pre-implementation work plan and stated that the medical and dental RFP were released on schedule.

Mylia Christensen asked if the Board will be discussing policy issues resulting from the RFP.

Steve McNannay stated that these will be discussed at the Board meeting scheduled for February 14, 2008.

3. Plan Design Workgroup recommendations on vision plan covered services and exclusions (Attachment B) :

Geoff Brown reviewed the recommendations of the Plan Design Workgroup regarding vision plans and explained that the Workgroup recommends offering UV coating and standard progressive bifocal lenses; Attachment B has been revised to include those two additions and also to clarify the language on page two to read, "Plan will pay for contact lenses or one pair of lenses per insured individual up to the allowable amount every calendar year, but not both. Prescription only."

Ron Gallinat stated that some of the higher maximum plans don't cover these two items so the Board may run into a pricing issue from a district that doesn't have that in their benefits in meeting the comparability for pricing but he believes it is best to move forward with it in there and we can address later if we need to.

Mylia Christensen moved to accept the proposed vision plans with the recommended revisions. Tom Husted seconded the motion. The motion carried in a unanimous vote.

4. Participation Requirements for OEGB Opt-out Provisions and OAR 111-040-0050 (Attachments 4 and 5)

Denise Hall reviewed the proposed participation requirements for OEGB opt-out provisions (Attachment 4):

Issue: Should maintenance of other group medical coverage be a requirement for employees opting out of an OEGB-sponsored medical benefit plan?

Background: On January 10, 2008, the OEGB Board discussed draft temporary rules for members opting out or waiving OEGB-sponsored medical benefit plans. The draft rule for opting out requires that members maintain other group medical coverage to opt out of OEGB-sponsored medical coverage. The Board asked that more information be obtained on district use of participation requirements in current opt-out programs.

District Opt-out Programs

In December 2007, OEGB surveyed forty districts with opt-out programs to clarify their policies and obtain information on employee utilization. Twenty-four of the districts contacted provided information on their opt-out program and employee utilization. Eleven of the districts who responded had some form of opt-out program with financial compensation.

a) Participation Requirements for Opting Out

- Six districts require that employees maintain other medical coverage to opt out of district-sponsored medical coverage.
- Two districts require other medical coverage and minimum participation requirements.
- One district bases participation in opt-out programs on provider rules.

Possible Considerations: In determining whether OEGB should include other group medical coverage as a requirement to opt out of OEGB-sponsored medical coverage the following elements should be considered:

- Districts use of the requirement – eight of the eleven districts with opt-out programs require that participants maintain other medical coverage.
- Impact on Health Care Utilization – an opt-out policy without a requirement of other medical coverage may be perceived as an attempt to encourage employees to forego medical coverage through financial incentives.

Myliia Christensen explained that the Board is attempting to leave what is in place in the districts and be respectful of existing agreements, but on a health policy side the larger issue is whenever an opt-out choice is offered it can negatively affect the plan by raising the cost for other people who are in the pool. It is a common practice within the industry that when an employer offers the option of opting out there is a requirement to show proof of other insurance coverage. It is not unreasonable for OEGB to ask that people who choose to opt-out show proof of other coverage.

Steve McNannay asked if OEGB will allow members to opt-out of medical, dental, and vision or just medical?

Geoff Brown agreed that it is an industry standard that employees show they have other coverage if they choose to opt-out. He further explained that dental insurance is generally viewed in the same way as medical and follows similar requirements within the industry, but vision is viewed as supplemental insurance. He further explained that the Board should keep in mind that voluntary participation increases the risk for selection and raises the cost for those that do participate.

Michael Cannarella asked for clarification regarding persons who waive medical coverage with a monetary incentive being required to show proof of other coverage and asked if there are school districts that currently allow employees to waive without a declaration of other coverage?

OAD 111-040-0050

Brett Yancey expressed concern that OEGB is getting into collective bargaining issues and OEGB has no authority to do that under SB 426.

Myliia Christensen asked if there is enough room in this proposed draft rule to be respectful of the collective bargaining agreements.

Peter Tarzian stated that OEGB cannot prescribe what can or cannot be put into a collective bargaining agreement and believes the Board does not have that authority.

Victor Musial suggested adding language to OAR 111-040-0050 (1) (b) to say, "Meet the requirements of any collective bargaining agreement that is in place or the requirements of the opt-out policy of the district in which they are participating."

Steve McNannay suggested the Board seek Department of Justice advice regarding OEGB's authority in requiring other coverage and if the Board is infringing on collective bargaining.

Mylia Christensen asked if it would be possible to see the contracts of the larger carriers (OEA, OSBA) regarding opt outs.

Denise Hall stated that **Glenn Baly** will also research the collective bargaining database and pull out the specific language contained in CBAs that addresses opting-out and return this information to the Board at the February 14 Board meeting.

Victor Musial suggested that the Board obtain advice from Department of Justice on OAR 111-040-0060.

5. Employee Groups Moving to OEGB in 2008 (Attachment 6)

Denise Hall reviewed the District Phase-in spreadsheet and explained that there will be approximately 23,000 employees required to come into OEGB in 2008.

6. Staff report (Attachments 7, 8, 9 and 10)

Heidi Williams and **Ali Hassoun** reported on current OEGB positions and proposed OEGB staffing based on the administrative system and budget analysis. The Certificate of Participation (COP) request submitted for funding an administrative system passed out of the Joint Ways and Means Committee in January and will go to the Special Legislative Session in February. **Heidi** and **Ali** also reviewed the proposed policy package to be submitted for consideration in the 2009-11 OEGB budget and suggested the Board prioritize the policy packages.

Mylia Christensen suggested that the budget and the Board's priorities regarding policy packages be discussed at the Board retreat on February 28.

Mylia Christensen asked about the explicit inclusion of consultant fees. **Joan Kapowich** explained that Department of Justice recommended that it be explicit in the budget and further research is being done.

7. Additional Feedback from Stakeholders (Attachment 11)

Denise Hall stated that there were no specific comments received from stakeholder since the January 10 Board meeting.

Joan Kapowich presented information on her testimony with the Senate Commerce and Labor Committee regarding the progress of the OEBC. The Committee was very complimentary on the amount of work that has been done and with the progress staff and the OEBC have made so far. The Committee would like to continue to receive regular updates. Joan further explained that she testified before the Interim Ways and Means Committee on the COP and the COP did pass out of Committee and will be heard by the legislature in February. The special session starts on February 4.

8. RFP Update (Attachment 15)

Heidi Williams presented an update on the Request for Proposal (RFP) for medical, pharmacy, disease management and wellness plans process and explained that 52 vendors have registered onto the ORPIN site – not all of those will be proposing. Vision and dental both had 11 vendors register. There have been several questions and addendums. The medical RFP has had 96 questions so far. Staff is working very closely with Watson Wyatt to get all questions answered as quickly as possible. The closing date for all RFPs is February 19.

Heidi Williams explained that staff is in the process of having discussions with Department of Justice about the interview process, obtaining more detail on conflict of interest and RFP processes. **Denise Hall** explained that Department of Justice can be scheduled on February 14 to review the RFP procedures with the Board.

LUNCH

9. Preliminary proposed rules relating to comparable plan design, actuarial value and comparable cost (Attachments 12, 13 and 14) – No action was required by the Board.

Denise Hall reviewed the preliminary proposed rules relating to comparable plan design, actuarial value and comparable cost.

Brett Yancey stated that defining trend factor is very nebulous because it involves so many different variables.

Tom Husted pointed out that a definition of trend factor is not in the law. It is something OEBB used to define comparable cost and OEBB needs to be as definitive as possible in order to avoid challenges.

Steve McNannay stated that it is important to be clear how trend and utilization relate to each other in determining rates.

Mylia Christensen stated that the Board needs to be asking how reasonable people would meet this challenge and also to keep in mind that this will be challenged.

Tom Husted stated that he would like to know how trend is applied and would like to see specific examples.

Denise Hall restated the suggestions/comments received from the Board:

- Comparable plan design language – In OAR 111-030-0010 under 2(b) (B) (iii) we will clarify the language noting the reasons an OEBB plan design may not fall within the 2.5 percent higher or lower actuarial value threshold.
- OAR 111-030-0005 2(b) - be more specific when talking about trend factors – explain how trend factor is determined
- Compare premiums to other plans

Denise Hall reviewed the preliminary draft language of OAR 111-030-0015 that explains the process for the selection of medical, dental and vision benefit plans.

Tom Husted questioned the use of the term, “high-quality.” **Denise Hall** explained that the term is used in statute.

Mylia Christensen suggested rewording the sentence under section (2) (a) to read, “The total number offered may vary each year. ~~based on the number of participating districts and utilization;~~ end after the word year.”

10. General Public Comment

There were no public comments.

11. Other Business

Denise Hall explained that Legislative Concept 45 changes language in SB 426 to be more specific to clarify that a district of represented and non-represented is not required to offer benefits until the district is required to offer those plans to all or part of the represented employees of the district. Denise further explained that there was not enough time to make the change discussed at the January 10 Board meeting before a draft was put before the Committee to go before the session in February. She also explained that Legislative Counsel stated that they felt this requested change is not necessary to say what the Board needs to say. Denise also checked with Department of Justice and they said the language, as is, is sufficient and a language change is not necessary.

Denise Hall explained that the testimony she provided to the Senate Education and General Government Committee clearly showed the intent of the language. She explained that the Board has two options: when the item is heard at the session in February the Board can testify and reiterate what the requested change to the language means to the Board or submit the amendment providing the specific language.

The Board agreed, that based on Legislative Counsel's and Department of Justice's guidance, an amendment wasn't necessary.

A Board retreat is scheduled for February 28. Board members were requested to e-mail additional comments for suggested agenda items to Denise Hall or Steve McNannay.

Joan Kapowich reminded the Board that PEBB and OEBC are moving to 1225 Ferry Street on February 11.

Alison Little asked about the RFP interview schedule. Staff will put information together about the RFP process and this will be discussed at the Board retreat on February 28.

There being no further business to come before the Board, the meeting adjourned at 1:40 p.m.