

OREGON EDUCATORS BENEFIT BOARD OVERVIEW

Senate Bill 426 (2007) created the Oregon Educators Benefit Board (OEBB). The Board was charged with designing, implementing and administering a benefits program for employees in Oregon's school, education service and community college districts that provides high-quality benefits at the lowest possible cost to districts and the taxpayers of Oregon.

OEBB changes the way K-12 school districts, education service districts (ESDs) and community colleges provide benefits to employees. These educational entities purchase plans for employees independently, through one of two health plan trusts or through brokered arrangements. Under OEBB, most of these entities now pool employees together to purchase healthcare and other benefits.

OEBB provides nine medical plans, four pharmacy options, eight dental plans and five vision plans to more than 200 educational entities and their employees. The plan designs and benefit components support the Board's vision of providing high-quality benefits to educators at the lowest possible cost.

The OEBB benefits program was implemented on October 1, 2008, as required.

Chronology of the Oregon Educators Benefit Board (OEBB)

- During the 2007 legislative session, it was estimated that creation of a statewide pool for educators' benefits would produce administrative savings of 5 percent (approximately \$40 million) once OEBB was fully implemented.
- Senate Bill 426 was signed into law by Governor Theodore Kulongoski on March 21, 2007.
- Board appointments were made and terms began in July 2007. Semi-monthly Board and numerous workgroup meetings kept development of the program on the aggressive timelines.
- OEBB retained Watson Wyatt, an actuarial and health benefits consulting firm, in September 2007. Watson Wyatt analyzed data from school districts, education service districts, health trusts and brokers on current benefit plans and developed an actuarial model for determining comparable benefit designs.

- The Board approved nine medical, four pharmacy, eight dental and five vision plan designs in December 2007. The plans provided benefits comparable to those offered by or to districts. OEBB's benefit designs include no copayments for 17 preventive services (e.g., immunizations, well-child visits, mammograms, etc.). This design encourages members to use preventive services, thereby decreasing future healthcare costs.
- OEBB determined that continuing the current paper-based enrollment and premium processing system was inefficient and costly. Instead, an online enrollment system modeled from the pebb.benefits online enrollment system, the MyOEBB online enrollment system was developed after the Emergency Board approved the funding request in June 2008.
- Request for proposals (RFP's) for medical, pharmacy, disease management and wellness, dental, and vision were posted for bidders in January 2008. OEBB received a total of 30 proposals that were determined as responsive and met the minimum requirements.
- Watson Wyatt scored the proposers' questionnaires submitted as part of the RFP. The categories within the questionnaire included: cost (rates, other financial aspects and reporting capabilities), network, access to services, customer service, claims administration, account administration, quality and security.
- The Scoring Committee interviewed 22 proposers over a five-day period in March 2008. These included Medical, Pharmacy, Disease Management, Health & Wellness, Dental, and Vision Proposers.
- On April 24, 2008, the Board announced that ODS, Kaiser, Providence and Willamette Dental were the apparent successful bidders for medical, pharmacy, dental and vision coverage. Final carrier and rate information was released in May 2008.
- OEBB negotiated three-year administrative rate guarantees from ODS, Kaiser and Providence in May 2008. We are not aware of other administrative rate guarantees of this duration in Oregon.
- In June 2008, entities and/or employee groups selected up to four plan designs from the medical options, a pharmacy option, up to three plan designs from the dental plan options and up to two plan designs from the vision plan options to offer during the initial enrollment period.

- OEGB trained staff on the online benefit system (MyOEGB) in more than 220 educational entities in July 2008 to prepare them for the enrollment period the following month.
- During the 2008 open enrollment period, 145,645 members enrolled for OEGB benefits that began on October 1, 2008, including 61,657 subscribers and 83,988 dependents. OEGB originally anticipated enrolling 65,000 members (22,000 district employees and their eligible dependents) the first year.
- Ninety-eight percent of the eligible employees enrolled themselves and their eligible dependents using the online benefit system (MyOEGB) between August 15 and September 15.
- Following the initial enrollment of just over 62,000 employees in October 2008, Watson Wyatt calculated a first-year savings of 4.8 percent in administrative costs, or approximately \$37 million.
- In October 2008, the Board voted to offer long term care insurance in 2010.
- In November 2008, the Board voted to offer life, disability and accidental death and dismemberment benefits to all participating districts effective October 1, 2009, estimating the savings at \$660,000 per year (\$440,000 for districts and \$220,000 for employees).
- In March 2009, the Board selected the vendor for life, disability and accidental death and dismemberment benefits and updated the estimate of savings to \$6.3 million based on the rates included in the successful bid with two-thirds going to educational entities and the remaining one-third going to individual employees.
- In March 2009, under Senate Bill 581, the Board repaid the \$4,996,081 General Fund loan received for start-up costs during passage of Senate Bill 426 (2007). The statute allowed through June 30, 2011, to repay these funds.
- A statutorily created six-member Task Force on Educator Health Benefits will review OEGB beginning in July 2011. A report on the Task Force's findings is due to an interim committee in 2012.