



April 21, 2009

Oregon Public Employees' Benefit Board

2010 Medical Plan Renewals
Background

Plan for This Morning

- Recap of PEBB 2010 renewal activities to-date
 - Overview of proposals received from plans
 - Brief summary of staff and consultant work to analyze information received
- Overview of this afternoon's discussion, Board decision and next steps

Recap of 2010 Renewal Activity to Date

- Initial renewal requests were sent to PEBB's current health plans on Jan. 5, 2009. Initial requests asked plans to provide information in several major areas:
 - Status quo proposals based on 2009 plan design, current plan offerings and performance guarantees
 - A value-based design concept in accordance with the PEBB Vision. Recommended changes should be in accordance with evidence and best practice treatment guidelines.
 - A plan design concept that further incentivizes member use of generic prescription drugs over brand name drugs
- Plans were also asked to provide detailed information on:
 - Underwriting assumptions
 - Trends
 - Administrative cost components
 - Any significant network changes
 - Key strategic plan priorities

Recap of 2010 Renewal Activity to Date (continued)

- PEBB staff and consultants performed detailed review and validation of all information submitted by carriers, including
 - Analysis of underwriting assumptions included in plans' development of proposed 2010 rates.
 - Comparison of each plan's trend assumptions to consultant actuarial analysis using PEBB-specific trend.
 - Thorough analysis and review of all administrative cost components in proposed administrative costs.
 - Detailed review and assessment of plan design and benefit changes proposed by carriers

- Initial rate proposals to renew current PEBB plan design in 2010:
 - Kaiser 8.3% increase (9.3% if Added Choice discontinued).
 - Providence Choice 1.7% increase.
 - Regence 16.4% increase.

Recap of 2010 Renewal Activity to Date (continued)

- Upon review of the initial renewal proposals, PEBB staff and consultant recommended statewide self-insurance in 2010 rather than the planned implementation of 2011.
- Implementing broader self-insurance for the 2010 plan year would:
 - Provide the Board greater flexibility in plan design
 - Contain and control premiums and rate increases
 - Align with the statutory intent of the PEBB stabilization fund
 - Advance goals consistent with previous Board decisions around evidence-based plan design and self-insurance to further the PEBB Vision
- At the March 17th meeting, the Board decided to proceed with adopting a statewide self-insured PPO for the 2010 plan year.

Recap of 2010 Renewal Activity to Date (continued)

- PEBB requested Administrative Service Organization (ASO) proposals for a statewide self-insured PPO from Providence Health Plan and Regence BlueCross BlueShield
- Upon receiving proposals, staff and consultant performed thorough analysis of the information provided, including:
 - Review of specific administrative services included in each proposal and the administrative capacity of each plan.
 - Analysis of PEBB Vision implementation within each plan.
 - Detailed assessment of provider networks, including network disruption, transition of care and network discounts.
 - Review of rates proposed by each plan and other cost considerations.
- Staff and consultant held interviews with each carrier to discuss aspects of their proposal and followed-up to obtain specific clarifications as necessary.

Overview of This Afternoon's Discussion

- Discussion this afternoon will involve detailed review of the ASO proposals submitted and comparison of specific details contained within each proposal, including:
 - Review of the administrative capabilities of each plan.
 - Comparison of progress each plan is making on aspects of the PEBB Vision.
 - Detailed comparison of provider networks, transition of care and network discounts.
 - Review of rates proposed by each ASO and additional cost considerations.
 - Additional considerations for PEBB in selecting an ASO, including impact on PEBB's planned 2011 RFP.
- Staff and consultant will provide the Board with a recommendation regarding selection of a statewide ASO for 2010.
- Board action on the selection of a statewide ASO is requested.

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