



# **Public Employees' Benefit Board (PEBB) 2007 Vision Planning**

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- PEBB Background
- 2007 Vision Planning – Why now?
- What are the experts saying?
- Results – What is “it”?
- What’s Next?



## PEBB

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- 1997 legislation created PEBB
- Largest employer-sponsored plan in Oregon
- 10-member labor and management board
- More than \$340 million in annual premium for plan year 2003
- Medical, dental, life & disability & long-term care insurance; EAP, dependent care FSA



## PEBB - Mission

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PEBB's mission:

To provide a ***high quality*** plan of health and other benefits for state employees at a cost ***affordable*** to both the employees and the state.

ORS 243.125(2)



## PEBB Members - Who are we?

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- **43,696 employees**
- **65,450 dependents**
- **21 semi-independent agencies**
- **3,644 retirees**
- **664 COBRA and other self-pay participants**

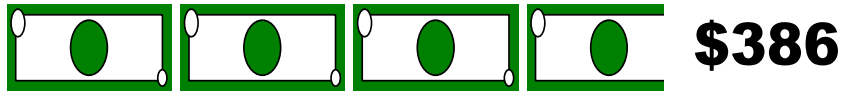


# **PEBB - The First Six Years**

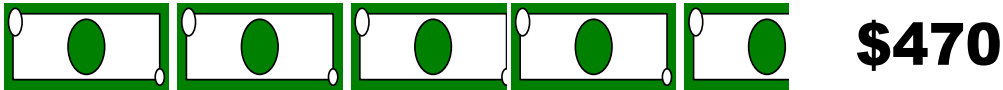
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# State of Oregon Average Monthly Employer Contribution

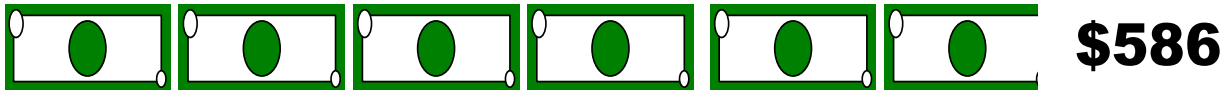
**1998**



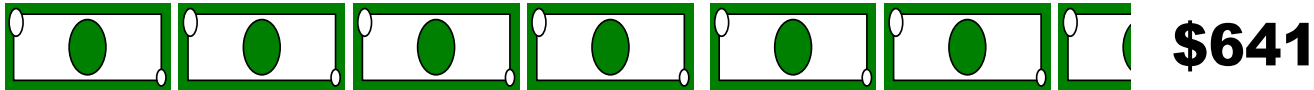
**2000/2001**



**2002**



**2003**

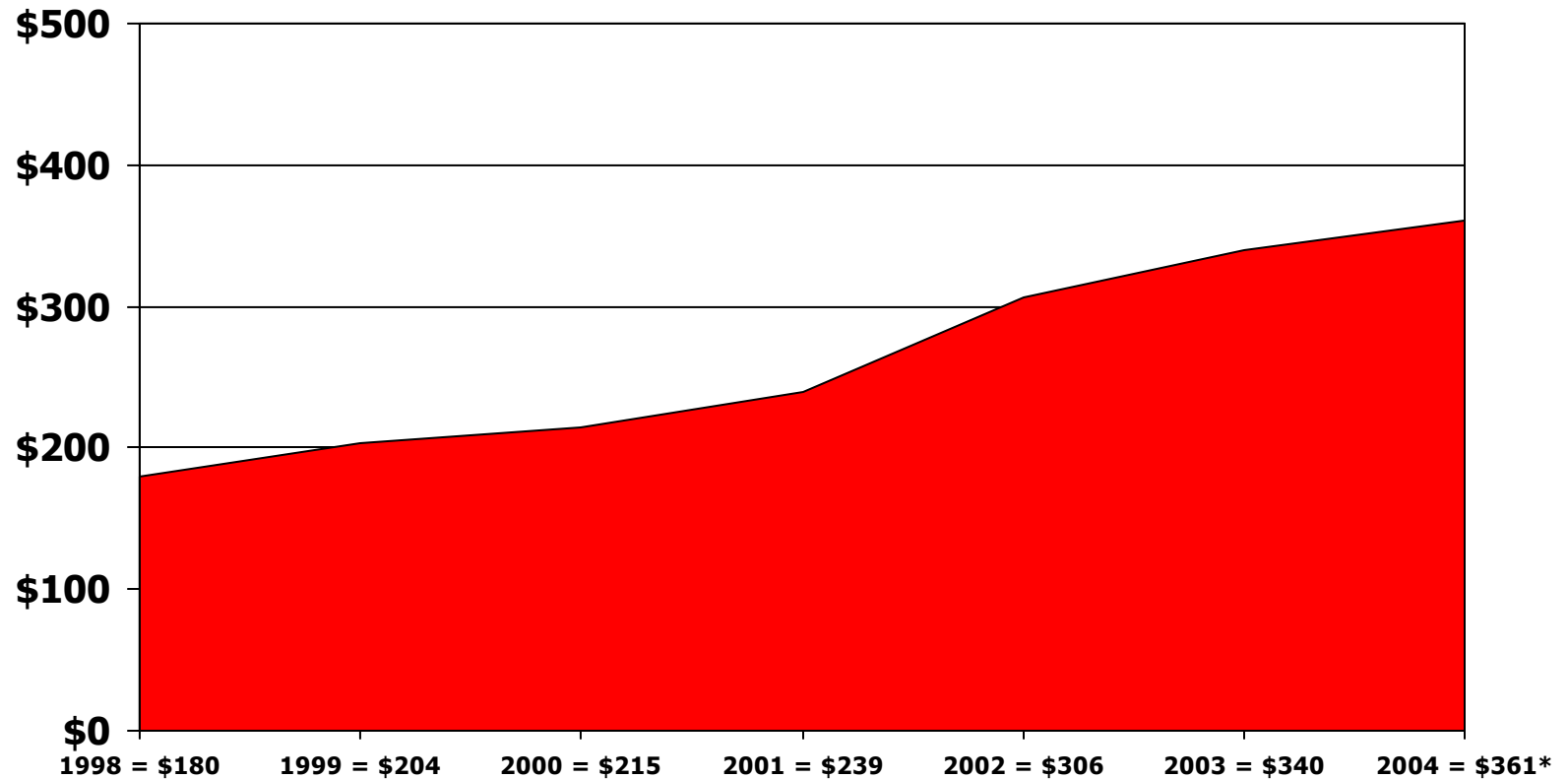


**2004**



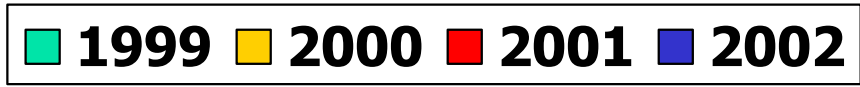
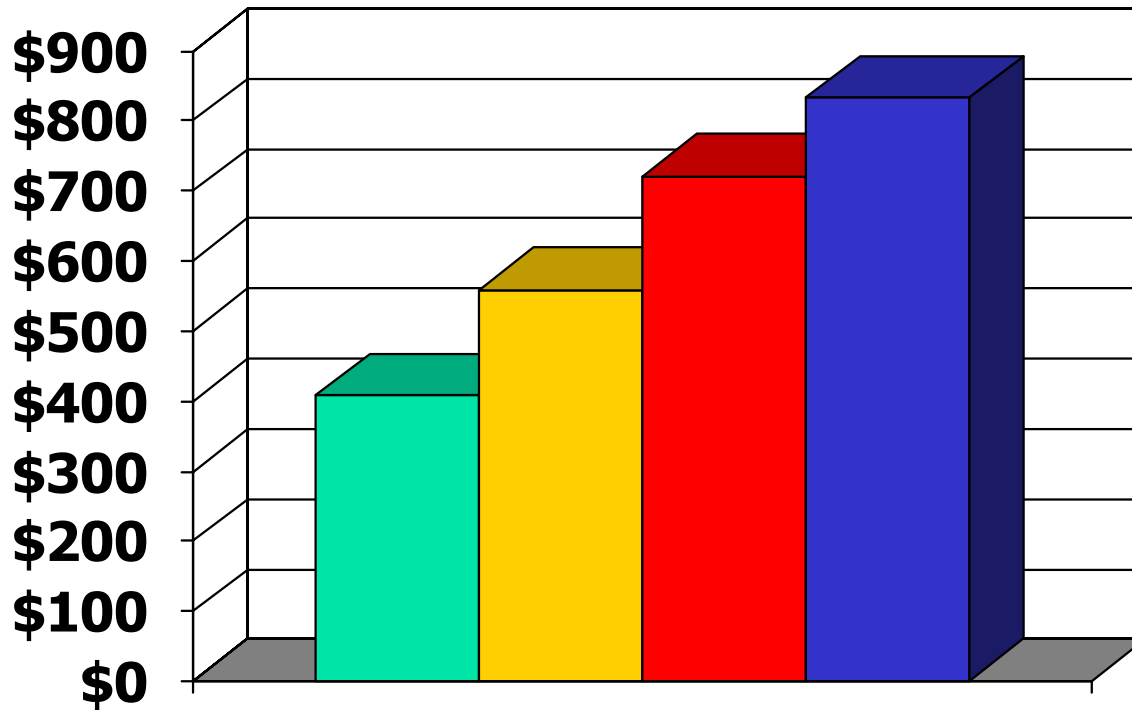


# Total Annual Premium (\$=Million)



\* Projected

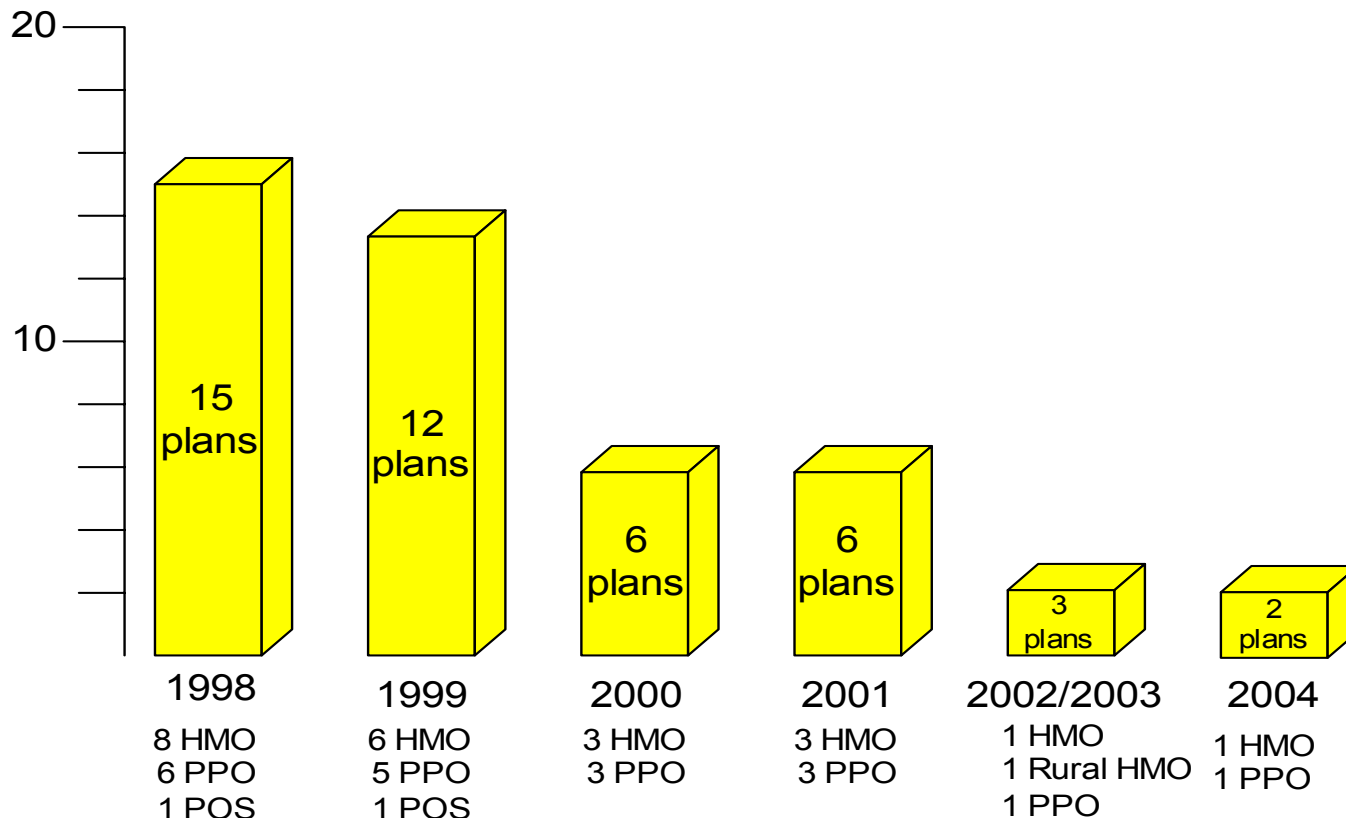
# PEBB Employee Out-of-pocket Expenses\*



\*Average cost per-employee-per-year for out-of-pocket (i.e., coinsurance, prescription copay, etc.)

# PEBB Plan Design Choices

## Medical Options for Full-time Employees





## **PEBB Results – Successful Negotiations/Efficiencies**

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- Benefit levels remains among best offered in the state, region & country
- Premium increases better than market average
  - 2003 = 8% increase
  - 2004 = 9% increase
- Significant savings from consolidating risk among carriers
- Among lowest carrier administrative fees in Oregon
- Operations admin at 0.6% of premium



# **PEBB Achievements – Innovations & Improvements Balance Cost & Quality**

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- **Wellness Innovations**
  - Disease Management
  - Web-based Tool
  - State-wide Health Screenings
  - Health System Navigation
  - Health Education



# **PEBB Achievements – Innovations & Improvements Balance Cost & Quality**

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- Prescription Drug Task Force
- Self-insurance Task Force – HB 2172 passed during 2003 session
- Quality & Safety Collaboration
- Mental Health Parity
- Retiree & Part-time Employee Coverage



## **PEBB 2007 Vision – Why Now?**

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The Public Employees' Benefit Board believes:

- The current healthcare system is in crisis. From the member to the provider to the insurer, the system is broken.
- At this time PEBB is not confident that the current marketplace can offer a tangible, statewide solution for the short or long term.



## PEBB 2007 Vision – Why Now?

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### The Status Quo Healthcare System:

- Does not deliver the best care and outcomes possible
- Does not provide needed or appropriate care
- Provides excessive services and products that do ***not*** improve health
- Is unsafe and inefficient
- Is not affordable to the state and employees
- Is not sustainable



## **PEBB 2007 Vision – Why Now?**

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- The depth, breadth and complexity of this problem requires long-term solutions.
- PEBB has developed a vision statement to articulate its desired future.
- This vision statement says what the long-term solutions might look like.



## **PEBB 2007 Vision – Why Now?**

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During the next five or more years, the vision statement will serve as a guide for:

- The Board's strategic planning
- Its decision-making
- Its commitment of resources toward achieving that future



# PEBB 2007 Vision Planning

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- Began work on the 2007 Vision plan in September 2002
- Solicited feedback
  - 15 Board planning sessions
  - 7 Member stakeholder sessions - 14 locations



# PEBB 2007 Vision Planning

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## Hired Aon Consulting & OHSU Center for Evidence-based Policy

- Conducted 11 focus groups in Fall & Winter 2003
  - Health Policy Analysts
  - State Stakeholders
  - Carriers
  - Providers
- Interviewed CalPERS & Washington PEBB
- Conducted national research on similar efforts



## **PEBB 2007 Vision – What are the experts say?**

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“In its current form, habits and environment, American health care is incapable of providing the public with the quality health care it deserves.”

**National Institute of Medicine Committee on  
Quality of Health Care in America**



## **PEBB 2007 Vision – What are the experts say?**

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“An estimated 180,000 deaths are caused by medical error each year...An estimated 30% of acute care patients and 20 % of chronically ill patients receive care that is contradictive.”

**National Forum for Health Care Quality**



## **PEBB 2007 Vision – What are the experts saying?**

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In a recent study, 35% of physicians and 42% of the public, said they have experienced a medical error themselves or had one effect a family member.

**New England Journal of Medicine December 2002**



## **PEBB 2007 Vision – What are the experts saying?**

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National survey of health care professionals (providers & administrators)

- 58% think health care is not very good
- 95% of physicians report witnessing serious medical error
- 4 of 5 believe fundamental system changes are needed

**Robert Wood Johnson Foundation May 2001**



## **PEBB 2007 Vision – What are the experts saying?**

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### **Under treatment –**

Studies consistently show the failure to provide effective treatments ranging from life saving interventions that can reduce mortality, such as taking aspirin to lower the risk of heart attack. Only 50% receive the appropriate preventive care

**National Foundation for Health Care Quality**



## **PEBB 2007 Vision – What are the experts saying?**

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### **Over treatment –**

Millions of patients receive treatments each year that they do not need, leading to complications, reduced productivity and significantly higher costs. It has been estimated that 20 to 30% of healthcare treatment is unnecessary.

**National Foundation for Health Care Quality**



## **PEBB 2007 Vision – What are the experts saying?**

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“The typical spending for a 65 year old in Miami is \$50,000 higher than a 65 year old in Minnesota. Medicare pays twice as much for the individual in Miami. Life expectancy is no greater, quality of care is not better.”

**Donald Berwick MD, President, Institute of Health  
Care Improvement**



## **PEBB 2007 Vision – What are the experts saying?**

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“If you want to predict the amount of [healthcare] use, all you have to know is the supply. More is not better and it is often very, very much worse.”

**Donald Berwick MD, President, Institute of Health  
Care Improvement**



## **PEBB 2007 Vision – What are the experts saying?**

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“The average primary care physician sees 38 patients a day and has just five minutes and 48 seconds to spend with a patient whose disease has just been diagnosed. It’s like a 7-Eleven, they’re running patients through turnstiles.”

**Paul Keckley, Executive Director, Vanderbilt Center  
for Evidence-based Medicine**



## **PEBB 2007 Vision – What are the experts saying?**

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“America’s healthcare system rewards doctors for all the wrong reasons, especially when it comes to expensive tests that might not be necessary. And it doesn’t reward them at all for doing things that might really help, such as spending time talking with patients on the phone.”

**Paul Keckley, Executive Director, Vanderbilt Center for Evidence-based Medicine**



## **PEBB 2007 Vision – What are the experts saying?**

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“As a society, sooner or later we will have to determine whether there are some benefits that are too plain small to justify cost. Americans have an enormous tendency to use treatments if we think they work or if we hope work, even if there is no evidence that they do work.”

**David Eddy, independent analyst to health care organizations**



## **PEBB 2007 Vision – What are the experts saying?**

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Despite growing evidence that the use of organized care management process for chronic illnesses is effective, most physicians use few and 15% use none.

**Journal of the American Medical Association**



## **PEBB 2007 Vision – What are the experts saying?**

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Health spending accounts for nearly 15% of the nation's economy, the largest share on record.

**Bush Administration January 2004**



## **PEBB 2007 Vision – What are the experts saying?**

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“The increase in health spending is no surprise whatsoever. This is what the American people asked for when they abolished managed care.”

**Professor Uwe E. Reinhardt, Health Economist at  
Princeton**



## **PEBB 2007 Vision – What are the experts saying?**

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When it comes to safety, the health care industry needs to borrow a page from the airline industry. Pilots have instantaneous access to the data they need on weather conditions and mechanical functions to make informed decisions about navigation, delays, and midcourse corrections. When accidents or near misses occur, the industry can analyze these events, and the resulting information can be used to prevent future errors. In health care, no such universal information system exists.”

**Paul Tang, Chief Medical Information Officer, Palo Alto Medical Foundation**



## **PEBB 2007 Vision – What are the experts saying?**

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**Compared with consumers in Canada, the United Kingdom, Australia and New Zealand, US consumers ranked their healthcare:**

- Last in patient safety with highest level of errors and mistakes
- Second to last in patient centered care
- Last on doctors listening to health concerns
- Last in healthcare efficiency
- Last in effectiveness



# PEBB 2007 Vision – What is it?

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**PEBB envisions a new state of health for its members statewide. Key components of the PEBB program will include:**

- An innovative delivery system in communities statewide that provides evidence-based medicine to maximize health and utilize dollars wisely.
- A focus on improving quality and outcomes not just providing healthcare.
- The promotion of consumer education and informed choices.
- Appropriate market and consumer incentives that encourage the right care at the right time.
- System-wide transparency through explicit, available and understandable reports about costs, outcomes and other useful data.
- Benefits that are affordable to the state and employees.



## **PEBB 2007 Vision – What's Next?**

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- Board finalizes planning – Jan-Feb 2004
- 2007 Vision Committees start work – Feb-Mar 2004
- Board & Plan Design Subcommittee begin incremental roll out – 2005