

# Producer Connection

## Message from the Administrator

## What's Inside

OMIP updates ..... 2  
*New application information*

Oregon Prescription Drug  
 Program expands ..... Page 3

Newsletter mailing list..... Page 5

FHIAP openings..... Page 5

FHIAP "roadmap" to  
 individual insurance..... Page 6

On May 9, 2007, the Oregon Medical Insurance Pool (OMIP) Board made two difficult but necessary decisions that affect the enrollees and the assessed licensed Oregon insurers and stop-loss carriers:

- 1) A 13 percent premium increase effective July 1
- 2) A seven-month assessment of \$42.6 million

The 13 percent increase in enrollee premiums affects only the plans for medical eligibles and sets the rates at the maximum allowed under statute; the rates for the portability plans are already at the maximum amount that Oregon law allows. Although most people will experience an increase from their current 2007 rates, the new rates for all ages are approximately equal to what they were in 2006. FHIAP members will receive a separate statement with the new premium amount that they must pay.

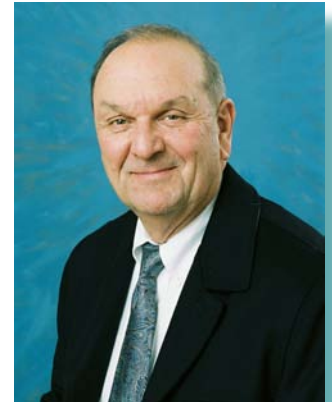
The \$42.6 million assessment makes the 2007 total yearly assessment the largest OMIP ever experienced. Without the mid-year rate increase, this assessment would have been several millions of dollars larger.

### *Reason for rate increase:*

As you may recall, in October 2006, the OMIP Board approved a rate decrease for nearly all ages, effective January 1, 2007. The decreases for some ages were considerable.

The funding for OMIP comes from two main sources: premiums and assessments. Premiums typically cover 60 percent of the costs for this program; the remaining 40 percent difference between costs and premium is defined as losses and is paid as assessments by Oregon health insurance companies and stop-loss carriers.

The OMIP Board hoped that the January 2007 premium decrease would not create a significant increase in the OMIP losses. Unfortunately the losses have been far greater than the Board had expected, making the assessments grow to considerably more than 40 percent of the OMIP's expected costs for 2007. Increasing premiums was the only action the Board could take to prevent even greater losses.



*Howard R. King*



*Continued on Page 2*

## Message, continued

An extensive review of the OMIP experience indicates that it has been the tremendous growth in enrollment over the last two to three years that has had the major impact on the growth in the assessment.

The OMIP Board has reiterated its strong support for OMIP as the only vehicle that provides critical coverage for thousands of Oregonians who are unable to obtain individual insurance coverage because of their pre-existing medical conditions. At the same time, the Board understands the impact the rate increase has on the affordability of OMIP coverage for eligible individuals as well as the impact that the assessment has on the affordability of commercial premiums for Oregon businesses and individuals who can purchase coverage.

OMIP currently covers over 17,000 enrollees, and pays out about \$12.5 million per month to cover medical claims. We expect these costs to increase as enrollment increases into 2008. We will continue to explore programs and solutions to control these costs and promote programs that encourage healthy lifestyles. ■

**OMIP**  
Oregon Medical Insurance Pool

## OMIP updates

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To order applications:  
1-800-848-7280

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OMIP FAX number  
for applications  
(503) 225-5474

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### Rates

Oregon Medical Insurance Pool **medical rates** increase effective July 1, 2007. Portability rates are not affected.

Rates will go up an average 13 percent from the January 2007 rates but the amount of the increase for a particular person will depend on age. For example, the premium for a 25-year-old with Plan 500 will go from \$182 to \$248. The rate for someone age 55 with the same plan goes from \$489 to \$519.

With the rate increase on July 1, OMIP medical rates will be 25 percent higher than the average of commercial rates for comparable individual health plans. The current medical rates are 11 percent above the average. A complete listing of the new rates is posted on the OMIP Web site: [www.omip.state.or.us](http://www.omip.state.or.us)

### Assessment

OMIP premiums cover about 60 to 65 percent of program costs. The remainder is paid by an assessment on carriers, which is reflected in prices insured Oregonians pay for commercial policies. The most recent assessment, covering a **seven-month period** that ends December 2007, is \$3.46 for every covered life per month.



### Application

**OMIP's 2007 application was revised in March 2007. OMIP no longer accepts the January 1, 2007, version.** You may:

- Download the March revised OMIP application from the Web site at [www.omip.state.or.us](http://www.omip.state.or.us)
- Order a limited supply of applications by calling Regence BlueCross Blue Shield of Oregon: 1-800-848-7280.
- Go to the Regence BlueCross BlueShield of Oregon **Web site** at and place your order for materials. ■

# Oregon Prescription Drug Program expands



“All prescription drugs prescribed by a licensed Oregon clinician are eligible for a discount.”  
— Missy Dolan,  
OPDP administrator

To apply:  
Oregonians can apply  
on-line or toll-free  
by phone:  
<http://www.opdp.org>  
1-800-913-4146

Governor Ted Kulongoski in April signed Senate Bill 362 into law, expanding the Oregon Prescription Drug Program (OPDP) to make the drug discount card available to every uninsured or underinsured Oregonian.

It also paved the way for OPDP, working with an insurer, to offer a pharmacy benefit to any group in Oregon.

In this program, the state pools group and uninsured purchasers, using the joint buying power to negotiate lower prices for prescription drugs for all members.

## *For uninsured and underinsured Oregonians*

This portion of the program is for people without health insurance or those who have insurance but could use help paying for prescription drugs in specific situations, Dolan said. Examples are people who:

- Are on Medicare and fall into the “gap” where they pay 100 percent of drug costs. (Many Medicare prescription drug plans have a “gap” in coverage after drug costs reach a certain point and before coverage resumes and the plan pays the bulk of costs.)
- Need a prescription drug their insurance plan formulary doesn’t cover. (However, their cost won’t count toward their deductible since the drug wasn’t covered.)
- Have a deductible and use the drug discount program to reduce their out-of-pocket costs. Their carrier may have a discount for out-of-pocket expenses too. They may only use one card, not both.
- Are waiting to have a pre-existing condition covered by their insurance plan.
- Are new employees, lack insurance and are waiting to become eligible for the employer plan.
- Have medical coverage that does not offer pharmacy benefits.

All prescription drugs prescribed by a licensed Oregon clinician are eligible for a discount through this program.

For uninsured and underinsured Oregonians, the discount on generics is significant — an average of 73 percent off the Average Wholesale Price (AWP). The average discount on brand-name drugs is 16.5 percent off the AWP. Determining the actual price a member will pay for a drug can vary since pharmacies have agreed to charge the *lesser* of their retail price or the OPDP negotiated rate. Some pharmacies offer very low prices on some drugs. For example, Wal-Mart’s \$4 list of drugs might be less than the OPDP negotiated price in some instances.

Also, it is important that people understand this is a drug discount card — *not insurance*.

“Remember, a discount card will never be as beneficial as an insured plan,” said Missy Dolan, OPDP administrator.



## OPDP, *continued*

### *To apply*

Oregonians can apply on-line or by toll-free phone:

- <http://www.opdp.org>
- 1-800-913-4146

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### Participating pharmacies:

The OPDP Web site at  
<http://www.opdp.org>  
lists participating  
pharmacies. National  
retailers include:

Albertsons

Bi-Mart

Fred Meyer

Kmart

Rite Aid

Safeway

QFC

Target

Wal-Mart

Wellpartner  
provides mail order  
prescriptions.

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Paperwork is no longer necessary. There is no cost to enroll and it takes only a minute to apply. Members receive an identification card within five days and then show the card at participating pharmacies. Employers who want to help their employees join OPDP may provide paper applications. Mail the completed applications to: Enrollment Department; ODS; ODS Tower; 601 SW Second Ave., Portland, OR 97204-3156.

### *Administration*

ODS Companies administers the program, which is paid for out of the drug savings.

### *For groups that want pharmacy benefits through OPDP*

ODS will underwrite prescription drug programs for employers (public, private sector or labor organizations) wishing to have an insured benefit through the OPDP. Employers may join the pool — regardless of whether they are self-insured or fully insured. If a group wants medical and prescription coverage, this may mean pricing medical insurance from one carrier and prescription drug benefits through OPDP-ODS. Or, they may get one price for medical and pharmacy through ODS. Dolan said that rebates, incentives and manufacturers' credits that are based on a group's prescription drug usage will be passed directly to the group. A group will receive a guaranteed per claim rebate amount.

For details on group pharmacy contracts, contact Dolan at (503) 373-1595 or e-mail her at [missy.dolan@state.or.us](mailto:missy.dolan@state.or.us)

### *Enrollment*

Last summer, OPDP joined with Washington's Prescription Drug Program to form the Northwest Prescription Drug Consortium. Membership today exceeds 67,000. A Washington public employees' group with 193,000 members will join in January 2008, adding to the consortium's purchasing clout. ■



We now deliver this quarterly Office of Private Health Partnerships (OPHP) newsletter through an e-mail service offered by Oregon State Library. You recently received notification that your name is on this list and a password.

## Newsletter mailing list

If you have others in your office who want to subscribe, go to: <http://listsmart.osl.state.or.us/mailman/listinfo/producer-news>. Your password enables you to unsubscribe or change your address. If this is a problem, you may also e-mail changes to: [cheryl.martinis@state.or.us](mailto:cheryl.martinis@state.or.us)

We don't send junk mail. We send a quarterly newsletter and occasional updates about changes in state health insurance programs. For example, we recently sent you a notice about the July 1 increase in OMIP medical rates.

Our e-mail list is the only way we can communicate quickly and inexpensively with our producer partners. Please keep us posted when you change your e-mail address! ■

## FHIAP openings

We have greatly reduced our waiting list for an individual market subsidy so this is a good time to share FHIAP in both the group and individual markets. We anticipate that the individual waiting list will begin to grow again in the fall; group market subsidies are available immediately throughout the year.

### *Sending a client to FHIAP*

We want to ensure that clients you refer to FHIAP for individual subsidies come back to you when it's time to select health insurance from our list of approved plans. Here are some tips:

- Tell the client to let FHIAP know they are working with you **at the time they put their name on the waiting list for an application**. You may want to call FHIAP (1-888-564-9669) at the time the client is in your office. We have a spot on our customer service electronic database to enter the producer's name.
- Tell your client to call you when they receive an approval letter from FHIAP. Explain that you will help them pick a health plan and apply to the insurance company.
- Keep a supply of FHIAP **applicant consent forms** in your office. Give them to your clients to include with their application to FHIAP. That way, if you have a question about the status of an application, someone at FHIAP can help. If you call to check on an application, ask for the "worker of the day." ■

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### Contact

#### OPHP/FHIAP at:

Web: [ophp.oregon.gov](http://ophp.oregon.gov)

E-mail: [ophp.mail@state.or.us](mailto:ophp.mail@state.or.us)

Oregon toll-free:

1-888-564-9669

In Salem:

(503) 373-1692

Hours: 9 a.m. to 5 p.m.

Monday through Friday

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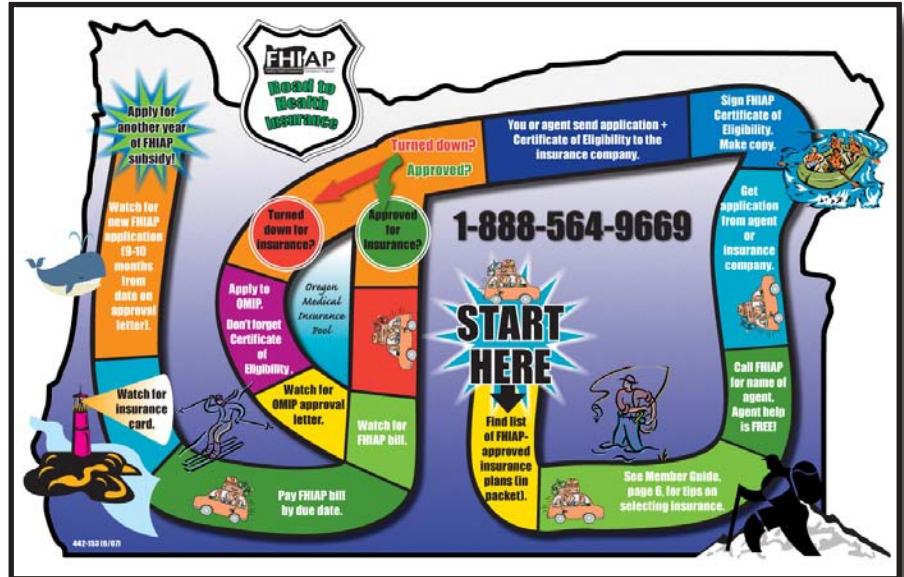
# FHIAP “roadmap” to individual insurance

We have a new tool that provides a visual explanation of how FHIAP members enroll in individual health insurance once they are approved for a subsidy. The “**gameboard**” will be included in approval packets sent to members who need an individual (*not group*) health plan. ■

## FHIAP “roadmap” to individual insurance

We will mail a “gameboard” to all health insurance producers in FHIAP’s Producer Referral Program. If you are not a referral agent, you may order a free copy.

- Call (503) 378-5244 or
- E-mail: [ophp.mail@state.or.us](mailto:ophp.mail@state.or.us)



## Watch FHIAP Web site for updated individual carrier list

Don't forget to check the [FHIAP Web site](#) for the current list of insurance companies offering individual health plans to FHIAP members. We anticipate an addition to the list by July. You will find “**insurance companies**” listed on the index on the left side of FHIAP’s home page. ■