

Oregon Medical Insurance Pool
July 31, 2007
Health Net of Oregon
Tigard, Oregon

Board Members Present

Maribeth Healey, Public Representative
Stephen Lynch, Health Net of Oregon
C.J. McLeod, ODS Health Plans
Gary Morgan, Kaiser Permanente
Ken Provencher, PacificSource
Dr. John Santa, Health Care Provider Representative
Cory Streisinger, Dept. of Consumer & Business Services
Sue Sumpter, Public Representative

Board Members Absent

J. Bart McMullan, Regence BCBSO

OMIP Staff

Rocky King, Administrator
Tom Jovick, Program Manager
Barry Burke, Compliance Specialist
Claudia Grimm, Program Development Specialist
Linnea Saris, Program Development Specialist
Marcy Tipsword, Administrative Assistant

Others Present

David Ball, Oregon Insurance Division
Scott Fitzgerald, Oregon Insurance Division
Sophary Sturdevant, Regence BCBSO
Rob Sumner, Regence BCBSO
Dave Houck, Board Member Emeritus
Nancy Nevins, Lifewise
Jay Ritchie, HCC Life Insurance

Minutes

Some minor edits regarding those in attendance at the previous meeting. Changes include editing Ms. Streisinger's name and adding Mr. McLeod and Mr. Provencher. Mr. McLeod moved to approve, with Mr. Lynch seconding the motion. The minutes were unanimously approved.

Miscellaneous

Mr. King distributed an OMIP premium rate card that Mr. Houck brought to the meeting. The rates were from May 1, 1990. The rate for those aged 50 and above was \$130.60. It is now \$546.

Statistical Report

Mr. King distributed a spreadsheet that Mr. Burke prepared showing a comparison of projected vs. actual enrollment, premium and expenditures based on paid claims. Mr. King indicated that the impact of the July 1, 2007 rate increase would not appear until August.

Mr. King said that OMIP expended about \$400,000 less than what was projected for this point in time. He also noted that the figures cover only a three-month time period.

Mr. Provencher expressed concern that OMIP has yet to see the impact of 2000 members it added. Mr. Lynch agreed and requested that the Board review data on a regular basis. Mr. King mentioned that OMIP also has not seen the impact of the July rate increase.

Dr. Santa commented that membership is increasing monthly. The other time this happened was an odd numbered year. The FHIAP program has slowed its release of applications to a small number each month; they should not increase much. Mr. Morgan asked if OMIP could expect a flattening of new FHIAP enrollments; and Mr. King said a flattening would occur, but not until the first part of 2008. Mr. King stated that new FHIAP enrollment should start decreasing after 1st quarter of 2008.

King said that most new enrollees continue to be those rejected by the commercial insurers. Mr. Houck asked if the declination rate was increasing. Mr. King replied that they continue to be between 20% and 40%, with Health Net and Regence being the lowest.

TPA Selection

Mr. Lynch stated that the RFP Subcommittee met on 7/30/07 to determine who the next Third Party Administrator (TPA) would be. He described the process and noted that, based on the scoring, Regence BCBSO would continue to be the OMIP statewide TPA. He also indicated that Kaiser submitted the only proposal as a regional integrated delivery system. The selection subcommittee decided not to contract with Kaiser at this time because the administrative costs were considerably higher than those of the statewide carriers and the projected medical costs were the same. Mr. Lynch added that the subcommittee expressed interest in pursuing a regional integrated delivery system arrangement in discussion with Regence BCBSO during the next three years.

Dr. Santa thought the process was as open as could be, but not transparent. He noted that, because of the proprietary aspects of the insurance business and sensitivity about divulging contractual terms with hospitals and providers, it was difficult to obtain detailed provider cost information. He added that he was not certain OMIP can do any better at this selection process given the way the industry is structured. Mr. Lynch said that cost differences were significant but they are a significantly important component.

Ms. Streisinger said it is clearly up to the board to determine criteria for next time. In order to give context on the pricing factor, the swing was a 7-point swing between

highest and lowest bidder, but provider cost was not the only factor. Mr. Provencher expressed hope that cost would be a big factor because of its impact on the premiums and the assessment. Mr. King requested that the members of the subcommittee send their recommendations for changing the process to either him or Mr. Jovick within a week so the process can be revamped for next time.

Stop Loss Carrier Presentation

Jay Ritchie with HCC Life made a presentation to the Board about the concern of the stop-loss carriers over the magnitude of the assessment. HCC specializes in medical stop-loss coverage. Mr. Ritchie was also representing the Self Insurance Institute of America (SIIA). In January 2005 Mr. Ritchie presented similar concerns regarding the assessment.

He indicated that HCC Life and other stop-loss carriers support the goals and services that OMIP provides to the market. What they oppose is the assessment level and the way it is derived. They believe it is unfair because it ignores the considerably lower amount of premium that stop-loss companies received compared to companies that receive premium for fully insured benefit plans. Mr. Ritchie distributed graphs showing the costs of the assessment and what part of it was his company's cost of doing business in Oregon.

He noted that the current assessment excludes self-funded companies that do not purchase stop loss coverage; this means that the largest employers, which also act as large insurers, pay nothing towards the assessment. He added that companies with 5000 or more employees typically do not purchase stop loss coverage. HCC has not passed its assessment along to the self-funded companies it insures for fear of losing its contracts with them. In some states with similar experience, stop-loss carriers have left the market.

Mr. Ritchie indicated that stop loss carriers must decide within the next 12 months whether or not they are going to continue to provide stop-loss coverage in Oregon. They plan to work with the governor and DCBS to find alternative solutions for OMIP funding. HCC will be trying to seek legislative change, but the company and SIIA want to be partners OMIP in pursuing alternatives.

Ms. Healey stated that the legislative session they must target is 2009. Mr. Ritchie said they want to promote a legislative change in the February 2008 special session. Dr. Santa agrees that OMIP should work with SIIA in addressing the matter. He expressed concern about how long OMIP cause insurers considerable anxiety over the assessments. Mr. McLeod supported Dr. Santa's idea would like to make this an agenda item for another meeting.

Ms. Streisinger indicated that one of the potential solutions may arise in the Oregon Fund Board that will address major changes in the access to and funding of insurance coverage in Oregon as a result of Senate Bill SB 329. It could have considerable impact on OMIP. She added that struggle over funding for health care coverage is a bigger then OMIP. Funding is the single biggest challenge in the state and it should not be limited to just

OMIP. The work on this Senate Bill is underway now and the goal is present alternatives to the 2008 session with follow up in the 2009 session. Ms. Streisinger said that, at some point, the OMIP Board should state an opinion about whether or not OMIP should be melded into another program.

Janet Griffith (OMIP member) commented that everyone should be able to get insurance in Oregon and everyone should have to financially support the purchase of it. Mr. Lynch stated that the dilemma for the OMIP Board is that it can present a viewpoint to the legislature, but it does not make policy for the state on healthcare matters other than OMIP. Ms. Griffith believes the OMIP board can make a difference because it is in a position to exert influence that people like her cannot exert. Ms. Sumpter said that this is why she and Ms. Healey are on the Board as public representatives; they try to make sure the public is represented on the Board. Ms. Griffith feels that as a collective group, the OMIP board can make a difference.

Mr. Lynch thanked Ms. Griffith for her concerns and coming to meeting. She will meet with Ms. Sturdevant after the meeting.

Assessment Premium Rates Early Look

Mr. King discussed the handout showing a preliminary estimate of the average market premiums for 2008 compared to the current OMIP rates. Mr. Jovick said that the Board requested that staff provide an early estimate of the 2008 rates. Mr. King stated that rates filed and approved with the Insurance Division are used to compile this information.

Three companies had rates filed and approved at this point, and they represent about 79% of market. Preliminary estimates for the medical rates only show that the OMIP rates are about 14.3% above the average rates these companies filed after making all adjustments for benefit differences and trend. This means current OMIP premiums are about 14% above what market is for 2008; this means that OMIP rates reflect a 14% surcharge on the commercial average for 2008. Keeping the rates with a 25% surcharge would require about an 11% increase.

Legislative Changes

The Board briefly discussed benefits that the legislature mandated. Mr. King noted that the Board Benefits Subcommittee would address these and any other potential benefit changes. Mr. Lynch appointed Mr. Provencher, Dr. Santa and Ms. Sumpter to the Benefits Subcommittee and asked that they review the benefit proposals and bring a recommendation to the September Board meeting.

Work Plan

Mr. King presented a list of key work activities. Board members agreed that there needs to be a longer meeting to address critical planning activities.

Public Comment

Ms. Griffith wanted to know why the OMP program is not more known to people in the state. She stated that she discovered it only through her own research. She stated that her friends have only heard about the Oregon Health Plan, but none of them had heard about OMIP. Ms. Streisinger said that insurance companies are supposed to give notice when they send out a declination letter. Ms. Griffith indicated that she received notice from her Cobra provider about our program.

Dr. Santa indicated that some of his colleagues learned about OMIP in a roundabout way. He indicated that employers do not notify people about program. Mr. Lynch said that we assume companies are doing their job notifying people. Mr. King and the OMIP staff will work with Ms. Sturdevant to determine how to better market the OMIP program.

The meeting adjourned at 10:45 AM.