

Oregon Medical Insurance Pool  
Board Meeting  
January 5, 2009  
Clackamas Community College Training Center  
Wilsonville, Oregon

**Board Members Present**

Robert Gluckman, M.D., Providence  
Maribeth Healey, Public Representative  
Dave Houck, Public Representative Emeritus  
Stephen Lynch, Health Net of Oregon  
C. J. McLeod, ODS Health Plans  
Bart McMullan, M.D., Regence  
Ken Provencher, PacificSource  
Mr. Reese, Kaiser Permanente  
Cory Streisinger, Dept. of Consumer & Business Services  
Sue Sumpter, Public Representative

**OMIP Staff**

Cindy Bowman, Office of Private Health Partnerships  
Barry Burke, Data & Policy Analyst  
Becky Frederick, Fiscal Manager  
Tom Jovick, Program Manager  
Rocky King, Administrator  
Don Myron, Program Development Specialist  
Linnea Saris, Program Development Specialist  
Marcy Tipsword, Administrative Assistant

**Others Present**

Colin Dailey, Pac/West Communications  
Chris Day, Dept. of Consumer & Business Services  
Cynthia Johnson, OMIP Member  
Paul Kelly, Garvey, Schubert, Barer  
Rhonda Morin, Oregon Health News  
Nancy Nevins, Lifewise  
Lynn Nishida, Regence  
Susan Rasmussen, Kaiser Permanente  
Jennifer Schmidt, A&I Benefit Plan Administrators  
Helen Sherman, Regence  
Sophary Sturdevant, Regence  
Julie Zola, A&I Benefit Plan Administrators

**Minutes**

Ms. Sumpter motioned to accept the minutes from the October 7, 2008 meeting. The motion was seconded by Mr. Provencher and approved unanimously.

### ***Administrator's Report***

Mr. King introduced and welcomed Dr. Gluckman to his first board meeting.

He made the following comments about the Stat Pack:

- Enrollment is at 15,342 , dropping 55 in November
- Mr. King reminded everyone of the transfer of members to OHP from FHIAP in June 2008; about 2,000 were OMIP enrollees. Mr. King noted that the 2400 that remained in OMIP were the ones with the lower level of subsidies. FHIAP offered coverage under the OHP to enrollees that had the lowest incomes and, therefore, the greatest chance of continued eligibility under OHP.
- He noted that it is unclear what will happen to enrollment over the next year given the condition of the economy in Oregon There are several economic downturn events that could affect enrollment:
  - People are losing group coverage
  - Some major employers closed business and have no portability or COBRA
  - People are losing jobs and cannot afford OMIP coverage
  - Commercial rate increases were about 15% on average
- OMIP usually experiences a 2% enrollment decrease in the two months following a premium increase.
- Enrollment projections show a slow decrease for the rest of the biennium.
- The healthier enrollees tend to select the higher deductible plans, but the condition of the economy and job market likely will drive more people to these plans because they have lower premiums.
- Demographics have remained constant.
- Annual income dropped from 57% earning less than \$25,000 a year to 41%. This is primarily due to the loss of a significant portion of the FHIAP enrollment.

Mr. King asked Mr. Burke about HIV drug rebates for the projection. Mr. Burke responded that those rebates were not included in this projection. Including them would change the loss ratio to 305% from 490%.

Cost per policy per month has risen to \$925 from \$744 last year.

Mr. McLeod commented that the count of covered lives for the assessments is the lowest it has been in the last 12 years. Mr. Jovick said these are fully insured and lives reported by stop loss carriers; they do not include any lives covered by self-insured employers, Medicare, Medicaid, the Federal Employees Benefit Plan or specialty insurance policies.

### ***Update on Bend Memorial Clinic***

Dr. McMullan stated that on 1/2/09 Regence reached a three-year agreement with the Bend Memorial Clinic. Mr. King said he'd like to recognize Ms. Sturdevant and Mr. Jovick and their staff for the models that were created so enrollees would have provider options available in the area had there occurred a long-term period in which the Clinic would not contract.

Dr. McMullan said there was support throughout the community from employers, physicians and others during the entire process.

Dr. Gluckman noted the need for improved utilization among providers in the Bend community and asked whether or not this was addressed in the negotiations. Dr. McMullan said that those discussions have been started but were put on hold pending an agreement on the provider rates.

***Assessment 36 - January through June, 2009***

- \* OMIP staff recommended approving a six-month assessment of \$47.48 million or \$4.78 per covered life (based on a 1.65 million covered life count).
- \* At the September Board meeting staff projected the assessment would be \$47.1 million.
- \* Two carriers received an assessment reduction based on a 3-year rolling average rejection rate that is less than 20%.
- \* The medical trend for the projection is 13%, and it is based on the experience of the OMIP population rather than the commercial market.
- \* Projection for assessment #37 in July is \$4.75 per covered life. However, because we project an enrollment decrease, we also expect the loss ratio will increase to around 220% over the last 6 months of the year.

There are a lot of debates on projecting enrollment based on what is happening with the economy today. We did a range on the next assessment of plus or minus 10% but that is actually 5% in regards to claims only. There are additional charts in the handout that show what previous assessments have been as well as projections and expenditures.

Ms. Streisinger said the summary sheet shows utilization being up across the board. Mr. Lynch mentioned that it shows portability utilization being up in 2008 and if people are losing their jobs and coming on to OMIP portability, this could have our projections being understated. Mr. Lynch said September is consistently higher in projections. This suggests that seasonality is occurring.

Dr. Gluckman asked if there was any evidence of people terminating their portability coverage – the Stat Pack indicates that portability length of enrollment has been relatively consistent. Mr. King reminded people that the portability enrollees may select from between only two plans. If they are medical eligible and they want a lower deductible then they come in the medical route. The portability people are then showing up as medical eligibles and they also have a surcharge.

The assessment reduction program is the last page of assessment section showing only 3 plans that currently report their information to us.

Mr. Provencher motioned and Mr. McLeod 2<sup>nd</sup> to approve staff recommendation for Assessment 36. The motion was approved unanimously.

***Legislative concepts***

- The Board supported and approved that OMIP staff move forward with three legislative bills: House Bill 2192 expands the assessment to third party administrators (TPAs); House Bill 2193 reduces the stop loss assessment to 40% of what the other insurers pay on the assessment; House Bill 2194 includes OMIP administrative housekeeping changes.

- Mr. Jovick said the handout shows what the impact would be on the current assessment if either or both bills were currently in affect. Table B shows that, if the stop loss carriers pay 40% of what other insurers pay, their assessment would reduce from about \$4.75 per covered life in the second half of 2009 to \$2.13 and the assessment for other insurers would increase to \$5.31. The bill just changes the distribution of the assessment and not the total dollar amount.
- Table C keeps stop loss lives assessed the way they are now but adds assessment to TPA lives. By adding lives and entities the assessment would drop to \$4.08 from \$4.75, assuming there is no change in the assessment of stop-loss carriers.
- If both bills were in place, there would be a reduction for stop-loss carriers and the addition of TPAs to the assessment, the assessment of the stop loss carriers drops to \$1.65 and the assessment of the others drops to \$4.12. HB 2192 assumes that OMIP would assess TPAs before it would assess stop-loss carriers in cases where both served the same lives.
- Dr. McMullan expressed concern that, if these bills do not both pass, there would be a significant impact on stop-loss carriers or the other insurers, depending upon which one passed. Dr. Gluckman agreed that TPAs should be assessed.
- Ms. Streisinger noted that those not paying assessments now will construct strong arguments why they should continue to not pay them.
- Mr. McLeod said the policy is that every covered life in Oregon will pay the same amount whether or not they are insured, self insured, TPA or stop loss. He agrees that each of these insurers should pay the assessment and the same amount per covered life.
- Mr. Reese agreed that the TPA bill is most important, but he expressed concern that the stop-loss industry would shrink in Oregon without a change in their assessment level.
- Mr. Lynch asked if it was possible to combine the two bills into one. Ms. Streisinger said the choice is up to the legislature whether or not they want to combine them into one bill. The goal is to have them heard together by the legislative committees. They are house bills and the chair of the House Healthcare Committee is Rep. Greenlick who is familiar with these issues and the OMIP structure.
- Mr. McLeod said if the TPA assessment didn't pass and the stop-loss assessment reduction did, It could create an incentive for employers to self-insure to avoid the assessment altogether or to pay a reduced amount based on the stop-loss carrier's assessment.
- Ms. Sumpter said it seems prudent to have these bills together. No board member objected to combining the bills.
- Mr. Lynch clarified the 40% figure in the stop loss could be changed by the legislature.

### ***OPDP proposal and consultant presentation***

- At the July Board, Wells Fargo Health Services presented a high level comparison of the allowed amounts between OPDP and Regence. The cost to conduct the study was \$5,000. The study concluded that there was no evidence that OMIP switching to OPDP for its pharmacy benefit management services would create any significant financial savings for OMIP. The conclusion also recommended that OMIP conduct a far more extensive study

of the differences between the pharmacy benefit programs. The board requested that OMIP staff pursue the possibility of contracting for such an expanded study.

- PEBB asked its consultant, Mercer, to conduct a similar but somewhat more extensive study comparing OPDP to the Regence pharmacy benefit management program. It arrived at a similar conclusion that there was no evidence that PEBB switching to OPDP for its pharmacy benefit management services would create any significant financial savings for PEBB.
- The cost of the PEBB study was approximately \$50,000. OMIP staff assumed that the cost of a more extensive comparison study for OMIP would cost at least \$50,000. Ms. Sumpter asked where the \$50,000 came from for the PEBB study. Mr. Jovick said PEBB paid for it.
- There was some discussion about the practicality of separating out pharmacy services from the OMIP TPA contract in the middle of the three-year contract period. Mr. Jovick noted that, under the current OMIP contract with Regence, either Regence would have to agree to unbundling the pharmacy benefit management services from its TPA contract or the governor or legislature would have to mandate it. Ms. Streisinger said the board could make a recommendation to the governor. The board did not indicate a willingness to do so.
- At the next board meeting, staff will present options for soliciting proposals under the next Request for Proposals (RFP) that OMIP would release in February 2010. Mr. Reese asked if it is likely that OMIP would need to duplicate the comparison among pharmacy benefit management services later during the RFP process. Ms. Streisinger noted that, as part of the normal RFP process, OMIP could include an option to solicit proposals for pharmacy benefit management services separately from the full-service TPA contracts. This would give other pharmacy benefit management companies an opportunity to submit proposals in addition to OPDP.
- The board agreed that it would be better use of a consultant's time to provide guidance about contracting for pharmacy benefit management services during the RFP process and evaluation of proposals.
- Ms. Healey stated that, even though the savings projected by the Wells Fargo study under the OPDP contract would only be about \$100,000 out of about \$17 million, OMIP should change its pharmacy benefit contract to OPDP because it would have an impact on premium rates and patients.
- Other board members did not agree, and they concurred that \$100,000 is an insignificant amount on a \$17 million expenditure and that these kinds of studies are far more complex than Ms. Healey characterized them to be. Mr. King said it is fair to report that both the OMIP study and the PEBB study noted that there are a number of significant factors in addition to price, such as utilization management and formulary development that affect costs in a drug program. That is why the consultant recommended there be a more extensive study.
- Mr. Provencher raised the issue of what the assessment impact of bundled approach vs. unbundled contractual arrangement would be. If Regence doing administrative part and another company doing prescription part there would be additional administrative costs involved. Mr. King said it could be made to work operationally.

- Ms. Sumpter expressed a preference for a more in-depth understanding of the intricacies of how OPDP and its relationship with ODS works in order to make an informed decision. Ms. Healy stated that OMIP wants to have transparency and OPDP is transparent. Ms. Sumpter stated that Regence is very transparent about its program and has described in considerable detail how it controls OMIP costs in addition to its price arrangements with pharmacies. She indicated that she wants to make sure she understands whether OPDP offers the same services and what their impact would be on OMIP's costs.
- Ms. Streisinger said the issue before the board is do we want to invest now in doing a more in depth analysis to decide whether or not to go with OPDP now or do we want to wait until the next RFP process. Mr. Lynch said we have a study that has conclusions that are being questioned or it isn't conclusive.
- Mr. Reese made a motion that OMIP not invest the money for an expanded comparison study at this time, but include it as part of the RFP process. Mr. Provencher seconded the motion. All approved the motion, except Dr. McMullan and Mr. McLeod who abstained.

### ***Public Comment***

Paul Kelly

Represents HCC Life in regards to the stop loss assessment

- Supports reduced assessment for stop-loss carriers.
- If two bills are joined, the implementation dates need to be kept in mind. The stop-loss bill goes into effect in 2010 and the assessment of TPAs wouldn't go into effect until 2011. This would continue the problem of stop loss carriers for another year of deferred relief. There could possibly be a sunset provision which would help with correct the discrepancy in dates.

Missy Dolan – OPDP

- Ms. Dolan indicated the repricing process is difficult and inaccuracies can be multiple. She agrees with the board decision to conduct the more extensive comparisons as part of the RFP process.
- Handed out a document describing savings under the OPDP program across insured and uninsured individuals in Washington.

Cynthia Johnson OMIP member

- Ms. Johnson, an OMIP enrollee, expressed concern about the January rate.
- She and her son have been enrollees approximately 5 years.
- She is in debt and has been paying premiums with home equity loans. Their premium increased over \$100 a month.
- There are a lot of other costs associated with being sick in addition to premiums. Self employed individuals like herself tend to get over-looked, and they don't really have anywhere else to go.
- She would like the board to consider if there are any other ways of funding rather than increasing the premiums or enrollee out-of-pocket costs.

- She has worked with non profit organizations, and has always been a person that paid for individual coverage. She was hoping that program would have premium decrease because of the state of the economy. A lot of people go without insurance because of the costs.
- She hasn't been using benefits as much as she could because of the costs to her. Loves the program and is very grateful to have it. She is also thankful that Oregon is a state that offers this program, because all states do not. She is afraid a lot of people will get lost in the shuffle because of the high costs.

Ms. Sumpter thanked her for coming to the meeting and presenting her information. This gives board members something to take home and think about.

Dr. McMullan thanked her for coming and said this is something that the country has to work on for funding issues. Mr. Lynch thanked her again for reminding us why we are here, and thanked her for coming.

Adjourned at 3:28 p.m.