

Oregon Medical Insurance Pool  
Board Meeting  
May 1, 2009  
Clackamas Community College Training Center  
Wilsonville, Oregon

**Board Members Present**

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

**OMIP Staff**

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**

Mark Jungvirt, Office of Private Health Partnerships  
Rhonda Morin, Oregon Health News  
Lynn Nishida, Regence  
Susan Rasmussen, Kaiser Permanente  
Sophary Sturdevant, Regence

***Minutes***

Dr. Gluckman made a motion and Ms. Streisinger seconded it to approve the minutes of the January 2009 Board meeting. The minutes were approved unanimously.

Mr. Lynch welcomed Mr. McCulloch as the new representative from Kaiser Permanente.

***Administrator's Report***

Mr. King made the following comments about the Stat Pack:

- Enrollment dropped from high of 18,000 to 15,000 during the past year
- Enrollment has remained steady for the last 3 or 4 months
- Mr. Burke indicated there was a spike in terminations for January which typically happen when rates increase. Terminations in January increased to 800; they are normally 400 to 500 each month

- The assessment projection is consistent with current experience
- CAREAssist continues to drive the loss ratio because of high prescription costs

OMIP staff can examine the impact of having a higher deductible plan. One drawback would be less premium.

Mr. Lynch asked why inpatient days appear to be increasing. Mr. King indicated that the data for the length of stay in hospital by group indicates that the CAREAssist population appears to have the largest impact. The medical group has higher cost of stay.

Mr. Burke doesn't know why portability has increased but CAREAssist group has a lot of mental health/chemical dependency inpatient services, although they have relatively lower costs. Mr. Lynch would like to examine the factors that might help better predict the impact of the portability population. Dr. Gluckman commented that loss ratio is lowest for portability so it hasn't gone up.

Ms. Sumpter asked why the COPD/Asthma drug utilization rate is so low. Ms. Nishida said that, after the market brands switched from a CFC to a different product, consumers have had to pay a higher rate for medications because generic versions are not available.

Mr. King stated that the percent of generic usage has pulled back slightly primarily because of the reduction in the FHIAP enrollment; in June of 2008, about 2,000 transferred to the Oregon Health Plan (OHP). Dr. Gluckman said it also could reflect the high utilization of expensive brand drugs by the CAREAssist population and not a change in utilization. Ms. Streisinger said it would be interesting to see what generic usage look like without CAREAssist in the mix. Mr. King asked Mr. Burke to display the figures with and without CAREAssist. Dr. Gluckman requested that the prescription data display utilization for diseases in addition to diabetes. Mr. King encouraged everyone to call if they'd like to see additional statistical information.

Mr. Jovick noted that page 35 of the stat pack shows payment amounts with and without CAREAssist. He also noted that the OMIP population includes individuals that have HIV/AIDS but are not part of CAREAssist.

Mr. King announced that there is still a vacancy for the consumer advocate representative. OMIP staff is currently in the interview process and will hopefully have a person for the next meeting.

### ***Legislative Update***

HB 2192 is the bill to expand the OMIP assessment to include TPAs. HB 2193 proposes to reduce the assessment for stop loss carriers to 40% of what other insurers would pay. HB 2194 addresses several housekeeping issues.

**HB 2192 and HB 2193** died in the House Committee Political opposition to HB 2192 prevented them from moving forward. Ms. Sumpter asked if there was any hope it would happen and what contingency plan do we have for funding issues.

Mr. King said there is Healthy Kids and expansion of Medicaid standard program that will move forward. Ms. Sumpter expressed concern about the stop loss companies that said they would stop offering insurance in Oregon if something wasn't done to alleviate their assessment burden. Ms. Streisinger stated that stop loss coverage is purchased by companies to avoid risk. There won't be any increase in the uninsured population without HB 2193 passing because stop loss is not primary coverage. This doesn't mean the debate doesn't have issues for the larger market.

Mr. Jovick stated the issue related to assessment of student health insurance was resolved.

Mr. King described the Senate Committee on HB2194 yesterday at which the AFL/CIO and TPAs proposed an amendment to add a member from a stand-alone TPA to the OMIP Board. Dr. Gluckman commented that they seem to want representation without taxation. Mr. King noted that the chair of the Senate Committee told the TPA and the union representatives at the hearing that it appears they didn't want to be a part of the solution. Several people testified against the proposed amendment.

Ms. Streisinger discussed the **HB 2009B engrossed and SB 856** which are the House and Senate versions of the health reform recommendations from the Oregon Health Fund Board, but with different structures for the Oregon Health Authority. Both of these bills have gone to Joint Ways and Means for further discussion. Ms. Streisinger discussed how these bills deal with the high risk population.

Ms. Sumpter asked about the Oregon Health Authority (OHA) Board and who was going to be on that board. Ms. Streisinger said it would be a new board appointed by the governor. The OMIP Board would continue but the next steps to health reform would be guided by the OHA board. HB 2009 would transfer OMIP over to this new entity by 2011 while maintaining the OMIP board and adding the new executive director of Oregon Health Authority. Ms. Streisinger said there is language in HB 2009 that directs development of an insurance plan for the health insurance exchange and one of the provisions provides for the examination of reinsurance alternatives.

Mr. Provencher clarified that OMIP would move to Oregon Health Authority from DCBS with the director of DCBS remaining on the OMIP board and the Oregon Health Authority director also being on the OMIP board. The concept is to centralize the state as a purchaser of healthcare services.

**HB 2755** requires DCBS to provide a report and recommendations to the 2011 Legislature about risk spreading through reinsurance or other risk-sharing mechanisms for the individual and small group markets. The recommendations could extend to a change in the nature of OMIP and dealing with high risk individuals in the individual market. She commented that there may be grant funds available for this study.

Dr. McMullan asked if the legislature is talking about reinsurance of the high risk population or the claims costs. Ms. Streisinger responded that the study is to be broad-based, and she thinks it

will address both. Dr. McMullan stated that the financial outcomes of trying to pool risks are difficult. Ms. Streisinger said some other states have looked at the issue.

OMIP's position has been that the pool is a symptom of the problem, not a solution. Mr. King and Mr. Jovick take this same position in NASCHIP. Other states are looking generally to build justifications for the existence of the pools.

### ***Assessment***

It is too early to make recommendation on the next assessment but we don't want to have another meeting next month. Mr. King is proposing a June board meeting via conference call dealing strictly with the assessment. We need more time to analyze the financial data. So far the assessment is projected to be \$47.2 million, give or take 10%. This is right where we are on projection

Change in PEBB – moves to self insured status effective 1/1/10. 90,000 to 104,000 lives get taken off of carrier insured books but PEBB will continue to pay assessment on all of these lives. However this change will have an impact on the premium tax revenues.

OMIP staff is currently doing the count of insured lives and we are predicting that the numbers will be lower. Dr. McMullan stated that any company 100 or above is going to push for self insurance. Mr. King said several people made this point in the Senate health committee yesterday. Dr. Gluckman stated that the drawback is they will have to purchase stop loss. Dr. McMullan said this is manageable.

Mr. Provencher stated the real swing will be in the counts.

The second week of June will be a good time to schedule the teleconference meeting and Mrs. Frederick says we will be fine on a cash basis if we have it by then.

### ***RFP***

Mr. Lynch expressed concern about the timing of the changes in the legislative bills over the next two years and its overlap with the OMIP RFP timelines. OMIP may not want to put a contract in place for the full 3 years because of the significant changes that could occur by the end of the 2011 Legislative session before the 3-year contract would end. Mr. King added that what takes place on the federal level and 2011 legislative session may have major impacts on this subject. Ms. Streisinger said the general feeling has been there is a whole lot of work that the next legislative session will have to do to implement the substantive portions of health care reform, including impacts on OMIP. Implementation dates are not yet set for most of these concepts.

Mr. Provencher stated that it seems to make sense to move on the current timetable. He asked if there is anything that locks us into a 3 year contract. Mr. King responded that we will have language that gives negotiation room.

Mr. Lynch asked if there are any people that have a potential conflict of interest for the discussion of the RFP. The following Board members indicated they may have a conflict of interest:

Dr. McMullan

Mr. McLeod

Mr. Provencher

Dr. Gluckman

Mr. McCulloch

Ms. Sumpter may have conflict because husband works for Regence

Mr. Lynch said that the board needs to give staff some direction for structuring the RFP.

Mr. King reminded the Board of the RFP timelines. The statute says that the OMIP RFP must be released at least one year prior to the end of the current contract and that selection of the new TPA must occur at least 6 months prior to the end of the current contract. We also have a 90 day process internally to get the RFP through the Attorney General and procurement office reviews.

Mr. King stated that there are 3 fundamental questions:

1. Should the Board contract with a single TPA for a single point of up-front application processing and potential enrollee education?
2. Should we contract with more than one TPA; one providing statewide PPO coverage and one providing a regional integrated coverage?
3. Should RFP solicit separate proposals for unbundled services, e.g., prescription, case management, disease management?

For the last RFP, carriers could submit proposals to be a statewide PPO or a regional integrated delivery system. We did not request proposals for any unbundled services. The TPA contract language states that, if legislature or governor directed OMIP to utilize OPDP, we would carve out the pharmacy services.

Mr. McCulloch said any road will get you there; the questions are what is the goal is and what is in the best interest of our population. Mr. Lynch said he thinks affordability to the customer is the biggest area of concern because the board focuses on it the most. However, we have a high risk population that requires attentiveness to quality. Ms. Sumpter said making sure there is easy and broad provider access is another issue.

Dr. Gluckman noted that Kaiser likely could report on quality of care better than any company because it has the systems to allow it. This isn't just customer satisfaction it is quality also. He also suggested that an integrated system might be able to enter into a risk-sharing arrangement with OMIP. Mr. King said there have been discussions over the years about whether Kaiser would be interested in taking this population on a capitated basis, but there has been no real interest in doing so.

Mr. Lynch asked to what degree we can get NCQA data on subset of population. Ms. Sturdevant said Regence tracks some of the HEDIS measures and they should be available. These would be

process measures rather than outcome measures, however. Ms. Streisinger indicated we could look at it 3 different ways:

- 1) Is there advantage or disadvantage in structuring the RFP in one of these different ways?
- 2) What should the criteria be with selection of the TPA(s)?
- 3) What reporting requirements should we include in the contract?

Dr. McMullan thinks cost and access are biggest issues.

Mr. Provencher commented that it doesn't make sense to divide up this small population geographically. Mr. McLeod thinks we shouldn't ask for a lot of things we don't intend to implement.

Mr. McLeod suggested that we test the market and go with the option for one statewide PPO and one integrated system, with one TPA doing front-end eligibility determination/ customer service and one or more carriers providing the claims administration and other functions. Ms. Streisinger asked Mr. King if he looked at the model of having the eligibility done at staff level similar to FHIAP with several carriers to do claims administration. Mr. King indicated that OMIP's administrative cost is under 6% now, and we have not considered this option. He noted that other states have done this, but we haven't looked at it because we always believed the board intended to use the TPA for these services.

Mr. McCulloch said that the option the board selects depends whether we could still keep costs as low as possible. Mr. King reminded the Board that OMIP used to have two systems when it had an HMO plan as an option, although the HMO option was also provided by Regence rather than a separate TPA. The loss of HMO that impacted many of our members from a premium cost standpoint and it impacted OMIP loss ratios.

Mr. Provencher said the focus should be on what is practical, and the board needs to make sure it does not pursue options unless it seriously believes they are viable contracting alternatives that will benefit OMIP. Mr. McLeod stated he envisions one statewide PPO, and, if there are integrated health systems in particular geographic areas of the state, then the board should give them the opportunity to bid. He expressed support for a single statewide PPO arrangement and indicated that what OMIP is doing now isn't broke. Ms. Streisinger said staff can take a look from a staff level at whether the stand alone enrollment/eligibility piece is reasonable and feasible.

Mr. Houck asked if anybody is asking for HMO plan now. Mr. King said we've had a few people ask for Kaiser over the years, and when HMO Oregon closed several years ago, OMIP received had complaints. Dr. Gluckman commented that, if an option can be expected to reduce costs without harming enrollees.

Mr. McLeod clarified that, if there is both a statewide TPA and a regional integrated system, enrollees in the integrated system's service delivery area would be able to choose either option.

Mr. Lynch asked about unbundling services for the RFP. Ms. Streisinger thinks we heard strong pitch from OPDP that it would like the opportunity to provide a proposal for the prescription

benefit. Ms. Sumpter said the issue for her would be demonstrating seamless coordination of services, and that OPDP would have to demonstrate it is in the patient's best for it to be an option. We go through a statewide PPO and an opportunity for an integrated system and carriers bid with and without prescription. Prescription PBMs get opportunity to bid on standalone option. Mr. King suggested that pharmacy benefit management is likely the only service the board should consider unbundling. Mr. McLeod said he still has trouble understanding why all State of Oregon programs, including OMIP, do not use OPDP since it also is a State of Oregon program; he also acknowledged that he his company has a personal interest in that happening because it holds the administrative contract with OPDP. In Washington they had an interagency agreement between agencies. Mr. Lynch suggested that the logical extension of that the argument is that OPDP should not charge OMIP for its services because they are both state programs.

Mr. McLeod indicated this pool uses a lot of prescriptions and he thinks OPDP is as competitive as Regence. Dr. McMullan indicated that the State of Washington programs may have made a mistake in agreeing to use the OPDP program.

Mr. Lynch suggested that the argument may be better examined by soliciting proposals separately and bundled for pharmacy benefit management services to see whether OPDP really competes on the full range of drug management services, including price. Both statewide PPO and integrated could submit proposals with and without pharmacy benefit management services. Also, pharmacy proposals could be submitted as a stand-alone TPA service.

The board agreed to discuss the RFP issues further at the June board meeting. OMIP staff would look into issues that may complicate the RFP process if it were expanded to include a statewide PPO, a regional integrated system, a front end eligibility/customer service TPA service, and an opportunity for unbundled pharmacy benefit management services.

### ***Town Hall & Producer Trainings***

Mr. King introduced Mr. Jungvirt from OPHP's Information, Education and Outreach section.

Mr. Jovick said that this year the OMIP town hall meetings would be different then in past years because they have been opened up to the entire communities. OMIP is doing this in response to the significant downturn in Oregon's economy. In addition, the agent training sessions, which occur in the afternoon on the same days as the town hall meetings, OMIP staff will provide training about both OMIP and the new federal COBRA premium subsidies. The meetings have been scheduled for 13 cities and will occur throughout May and the first two weeks of June.

Mr. Jungvirt explained the details of the free media outreach to advertise the town hall meetings to the public and to promote the training to the health insurance agents. The media campaign includes did press releases, radio spots, and both radio and television interviews with Tom Jovick, in most cases. As we get closer to the date of a particular meeting, we re-contact the local media to remind them we are coming out to their area. All of our media coverage has been free, public service announcements and press releases.

***Insurer Rejection Letters***

Dr. Gluckman asked if rejected patients are informed about OMIP in writing. Ms. Streisinger said the Insurance Division checks to make sure carriers include the OMIP information in their letters.

Ms. Streisinger said one of outreach opportunities is with the federal stimulus package. There has been a great deal of interest and much media coverage. This gives us an opportunity to tell people about an array of options. DCBS is participating tomorrow in an event aimed at homeowners who risk losing their homes to foreclosure. Mr. Jovick said the town hall meetings attempt to engage the participants in a discussion. We plan to have Regence representation as well as OMIP staff and Insurance Division staff. We also will have resource materials available for those who attend, including information about OPDP and safety net clinics for individuals who cannot afford insurance coverage. Ms. Sumpter was impressed with the way Ms. Sturdevant and Mr. Jovick were available to help people individually at last year's meeting.

***Other***

Mr. King asked if there was an independent TPA that attended the board meeting today and the answer was no.

***No Public comment***

The meeting adjourned at 3:40 p.m.