HEALTH WEALTH CAREER

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OREGON PEBB 2017 MEDICAL RENEWALS

ROUND 3

APRIL 19, 2016

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2017 RENEWAL SUMMARY

- Area Expansion
- Medical renewal rate proposals for the status quo plan designs offered to PEBB for plan year 2017:
  - Fully-insured plan premiums & associated caveats:
    - AllCare PEBB
    - Kaiser HMO
    - Moda Synergy/Summit
  - Self-insured plan fees & associated caveats:
    - Providence Choice
    - Providence Statewide
- Proposed plan design considerations
- Select responses to round 3 renewal questions

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AREA EXPANSION

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AREA EXPANSION SUMMARY

- Moda, AllCare and Providence all stated they would like to expand their service areas for 2017
  - Moda
    - Moda made concessions financially in hopes PEBB will accept their proposed expansion request
  - AllCare
    - AllCare‘s expansion is dependent upon PEBB retaining the risk share arrangement
  - Providence
    - Providence’s expansion is dependent upon agreement by the medical home to perform the requirements of the Choice plan
- Methodology
  - Mercer reviewed current out of network utilization (of incumbent plans) in each county with an expansion request; then reviewed to see if this would now be in network under the proposed expansion
  - Mercer did not compare the proposed networks to the Statewide plan, only current regional plans

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AREA EXPANSION
COUNTIES PROPOSED CONTINUED

County	Employee Counts	AllCare	Kaiser	MODA	Choice
Crook	147	Proposed		Proposed	Incumbent
Deschutes	1,021	Proposed		Proposed	Incumbent
Douglas	657	Proposed			Incumbent
Grant	117			Incumbent	Proposed
Harney	107			Incumbent	Proposed
Hood River	153	Proposed	Incumbent	Proposed	Incumbent
Jackson	1,582	Incumbent		Proposed	Incumbent
Jefferson	173	Proposed		Proposed	Incumbent
Josephine	437	Incumbent		Proposed	Incumbent
Klamath	747	Proposed		Proposed	Incumbent
Morrow	104			Incumbent	Proposed
Tillamook	251			Incumbent	Proposed
Wasco	222	Proposed		Incumbent	Incumbent
Wheeler	19			Incumbent	Proposed

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AREA EXPANSION ANALYSIS

- AllCare
  - Of the counties proposed, only Douglas County would see a significant number (35 out of 45) of currently utilized out-of-network providers become in-network
    - Almost all of the new in-network providers are affiliated with CEP America, an emergency room/urgent care practice group

	OON Providers now INN	OON Spend now INN	Current OON Providers	Current OON Spend	Current INN Spend
Central Oregon					
Crook	0	$0	3	$4,000	$19,700
Deschutes	6	$700	121	$172,800	$2,553,600
Hood River	0	$0	10	$4,600	$390,100
Wasco	5	$600	28	$9,300	$230,000
Jefferson	8	$2,700	13	$10,200	$2,711,300
Douglas	35	$22,500	45	$24,500	$246,000
Klamath	0	$1,200	24	$179,300	$345,400

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AREA EXPANSION ANALYSIS

- Moda
  - Large number of utilized out-of-network providers would be in-network in Jackson & Deshutes, and all of Josephine would be in-network
  - Majority of providers, but not dollars, currently out-of-network in Jefferson would become in-network
  - No increase in-network utilized providers in Crook County
  - Significant dollars for out-of-network transport in proposed counties would remain out-of-network

	OON Providers now INN	OON Spend now INN	Current OON Providers	Current OON Spend	Current INN Spend
Already in Place					
Hood River	4	$2,000	10	$5,000	$390,000
Jackson	47	$39,000	83	$116,000	$6,117,000
Josephine	35	$24,000	35	$24,000	$943,000
Klamath	9	$6,000	24	$6,000	$70,000
Recently completed					
Deschutes	40	$33,000	121	$173,000	$2,554,000
Crook	0	$0	3	$4,000	$20,000
Jefferson	8	$3,000	13	$10,000	$2,711,000

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AREA EXPANSION ANALYSIS

- Providence Choice
  - New in-network providers are not known as proposed network is not available
  - Based on current Statewide network
    - Tillamook County would see new in-network providers from those currently utilized (6 out of 16)
      - New providers at Tillamook Regional Medical Center
    - Grant County would add 6 out of 7 currently utilized out-of-network providers
    - Wasco would add 11 out of 17 currently utilized out-of-network providers
  - Other counties do not have current out-of-network utilization

	OON Providers now INN	OON Spend now INN	Current OON Providers	Current OON Spend	Current INN Spend
Tillamook	6	$1,000	16	$3,400	$343,800
Grant	6	$4,300	7	$5,400	$130,700
Harney	0	$0	0	$0	$33,800
Morrow	0	$0	0	$0	$3,900
Wasco	11	$1,500	17	$4,000	$84,200
Wheeler	0	$0	0	$0	$0

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AREA EXPANSION
MERCER RECOMMENDATION

- Recommend expansion for AllCare in Douglas County
  - Recommend requiring removal of risk sharing corridor
- Recommend expansion for Moda in Jackson, Josephine, and Deschutes Counties
  - Recommend requiring financial improvements in the renewal for expansion
- Recommend expansion for Providence Choice in all proposed counties
  - All counties proposed have only regional plan
  - Providence Choice is PEBB's self-insured plan which is administration costs & claims
  - Providence Choice would be the lowest cost plan offering in the new counties
  - Recommend requiring a deadline for proposed network and providers

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RENEWAL RESPONSES

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PROPOSED CHANGES
MEDICAL

- All of the plans proposed various plan design changes for 2017
- Mercer has reviewed the proposed plan changes; The Board provided feedback at the March meeting for April Board meeting content
  - At the March meeting, it was determined which items would be considered:
    - At the April meeting
    - Not recommended, and not to pursue further for this year's renewals
    - Consider larger global changes for 2018 across all plans
  - We will be reviewing the items requested at the March Board meeting

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ALLCARE

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ALLCARE MEDICAL

Estimated Increase	2017
Status Quo (retains risk share arrangement)	5.0%
No Risk Share	22.1%

- Factors Include:
  - 5.8% medical and pharmacy annual trend factor in initial projection
  - $51.87 PMPM medical retention
- Status Quo risk share corridor shares 90% of losses/gains above 2% corridor
  - Mercer projected PEBB payments for 2015 is $1,386,000, or approximately 17% of 2015 premiums
- Mercer projected 2017 needed increase is 31% based on 7.5% trend rate
- At the request of the PEBB Board, AllCare proposed reduction of risk share corridor
  - 90% for 2017, 60% for 2018, 30% for 2019
  - Expansion would reduce 2017 risk corridor to 80%
  - Includes contracting improvements of 4% and 5% lower retention annually
- Mercer would recommend if the Board chooses to continue the risk share, to move to 60% for 2017, 30% for 2018 and exclude

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ALLCARE
MEDICAL

Full-Time HEM Rates	2016	2017	% Increase
Status Quo			
Employee	$906.87	$952.21	5.0%
Employee & Spouse/Partner	$1,215.16	$1,275.92	5.0%
Employee & Children	$1,042.90	$1,095.05	5.0%
Employee & Family	$1,242.39	$1,304.51	5.0%
No Risk Share			
Employee	$906.87	$1,107.31	22.1%
Employee & Spouse/Partner	$1,215.16	$1,483.74	22.1%
Employee & Children	$1,042.90	$1,273.41	22.1%
Employee & Family	$1,242.39	$1,516.99	22.1%

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ALLCARE
MEDICAL

Full-Time HEM Rates	2017	Re-tiered 2017
Status Quo		
Employee	$952.21	$744.48
Employee & Spouse/Partner	$1,275.92	$1,228.39
Employee & Children	$1,095.05	$1,042.27
Employee & Family	$1,304.51	$1,488.95
No Risk Share		
Employee	$1,107.31	
Employee & Spouse/Partner	$1,483.74	
Employee & Children	$1,273.41	
Employee & Family	$1,516.99	

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PROPOSED PROGRAMS FROM INITIAL RFP PROPOSAL

- **Programs currently in place**:
  - Wellness and prevention programs and portals
  - Portal to track and monitor cumulative out-of-pocket costs
  - Dedicated staff to accommodate members in pharmacy program
- **Programs to be implemented July 1, 2016**
  - Shared savings program for contracted providers who demonstrate improvement over baseline (2015) measures in ED utilization rates
  - Providers volunteer for the program in 2016
- **Programs to pursue in 2016:**
  - Use 2015 claims data to identify high risk members for care coordination, care transitions, and complex case management
  - Use 2015 claims data and MedInsight to allow the comparison of AllCare PEBB utilization with other commercial payers
- **Programs to pursue in 2017**
  - Create member engagement programs and incentives to help members better understand the health care system
  - Implement variable cost-sharing models involving out-of-pocket co-pays and deductibles that encourage members to access the right provider in a timely manner with in the most appropriate care setting
    - If this is not allowed by PEBB, AllCare would like to reward members directly through cash incentives when they use lower cost care settings

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ALLCARE
PROPOSED PLAN DESIGN CHANGES

Proposed Plan Change	Eliminate any copay for outpatient surgery procedures at Ambulatory Surgery Centers (ASC) and increase the copay to $25 for FT employees and $150 for PT employees in a hospital setting

Carrier Rationale	Member Impact	Plan Cost/Savings	Market Norm	Mercer Recommendation
Costs are higher at hospitals than free standing ASCs	Would be no cost, compared to current ($5) at an ASC, but higher otherwise for non ASC sites	Cost neutral to premium for 2017, but there will be savings over time depending on the amount of redirection	This is outside market norms	Challenging to communicate There are four ASC's in the AllCare PEBB service area with capacity Recommend that AllCare promote the use of ASCs through provider incentives where the facility decision is typically made.

- Current utilization:
  - 16% of surgeries were inpatient
  - 51% were outpatient performed at a hospital
  - 33% were performed at a free-standing ASC
  - The 51% is what AllCare would like to target.
  - AllCare mentioned providers are rewarded for directing members to ASCs currently

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ALLCARE
PROPOSED PLAN DESIGN CHANGES

Proposed Plan Change	Offer a Non-Emergent Medical Transportation benefit. This would incent members to use AllCare's Center's of Excellence and Tier One providers which have more favorable contract rates. **(AllCare contracts with ReadyRide for transportation)**

Carrier Rationale	Member Impact	Plan Cost/Savings	Market Norm	Mercer Recommendation
Incenting members to use AllCare's center of excellence and Tier One providers	Added benefit to member	Cost neutral in 2017, plan savings would not be generated until 2018 or 2019 and the potential savings will vary depending upon the volume of services transitioned	This is outside market norms	Accept this benefit proposal

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KAISER

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KAISER MEDICAL

Estimated Increase	2017
Status Quo	3.57%

- Final renewal came in at 3.57%
- Factors include:
  - Reduced trend to 5.99%
  - $30.67 PMPM medical retention

- Preliminary premium renewal increase was 7.14%; a business decision was made to reduce this to 5% at that time
- Factors Include:
  - 7.15% medical and pharmacy annual trend factor
  - $30.67 PMPM medical retention

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KAISER MEDICAL

Full-Time HEM Rates	2016	2017	% Increase
Employee	$1,092.25	$1,131.27	3.57%
Employee & Spouse/Partner	$1,463.60	$1,515.89	3.57%
Employee & Children	$1,256.10	$1,300.97	3.57%
Employee & Family	$1,496.37	$1,549.83	3.57%

Full-Time HEM Rates	2017	Re-tiered 2017
Employee	$1,131.27	$893.64
Employee & Spouse/Partner	$1,515.89	$1,469.68
Employee & Children	$1,300.97	$1,245.97
Employee & Family	$1,549.83	$1,779.36

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KAISER
PROPOSED PLAN DESIGN CHANGES

Proposed Plan Change	Add a $100 specialty Rx copay tier to current Rx benefit

Carrier Rationale	Member Impact	Plan Cost/Savings	Market Norm	Mercer Recommendation
Marketplace parity is important so patients select a health plan based on where they want to receive care not the cost of the drug.	Currently no specialty Rx copay.	-0.486% ($700,000) overall rate impact	In line with market, KP Northwest, and KP National; and with Mercer's National Survey	Consider at a minimum a $50 copay to differentiate and move towards the other plans before the full pharmacy review $50 copay would likely have the same annual impact as $100 copay, but be less costly monthly to the member

- In considering possible adverse selection, we requested the number of new distinct members with specialty claims at Kaiser
  - 2014: 49 new distinct claimants that were not in Kaiser in 2013
  - 2015: 72 new distinct claimants that were not in Kaiser in 2014

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MODA

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MODA
MEDICAL

Increase	2017
Status Quo	6.24%

- Preliminary increase was 6.74%, final renewal increase is 6.24%
  - Rate reduction due to:
    - Recognition of improved pharmacy contracting rates
    - Hope PEBB will allow expansion
- Factors for the preliminary increase include:
  - 6.68% medical and pharmacy annual trend factor
  - $36.15 PMPM medical retention
  - $25.72 PMPM pooling ($150,000)
  - $9.70 PMPM margin
  - Revised rating backup with actual rates was not provided

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MODA
MEDICAL

Full-Time HEM Rates	2016	2017	% Increase
Employee	$971.38	$1,031.99	6.24%
Employee & Spouse/Partner	$1,301.65	$1,382.87	6.24%
Employee & Children	$1,117.09	$1,186.80	6.24%
Employee & Family	$1,330.79	$1,413.83	6.24%

Full-Time HEM Rates	2017	Re-tiered 2017
Employee	$1,031.99	$807.76
Employee & Spouse/Partner	$1,382.87	$1,332.80
Employee & Children	$1,186.80	$1,130.86
Employee & Family	$1,413.83	$1,615.51

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PROVIDENCE

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PROVIDENCE MEDICAL

Preliminary Estimated Increase	2017
Status Quo Statewide	8.0%
Status Quo Choice	3.1%

- Factors include:
  - 7.5% medical and pharmacy annual trend factor
  - ASO Fees:
    - $53.05 PEPM for Statewide
    - $69.64 PEPM for Choice
  - Based on claims incurred through March 2016

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PROVIDENCE
MEDICAL

Full-Time HEM Rates	2016	2017	% Increase
Statewide			
Employee	$1,083.39	$1,170.15	8.0%
Employee & Spouse/Partner	$1,451.60	$1,567.85	8.0%
Employee & Children	$1,245.82	$1,345.59	8.0%
Employee & Family	$1,484.09	$1,602.94	8.0%
Choice			
Employee	$938.64	$967.27	3.1%
Employee & Spouse/Partner	$1,257.75	$1,296.12	3.1%
Employee & Children	$1,079.44	$1,112.37	3.1%
Employee & Family	$1,285.91	$1,325.14	3.1%

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PROVIDENCE
MEDICAL

Full-Time HEM Rates	2017	Re-tiered 2017
Statewide		
Employee	$1,170.15	$904.40
Employee & Spouse/Partner	$1,567.85	$1,492.26
Employee & Children	$1,345.59	$1,266.16
Employee & Family	$1,602.94	$1,808.80
Choice		
Employee	$967.27	$758.10
Employee & Spouse/Partner	$1,296.12	$1,250.87
Employee & Children	$1,112.37	$1,061.34
Employee & Family	$1,325.14	$1,516.20

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PROVIDENCE
PROPOSED PLAN DESIGN CHANGES

Proposed Plan Change	Increase ER copay from $100 to $250 per visit

Carrier Rationale	Member Impact	Plan Cost/Savings	Market Norm	Mercer Recommendation
To encourage members to seek care in a lower cost settings such as urgent care, via Health eXpress, or Providence express care	Member's cost share would increase $150 per visit	Approximate savings would be $2.2 M. (15,000 visits at $150 savings / visit)	National benchmark from Mercer's national survey of employer sponsored health plans is $150	Recommend not considering a consistent increase to all plans, not to this magnitude Copay is waived if admitted, which would ensure members are continuing to use care appropriately. Consider global plan change.

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PROVIDENCE
PROPOSED PLAN DESIGN CHANGES

Proposed Plan Change	Participate in care package programs for Pregnancy and CABG

Carrier Rationale	Member Impact	Plan Cost/Savings	Market Norm	Mercer Recommendation
The package programs offer the total episode of the service included in the bundle with a warranty (CABG) period for measuring quality, outcomes and experience	No increase to member cost share, but does provide members a warranty period to ensure outcomes are favorable	The cost savings is minimal for this, however savings may be achieved in the better care outcomes resulting from program participation	This is outside market norms – but future for these types of services.	Does not shift any cost to the member and main purpose is for increased quality of care so recommend considering for 2017

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PROVIDENCE
PROPOSED PLAN DESIGN CHANGES

Proposed Plan Change	Removal of 4th deductible carryover

Carrier Rationale	Member Impact	Plan Cost/Savings	Market Norm	Mercer Recommendation
Align with Providence's commercial plans In 2015, more that $1.3 million of 2014 incurred expenses were applied to 2015 expenses	6,215 (4,643 SW/1,572 Choice) members met their 2015 deductible in 4th qtr of 2014 for INN svcs. For OON 1,360 (752 SW/608 Choice).	Approximately $1.3M	Aligns with Providence's commercial book of business.	Consider removing this for Statewide at this time. Retain for Prov Choice for now, as Moda and Kaiser regional plans have the carryover. Consider future change if savings are needed across the plans.

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SPECIALTY PHARMACY

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SPECIALTY PHARMACY EXPERIENCE

	Specialty Claims	Specialty Claimants	% of Total Membership	Member Spend	Plan Spend
AllCare	125	11	0.70%	$11,000	$493,000
Moda	103	15	0.51%	$7,000	$438,000
Kaiser	1,158	175	0.78%	$60,000	$4,840,000
Providence	5,710	728	0.69%	$445,000	$23,379,000

	Specialty/ Member	Avg. Copay/ Member	Paid/Member	Copay as % of Allowed
AllCare	11.4	$1,000	$44,800	2.2%
Moda	6.9	$467	$29,200	1.6%
Kaiser	6.6	$343	$27,700	1.2%
Providence	7.8	$611	$32,100	1.9%

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EMERGENCY ROOM

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EMERGENCY ROOM DATA
NON-EMERGENT UTILIZATION CONTINUED

- AllCare
  - Non Emergent:

Classification	ER Visits	% of total ER Visits
Minor Severity	3	1.3%
Low to moderate severity	30	13.1%
Moderate severity	86	37.5%

  - 92.2% of claims were paid at AllCare's preferred provider network
    - Not likely a cost driver

- Moda
  - Non Emergent

Classification	ER Visits	% of total ER Visits
Non Emergent	14	2.5%
Likely Non Emergent	93	16.4%
Possibly Non Emergent	11	1.9%

  - 24% of ER visits were out of network which is about 26% of ER spend
    - Could be a cost driver

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EMERGENCY ROOM DATA
NON-EMERGENT UTILIZATION

- Kaiser
  - Non Emergent:

	ER Visits	Total Plan Paid
2014	274	$362,730
2015	292	$368,665

  - Total ER Utilization:

	2012	2013	2014	2015
ER Visits/1000	141.0	136.6	147.3	151.7

  - Mercer asked Kaiser if out-of-network ER utilization was a cost driver, Kaiser indicated it was not from 2014 to 2015

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EMERGENCY ROOM DATA
NON-EMERGENT UTILIZATION

Providence

- Non Emergent

	Non-Emergent ER PMPM	Total ER PMPM	% of total ER PMPM
Statewide	$1.64	$20.87	7.9%
Providence Choice	$1.77	$24.87	7.1%

- Total allowed PMPM ER spend:

ER PMPM	2012	2013	2014	2015
Statewide	$20.07	$19.90	$22.55	$24.88
Choice	$16.41	$17.18	$20.22	$20.87

- Mercer asked Providence if out-of-network utilization could be a cost driver, Providence indicated that this was not an issue

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INCREASING EMERGENCY ROOM COPAY

ER Copay		AllCare	Moda	Kaiser	Providence
$100	% change	N/A	N/A	-0.24%	N/A
	$ change	N/A	N/A	$348,000	N/A
$125	% change	-0.06%	-0.1%	-0.28%	-0.18%
	$ change	$4,000	$1,400	$403,000	$1,142,000
$150	% change	-0.12%	-0.3%	-0.32%	-0.36%
	$ change	$8,000	$4,100	$457,000	$2,275,000
$200	% change	-0.20%	-0.5%	-0.39%	-0.71%
	$ change	$12,000	$6,800	$564,000	$4,470,000

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2016 ACA OUT OF POCKET MAX

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2016 ACA OOP MAX

- Increase the out-of-pocket max to the 2016 ACA limit of $6,850
- Mercer commentary:
  - Recommend considering for 2017
    - PEBB did not have a max cost share prior to the ACA , so increasing would follow the original intent of the plan
    - Providence responded that savings would be approximately 1% of claims, however no members hit this maximum cost share in 2015

Plan	% Savings
AllCare	-0.1% or less
Moda	0.0%
Kaiser	N/A
Providence Choice	0.0%
Statewide	0.0%

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BOARD CONSIDERATIONS

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BOARD CONSIDERATIONS

Vendor	Board Consideration	Financial Impact	Mercer Comments	Board Decision
AllCare	Expansion	Savings from OON claims now IN	Recommend expansion for AllCare in Douglas County with the removal of the risk share corridor.	
Moda	Expansion	Savings from OON claims now IN	Recommend expansion for Moda in Jackson, Josephine, and Deschutes Counties with requiring financial improvements from Moda	
Providence Choice	Expansion	Savings from OON claims now IN	Recommend expansion for Providence Choice in all proposed counties	
AllCare	Eliminate any copay for outpatient surgery procedures at Ambulatory Surgery Centers (ASC) and increase the copay to $25 for FT employees and $150 for PT employees in a hospital setting	Cost neutral to premium for 2017	Recommend not accept	
AllCare	Offer a Non-Emergent Medical Transportation benefit. This would incent members to use AllCare's Center's of Excellence and Tier One providers which have more favorable contract rates.	Cost neutral to premium for 2017	Recommend accept	

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BOARD CONSIDERATIONS

Vendor	Board Consideration	Financial Impact	Mercer Comments	Board Decision
Kaiser	Add a $100 specialty Rx copay tier to current Rx benefit	-0.486% ($700,000) overall rate impact	Recommend as benefit would be in line with other regional plans	
Kaiser	Add a $50 specialty Rx copay tier to current Rx benefit	-0.486% ($700,000) overall rate impact	Recommend in lieu of $100 specialty copay as savings would be the same, but less costly monthly to the member.	
Providence	Participate in care package programs for Pregnancy and CABG	Minimal savings	Recommend accepting due to better outcomes for members	
Providence	Removal of 4th Q deductible carryover	Approximately $1.3M	Recommend removing this for Statewide only at this time.	
Kaiser	Increase ER copay to $100	$348,000	Consider not accepting	
Providence	Increase ER copay to $250	$2.2M Note that this does not account for behavior change, only the member cost	Recommend not accepting.	
All Plans	Increase ER copay to $125	$1.55M	Consider accepting in lieu of $200 ER copay	
All Plans	Increase ER copay to $150	$2.74M	Consider accepting in lieu of $200 ER copay	
All Plans	Increase ER copay to $200	$5.05M	Recommend accepting	
All Plans	Increase maximum cost sharing to the 2016 ACA limit of $6,850	Minimal savings	Recommend accepting due to minimal member impact and in line with plan intent	

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TIMELINE

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TIMELINE FOR REMAINING RENEWAL WORK

Action	Responsible Party	Date
The board will review and approve all plan changes	Board	4/19/16
The board will review and approve final plan designs	Board	5/17/16
The board will review and approve final rates, other financials and administrative items	Mercer	6/21/16
Signed renewal letters returned to PEBB and Mercer	Carriers	6/28/16

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APPENDIX

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SELECT RESPONSES TO RENEWAL QUESTIONS

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CARE AND CASE MANAGEMENT ENGAGEMENT

- AllCare
  - Definition of Engagement: a member who is actively involved with a member of AllCare's Care Team with either care management or transition of care.
  - AllCare identified 14.84% of total membership, successfully contacted 11.5% or total membership, and fully engaged 4.64% of total membership.
- Moda
  - Definition of Engagement: A member who has been engaged in a coaching relationship for at least three months with at least three meaningful sessions.
  - Moda identified 386 members and 14 members were enrolled and actively engaged

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CARE AND CASE MANAGEMENT ENGAGEMENT

- Kaiser
  - Definition of Engagement: Members who actively participate in the following programs:
    - Multidisciplinary disease management, Sophisticated electronic health information management, or proactive intervention and outreach
  - At this time, Kaiser is unable to measure engagement, but is working with PEBB to develop mutually agreeable reporting
- Providence
  - Definition of Engagement:
    - Telephonic engagement: Two or more telephonic member contacts
    - Partial telephonic engagement: One member telephonic contact
    - Care Coordination: Coordination of care without member contact
  - Engagement Rates:
    - Disease Management Program: engaged 40% – 80% of identified members depending on the disease identified (Asthma, CAD, etc.)
    - Care Management Program: engaged 50% – 100% of identified members depending on the program (cancer, ESRD, Maternity, etc.)

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PLAN DESIGN CHANGES FOR FUTURE CONSIDERATION

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ALLCARE
PROPOSED PLAN DESIGN CHANGES

Proposed Plan Change	Remove Rx deductible and increase Rx co-pays. Proposed: $10/45/90/170 Current: $50/$150 deductible $10/30/60/100

Carrier Rationale	Member Impact	Plan Cost/Savings	Market Norm	Mercer Recommendation
Remove initial barrier to filling prescriptions at the beginning of the year. As well as increase generic utilization which is currently at 84%.	Generic – Cost savings Preferred Brand – 3 or less member savings; 4 or more change costs member Non Preferred Brand – 1 or less saving, 2 or more costs more Specialty – Costs more to member always	Cost neutral	National benchmark from Mercer's national survey of employer sponsored health plans is $21/ $66/ $109 (Generic / Brand / Non-Preferred Brand)	This would make AllCare's copays out of alignment with the other PEBB plans Not recommended for 2017

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ADDITIONAL ALLCARE PROGRAMS

- Expansion of YMCA Diabetes Prevention Program
  - Program consists of 16 weekly one-hour sessions to help reduce weight by 7% and increase physical activity by 150 minutes per week
  - Members must be at least 18 years old and have a BMI higher than 25 and exhibit pre-diabetic symptoms
  - Evidence based
- Rx Motion
  - Program designed to fight childhood obesity
  - Operated by the KidZone Community Foundation in southern Oregon
  - Physicians write “prescriptions” for physical activities provided by the local YMCA, Boys and Girls club, and two local fitness facilities
  - In early stages and not yet evidence based
- Mindfulness Based Stress Reduction (MBSR)
  - Brings yoga together with meditation in order to relieve stress
  - 6-8 week course of intensive training in mindfulness meditation

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KAISER
PROPOSED PLAN DESIGN CHANGES

Proposed Plan Change	Add a cost share to clinically administered medication: • 15% coinsurance • 20% coinsurance

Carrier Rationale	Member Impact	Plan Cost/Savings	Market Norm	Mercer Recommendation
Provides cost control by discouraging the use of professionally administered medications over self-administered alternatives for the reduction of member out-of-pocket costs	Currently no cost share for clinically administered medication. In 2015 there were 204 unique members that used a clinically administered drugs and 1,291 total prescriptions.	• -0.20% ($290,000) overall rate impact • -0.26% ($375,000) overall rate impact	In line with KP Northwest, and KP National	Not recommended, the cost shift to members is too high

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MODA
PROPOSED PLAN DESIGN CHANGES

Proposed Plan Change	Exclude self-administered injectable medication when supplied in a provider's office, clinic or facility

Carrier Rationale	Member Impact	Plan Cost/Savings	Market Norm	Mercer Recommendation
To encourage migration of self-administered medication dispensed in pharmacies. (Billed as Rx instead of Medical)	Currently there are no members using these medications via the medical benefit	• -0.05% ($9,000) overall rate impact • The primary benefits of this program will be realized over time as more high volume medications become available in self-administered forms		Not recommended for 2017 Recommend Mercer review all pharmacy plans and design globally for 2018 consideration.

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MODA
PROPOSED PLAN DESIGN CHANGES

Proposed Plan Change	Exclude coverage of infertility medications

Carrier Rationale	Member Impact	Plan Cost/Savings	Market Norm	Mercer Recommendation
Coverage of these medications creates exposure to high cost medications that are not required to maintain or improve the health of the PEBB membership. These medications are considered elective.	Currently cover these medications	-0.06% of premium		Not recommended for 2017 Recommend Mercer review all pharmacy plans and design globally for 2018 consideration

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MODA
PROPOSED PLAN DESIGN CHANGES

Proposed Plan Change	Add a non-preferred brand drug tier: • FT employees: $50 retail / $125 mail order • PT employees: $70 retail / $150 mail order

Carrier Rationale	Member Impact	Plan Cost/Savings	Market Norm	Mercer Recommendation
To align the plan more closely with standard market practices and improve utilization of safe, efficacious and cost-effective alternatives	Currently only one tier for brand drugs at $30 for retail and $75 for mail order	-0.10% ($18,000) overall rate impact		Not recommended for 2017 Recommend Mercer review all pharmacy plans and design globally for 2018 consideration

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MODA
PROPOSED PLAN DESIGN CHANGES

Proposed Plan Change	Implement Moda's high cost generics program

Carrier Rationale	Member Impact	Plan Cost/Savings	Market Norm	Mercer Recommendation
To align the plan more closely with standard market practices and improve utilization of safe, efficacious and cost-effective alternatives	Currently only one tier for generic drugs at $10 for retail and $25 for mail order .	-0.50% ($92,000) overall rate impact		Not recommended for 2017 Recommend Mercer review all pharmacy plans and design globally for 2018 consideration

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MODA
MULTI-TIER FORMULARY

- Current PEBB Moda pharmacy benefit:

	Full-Time Plan			Part-Time Plan		
	Retail	Mail	Specialty	Retail	Mail	Specialty
Value	$0	$0	n/a	$0	$0	n/a
Generic	$10	$25	$100	$20	$50	$100
Brand	$30	$75	$100	$50	$125	$100

- Proposed PEBB Moda pharmacy benefit:

	Full-Time Plan			Part-Time Plan		
	Retail	Mail	Specialty	Retail	Mail	Specialty
Value	$0	$0	n/a	$0	$0	n/a
Select Generic	$10	$25	$100	$20	$50	$100
Preferred (includes high cost generics)	$30	$75	$100	$50	$125	$100
Non-Preferred Brand	$50	$125	n/a	$70	$150	n/a

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PROVIDENCE
PROPOSED PLAN DESIGN CHANGES

Proposed Plan Change	Implement a Multi-tier Formulary (5-Tier)

Carrier Rationale	Member Impact	Plan Cost/Savings	Market Norm	Mercer Recommendation
Realize increased savings when moving from a lower tier to a higher tier	• Will include preferred generics and preferred brand • The 5-tier formulary lists more anti-migraine drugs • The 5-tier formulary lists less ADHD drugs	The decrease in claims cost would be 1.3%, although the effect will vary by as much as 0.5% depending on the copay levels chosen	According to Mercer's National Survey of employer Sponsored Health Plans, 22% of large employers have 4 or 5 tiers	Not recommended for 2017 Recommend Mercer review all pharmacy plans and design globally for 2018 consideration

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PROVIDENCE
PROPOSED PLAN DESIGN CHANGES

Proposed Plan Change	Retain Value formulary, but increase value tier copayment from $0 to $5

Carrier Rationale	Member Impact	Plan Cost/Savings	Market Norm	Mercer Recommendation
Does not anticipate a negative impact to PEBB's adherence rates, but the small increase could achieve plan savings because it is highly utilized	Member cost share will increase $5 per value script	The decrease in claims cost by 0.36%		Not recommended for 2017 Recommend Mercer review all pharmacy plans and design globally for 2018 consideration

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PLAN DESIGNS

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CURRENT PLAN DESIGNS
ALLCARE FULL-TIME

	Preferred Network	Participating Network	Out-of-Network
Medical			
Deductible	$250 / $750	$500 / $1,500	$500 / $1,500
Out of Pocket Max	$1,500 / $4,500	$2,500 / $7,500	$2,500 / $7,500
Preventive OV	Covered in Full	Covered in Full	30%
Primary Care OV	$5	$20	30%
Specialist OV	$20	$30	30%
Inpatient Hospital	$50/day to $250	$100/day to $500	30%
Outpatient Hospital	$5	$200	30%
Emergency Room	$100	$100	$100
Urgent Care Visit	$25	$25	$25
Pharmacy			
Deductible	$50 / $150		
OOP Max	$1,000 / $3,000		
Retail (Generic/ Brand/ Non-Preferred/ Specialty)	$10 / 30 / 60 / 100		
Mail-Order (Generic/ Brand/ Non-Preferred)	$20 / 60 / 120		

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CURRENT PLAN DESIGNS
MODA FULL-TIME

	Preferred Network	Out-of-Network
Medical		
Deductible	$250 / $750	$500 / $1,500
Out of Pocket Max	$1,500 / $4,500	$2,500 / $7,500
Preventive OV	Covered in Full	30%
Primary Care OV	$5	30%
Specialist OV	$5	30%
Inpatient Hospital	$50/day to $250	30%
Outpatient Hospital	$5	30%
Emergency Room	$100	$100
Urgent Care Visit	$25	$25
Pharmacy		
Deductible	$50 / $150	
OOP Max	$1,000 / $3,000	
Retail (Value/ Generic/ Brand / Specialty)	$0 / 10 / 30 / 100	
Mail-Order (Value/ Generic/ Brand)	$0 / 25 / 75	

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CURRENT PLAN DESIGNS
PROVIDENCE CHOICE FULL-TIME

	Preferred Network	Out-of-Network
Medical		
Deductible	$250 / $750	$500 / $1,500
Out of Pocket Max	$1,500 / $4,500	$2,500 / $7,500
Preventive OV	Covered in Full	30%
Primary Care OV	$5	30%
Specialist OV	$5	30%
Inpatient Hospital	$50/day to $250	30%
Outpatient Hospital	$5	30%
Emergency Room	$100	$100
Urgent Care Visit	$25	$25
Pharmacy		
Deductible	$50 / $150	
OOP Max	$1,000 / $3,000	
Retail (Value/ Generic/ Brand / Specialty)	$0 / 10 / 30 / 100	
Mail-Order (Value/ Generic/ Brand)	$0 / 25 / 75	

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CURRENT PLAN DESIGNS
PROVIDENCE STATEWIDE FULL-TIME

	Preferred Network	Out-of-Network
Medical		
Deductible	$250 / $750	$500 / $1,500
Out of Pocket Max	$1,500 / $4,500	$2,500 / $7,500
Preventive OV	Covered in Full	30%
Primary Care OV	15%	30%
Specialist OV	15%	30%
Inpatient Hospital	15%	30%
Outpatient Hospital	15%	30%
Emergency Room	$100, then 15%	$100, then 15%
Urgent Care Visit	15%	15%
Pharmacy		
Deductible	$50 / $150	
OOP Max	$1,000 / $3,000	
Retail (Value/ Generic/ Brand / Specialty)	$0 / 10 / 30 / 100	
Mail-Order (Value/ Generic/ Brand)	$0 / 25 / 75	

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CURRENT PLAN DESIGNS
KAISER HMO FULL-TIME

	Preferred Network	Out-of-Network
Medical		
Deductible	$0	n/a
Out of Pocket Max	$600 / $1,200	n/a
Preventive OV	Covered in Full	n/a
Primary Care OV	$5	n/a
Specialist OV	$5	n/a
Inpatient Hospital	$50/day to $250	n/a
Outpatient Hospital	$5	n/a
Emergency Room	$75	n/a
Urgent Care Visit	$5	n/a
Pharmacy		
Deductible	n/a	
OOP Max	n/a	
Retail (Preventive/ Generic/ Brand)	$0 / 1 / 15	
Mail-Order (Preventive/ Generic/ Brand)	$0 / 1 / 15	

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CURRENT PLAN DESIGNS
KAISER DEDUCTIBLE FULL-TIME

	Preferred Network	Out-of-Network
Medical		
Deductible	$250 / $750	n/a
Out of Pocket Max	$1,500/ $4,500	n/a
Preventive OV	Covered in Full	n/a
Primary Care OV	$5	n/a
Specialist OV	$5	n/a
Inpatient Hospital	$50/day to $250	n/a
Outpatient Hospital	$5	n/a
Emergency Room	$75	n/a
Urgent Care Visit	$25	n/a
Pharmacy		
Deductible	n/a	
OOP Max	n/a	
Retail (Preventive/ Generic/ Brand/ Non-preferred)	$0 / 5 / 25 / 50% to $100	
Mail-Order (Preventive/ Generic/ Brand)	$0 / 5 / 25 / 50% to $100	

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