

Public Employees' Benefit Board Meeting Minutes November 19, 2019

The Public Employees' Benefit Board held a regular meeting on November 19, 2019, at the DHS Health Licensing Office, Suite 180, 1430 Tandem Ave. Ne, Salem, Oregon 97301. Chair Shaun Parkman called the meeting to order at 9:30 a.m.

Attendees

Board Members:

Shaun Parkman, Chair
Kimberly Hendricks, Vice Chair
Bill Barr
Dana Hargunani, MD
Kim Harman (phone)
Siobhan Martin
Mark Perlman
Jeremy Vandehey

Board Members Excused/Absent:

Senator Betsy Johnson (non-voting member)
Representative Andrea Salinas (non-voting member)

PEBB Staff:

Ali Hassoun, Director
Damian Brayko, Deputy Director
Rose Mann, Board Policy and Planning Coordinator
Rebecca Aparacio, Executive Assistant
Glenn Baly, Program Policy Liaison

Consultants:

Emery Chen, Mercer Health and Benefits, LLC
Nick Albert, Mercer Health and Benefits, LLC
Michael Garrett, Mercer Health and Benefits, LLC
James Matthisen, Mercer Health and Benefits, LLC

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I. Call to order and approval of October 15, 2019 Board meeting minutes.

Chair Shaun Parkman called the meeting to order asked for a motion to approve the October 15, 2019 PEBB Board meeting minutes.

MOTION

Bill Barr moved to approve the minutes of the October 15, 2019 PEBB Board meetings. Siobhan Martin seconded the motion. The motion carried 5 - 0.

II. Consultant RFP Design Planning - Attachment 2

Brian Olson led the Board in a discussion on the joint consultant RFP Design.

III. Concierge and Advocacy Services RFI Update - Attachment 3

Michael Garrett, Mercer Health & Benefits, LLC presented an update on the RFI for Concierge and Advocacy Services.

IV. Budget Update - Attachment 4

Ali Hassoun, OEBB/PEBB Director, reviewed the budget.

V. WW Kurbo Update and Recommendation- Attachment 5

Cindy Bowman, Director of Operations, presented an update on the WW Kurbo program.

MOTION

Siobhan Martin moved to adopt the WW Kurbo program as a pilot for one year. Bill Barr moved to amend the original motion to have Kurbo report quarterly on utilization beginning in the middle of the first year. Mark Perlman seconded the motion. The motion carried 7 - 0.

VI. EviCore Implementation Delay- Attachment 6

Damian Brayko, Deputy Director led the Board in a discussion on Providence's request to delay the implementation of Evicore.

MOTION

Siobhan Martin moved to allow Providence to delay the implementation of Evicore until 2021. Mark Perlman seconded the motion. The motion carried 7 - 0.

**VII. Legislative Session Budget Note: Explore Rx/Pharmacy Utilization Tools-
Attachment 7**

Nick Albert, Mercer Health and Benefits, LLC, presented an update on the Legislative Session Budget Note; Explore Rx/Pharmacy Utilization Tools.

VIII. Innovation Workgroup Update

Shaun Parkman, IW Vice Chair and James Matthisen, Mercer, presented an update on the Innovation Workgroup.

IX. Other Business/ Public Comment

The Board honored Bill Barr's service on the PEBB Board for the past three years and said goodbye.

There being no public comment nor further business to come before the Board, Chair Shaun Parkman adjourned the meeting at 12:35 p.m.

HEALTH WEALTH CAREER

OREGON PUBLIC EMPLOYEES' BENEFITS BOARD

RISK BASED CAPITAL

DECEMBER 17, 2019

Emery Chen, ASA MAAA

Attachment 2



MAKE TOMORROW, TODAY



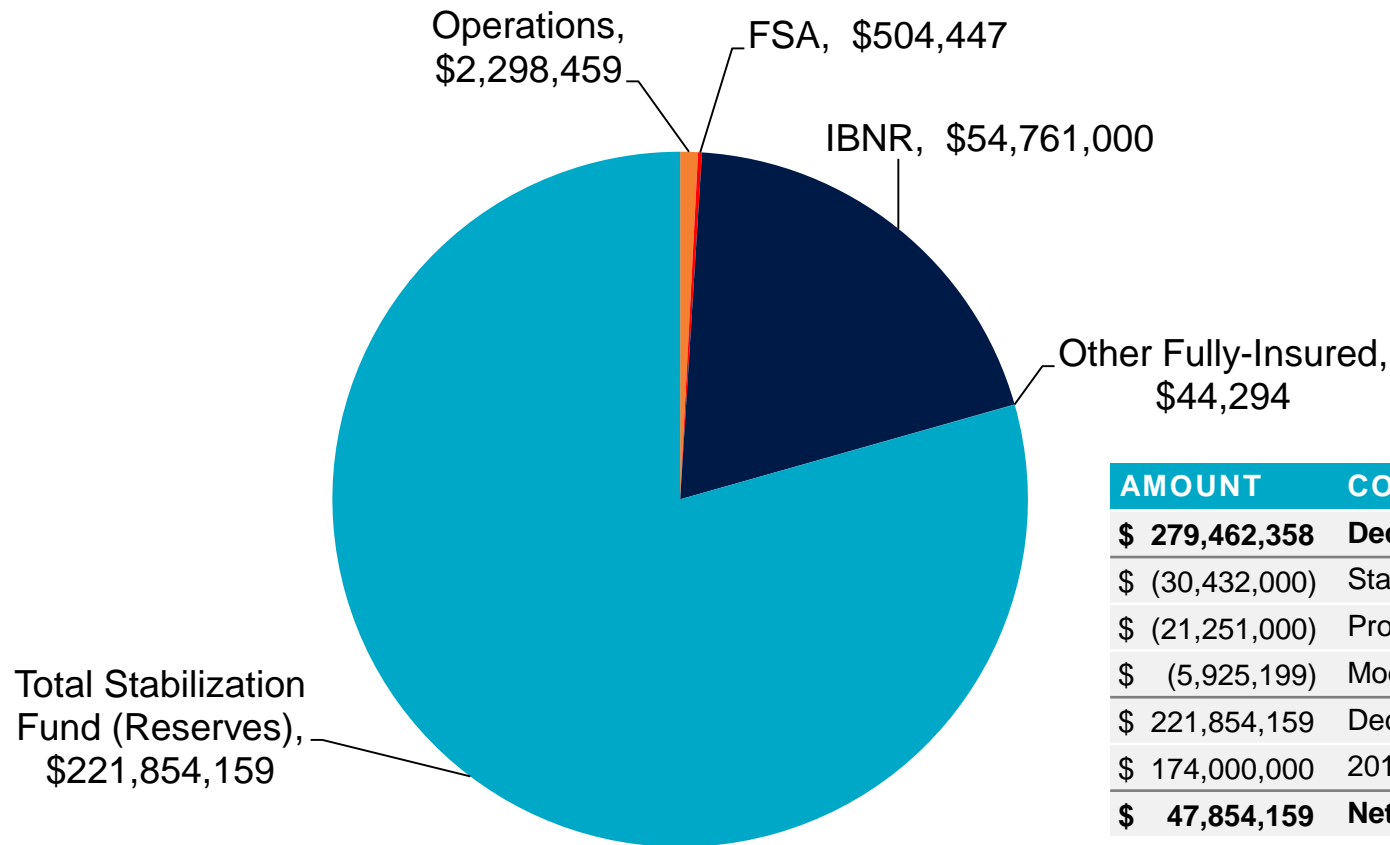
WHAT IS RISK BASED CAPITAL?

- From the National Association of Insurance Commissioners (NAIC)
 - ***Risk Based Capital*** (RBC) is a method of measuring the minimum amount of ***capital*** appropriate for a reporting entity to support its overall business operations in consideration of its size and ***risk*** profile. RBC limits the amount of ***risk*** a company can take.
- NAIC created RBC to determine the minimum amounts of capital appropriate for insurance companies
 - The capital provides a cushion against insolvency
- Formulas focus on various areas of risk; for PEBB, underwriting risk is the main exposure

KEY TAKEAWAYS

- 1 2020 projected ending fund balance \$46 million above PEBB Reserve Target; remains above target through 2022
- 2 Claims improved during 2019, resulting in \$9 million in savings; Long-term medical trend decreased from 6.5% to 5.5%, lowering PEBB costs by \$5 million+ per year starting in 2020 and beyond
- 3 Switching between plans and lower cost tiers reduced PEBB costs by \$10 million from March census
- 4 Based on current costs and trends, 2021 PEBB costs will be below composite 2020 composite plus 3.4% increase; 2022 PEBB costs are approximately \$5 million above the 3.4% limitation

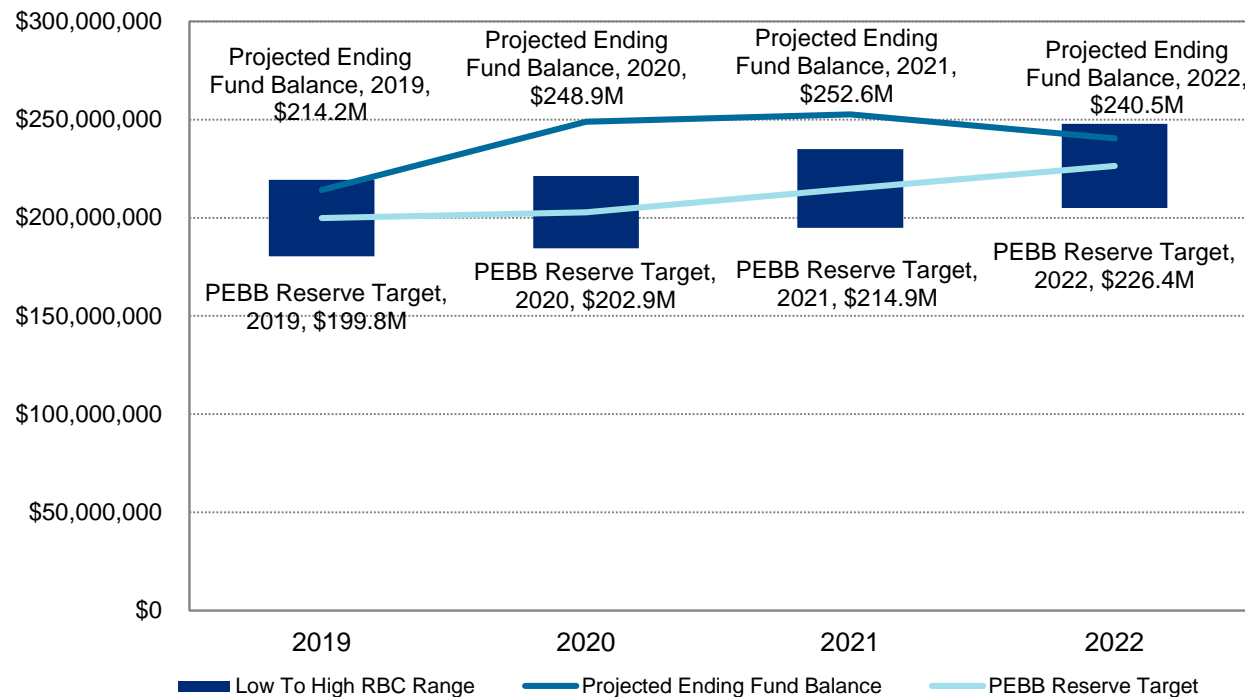
PEBB GENERAL LEDGER ACCOUNT FUND BALANCES AS OF DECEMBER 31, 2018



Plan fund balances (e.g. Statewide) include required funding to pay for claims
Total fund balance is \$279,462,358

2019 TO 2022 FUND BALANCE MERCER TREND RATES

- Costs are set based on claims through October 2019
 - Includes reduction to medical trend to 5.5%
- Funding for 2020 is based on renewal results including additional funding assessment
 - Includes reduction for family tier contribution subsidy
- 2021 and 2022 funding increased by 3.4% from 2020 composite rate
 - Includes \$15 million transfer in 2021 plus \$2.5 million estimated penalty in 2022
- Chart below shows projected ending fund balance and the recommended RBC range
- PEBB Reserve Target is middle of High and Low RBC

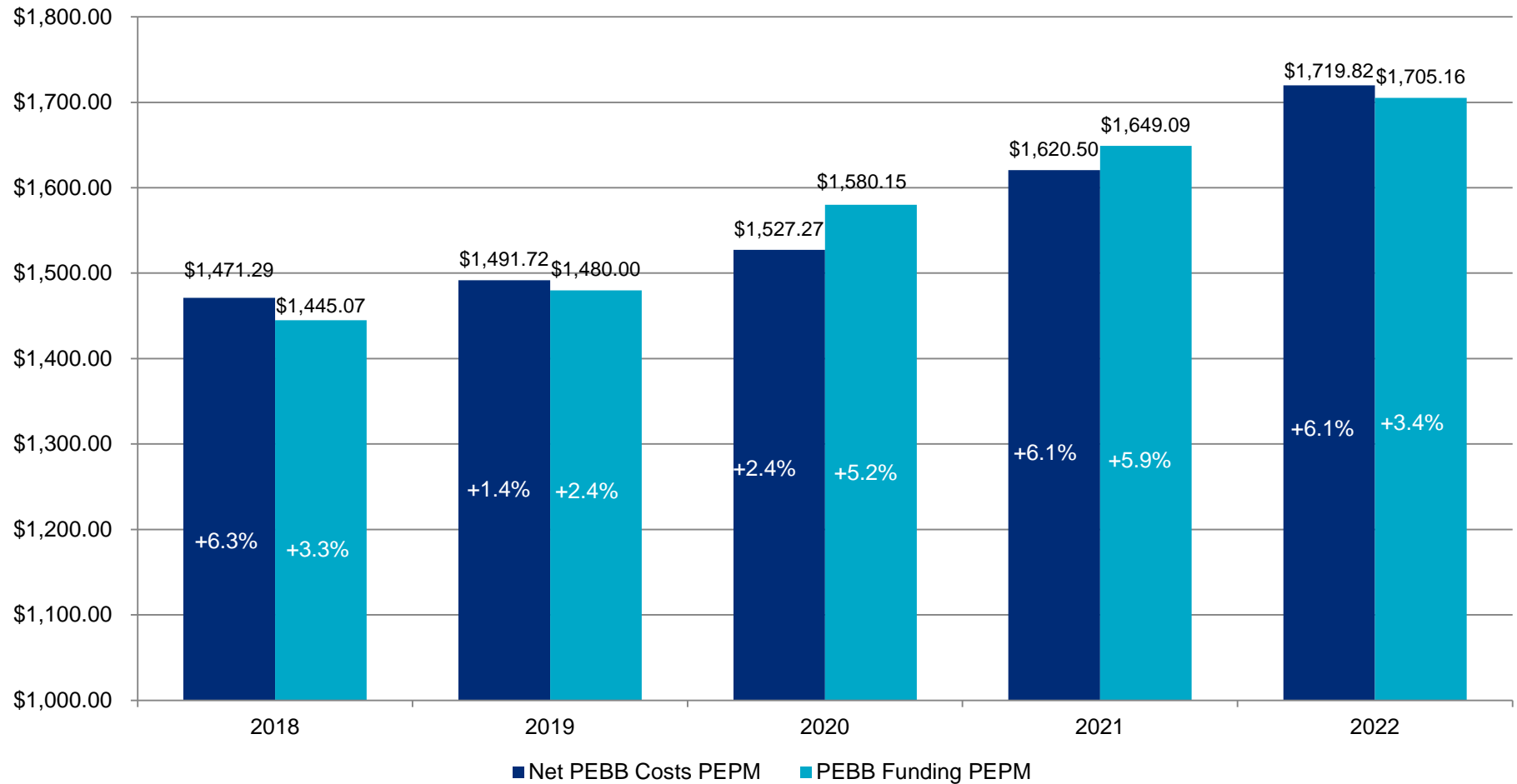


Key Takeaways

- 2020 through 2022 ending fund balances are projected to above PEBB reserve range
- 2022 ending fund balance is projected to be \$14.1M reserve target
- Funding increase for 2021 is 3.4% from 2020 composite
- No plan changes are expected to be needed to meet 3.4% limitation during the 2021 renewal

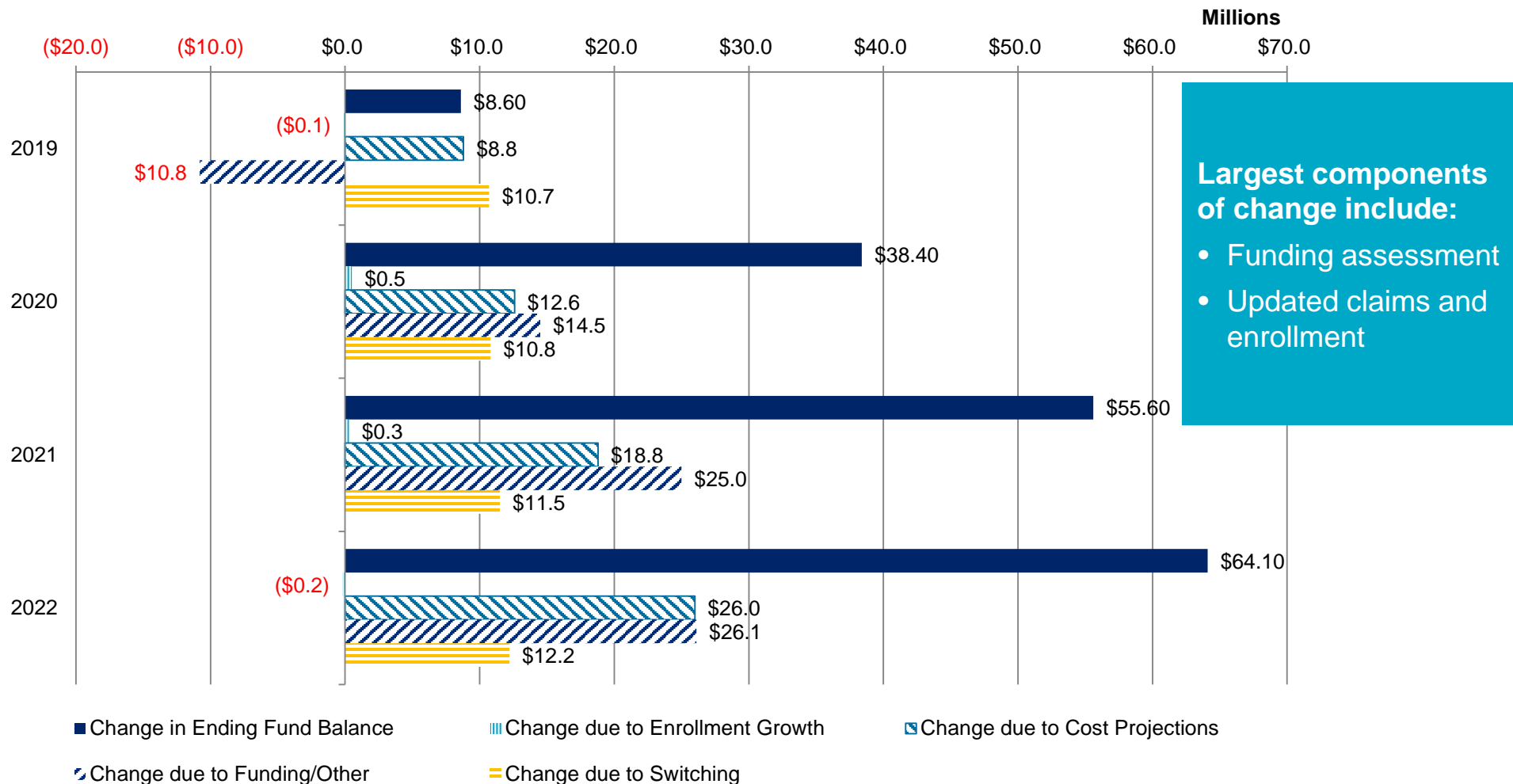


2018 TO 2022 FUND BALANCE COSTS VERSUS FUNDING — MERCER TREND RATES





COMPONENTS OF CHANGE FROM APRIL RBC MERCER TREND RATES



FUND BALANCE DETAIL

MERCER TREND

- PEBB projected cost PEPM increases based on Mercer trend rates are
 - 2.4% for 2020, 6.1% for 2021, and 6.2% for 2022
 - Self-insured trend rates are 5.5% for medical, 10% for Rx, 3% for dental, 2% for vision
 - Includes HB 2377 Transfer and estimated penalty
- Funding increase for 2021 is 3.4% from 2020 composite after contribution subsidy
 - Increase for 2022 is 3.4% from 2021

	1/1/2019 - 12/31/2019	1/1/2020 - 12/31/2020	1/1/2021 - 12/31/2021	1/1/2022 - 12/31/2022
PEBB Projected Costs*	\$972,800,000	\$996,100,000	\$1,057,200,000	\$1,122,300,000
PEBB Projected Costs* (PEPM)	\$1,484.25	\$1,519.80	\$1,613.02	\$1,712.35
Surcharges Payments from Employees	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000
HEM Refunds	(\$9,400,000)	(\$9,400,000)	(\$9,400,000)	(\$9,400,000)
Net PEBB Costs	\$977,700,000	\$1,001,000,000	\$1,062,100,000	\$1,127,200,000
Net PEBB Costs (PEPM)	\$1,491.72	\$1,527.27	\$1,620.50	\$1,719.82
Funding	\$970,000,000	\$1,035,700,000	\$1,080,800,000	\$1,117,600,000
Funding (PEPM) (2019 and 2020 Actual, 2021 and 2022 based on 3.4% increases from 2020 Renewal)	\$1,480.00	\$1,580.15	\$1,649.09	\$1,705.16
Funding as % of Net PEBB Costs	99%	103%	102%	99%
Proj Surplus/(Deficit) for PY**	(\$7,700,000)	\$34,700,000	\$18,700,000	(\$9,600,000)
Beginning Risk Stabilization Fund	\$221,900,000	\$214,200,000	\$248,900,000	\$252,600,000
HB 2377 Transfer in 2021 (2022 Estimated Penalty)			(\$15,000,000)	(\$2,500,000)
Ending PY Risk Stabilization Fund	\$214,200,000	\$248,900,000	\$252,600,000	\$240,500,000
PEBB Reserve Target	\$199,800,000	\$202,850,000	\$214,900,000	\$226,400,000
Difference between Ending Balance and Target	\$14,400,000	\$46,050,000	\$37,700,000	\$14,100,000
% Difference	7%	23%	18%	6%

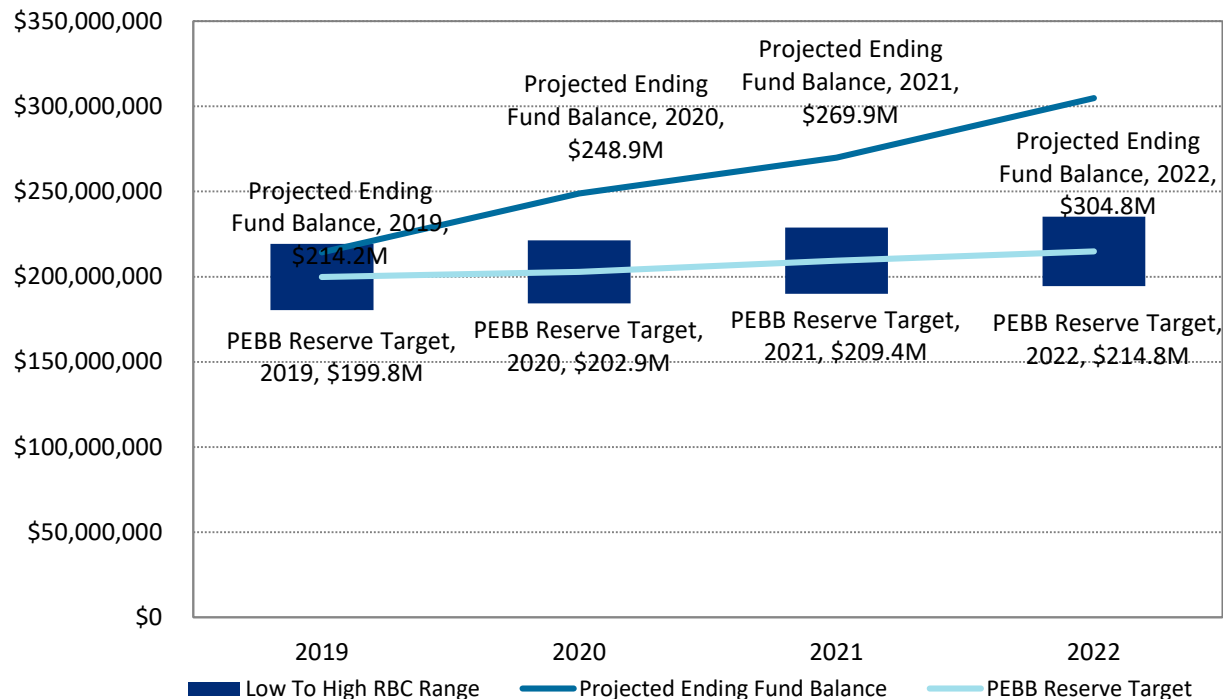
* Using Sept 2019 enrollment of 53,763, and October 2019 claims experience

** Surplus/(Deficit) = Agency Payments + Surcharges - PEBB Projected Costs

2019 TO 2022 FUND BALANCE

3.4% EXPENDITURE GROWTH

- Costs are set based on claims through October 2019
 - 2019 and 2020 based on projected (2020 increase below 3.4% mandate)
 - 2021 and 2022 based on 3.4% from 2020
- Funding for 2020 is based on renewal results
- PEBB Reserve Target is middle of High and Low RBC



Key Takeaways

- Current surplus is expected to continue if costs increase at same rate as funding
- Fund transfer lowers the amount of surplus added to the fund balance in 2021

FUND BALANCE DETAIL

3.4% EXPENDITURE GROWTH

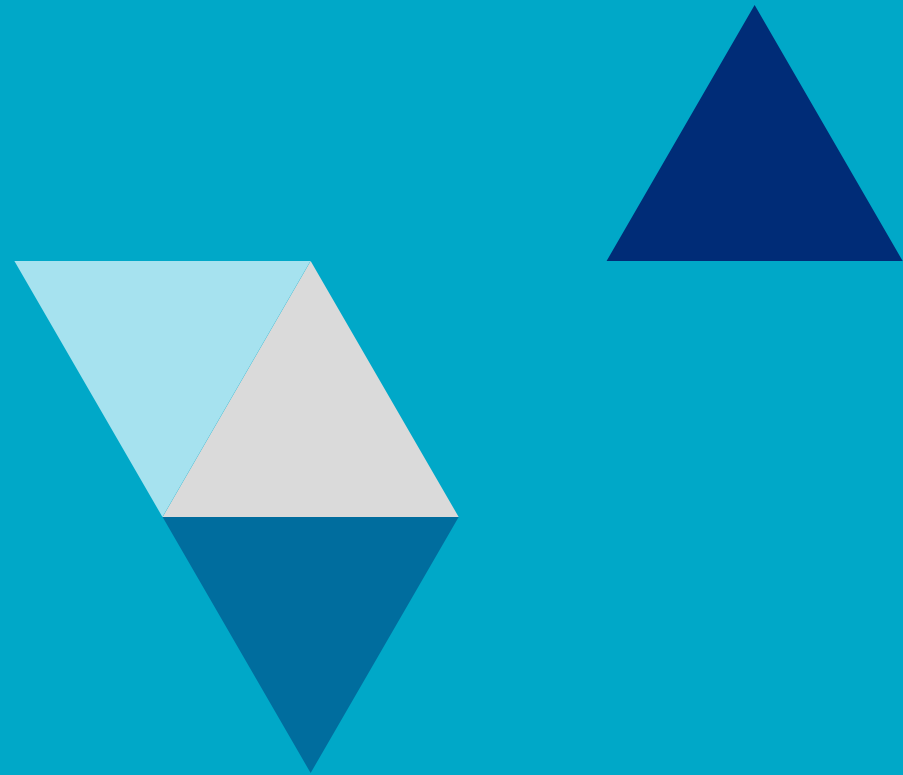
- PEBB projected cost PEPM increases are
 - 2.4% for 2020, 3.4% for 2021 and 2022
- Funding increase for 2021 is 3.4% per year from 2020 needed funding
 - 3.4% increase from 2020 composite would increase the surplus approximately \$10 million

	1/1/2019 - 12/31/2019	1/1/2020 - 12/31/2020	1/1/2021 - 12/31/2021	1/1/2022 - 12/31/2022
PEBB Projected Costs*	\$972,800,000	\$996,100,000	\$1,030,000,000	\$1,065,000,000
PEBB Projected Costs* (PEPM)	\$1,484.25	\$1,519.80	\$1,571.52	\$1,624.92
Surcharges Payments from Employees	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000
HEM Refunds	(\$9,400,000)	(\$9,400,000)	(\$9,400,000)	(\$9,400,000)
Net PEBB Costs	\$977,700,000	\$1,001,000,000	\$1,034,900,000	\$1,069,900,000
Net PEBB Costs (PEPM)	\$1,491.72	\$1,527.27	\$1,579.00	\$1,632.40
Funding	\$970,000,000	\$1,035,700,000	\$1,070,900,000	\$1,107,300,000
Funding (PEPM) (2019 and 2020 Actual, 2021 and 2022 based on 3.4% increases from 2020 Renewal)	\$1,480.00	\$1,580.15	\$1,633.87	\$1,689.42
Funding as % of Net PEBB Costs	99%	103%	103%	103%
Proj Surplus/(Deficit) for PY**	(\$7,700,000)	\$34,700,000	\$36,000,000	\$37,400,000
Beginning Risk Stabilization Fund	\$221,900,000	\$214,200,000	\$248,900,000	\$269,900,000
HB 2377 Transfer in 2021 (2022 Estimated Penalty)			(\$15,000,000)	(\$2,500,000)
Ending PY Risk Stabilization Fund	\$214,200,000	\$248,900,000	\$269,900,000	\$304,800,000
PEBB Reserve Target	\$199,800,000	\$202,850,000	\$209,400,000	\$214,800,000
Difference between Ending Balance and Target	\$14,400,000	\$46,050,000	\$60,500,000	\$90,000,000
% Difference	7%	23%	29%	42%

* Using Sept 2019 enrollment of 53,763, and October 2019 claims experience

** Surplus/(Deficit) = Agency Payments + Surcharges - PEBB Projected Costs

APPENDIX



RISK BASED CAPITAL — 2019 TO 2020

MERCER PROJECTED COSTS

- Based on claims from October 2019 and September 2019 enrollment

Recommended Rate Stabilization Reserve Range								
	1/1/2019 - 12/31/2019				1/1/2020 - 12/31/2020			
	Low	Mid-Point Low/Middle	Middle	High	Low	Mid-Point Low/Middle	Middle	High
Stabilization Fund for Self-Insured Plans								
Statewide Plan	\$83,000,000	\$87,250,000	\$91,500,000	\$100,000,000	\$85,000,000	\$89,000,000	\$93,000,000	\$101,000,000
% of RBC	250%	263%	275%	300%	250%	263%	275%	300%
Providence	\$68,000,000	\$71,250,000	\$74,500,000	\$81,000,000	\$69,000,000	\$72,250,000	\$75,500,000	\$82,000,000
% of RBC	250%	263%	275%	300%	250%	263%	275%	300%
Moda	\$21,000,000	\$22,250,000	\$23,500,000	\$26,000,000	\$22,000,000	\$23,000,000	\$24,000,000	\$26,000,000
% of RBC	250%	263%	275%	300%	250%	263%	275%	300%
DDOR	\$7,000,000	\$7,875,000	\$8,750,000	\$10,500,000	\$7,000,000	\$7,875,000	\$8,750,000	\$10,500,000
% of RBC	200%	225%	250%	300%	200%	225%	250%	300%
VSP	\$1,300,000	\$1,425,000	\$1,550,000	\$1,800,000	\$1,400,000	\$1,500,000	\$1,600,000	\$1,800,000
% of RBC	150%	163%	175%	200%	150%	163%	175%	200%
Total	\$180,300,000	\$190,050,000	\$199,800,000	\$219,300,000	\$184,400,000	\$193,625,000	\$202,850,000	\$221,300,000

RISK BASED CAPITAL — 2021 AND 2022

MERCER PROJECTED COSTS

- Based on claims from October 2019 and September 2019 enrollment

Recommended Rate Stabilization Reserve Range								
	1/1/2021 - 12/31/2021				1/1/2022 - 12/31/2022			
	Low	Mid-Point Low/Middle	Middle	High	Low	Mid-Point Low/Middle	Middle	High
Stabilization Fund for Self-Insured Plans								
Statewide Plan	\$90,000,000	\$94,250,000	\$98,500,000	\$107,000,000	\$95,000,000	\$99,750,000	\$104,500,000	\$114,000,000
% of RBC	250%	263%	275%	300%	250%	263%	275%	300%
Providence	\$73,000,000	\$76,500,000	\$80,000,000	\$87,000,000	\$77,000,000	\$80,750,000	\$84,500,000	\$92,000,000
% of RBC	250%	263%	275%	300%	250%	263%	275%	300%
Moda	\$23,000,000	\$24,250,000	\$25,500,000	\$28,000,000	\$24,000,000	\$25,250,000	\$26,500,000	\$29,000,000
% of RBC	250%	263%	275%	300%	250%	263%	275%	300%
DDOR	\$7,500,000	\$8,375,000	\$9,250,000	\$11,000,000	\$7,500,000	\$8,375,000	\$9,250,000	\$11,000,000
% of RBC	200%	225%	250%	300%	200%	225%	250%	300%
VSP	\$1,400,000	\$1,525,000	\$1,650,000	\$1,900,000	\$1,400,000	\$1,525,000	\$1,650,000	\$1,900,000
% of RBC	150%	163%	175%	200%	150%	163%	175%	200%
Total	\$194,900,000	\$204,900,000	\$214,900,000	\$234,900,000	\$204,900,000	\$215,650,000	\$226,400,000	\$247,900,000



MERCER

MAKE TOMORROW, TODAY

Attachment 3

**OREGON'S PUBLIC
EMPLOYEES' BENEFITS
BOARD**

DECEMBER UTILIZATION
REPORT

DECEMBER 17, 2019

Emery Chen, ASA, MAAA



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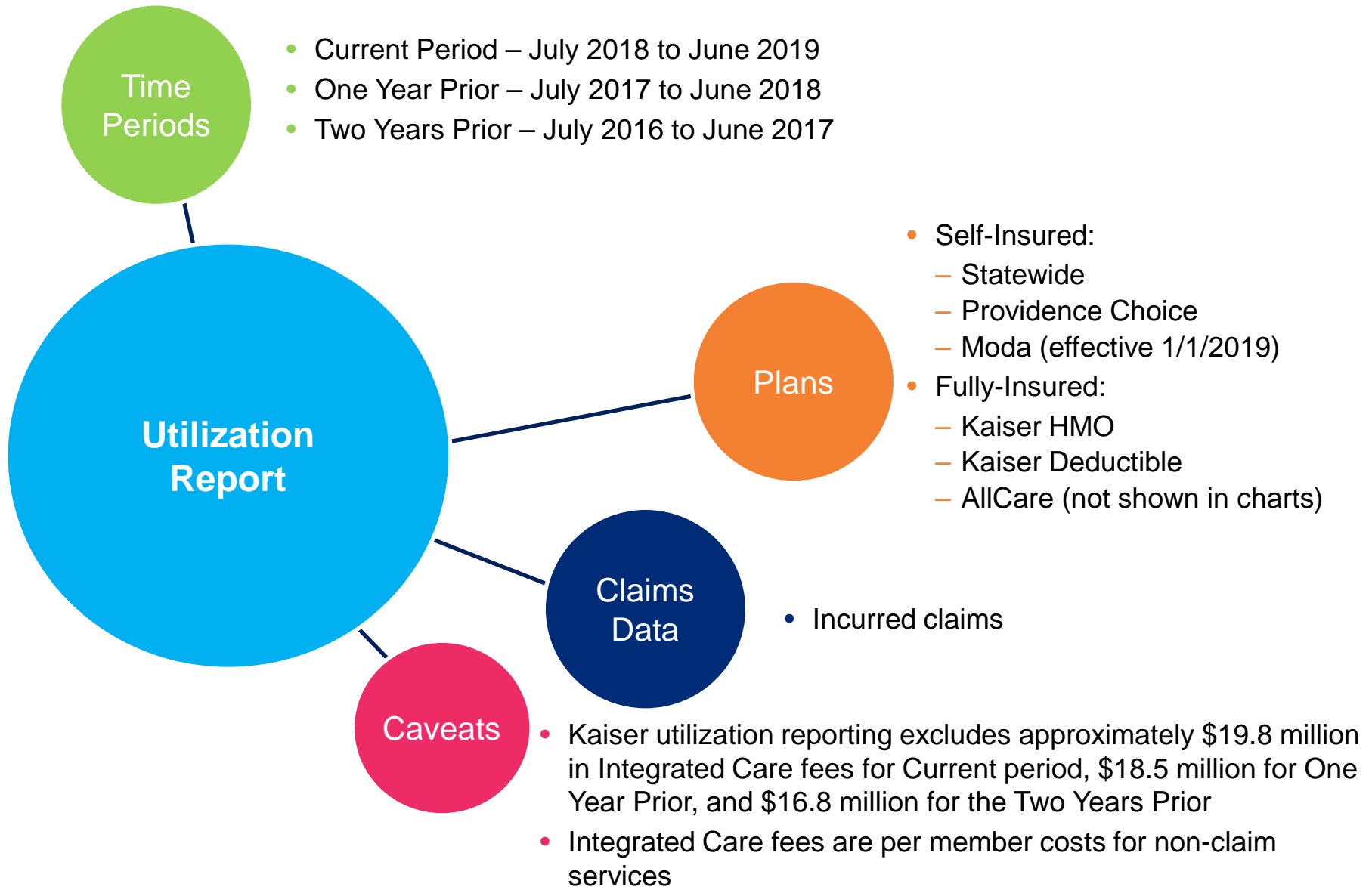
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EMERGENCY DEPARTMENT CODING

6

UTILIZATION

DATA AND ASSUMPTIONS



EXECUTIVE SUMMARY

AGGREGATE COSTS

- Costs have moderated across all plans

RISK SCORES

- Risk of the members continue to increase at 3% per year
- Moda and Providence Choice remain the most efficient plans after accounting for risk of the members

COMPONENTS OF TREND

- *Member Health Risk* is the biggest driver of trend
- Specialty drug costs are the largest contributor to trend although site of care management may result in savings

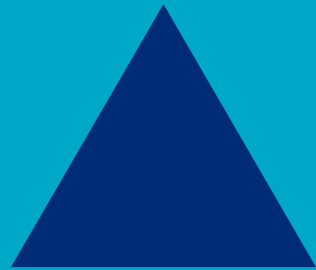
EMERGENCY DEPARTMENT CODING

- Coding of Emergency Department visits to the highest severity level (5) continues to increase
- Specific hospital systems are driving the increase in Level 5 visits

UTILIZATION

- Minimal increases across service categories except for Specialty Drugs

AGGREGATE COSTS





ANNUAL COSTS SELF-INSURED

	TWO YEARS PRIOR	ONE YEAR PRIOR	% CHANGE	CURRENT	% CHANGE
AGGREGATE					
Medical	\$521,933,788	\$571,972,378	9.6%	\$589,953,158	3.1%
Prescription Drug	\$81,769,979	\$86,430,186	5.7%	\$94,010,162	8.8%
Total	\$603,703,767	\$658,402,565	9.1%	\$683,963,319	3.9%
PER EMPLOYEE PER YEAR					
Medical	\$12,597	\$13,711	8.8%	\$13,793	0.6%
Prescription Drug	\$1,974	\$2,072	5.0%	\$2,198	6.1%
Total	\$14,571	\$15,783	8.3%	\$15,991	1.3%
AVERAGE ANNUAL MEMBERSHIP					
Employees	41,433	41,716	0.7%	42,772	2.5%
Members	110,058	110,534	0.4%	112,163	1.5%

- Medical costs per employee have decreased in the current period; Rx cost are higher but still below market trends
- Both medical and prescription drug costs include impact of rebates
- Moda is now included as a self-insured plan in all time periods



ANNUAL COSTS FULLY-INSURED

	TWO YEARS PRIOR	ONE YEAR PRIOR	% CHANGE	CURRENT	% CHANGE
AGGREGATE					
Medical	\$118,085,313	\$122,246,580	3.5%	\$122,052,446	-0.2%
Prescription Drug	\$18,776,075	\$18,922,088	0.8%	\$19,202,107	1.5%
Total	\$136,861,388	\$141,168,668	3.1%	\$141,254,554	0.1%
PER EMPLOYEE PER YEAR					
Medical	\$12,159	\$12,958	6.6%	\$13,137	1.4%
Prescription Drug	\$1,933	\$2,006	3.7%	\$2,067	3.0%
Total	\$14,092	\$14,964	6.2%	\$15,204	1.6%
AVERAGE ANNUAL MEMBERSHIP					
Employees	9,712	9,434	-2.9%	9,291	-1.5%
Members	25,204	24,500	-2.8%	23,825	-2.8%

- Moda became self-funded effective 1/1/19 and is in the prior slide
- AllCare was removed as a PEBB health plan starting 1/1/18
- Kaiser integrated care fees are included



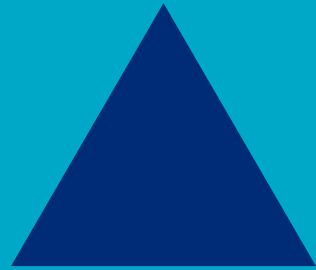
ANNUAL COSTS

TOTAL PEBB

	TWO YEARS PRIOR	ONE YEAR PRIOR	% CHANGE	CURRENT	% CHANGE
AGGREGATE					
Medical	\$640,019,101	\$694,218,958	8.5%	\$712,005,604	2.6%
Prescription Drug	\$100,546,054	\$105,352,275	4.8%	\$113,212,269	7.5%
Total	\$740,565,155	\$799,571,233	8.0%	\$825,217,873	3.2%
PER EMPLOYEE PER YEAR					
Medical	\$12,514	\$13,572	8.5%	\$13,676	0.8%
Prescription Drug	\$1,966	\$2,060	4.8%	\$2,175	5.6%
Total	\$14,480	\$15,632	8.0%	\$15,850	1.4%
AVERAGE ANNUAL MEMBERSHIP					
Employees	51,145	51,150	0.0%	52,063	1.8%
Members	135,262	135,034	-0.2%	135,988	0.7%

- Overall per-employee cost growth fell below 3.4% in the current period

BY TYPE OF SERVICE



COSTS BY TYPE OF SERVICE PEPY BY PLAN



Costs shown above are not risk adjusted

- Statewide plan has highest PEPY costs of all plans

- Statewide has highest cost in four categories (Rx, Other professional services, Facility IP/OP)
- Kaiser has the highest cost in for Lab & X-ray, Physician IP/OP

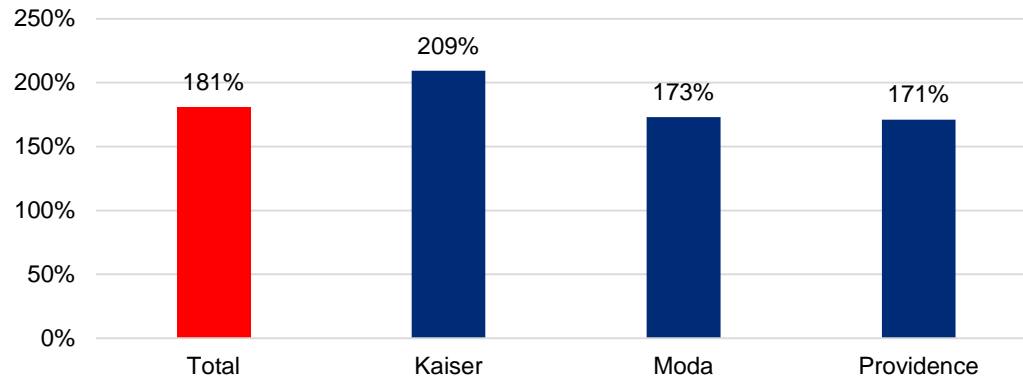
- Kaiser costs do not include \$833 PEPY in integrated care fees
- PEPY Rebates for Statewide and Choice were \$604 and \$452 respectively



% OF MEDICARE REIMBURSEMENT

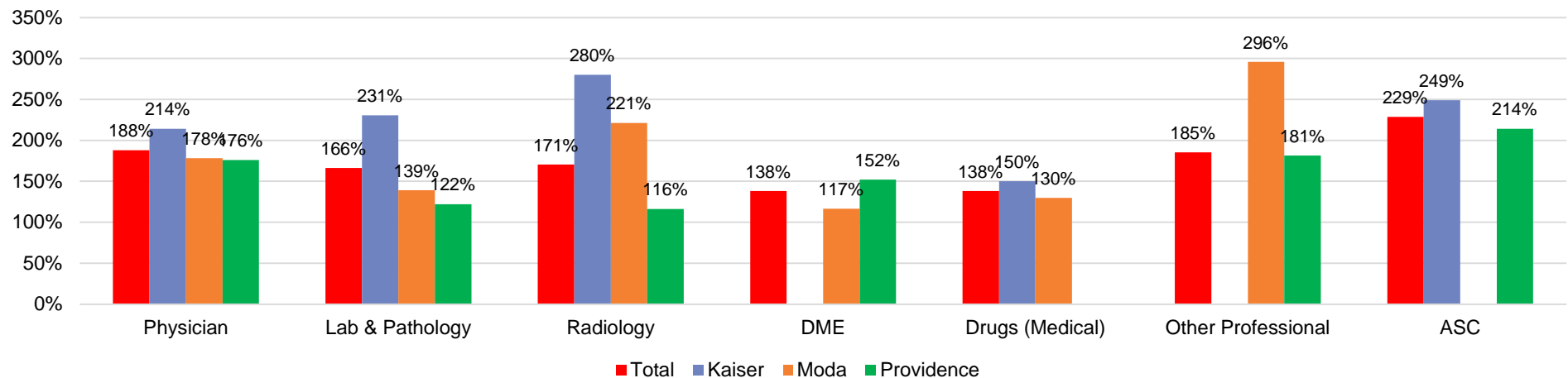
- During 2020 renewal, projected SB 1067 hospital services savings were 4% to 5% of claims for Kaiser, Moda, and Providence

Non-SB 1067 % of Medicare

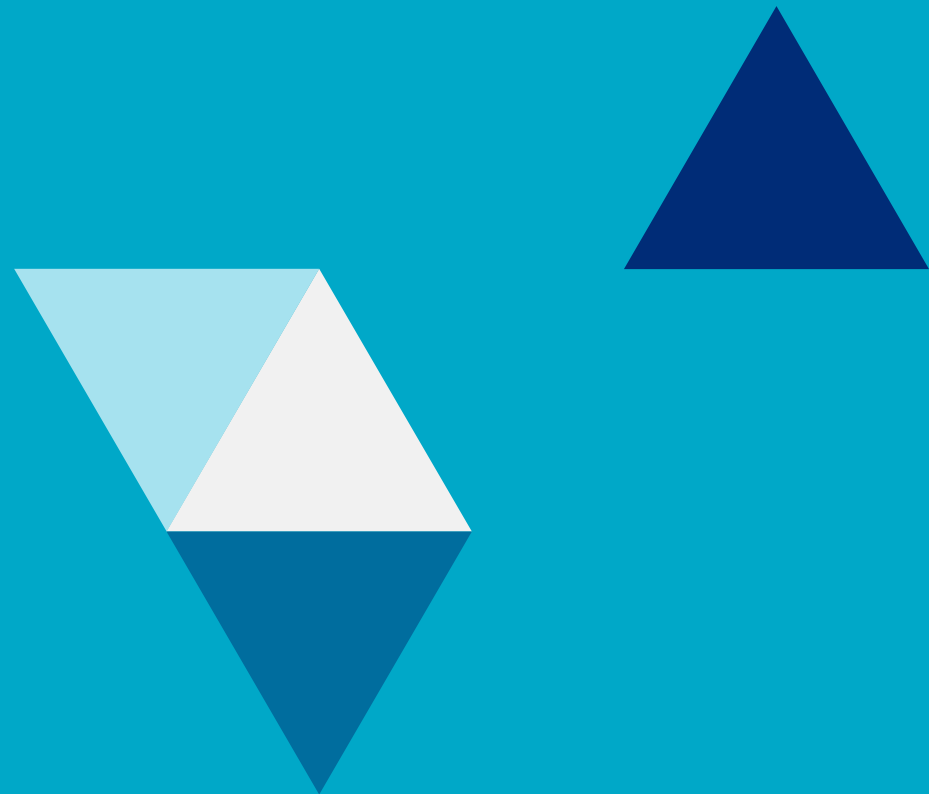


- Kaiser updated their analysis, which reduced the % of Medicare for non-SB 1067 services
- Providence stated that their medical drugs are reimbursed at approximately 105% of Medicare

Medicare as % of Allowed by non-SB 1067 Category

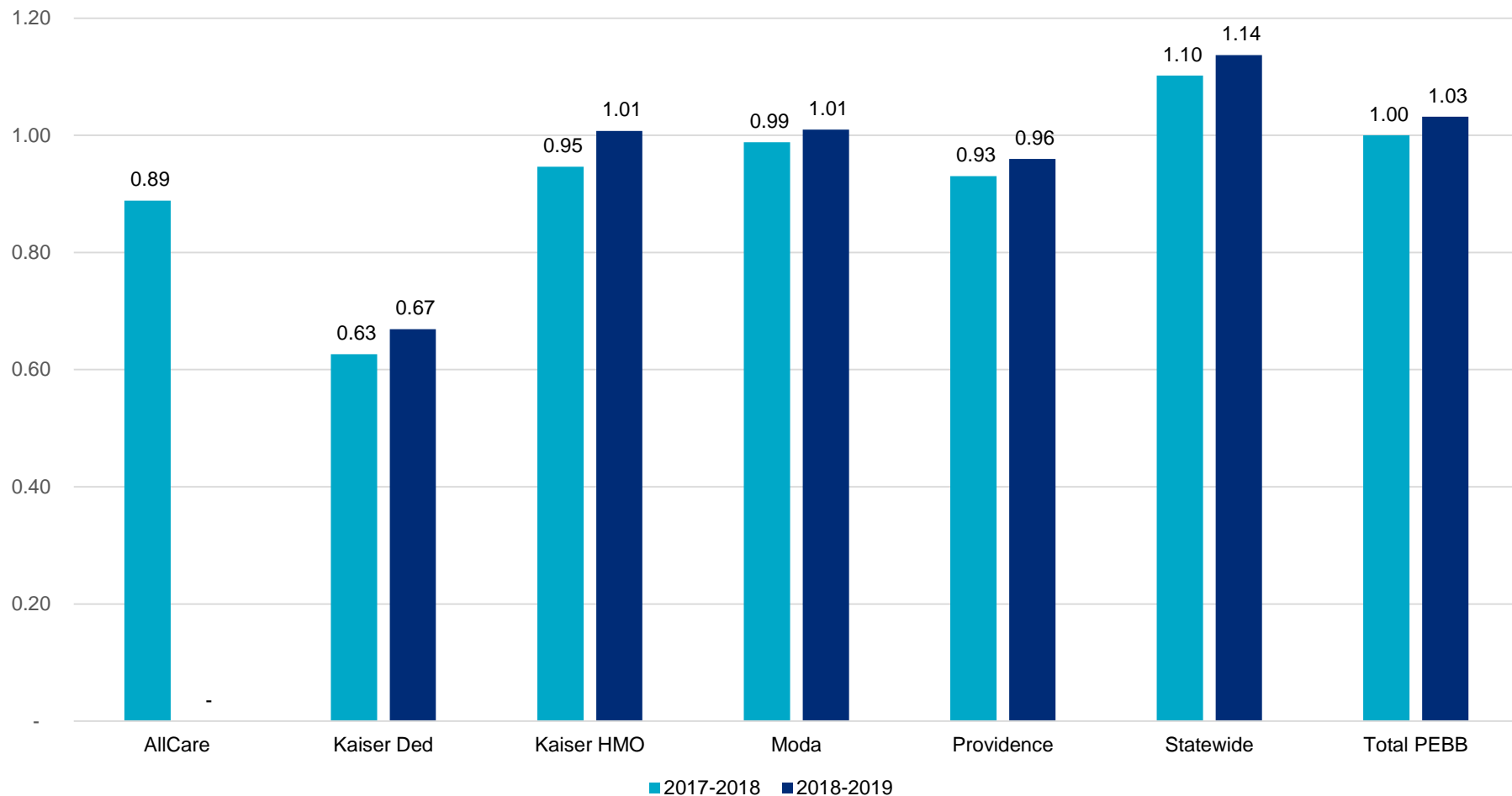


RISK SCORES





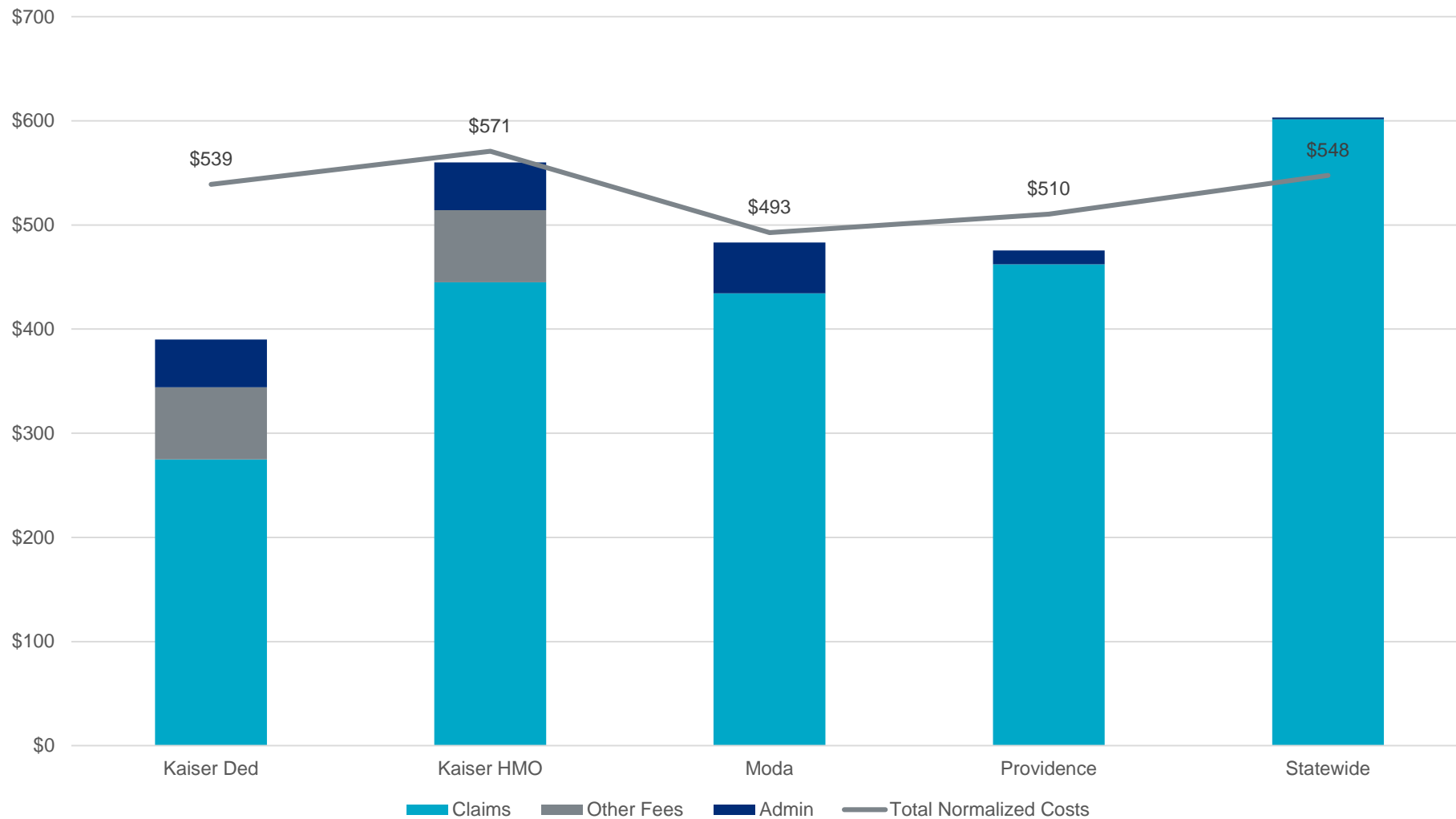
RISK SCORES BY PLAN



Risk scores are the relative cost of a member determined by the underlying illness burden based on age, sex, and diagnosis data. Scores are normalized to an average 2017 PEBB member



NORMALIZED COSTS BY PLAN



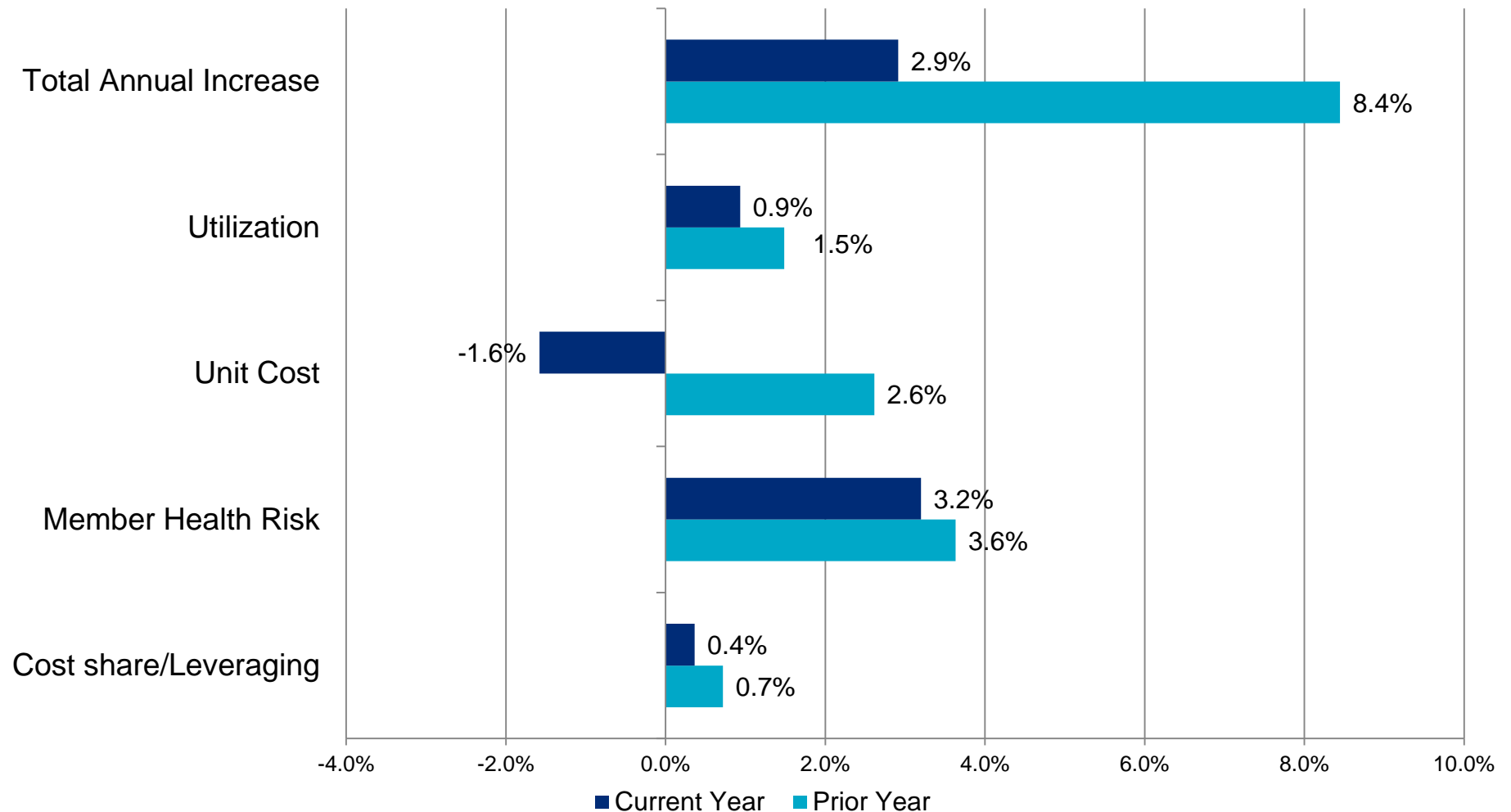
Administration based on costs from 2018/2019 renewal
Statewide and choice administration offset by rebates

COMPONENTS OF TREND



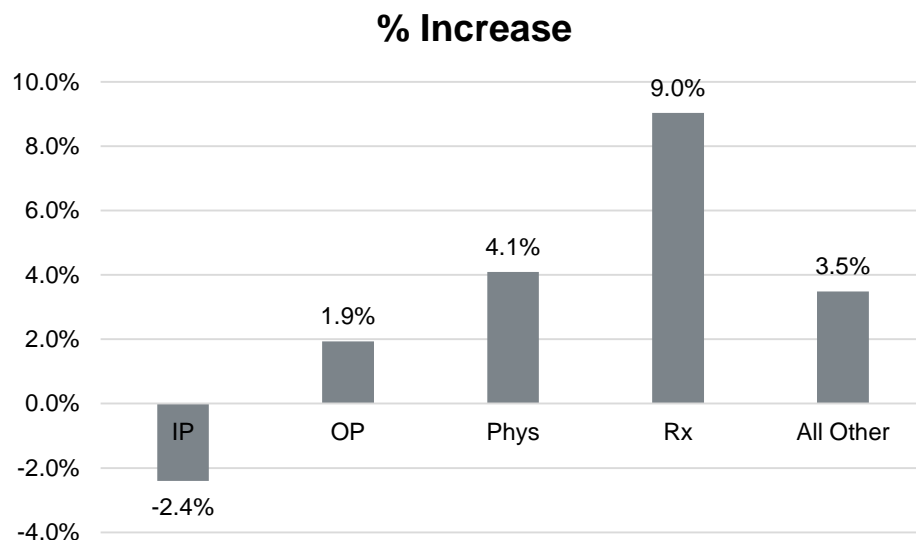


COMPONENTS OF TREND



- LARGEST CONTRIBUTORS TO UNIT COST INCREASES FOR CURRENT PERIOD ARE: SPECIALTY DRUGS IN ALL SETTINGS
- UNIT COST INCLUDES REIMBURSEMENT RATES, MIX OF SERVICES, AND INTENSITY

FACTORS IMPACTING TREND



CATEGORY	IMPACT ON TREND	MAIN DRIVER
Prescription Specialty Drugs	1.4%	Utilization (101%)
Professional Specialty Drugs	0.7%	Utilization (66%)
Facility Outpatient Specialty Drugs	0.4%	Utilization (46%) Cost (31%)
Prescription Drugs Mail Order	0.4%	Utilization (119.2%)
Physician Non-Specialty Office Visits	0.2%	Risk (80%) Utilization (20%)

KEY INSIGHTS

1

RX

- Unit cost increase is 8.0% with specialty increases and shifting to mail order impacting trend
- Increased usage of specialty drugs accounted for all of the increase in Rx costs

2

PHYSICIAN NON-SPECIALTY OV

- Increase in office visits and usage of the flu vaccine

3

MEDICAL SPECIALTY DRUGS

- Increased utilization of new cancer drugs and dialysis
- Site of care programs could help reduce costs



SPECIALTY DRUGS

SITE OF CARE POTENTIAL SAVINGS

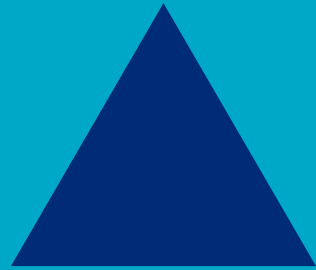
- Potential savings from site of care redirection
 - Shift specialty drug claims from higher cost administration sites (i.e., inpatient and outpatient hospital) to lower cost administration sites (e.g., professional office and patient home).

Drug Name	Facility Setting		Office Setting		Potential Savings From Redirection
	Service Count	Cost/Service	Service Count	Cost/Service	
Acterma*	180	\$4,319	226	\$2,939	\$248,430
Entyvio*	100	\$16,843	236	\$7,490	\$935,336
Immune Globulin*	280	\$12,750	168	\$4,446	\$1,069,854
Ocrevus**	64	\$48,742	37	\$27,049	\$1,388,353
Orencia*	75	\$7,789	229	\$3,723	\$304,983
Prolia	123	\$3,505	260	\$1,943	\$192,193
Remicade*	753	\$18,358	1,246	\$10,557	\$3,774,284
Tysabri	303	\$12,198	72	\$7,707	\$1,360,842
Total	1,878	\$14,742	2,474	\$7,779	\$9,274,276

* Part of Moda Site of Care program

** Part of Moda pharmacy optimization program

EMERGENCY DEPARTMENT CODING



EMERGENCY DEPARTMENT CODING

The 7th highest cost driver for PEBB has been Emergency Department Outpatient Facility Costs. Despite decreasing utilization, the cost per service has increased significantly.

ISSUE

- Coding of ED visits has shifted from lower intensity levels to higher intensity levels

OVERALL PEBB

- % of ED visits coded Level 5 – highest threat/severity – has increased from 11.6% in 2016 to 17.1% in 2019

HOSPITAL SYSTEMS

- The percentage of visits coded Level 5 for PeaceHealth, Samaritan, and Legacy has more than doubled over the past three years while Kaiser has remained consistently low

NYU CLASSIFICATION

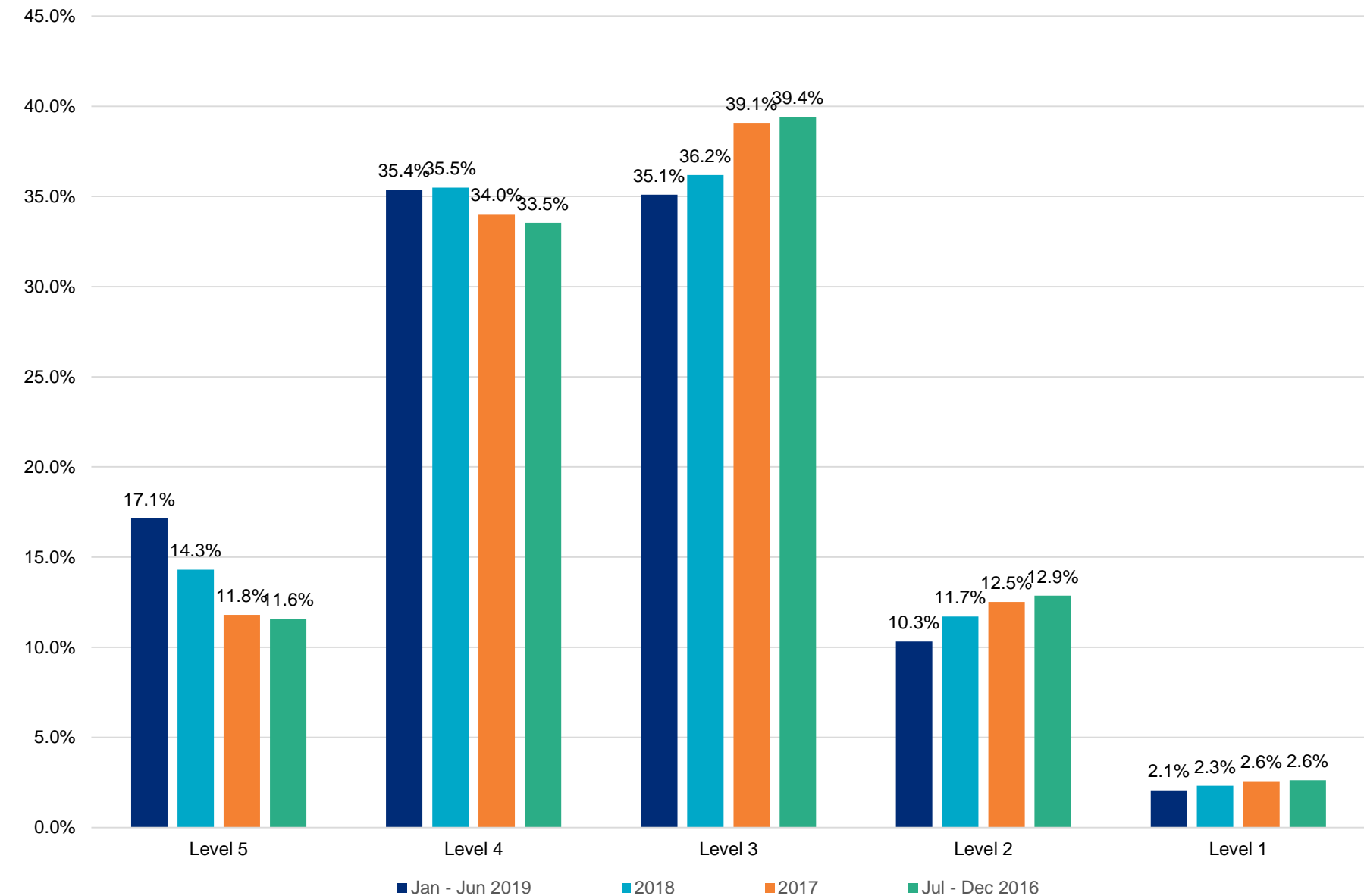
- % of Level 4 and 5 visits does not appear to significantly correlate with NYU -Emergent and Injury classifications

COST FOR LEVEL 5

- The average PEBB allowed cost for an ED visit for the specific CPT code is \$950; the average PEBB allowed cost for a level 5 ED visit is \$1,650

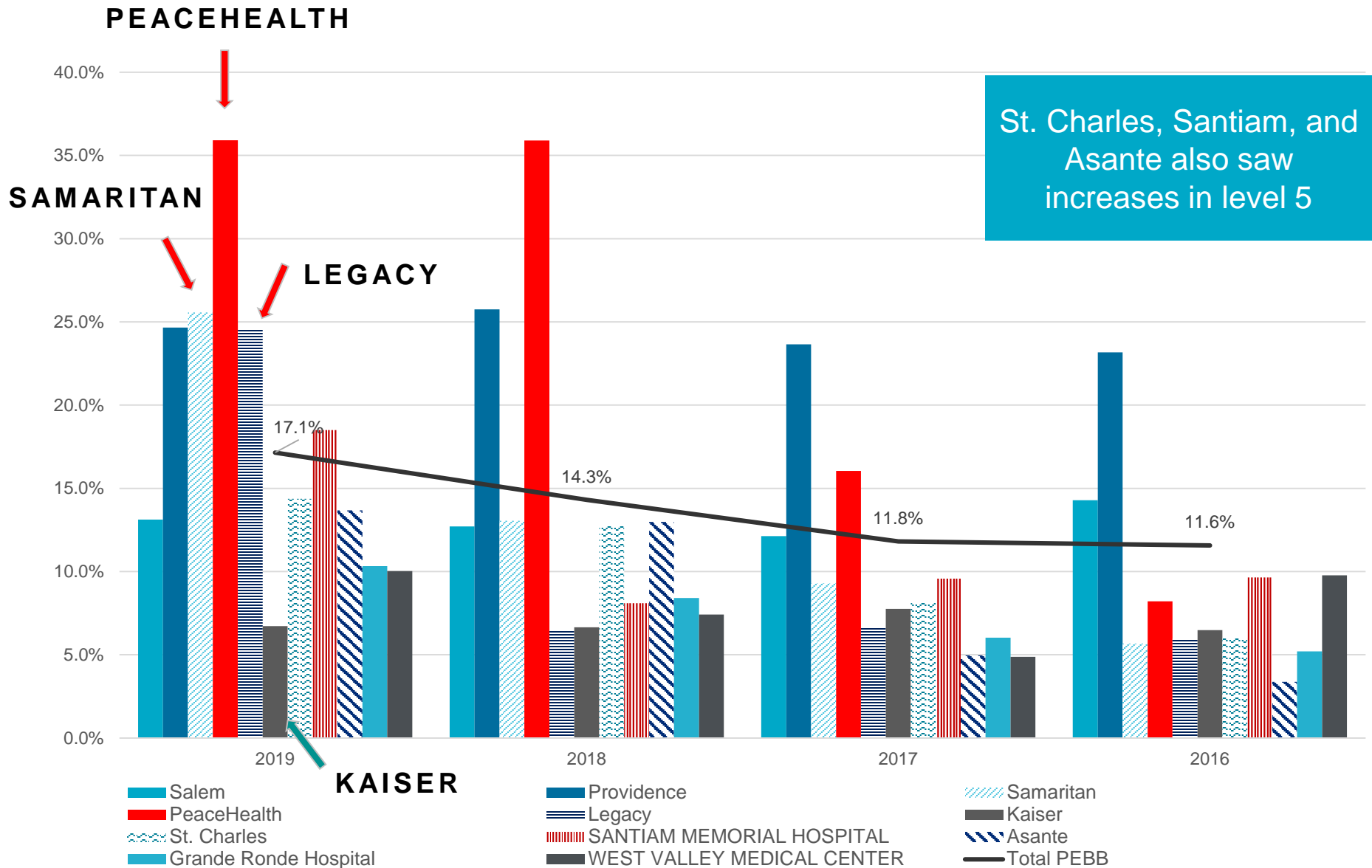


PEBB ED VISITS BY LEVEL





LEVEL 5 BY HOSPITAL SYSTEM



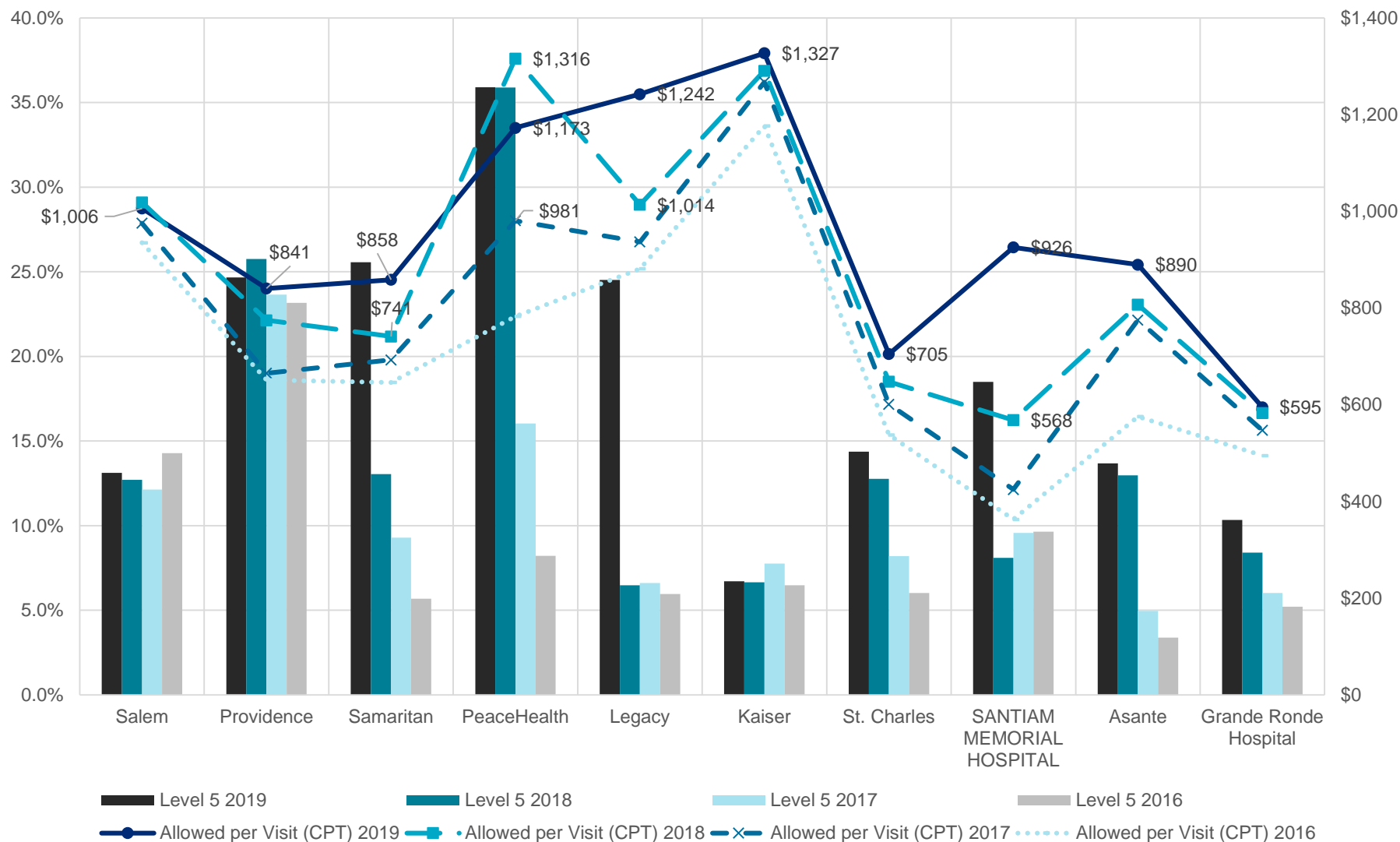
% OF VISITS BY NYU CLASSIFICATION FOR SPECIFIC HOSPITAL SYSTEMS

Jan - Jun 2019	Emergent	Injury	Intermediate	Non-Emergent	Other	% Level 5	% Level 4
PEBB	6%	19%	27%	25%	23%	17%	35%
Salem	6%	12%	34%	26%	22%	13%	51%
Providence	6%	17%	29%	23%	25%	25%	40%
Samaritan	6%	21%	26%	24%	23%	26%	32%
PeaceHealth	8%	22%	23%	24%	24%	36%	29%
Legacy	5%	21%	26%	24%	25%	25%	35%
Kaiser	6%	14%	25%	27%	26%	7%	24%
St. Charles	5%	20%	24%	30%	21%	14%	24%
Santiam Memorial	6%	19%	24%	31%	19%	18%	30%

- NYC CLASSIFIED EMERGENT VISITS FOR THESE CONSTITUTE 5% TO 8% OVERALL ED VISITS WITH PEACEHEALTH HIGHEST AT 8%
- NYC CLASSIFIED INJURY VISITS RANGE FROM 12% AT SALEM TO 22% AT PEACEHEALTH
- LEVEL 5 VISITS RANGE FROM 7% AT KAISER TO 36% AT PEACEHEALTH
- KAISER HAS THE LOWEST PERCENTAGE OF LEVEL 4 AND 5 VISITS AT 31% COMPARED TO PEACEHEALTH AND PROVIDENCE AT 65%

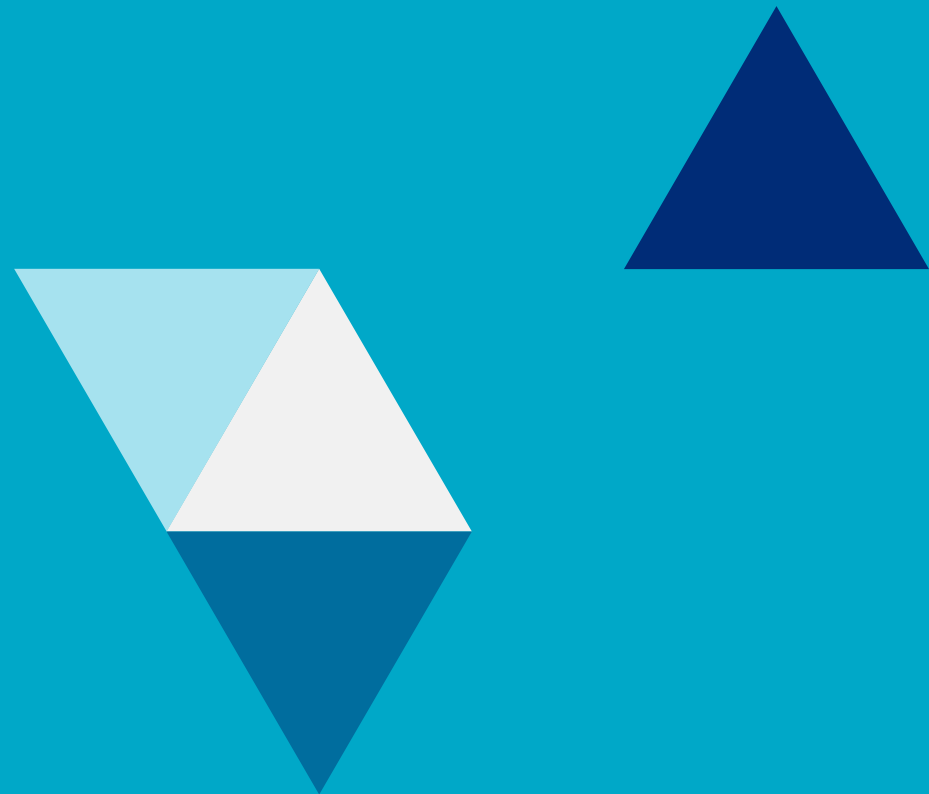


% LEVEL 5 AND AVG. ALLOWED PER VISIT



- COSTS ABOVE ARE FOR THE SPECIFIC CPT CODES ASSOCIATED WITH AN ED VISIT
- TOTAL ALL IN AVERAGE ED COSTS FOR PEBB ARE \$2,500 PER VISIT WITH STATEWIDE AND KAISER AT ~\$2,700

UTILIZATION



UTILIZATION EXECUTIVE SUMMARY

INPATIENT FACILITY

- Minimal changes across PEBB with allowed cost per admission and utilization both decreasing slightly

OUTPATIENT OFFICE VISITS

- Utilization and allowed amounts per visit increased 2.6% and 1.9%, respectively.

EMERGENCY ROOM

- Utilization of the emergency room decreased by 1.0% for PEBB, but the cost per visit increased 4.2% with coding increasing at highest acuity level

LAB / RADIOLOGY

- Minimal changes with the radiology utilization being the exception

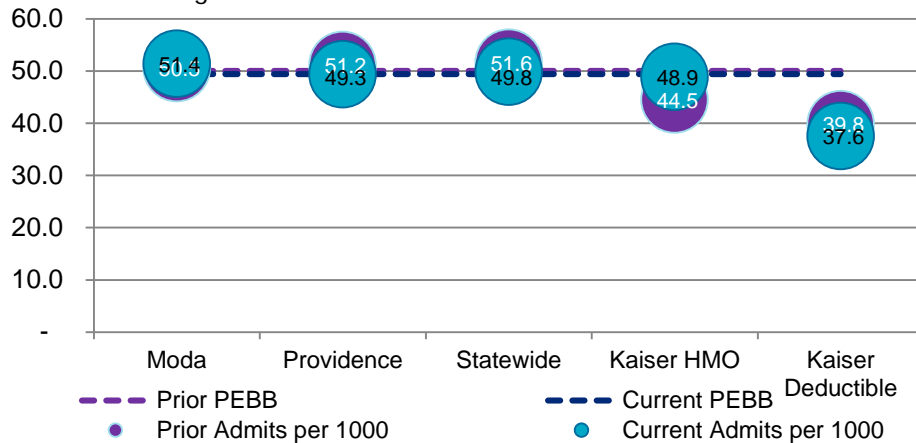
PRESCRIPTION

- Specialty drug utilization is driving most of the increase while members continue to increase mail order usage

INPATIENT FACILITY

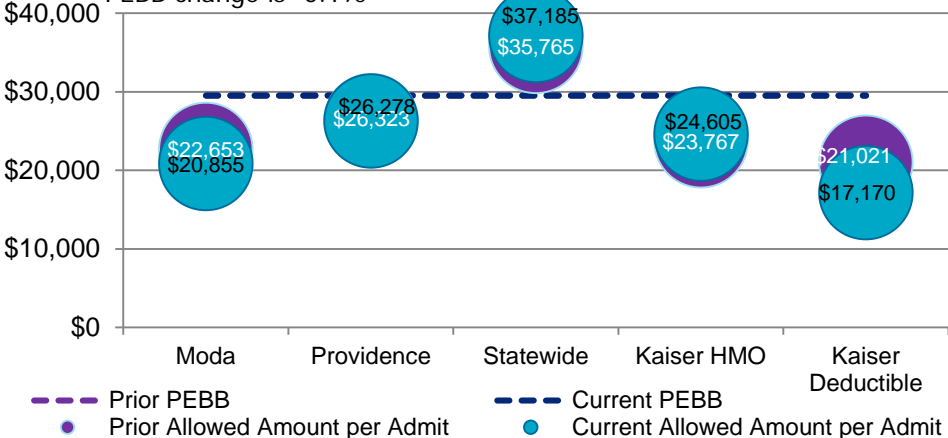
Admits per 1000

PEBB change is -1.3%



Allowed Amount per Admit

PEBB change is -0.1%



KEY INSIGHTS

1

- Kaiser HMO saw a 9.9% increase admits/1,000
- Rest of the plans saw decreases except for Moda, which increased 1.7%

2

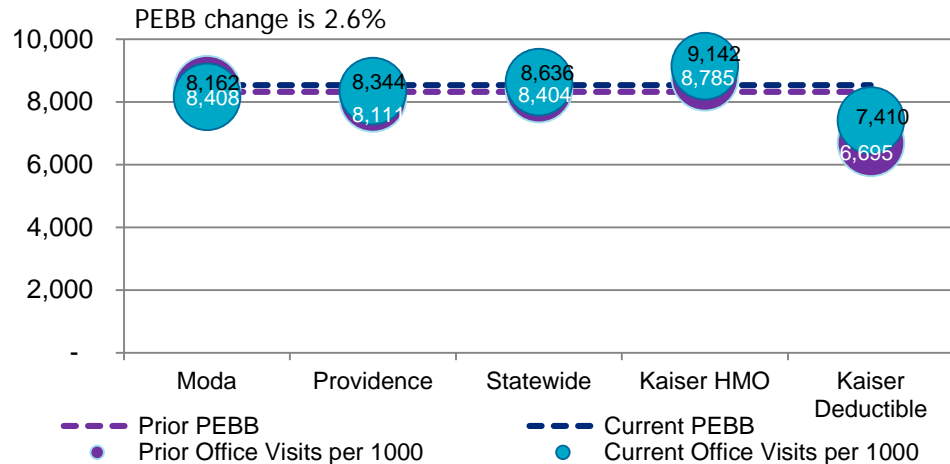
- Service mix (severity) accounted for much of the increase in Statewide allowed costs
- Kaiser Deductible experienced an 18.3% decrease in the allowed amount per admit

3

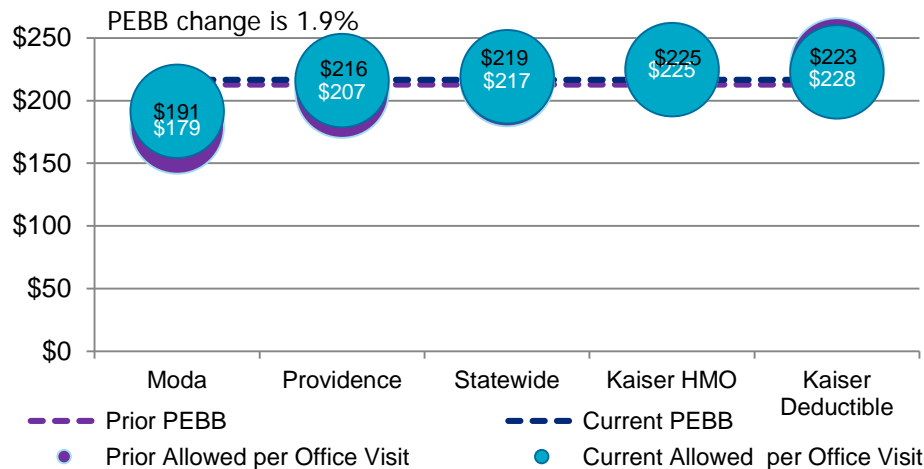
- Across the entire population, PEBB experienced decrease in admits and a slight decrease in the allowed amount per admit
- The inpatient days/1,000 decreased 11.1% across PEBB

OUTPATIENT OFFICE VISITS

Office Visits per 1000



Allowed per Office Visit



KEY INSIGHTS

1

- Both utilization per 1000 and cost per visit increased during the current period

2

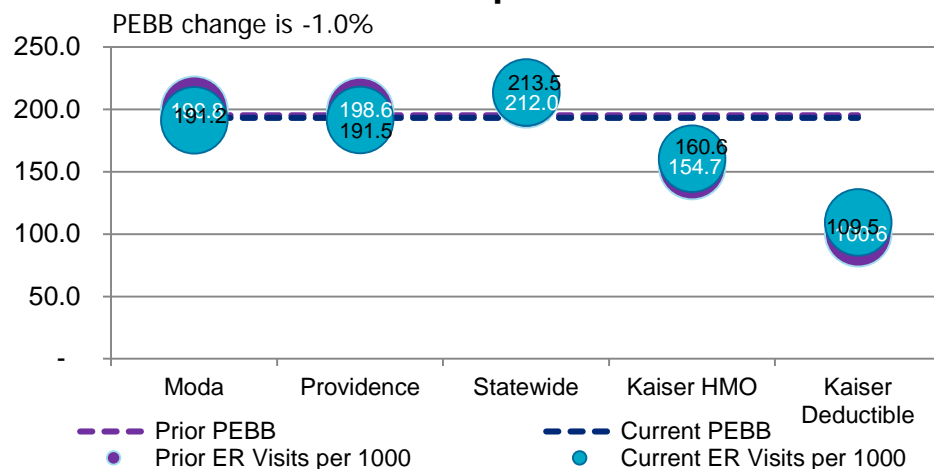
- Kaiser visits per 1000 increased 4.1% and Kaiser Deductible increased 10.7%
- Mental health visits increased significantly for both plans

3

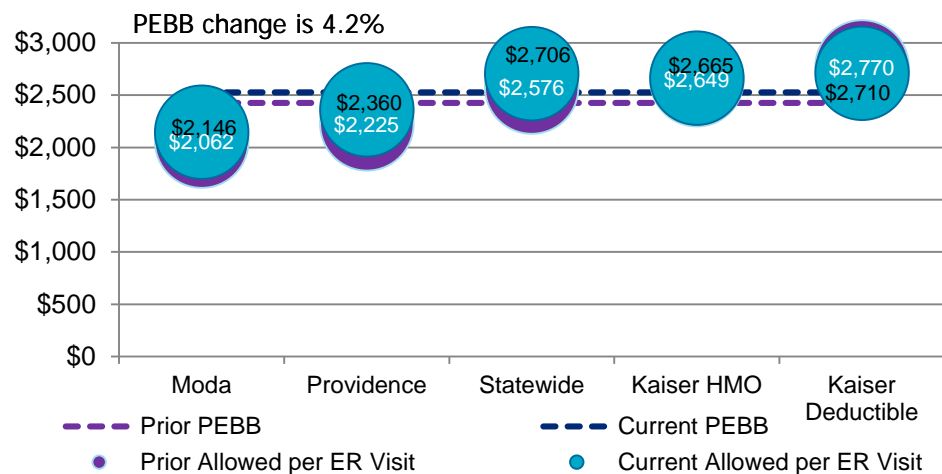
- Moda allowed per visit increased 7.0% mostly due to a shift in the mix of services

EMERGENCY ROOM

ER Visits per 1000



Allowed Amount per ER Visit



KEY INSIGHTS

1

- Cost per emergency room visit rose 4.2%
- Providence Choice cost per ER visit increased 6.0%; Statewide increased 5.0%

2

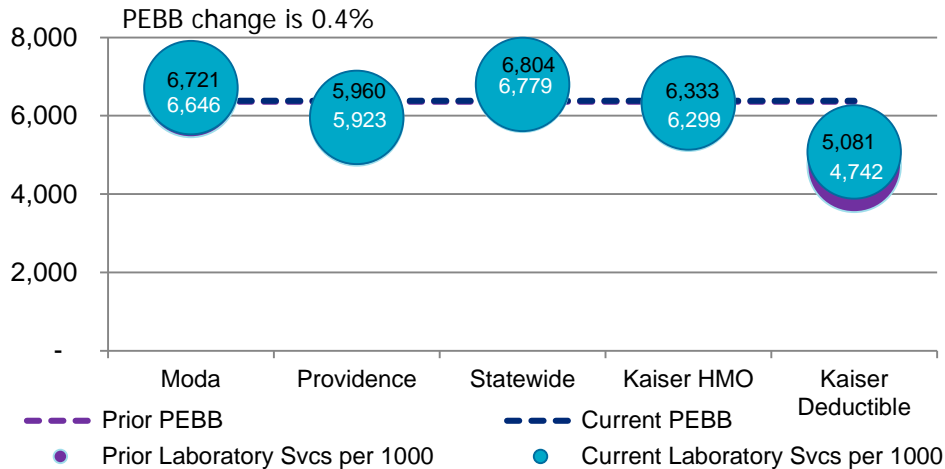
- Percentage of ER visits coded as Level 5 increased for Statewide from 20% to 23% and for Providence Choice from 21% to 24%
- Average Level 5 allowed cost increased 11.4% for Statewide and 7.2% for Providence Choice

3

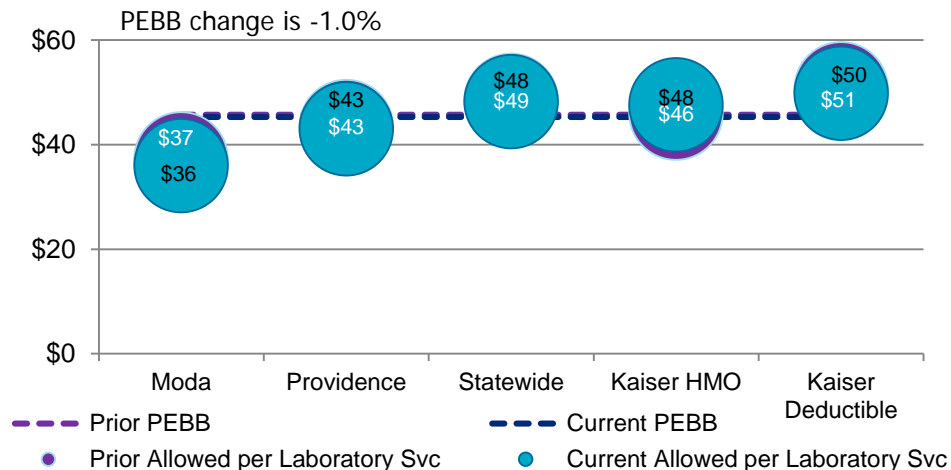
- Allowed amount for code G0378 (observation) was \$1.4 million, an increase of \$219,000

LABORATORY SERVICES

Laboratory Svcs per 1000



Allowed Amount per Laboratory Svc



KEY INSIGHTS

1

- Statewide continues to have the highest utilization of laboratory services
- Kaiser Deductible had the highest utilization increase at 4.1%

2

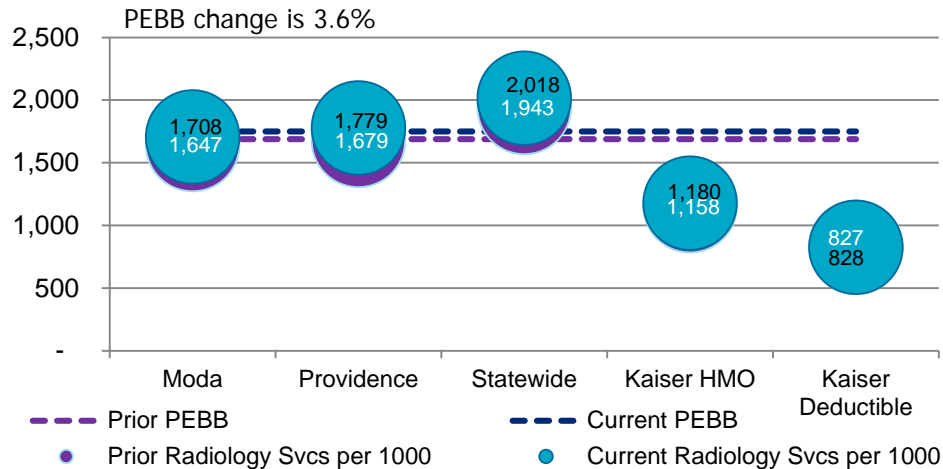
- Urinalysis testing increased significantly for Kaiser Deductible

3

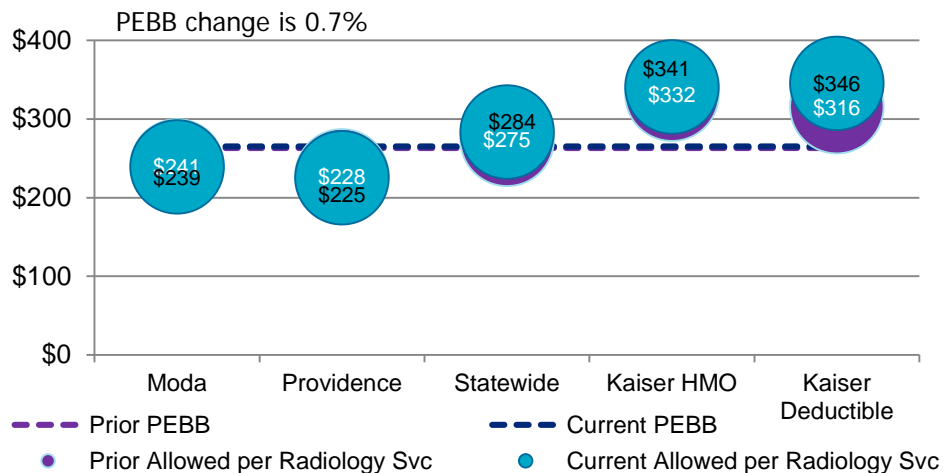
- Kaiser HMO cost per service increased 3.5% with service mix accounting for half the change

RADIOLOGY SERVICES

Radiology Svcs per 1000



Allowed Amount per Radiology Svc



KEY INSIGHTS

1

- Statewide had the highest utilization of radiology services

2

- Kaiser Deductible cost per service increased 9.4% over the prior period

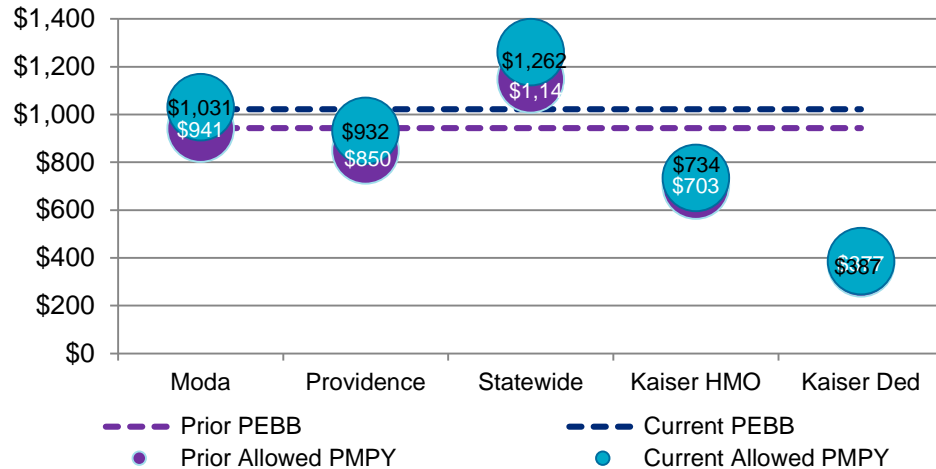
3

- Providence Choice utilization increased 5.9% with mammographies providing much of the increase

PRESCRIPTION DRUGS

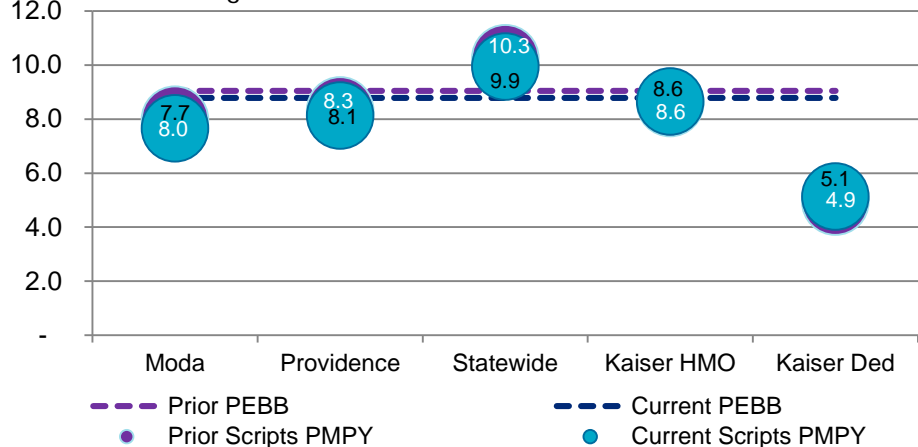
Allowed PMPY

PEBB change is 8.4%



Scripts PMPY

PEBB change is -2.8%



KEY INSIGHTS

1

- Allowed per member increased for Statewide (9.9%), Moda (9.6%), and Providence (9.6%)
- Increased specialty drug utilization accounted for all of the increase

2

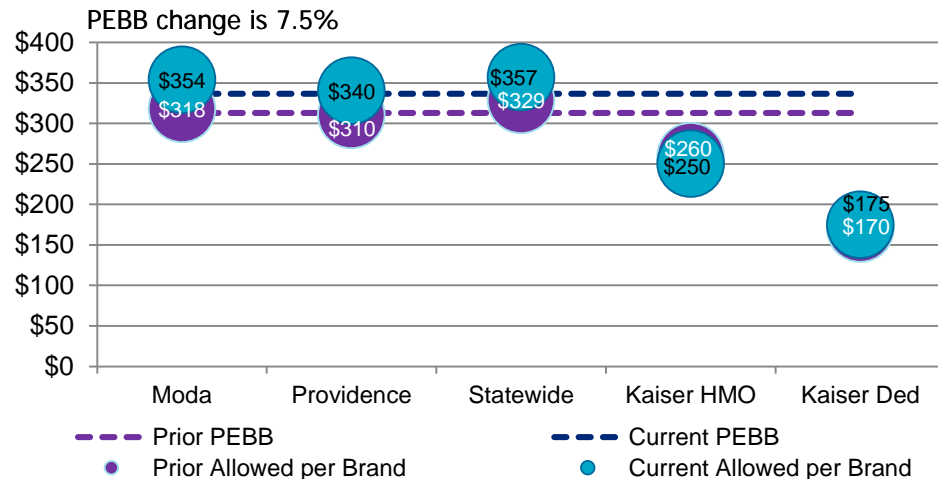
- The paid per member increased 9.0%, indicating an increase in member cost share of approximately 1.2%

3

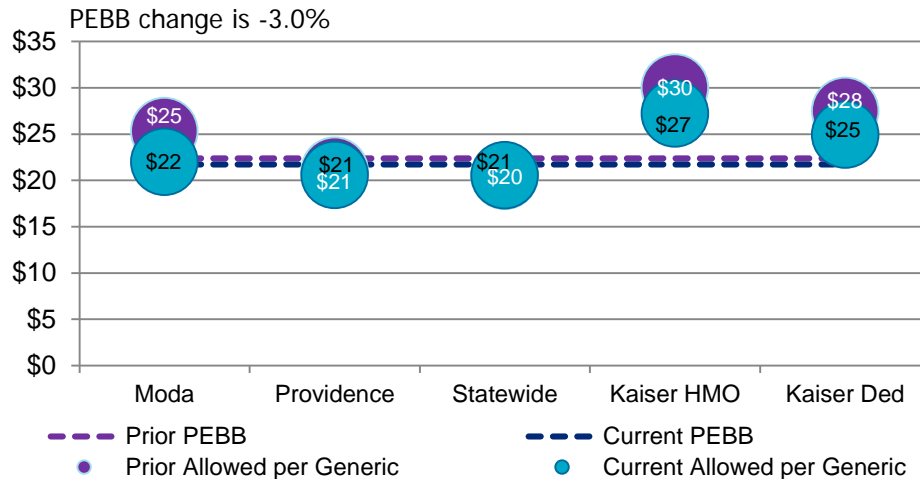
- The script per member decreased 2.8% for PEBB overall which is partially due to a shift in utilization from retail to mail order

PRESCRIPTION DRUGS

Allowed per Brand



Allowed per Generic



KEY INSIGHTS

1

- Allowed per brand script increased for all plans except Kaiser HMO
- Jardiance (to control glucose) increased 22% per script
- Eliquis (prevent blood clots) increased 19%

2

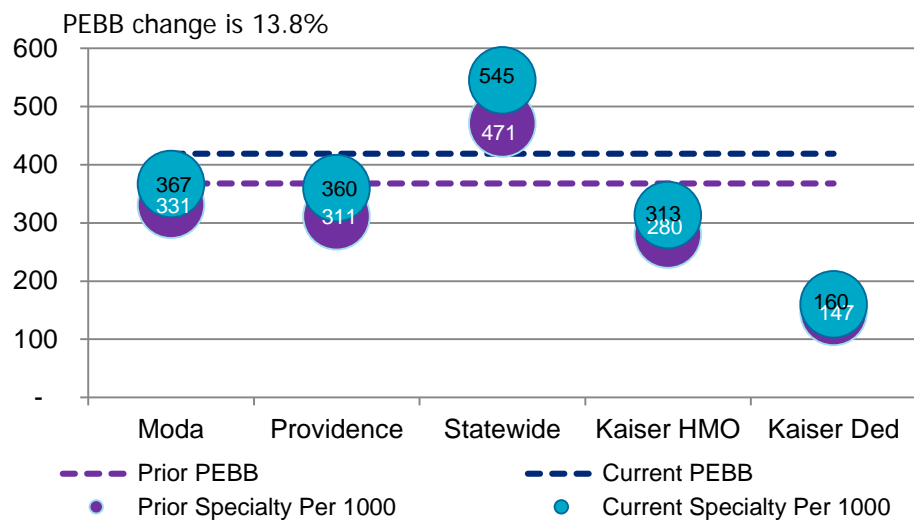
- Allowed per generic decreased for all plans except Statewide, which saw a 0.4% increase
- Costs exclude specialty drugs and Rx rebates

3

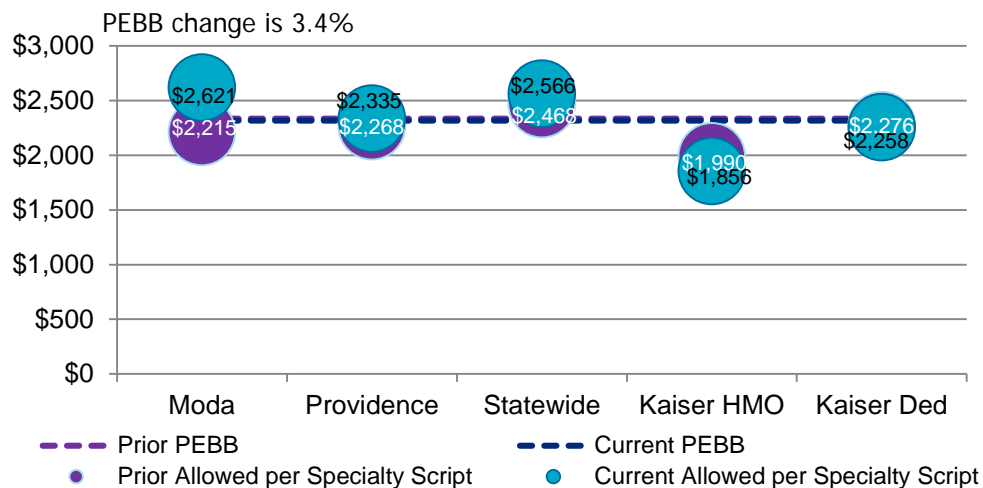
- Generic utilization for PEBB decreased by 0.2% to 84.4%
- Some brand drugs may be covered as generic under the plans but are classified as brand in the database

SPECIALTY DRUGS

Specialty Per 1000



Allowed per Specialty Script



KEY INSIGHTS

1

- Utilization of specialty drugs increased across all plans
- Providence and Statewide experienced the highest utilization increases of 15.6% and 15.8%, respectively

2

- Specialty drug costs now represent 16.0% of total PEBB claims
- This is an increase from 13.9%

3

- Excluding specialty drugs, the PEBB allowed cost increase of 2.5% would have been 0.0%

WHAT CAN PEBB DO TODAY ABOUT THESE TRENDS?

KEY TRENDS	POTENTIAL MITIGATION STRATEGIES
Escalating Specialty Drug Costs	<ul style="list-style-type: none">• Engage in a purchasing co-operative for better pricing based on combined purchaser volume and site of care steerage
High Brand Drug Cost Increases	<ul style="list-style-type: none">• Examine vendor and third-party solutions to identify and control large increases in drug costs on an real-time basis
Increasing Member Risk	<ul style="list-style-type: none">• Evaluate vendor programs and point solutions to target specific chronic conditions
Increasing unit costs of ER visits due to increased acuity levels based on coding	<ul style="list-style-type: none">• Request the carriers to report on their claim review of the higher acuity level emergency room visits to verify the accuracy of the coding• Request the carriers to increase communications about nurse lines and other alternative access channels to healthcare, such as urgent care and telehealth



MERCER

MAKE TOMORROW, TODAY

Services provided by Mercer Health & Benefits LLC.

HEALTH WEALTH CAREER

Attachment 4

HB 2266 Dependent Eligibility Audit Frequency Discussion

PUBLIC EMPLOYEES'
BENEFIT BOARD

December 17, 2019

MAKE TOMORROW, TODAY



HOUSE BILL 2266

BACKGROUND

- HB 2266 directs PEBB and OEBB to conduct audits of spouse or dependent coverage eligibility as frequently as is recommended by consultants engaged by the boards
 - “As frequently as is recommended as a commercial best practice by consultants engaged by the board”

WHAT IS THE VALUE OF DEPENDENT ELIGIBILITY AUDITS?



INCREASE EMPLOYEE
ACCOUNTABILITY



PROTECT HEALTH
PLANS FROM CLAIM
EXPENDITURES



VERIFY ELIGIBILITY
AND ELIMINATE
UNQUALIFIED INDIVIDUALS



MONITOR AND
CONTROL DEPENDENTS



ENSURE CONSISTENT
DEPENDENT DEFINITIONS



RESULTS AND
COST SAVINGS



FULFILL FIDUCIARY
OBLIGATIONS AND
PLAN COMPLIANCE

2011 DEPENDENT ELIGIBILITY VERIFICATION SUMMARY OF RESULTS

- The last full audit was conducted by Mercer in 2011
- The audit resulted in 1,626 dependents dropping coverage, or approximately 2.1% of all dependents at the time
 - 1.16% of all dependents were dropped voluntarily (899 dependents)
- At the time, the average cost for a dependent under the PEBB medical plans was \$3,300
 - The total estimated first-year savings were \$5,366,000 for the 2011 audit
 - Current average is \$4,750
 - Spouses average \$7,500 in paid claims and children are \$3,000

MERCER RECOMMENDATIONS

- PEBB currently verifies dependent eligibility when employees first enroll in the PEBB plans
- This process helps screen out ineligible dependents before they can enroll on the plan, but there are cases where dependents remain enrolled in the PEBB plans after they should have been removed
 - The most common example is the case of divorce, where the employee keeps their spouse on the plan (intentionally or not)
- **Mercer's Performance Audit Group recommends doing full dependent eligibility audits every four years to remove ineligible dependents**



MERCER

MAKE TOMORROW, TODAY



State Employee Wellness Survey 2019

Theresa Cross, PEBB Wellness Manager

PB Attachment 5

December 17, 2019





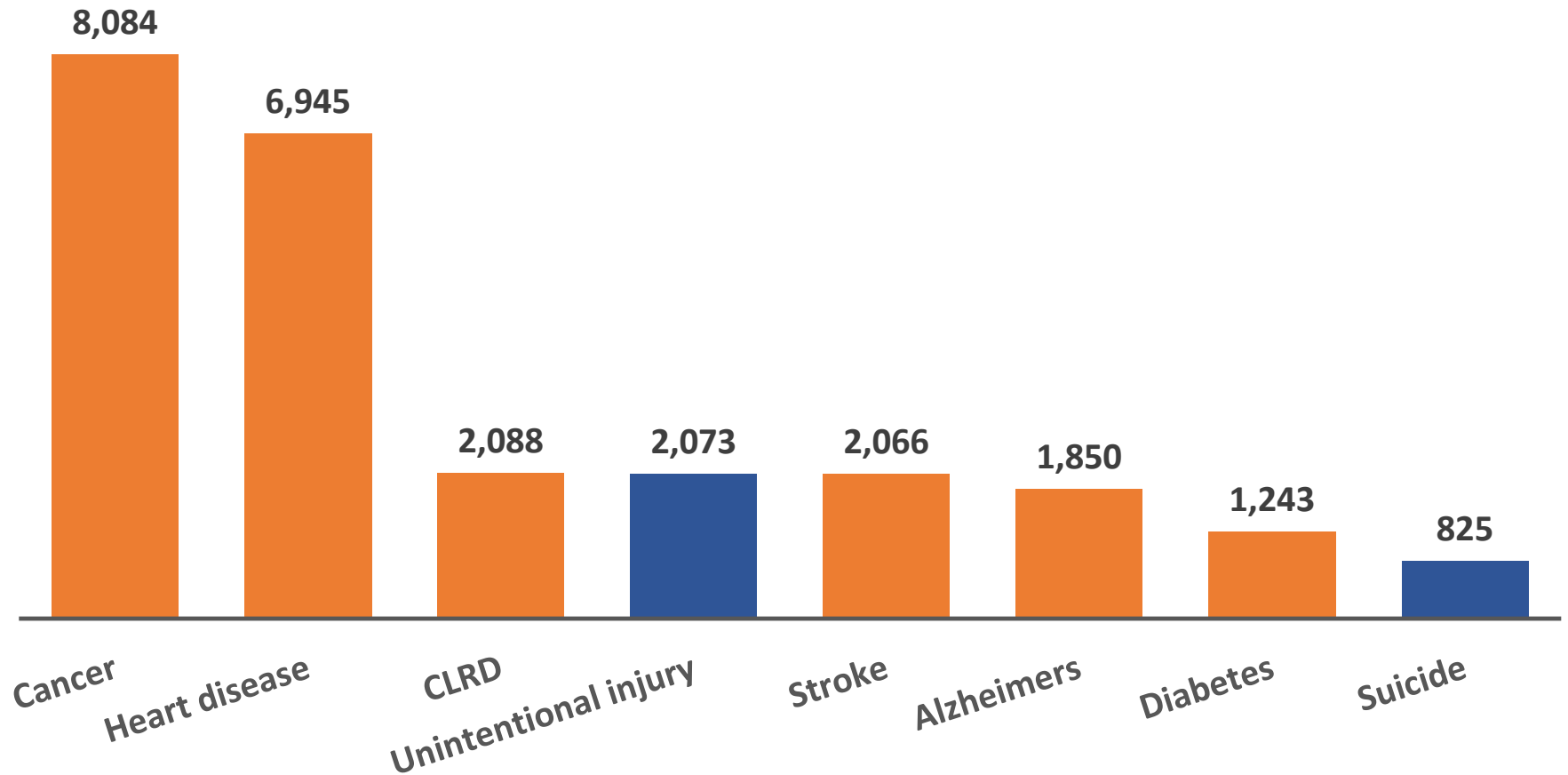
Overview

- 1 State of Oregon worksite wellness efforts
- 2 State Employee Wellness Survey background and methods
- 3 2019 preliminary results
 - Tobacco
 - Nutrition
 - Physical Activity
 - Stress/Depression
 - Other health factors
 - Worksite wellness





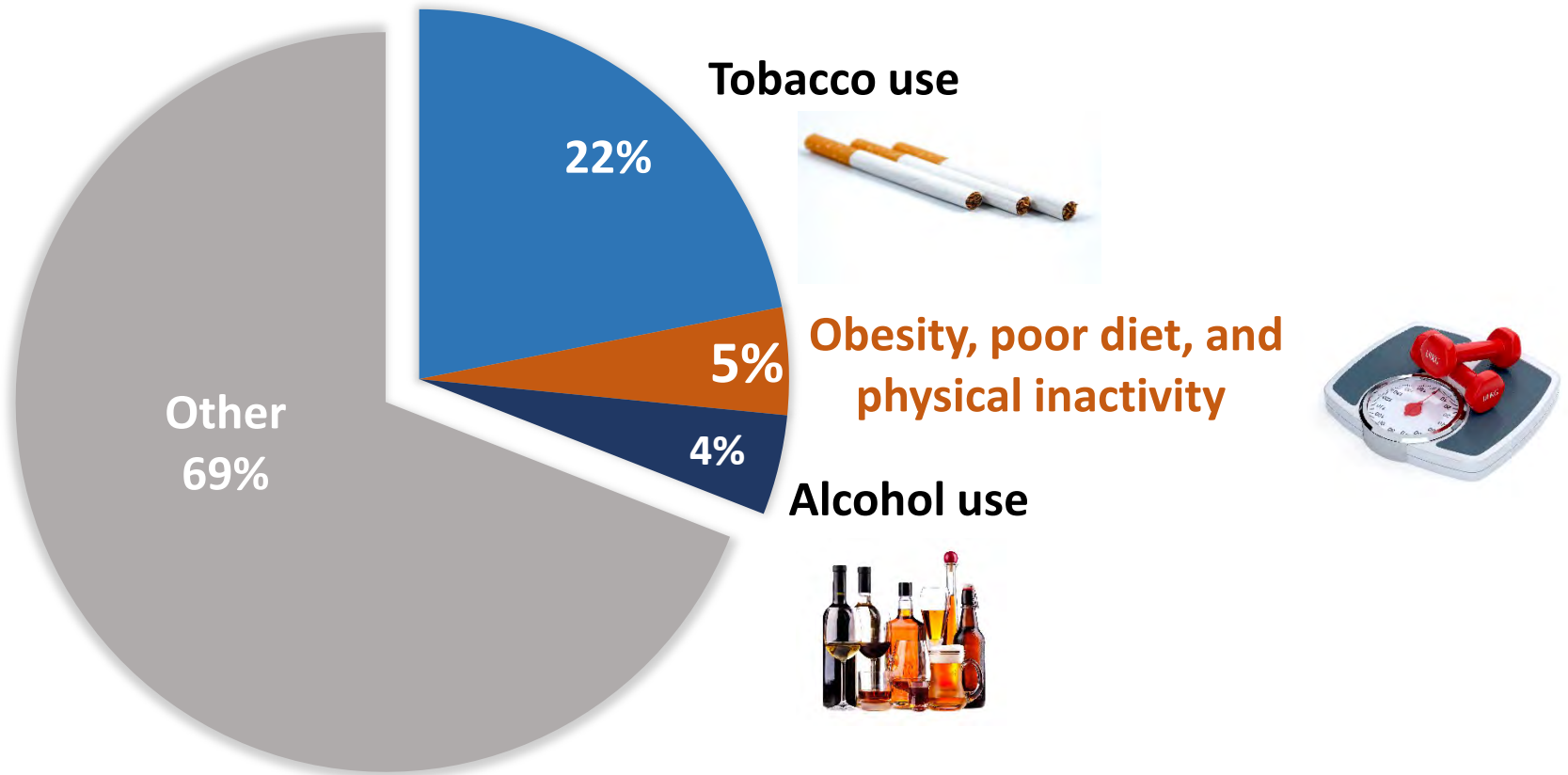
Leading causes of death in Oregon



Source: Oregon death certificates (2017)



Actual causes of death in Oregon





Population impact

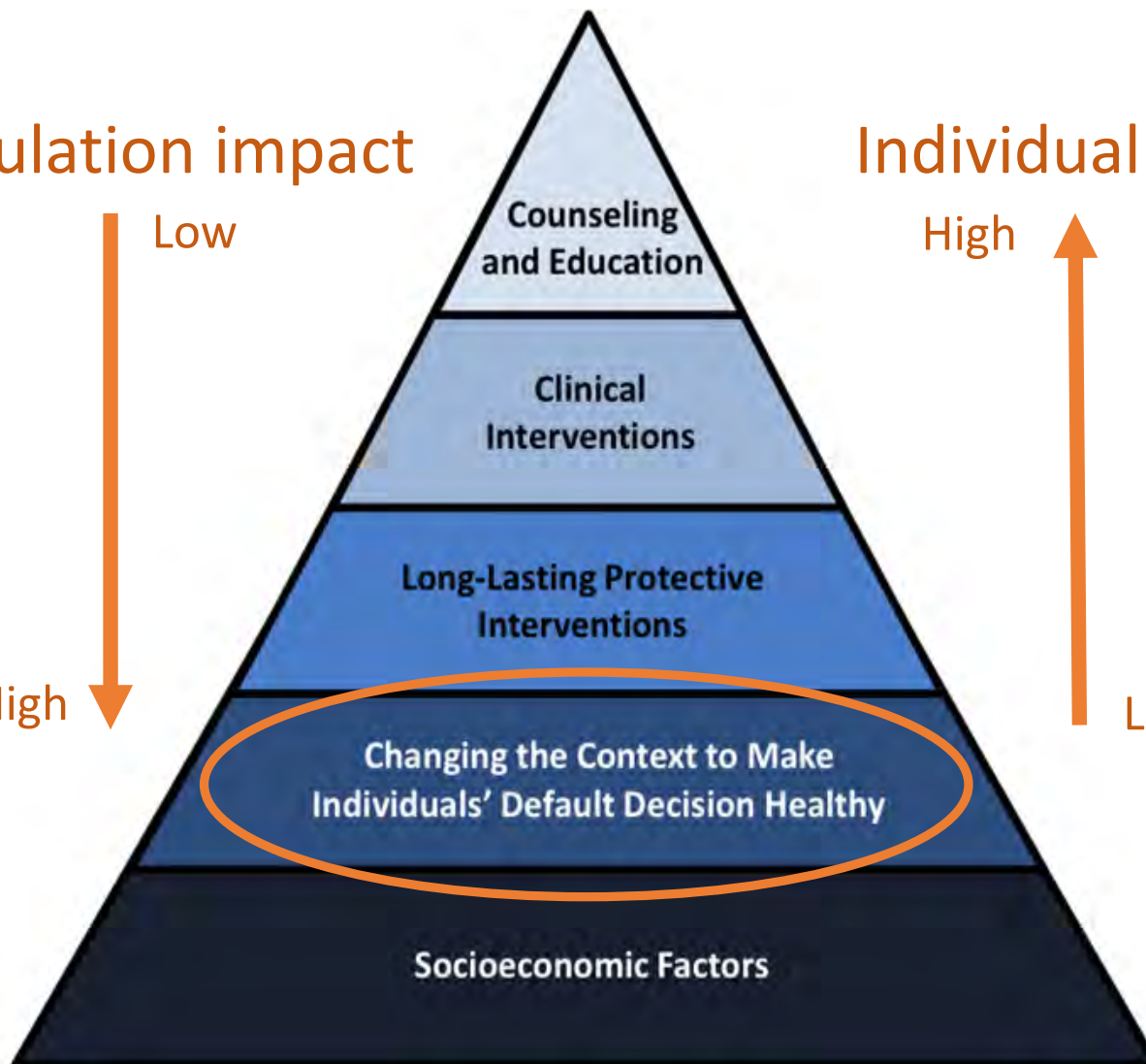
Low

Individual effort

High

High

Low



The Health Impact Pyramid

Q: How can we help change the context?

**A: Create a
worksite culture
of health**



CREATING A CULTURE OF HEALTH



Executive Order 17-01

Established:

- Worksite Wellness Coordinating Council
- Wellness Manager position
- Required agency wellness plans

Four priority areas:

1. Tobacco use
2. Poor nutrition
3. Physical inactivity
4. Stress and depression



	SEWS (new survey)	BSSE (old survey)
Population	State of Oregon employees (non-OUS)	State of Oregon employees (including OUS)
Sample	All 39,000 employees	Random sample of 2,000 employees
Response rate	50%	14%
Mode	Online	Telephone
Focus	Health behaviors and worksite wellness	Health conditions and worksite wellness



Survey Methods

- Used PEBB and DAS records to compile list of all State of Oregon employees
- Census recruitment – all employees invited to participate
- Invites sent to the work email on file with PEBB; if no work email, sent to personal email
- **16,967** employees completed at least 50% of the survey
- Average survey length: **9.8 minutes**
- Overall response rate: **50%**





Survey Content

- Worksite
- General Health Status
 - Weight
 - Absenteeism
 - Presenteeism
- Chronic conditions and risk factors
 - Healthcare encounters
 - Chronic conditions (1 q)
 - Chronic pain
 - Risk factors
 - High blood pressure
 - High cholesterol
 - Prediabetes
 - Arthritis
- Depression
- Sleep
- Stress
- Tobacco
- Physical activity
- Nutrition
- Sugary drinks
- Alcohol
- Worksite Policy
- Worksite Environment
- REAL-D

Agency-level response rates

Agency	Raw Response Rate
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)	63.0%
LAND CONSERVATION & DEVELOPMENT	62.5%
COMMISSION FOR THE BLIND	61.9%
OREGON BUSINESS DEVELOPMENT DEPARTMENT	58.2%
SECRETARY OF STATE	57.3%
HOUSING & COMMUNITY SERVICES	53.8%
DIVISION OF STATE LANDS	53.3%
SMALL AGENCIES (ROLL UP N < 50)	52.9%
FORESTRY DEPARTMENT	52.0%
WATER RESOURCES DEPARTMENT	51.9%
OREGON TOURISM COMMISSION	51.6%
DEPARTMENT OF EDUCATION	50.4%
LEGISLATIVE COUNSEL COMMITTEE	50.0%
OREGON STATE LOTTERY	48.5%
DEPARTMENT OF HUMAN SERVICES	48.4%
PUBLIC UTILITY COMMISSION	47.7%
BUREAU OF LABOR & INDUSTRIES	47.4%
JUDICIAL DEPARTMENT	46.6%
OFFICE OF THE GOVERNOR	46.6%
DEPARTMENT OF AGRICULTURE	46.4%
OFFICE OF ENERGY	46.1%
HIGHER EDUCATION COORDINATING COMMISSION	45.9%
OREGON TRAVEL INFORMATION COUNCIL	45.5%
DEPARTMENT OF ENVIRONMENTAL QUALITY	44.6%

Agency	Raw Response Rate
DEPARTMENT OF REVENUE	44.4%
DEPARTMENT OF PARKS & RECREATION	43.5%
OREGON DEPARTMENT OF TRANSPORTATION	43.3%
DEPARTMENT OF ADMINISTRATIVE SERVICES	42.7%
CONSTRUCTION CONTRACTORS BOARD	42.1%
DEPARTMENT OF FISH & WILDLIFE	41.5%
CONSUMER & BUSINESS SERVICES	41.4%
OREGON HEALTH AUTHORITY	39.8%
DEP. OF PUBLIC SAFETY STANDARDS & TRAINING	39.7%
DEPARTMENT OF VETERANS AFFAIRS	39.2%
DEPARTMENT OF CORRECTIONS	37.6%
PUBLIC DEFENSE SERVICES COMMISSION	34.9%
EMPLOYMENT DEPARTMENT	34.6%
OREGON MILITARY DEPARTMENT	34.3%
LEGISLATIVE ADMINISTRATION	33.8%
OREGON CORRECTIONS ENTERPRISE	33.3%
DEPARTMENT OF JUSTICE	30.9%
OREGON YOUTH AUTHORITY	30.7%
LEGISLATIVE POLICY AND RESEARCH COMMITTEE	29.6%
OREGON LIQUOR CONTROL COMMISSION	29.5%
OREGON STATE POLICE	28.8%
OREGON STATE TREASURY	28.3%
LEGISLATIVE ASSEMBLY	23.4%



Agencies receiving agency-level data:

- Consumer & Business Services
- Department of Administrative Services
- Department of Corrections
- Department of Education
- Department of Environmental Quality
- Department of Fish & Wildlife
- Department of Human Services
- Department of Justice
- Department of Parks & Recreation
- Department of Revenue
- Employment Department
- Forestry Department
- Judicial Department
- Oregon Department of Transportation
- Oregon Health Authority
- Oregon State Lottery
- Oregon State Police
- Oregon Youth Authority
- Public Employees Retirement System



2019 State-level Results





Demographics

Survey results were weighted by age, sex, and agency to provide estimates generalizable at both the state and agency levels

	Survey Respondents	State Employees overall (DAS records)
Age (average)	46.5	45.7
Female	61.9%	55.1%
Providence	65.2%	64.9%
Kaiser	20.7%	21.5%
Moda	10.9%	9.6%
Opt-out	3.2%	4.1%



Tobacco



Any tobacco use	10%
Current cigarette smoker	6%
Current e-cigarette user	2%
Other tobacco use	3%
Wants to quit smoking (<i>among current smokers</i>)	60%
Wants to quit using e-cigarettes (<i>among current e-cigarette users</i>)	27%



Nutrition



Eats 2+ servings of fruit per day	38%
Eats 3+ servings of vegetables per day	25%
Drinks non-diet soda/pop (<i>any amount</i>)	45%
Drinks non-diet soda/pop 7+ times per week	3%
Trying to limit soda consumption (<i>among all soda drinkers</i>)	50%



Physical Activity

No exercise outside of work in the past month	13%
Walked, biked, or used public transportation to get to work (<i>at least once in the past 7 days</i>)	15%
Mostly sit/drive at work	80%
Mostly stand at work	9%
Mostly walk at work	7%
Mostly heavy labor at work	2%



Stress/Depression

Absenteeism (<i>Missed work due to poor physical or mental health 1+ days/past 30</i>)	39%
--	-----

Presenteeism (<i>Difficulty completing work tasks due to poor physical or mental health 1+ days/past 30</i>)	36%
--	-----

Overwhelmed by stress (<i>Sometimes to very often</i>)	12%
--	-----

Work contributes to stress (<i>among those overwhelmed by stress</i>)	91%
---	-----

Likely currently depressed	11%
----------------------------	-----

Likely depressed but not currently receiving treatment	51%
--	-----

Currently treated for depression (<i>all respondents</i>)	19%
---	-----



Other health factors

Obesity	41%
Trying to lose/maintain weight	84%
Prediabetes	22%
Talked to about DPP (<i>employees w/ prediabetes</i>)	59%
Arthritis/joint symptoms	48%
High blood pressure	25%
High cholesterol	27%
Chronic pain	32%
Needs accommodation for disability	10%
Binge drinking in past 30 days	15%
Trying to limit alcohol consumption	15%



Worksite

Work locale

Work onsite/in an office	87%
--------------------------	-----

Work offsite/in the field	11%
---------------------------	-----

Telework	1%
----------	----

Type of work

Work directly with public	46%
---------------------------	-----

Food environment at work

Free snacks available in office areas	39%
---------------------------------------	-----

Lunch from café/vending machines	5%
----------------------------------	----

Purchase from café/vending 1+ times/week	15%
--	-----



Worksite, cont.

Tobacco use on worksite

Seen smoking/vaping on worksite (<i>past 30 days</i>)	41%
---	-----

Workplace supports for wellness

Had an ergonomic assessment	57%
-----------------------------	-----

Flexible schedule for physical activity, caregiving, etc.	86%
---	-----

Manager places emphasis on wellness	56%
-------------------------------------	-----

Aware of agency's Healthy Meetings Policy (<i>DHS-OHA only</i>)	18%
---	-----

Would support a Healthy Meetings Policy (<i>non-OHA or DHS employees</i>)	43%
---	-----



Questions?

Thoughts on next steps?

Thank you!

Theresa Cross, MS RDN
PEBB Wellness Manager
theresa.e.cross@state.or.us
971-673-2826