

Oregon Educator Benefit Board

January 10, 2008

Minutes

The Oregon Educators Benefit Board held a regular meeting on January 10, 2008 at the Agriculture Building, 635 Capitol Street, NE in Salem, Oregon. Steve McNanney, Chair, called the meeting to order at 10:05 a. m.

Attendees

Board Members:

Steve McNannay, Chair
Brett Yancey, Vice Chair
Michael Cannarella
Mylia Christensen
Richard Clarke
Ron Gallinat
Tom Husted
Alison Little
Victor Musial
Peter Tarzian

OEBB Staff:

Joan Kapowich, PEBB/OEBB Administrator
Denise Hall, OEBB Deputy Administrator
Heidi Williams, Director of Operations
Glenn Baly, Policy Advisor
Scott Rupp, Communications Coordinator
Ali Hassoun, Financial Coordinator
Pam Broadus, Benefits Manager
Rose Mann, Executive Assistant

Watson Wyatt Consultants:

Geoff Brown
Steve Carlson

Guests:

Rhonda Giles, Pacific Source
Brandon Gust, Pacific Source
Diane M. Skutack, Benefit Help Solutions
Carolyn Van Dyke, CIS

Jean Poling, Kaiser, Kaiser
Jennifer Aberg, VSP
Laura Pavlat, Springfield Public Schools
Renee McDonald, Regence
Doug Franz, Regence
Shelia Jameson, OEA Choice
Randy Skinner, Advantage
Norma Kirbs, Providence
Debbie Johnson, BSD
Paul Pfnister, AFLAC



1. Minutes

Mylia Christensen moved to adopt the Board meeting minutes of December 13, 2007, as amended. Richard Clarke seconded the motion. The motion carried unanimously.

2. Work plan & Issues Log Update (Attachment 2)

Geoff Brown reviewed the work plan and explained that the medical RFP was posted to ORPIN on Monday, January 7, 2008. The dental and vision RFPs are complete and scheduled to be released on ORPIN on Monday, January 14, 2008.

Denise Hall explained that an RFP pre-proposal conference is scheduled for January 22 from 9:00 to 12:00 at the Veterans Affairs Auditorium. This is not a mandatory meeting and Board members do not need to attend. She further explained that she will send out a notice to Board members informing them of what to expect in regards to the RFP process.

Staff and Watson Wyatt was directed to develop an RFP calendar with tentative dates for the Board. This calendar was sent out to the Board on January 15, 2008.

Geoff Brown reviewed the Open-issues log (Attachment 3) and stated that several issues have closed.

The Board expressed concerns about how decisions will be made regarding RFP issues and **Steve Carlson** suggested Watson Wyatt record issues that have not been decided into the open-issues log, have the Plan Design Workgroup discuss them at their next meeting and make recommendations to the Board at the January 24, 2008 meeting.

3. Plan Design Workgroup recommendations on covered services and exclusions:

- **Dental benefit plans (Attachment A)**

Steve Carlson reviewed the amendments to Attachment A. The Plan Design Workgroup is recommending the following amendments:

- Repair to broken dentures is a covered service;
- Page 2 General Limitations, right hand side, strike item #6 - Vizlite is not a covered service and;
- Page 5, under OEA Choice, Plan C, the word lover should be lower.

Ron Gallinat commented that the OEBC Dental Plan Design Comparability chart appears to incorporate what is being done in the industry and is a good document to move forward.

Steve Carlson explained that some carriers are more specific in calling out exclusions. **Ron Gallinat** stated that most contracts will have one sentence that states that if something is not specifically stated as being covered then it is not covered.

Victor Musial moved to adopt the proposed dental plan designs as amended. Alison Little seconded the motion. The motion carried unanimously.

- **Vision benefit plans (Attachment B)**

Steve Carlson reviewed and explained clarifying amendments:

- Page 1 - put an X in the far right column to indicate that all types of contact lenses are covered;
- Page 2 strike out the words, "only one pair of" in columns referencing contact lenses so that the language will read, "Plan will pay for contact lenses or one pair of lenses per insured individual up to the allowable amount every calendar year, but not both. Prescription only."

Richard Clarke asked why the description for lenses (glasses) is not more specific to address progressive lenses, trifocals, UV coating, etc.

Steve Carlson explained that most current plans are not specific in that way; they tend to address the maximum allowable amount.

Steve Carlson explained that this is a good reflection of what is in current vision contracts and what would be comparable. He suggested that the Board move forward with the proposed plans with the clarifying amendments.

Brett Yancey moved to adopt the proposed vision plans with the clarifying amendments stated above. Ron Gallinat seconded the motion.

Peter Tarzian stated that he will vote nay because though it may reflect comparability, he believes the Board is not being clear about current practice.

Victor Musial stated that he will vote nay because he is not comfortable with the way it is and he believes that OEBB should be looking to improve plans.

Denise Hall suggested that Watson Wyatt and the OEBB staff contact districts and research what current vision plans explicitly cover and don't cover and bring this information back to the Board on January 24. This will not delay the release of the vision RFP on Monday.

Peter Tarzian moved to make a friendly amendment to the motion that clarification regarding specific covered items in current plans is provided to the Board and that the vote today is reaffirmed at the January 24 meeting. Brett Yancy seconded the amended motion. The amended motion carried unanimously.

5. Administration Workgroup preliminary recommendations on customer service model (no documentation was provided)

Heidi Williams reviewed the January 9, 2008, meeting of the Administration Workgroup and explained that the Workgroup determined that further information needs to be gathered regarding the customer service model before a recommendation is made to the Board.

Heidi explained the short-term and long-term goals of the administrative model:

Short-term vision

- School district and ESD designated personnel entering members' eligibility information on-line to include edits and changes as members' eligibility status changes;
- On-line enrollment for benefits using a centralized system that would enable the member to select and enroll for benefit plans and options available based on eligibility data determined by the school district or ESD;
- Electronic transfer of enrollment and benefit selection data to the carriers.

- Receipt and payment of premiums.

Long-term vision (over the next three years)

- Electronic transfer of funds from school districts and ESDs to a designated OEBC account;
- Electronic transfer of eligibility data whereby school districts and ESDs could send electronic files of all eligible members or only changes that occur and;
- Continued process improvements and system enhancements that will be determined on an ongoing basis.

Heidi further explained that the request for COP (Certificate of Participation) funding in the amount of \$2,155,000 has been submitted. Budget and Management (BAM) and Legislative Fiscal Office (LFO) have reviewed and support OEBC's request for COP funds. The request has been forwarded to the Joint Ways and Means Committee for review on January 17 and 18. If the Joint Ways and Means Committee approve it, it will be moved to the Legislative Special Session in February.

Mylia Christensen asked if the Board could be provided with financial reports on a regular basis.

Denise Hall explained that OEBC staff is currently contacting districts to verify who is mandated to come into OEBC on October 1, 2008. Once the expected participation for 2008 is known and what the premiums are going to be staff will be better able to estimate what will be needed in an administrative fee to cover the known administrative expenses for 2008 and also to look at things the Board might want to consider in the 2009/2011 biennium.

Brett Yancey stated that the Workgroup determined that it would be more efficient to move into a fully implemented administrative model immediately as opposed to doing it in two-phases.

Heidi Williams explained that once the COP has been approved, SABER has indicated that they do have staff and resources to be able to complete the two modules in June and July.

Brett Yancey stated that the Workgroup is currently working on a customer service philosophy and Portland Public Schools has a fairly sophisticated customer service philosophy and model that they will share with OEBC and will forward to Heidi. The Administration Workgroup will meet again before the next Board meeting.

6. Other Business - Technical Fixes to SB 426

Denise Hall reviewed the technical non-substantive fixes that need to be made to SB 426 (16). She further explained that Legislative Counsel has determined that it was easier to strike the language and rewrite it. Denise will forward the Legislative Concept (LC45) with the technical fixes to the Board for their review once she gets it.

Denise Hall also stated that OEGB has been assigned Oregon Revised Statute Number 243.886.

7. Additional Feedback from Stakeholders (Attachment 5)

Denise Hall stated that most of the comments from stakeholders come through e-mail via the OEGB Web page. Scott Rupp receives the questions and responds to most of them within 24 hours. Glenn Baly is in the process of researching the collective bargaining database that is maintained by the OSBA.

Brett Yancey stated that he is hearing additional communication about the Board's decision to not offer the 50 percent medical plan.

Steve McNannay stated that he is encouraging groups to formally contact the Board and the Board will respond back to the constituents so that there is documentation of all questions and the answers.

Lunch

8. Technical amendments to SB 426 (Additional handout - draft technical changes to SB 426)

Denise Hall explained that the technical amendments specify that employee groups from districts will come over group by group versus a district as a whole and also ties a non-represented group to the first represented group that is required to come over.

Peter Tarzian asked if a collective bargaining unit within a district is currently in negotiations would that extend their enrollment period into OEGB to 2009.

Denise Hall explained that it would not extend their enrollment in the OEGB plans until 2009. The original end date of any contract that was in place on July 1, 2007, cannot be extended beyond June 30, 2008. Whatever end date was in place as of July 1, 2007 would be used for mandated movement into the OEGB plans.

Peter Tarzian moved to adopt the proposed Legislative Counsel draft with clarifying language inserted in Section (3) to say, "A district is not required to offer benefit plans for its non-represented employees in the manner provided by ORS 243.886 until the district is first required to offer those plans to represented employees of the district. Brett Yancey seconded the motion. The motion carried unanimously.

Other Business – COP Funding

Denise Hall reviewed the summary of the OEBC request to increase the Certificate of Participation authority by \$2,155,000. This request has been approved by BAM and LFO to go forward to the Joint Ways and Means Committee in January. This will establish three limited duration, full-time positions and develop an enterprise application benefit management system for the OEBC to manage the administration of employee benefits provided to employees of Oregon's 197 school districts and 28 education service districts. OEBC will repay the full amount of the COP funds through administrative fees over the course of the next biennium.

Brett Yancey moved to approve the request for the COP in the amount of \$2,155,000 to be forwarded to the Joint Ways and Means Committee. Richard Clarke seconded the motion. The motion carried unanimously.

9. Oregon Administrative Rules: Proposed and Temporary

OAR 111-020-0001 – file as a proposed rule with the Secretary of State

Victor Musial moved to file OAR 111-020-0001 as a proposed rule with the Secretary of State. Michael Cannarella seconded the motion. The motion carried in a unanimous vote.

OAR 111-050-0001, 0010 and 0015 amendments

Denise Hall explained that OAR 111-050-0001 is currently in the public comment period and any changes can be made to the rule during this time. At the end of the public comment period, any comments received will be brought back to the Board for their review and consideration prior to filing this rule as a permanent rule.

Victor Musial moved to adopt amendments to OAR 111-050-0001, 0010 and 0015 to include removing the y on any in 111-050-0010, add vision, and clarify that it is plans offered by the employee group. Peter Tarzian seconded the motion. The motion carried unanimously.

Preliminary proposed rules relating to comparable plan design, actuarial value & comparable cost & communicating the process of plan comparability

- **File as Temporary Rule:** Opt-out and declination of benefits

OAR 111-040-0050 and 0060 to be filed as a temporary rule (Attachment 8)

Denise Hall explained that this is a preliminary draft of a proposed rule. Staff is requesting input from the Board on this preliminary draft.

Staff was directed to redraft OAR 111-040-0050 and 0060 and bring it back to the January 24 Board meeting.

Denise Hall suggested staff schedule time to further discuss this issue after more research has been done and bring back some statistics to the Board at the next Board meeting.

OAR 111-030-0001 – Plan Design Development and Selection and Determination of Comparable Costs (Attachment 9)

Steve Carlson reviewed proposed comparable cost and trend definitions (Attachment 10) and explained that a survey will be conducted of several carriers doing business in Oregon to identify trend rates. Carriers may respond with trend rates for all OEBC insurance coverage types which they provide in Oregon. From the survey an average trend factor will be developed by coverage type. The trend factors will be applied to current 2007/2008 rates to create an expected 2008/2009 premium amount by coverage rate to determine if carriers meet the minimum threshold for the RFP. An actual 2008/2009 expected premium coverage will be developed for each bidding carrier. Actual bid premium totals will be compared to the minimum premium threshold to determine which carriers meet the minimum cost qualification for the RFP process. Trend is a benchmarking system that will be used in the RFP this year.

Steve Carlson explained that the only application that is being addressed today is the application in the RFP process that is a one-time application. He further explained that the Board decided that it wanted to set a minimum cost threshold for bidders based on a survey of trend factors applied to current rates. This is not intended to be an on-going application.

Methodology and Process (Attachment 12)

Denise Hall explained that this is a proposed document that will be posted to the OEBC Web site along with the plan design comparison document

(Attachment 13) that will help interested parties understand how the OEGB arrived at the nine medical plans.

Victor Musial suggested that a glossary of acronyms be posted to the OEGB Web page.

Joan Kapowich explained that **Scott Rupp** suggested using visuals.

The consensus of the Board was to post the Methodology and Process Behind Comparable Plan Design and the Plan Design Comparison chart on the web.

OAR 111-30-0001 and 111-10-0015 (Attachments 9 and 11)

Board members were asked to review OAR 111-30-0001 and 111-10-0015 (Attachments 9 and 11) and forward their comments via e-mail to **Denise Hall** prior to the January 24, Board meeting. Revisions will be made based on members comments and this rule will be brought back to the Board at the January 24, 2008 meeting for action.

5. General Public Comment

There were no public comments.

6. Other Business

Joan Kapowich introduced **Pam Broadus**, Benefits Manager for the Oregon Educators Benefit Board.

Steve McNannay stated that the Board will meet only once in February (February 14) and asked Board members if they would like to schedule another retreat in February. Board members were requested to e-mail the Chair with their comments and ideas for discussion. A Board retreat has been scheduled for February 28, 2008.

Staff was directed to provide the Board with financial information at the January 24 Board meeting and to research language in ORS 243.886 to see if independent library districts would be included in the OEGB benefits pool.

There being no other business to come before the Board the meeting adjourned at 2:30 p.m.