

Providence Health Plans
3601 S.W. Murray Boulevard, Suite 10
Beaverton, OR 97005



Via Email

July 6, 2010

Joan Kapowich, Administrator
Public Employees Benefit Board
1225 Ferry Street, SE
Salem, OR 97301

Dear Joan:

I understand that PEBB, like all state agencies, is facing significant budget challenges this year and into the next biennium. Providence has been honored to serve PEBB members this year and we believe we have several initiatives underway that will yield long-term benefits to PEBB members and families. For example, we have received very favorable reaction to our RFP to medical groups around the state that would like to participate in the ProvChoice network, and we are confident we can expand that network significantly for open enrollment this year.

Providence would like to extend the current contract an additional year and is proposing to freeze our 2010 administrative rates for 2011 and 2012. In addition, we will make available to PEBB, in 2012, a \$1 million population health improvement fund to invest in those activities that advance the Triple Aim goals for PEBB members. We hope that PEBB and the Board find this proposal timely and opportune in these challenging economic times, and please know we stand ready to answer any questions.

We look forward to hearing back from you and the Board at your earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Friedman", is written over the word "Sincerely,".

Jack A. Friedman
Chief Executive Officer
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