

**July 13, 2010**

# **Oregon Public Employees' Benefit Board**

**Plan Design Options  
for 2012 & 2013 RFP**

## Plan For Today

Discuss plan design options:

- Based on June 29, 2010 presentation by PEBB and Mercer:
  - Evidence-Based Plan Design
  - Options for Statewide Plan
  - Options for Choice, Kaiser and ODS
  
- Other options
  
- Next Steps

## Evidence-based Plan Design Options

- Evidence-based plan design benefit tier
  - Providence estimates 1.3% savings for \$500 copay on certain Specialty Shared Services, which is approximately \$7.3 million.
    - Upper GI endoscopy
    - Spine procedures for pain
    - Knee and hip replacement
    - Shoulder and knee arthroscopy
- Require Health Risk Assessments (HRAs) for all members
  - Administrative costs TBD if this option is chosen
- Include WW for dependents
  - Dependents\* age 18+ added as eligible for Weight Watchers at no cost
    - PY 2011 cost is \$100,000 for Kaiser
    - \$0 for self-insured Providence plans

\*Dependents include tax-dependents & domestic partners and their children

# Plan Design Options

## PEBB Statewide PPO – Updated Impacts

Description of Option for Savings	Estimated Savings	% of Premium	Member Impact	Current Benefit	Benchmark - Government *
\$100 In-Network/\$200 Out-of-Network Deductible	(\$6,600,000)	-1.2%	Low	No Deductible	\$400 In/\$500 Out
\$250 In-Network/\$500 Out-of-Network Deductible	(\$15,900,000)	-2.8%	Medium	No Deductible	\$400 In/\$500 Out
\$500 In-Network/\$1,000 Out-of-Network Deductible	(\$29,500,000)	-5.2%	High	No Deductible	\$400 In/\$500 Out
\$100/\$200 Deductible, 4 Office Visits not subject to Deductible	(\$5,600,000)	-1.0%	Low	No Deductible	\$400 In/\$500 Out
\$250/\$500 Deductible, 4 Office Visits not subject to Deductible	(\$14,000,000)	-2.5%	Medium	No Deductible	\$400 In/\$500 Out
\$500/\$1,000 Deductible, 4 Office Visits not subject to Deductible	(\$25,700,000)	-4.5%	High	No Deductible	\$400 In/\$500 Out
\$1,250 Out-of-Pocket Max	(\$3,700,000)	-0.7%	Low	\$1,000 OOP Max	\$2000 OOP Max
\$1,500 Out-of-Pocket Max	(\$7,000,000)	-1.2%	Low	\$1,000 OOP Max	\$2000 OOP Max
\$2,000 Out-of-Pocket Max	(\$11,700,000)	-2.1%	Medium	\$1,000 OOP Max	\$2000 OOP Max
20% Emergency Room Coinsurance	(\$500,000)	-0.1%	Low	15% Coinsurance	\$50 Copay
\$100 Emergency Room Copay	(\$2,300,000)	-0.5%	Low	15% Coinsurance	\$50 Copay
20% PCP, 35% Specialist Office Visit Coinsurance	(\$4,700,000)	-0.8%	Low	15% Coinsurance	\$20 PCP, \$30 Sp.
25% Medically Necessary, 50% Elective Surgery Coinsurance	(\$500,000)	-0.1%	Low	15% Coinsurance	N/A
\$50 Deductible for Rx only	(\$1,900,000)	-0.3%	Low	No Deductible	No Rx Deductible
Retail: \$10 Generic, \$30 Brand, Higher of 50% or \$60 Brand non-Formulary Mail Order: 2.5x Retail	(\$12,200,000)	-2.1%	Medium	\$5/\$15/Max of \$50 or 50% Retail \$12.50/\$37.50/Max of \$125 or 50% Mail	\$8/\$20/\$34 Retail \$14/\$37/\$61 Mail
4th Rx Tier for Specialty Drugs - \$100 Copay	(\$500,000)	-0.1%	Low	No 4th Tier	No 4th Tier
Bariatric Surgery Copay of \$1,000	(\$250,000)	-0.1%	Low	15% Coinsurance	N/A
Alternative Care Limit of 60 Visits	(\$600,000)	-0.1%	Low	No Limit	N/A
Discontinue Rural Subsidy	(\$4,000,000)	-0.7%	Medium	Rural Subsidy	N/A
Rate Retirees and Actives Separately	(\$10,500,000)	-1.9%	High	Combined Rating	N/A
Discontinue Prescription Drug Exceptions	TBD	TBD	Medium	Includes Exceptions	N/A

\* Government benchmark represents median plan designs from the 2009 Mercer National Survey of Employer-Sponsored Health Plans

# Plan Design Options

## Kaiser, Providence Choice & ODS- Updated Impacts

### Kaiser Permanente HMO

Description of Option for Savings	Estimated Savings	% of Premium	Member Impact	Current Benefit	Benchmark - Government *
\$1,000 Out-of-Pocket Max	(\$20,000)	0.0%	Low	\$600 OOP Max	\$400 In/\$500 Out
\$10 PCP, \$10 Specialist, \$5 X-Ray/Lab Copay	(\$1,500,000)	-1.6%	Low	\$5 PCP, \$5 Sp, \$0 Lab	\$10 PCP, \$30 Sp.
\$10 PCP, \$10 Specialist, \$5 X-Ray/Lab Copay, \$1,000 Out-of-Pocket Max	(\$1,500,000)	-1.6%	Low	\$5 PCP, \$5 Sp, \$0 Lab, \$600 OOP Max	\$10 PCP, \$30 Sp.
Rate Retirees and Actives Separately	(\$1,800,000)	-1.9%	High	Combined Rating	N/A
Add \$100 copay for CT, MRI, and PET imaging	(\$140,000)	-0.1%	Low	\$0 Copay	N/A
Add \$100 copay for Sleep Study	(\$10,000)	0.0%	Low	\$0 Copay	N/A

### Providence Choice

Description of Option for Savings	Estimated Savings	% of Premium	Member Impact	Current Benefit	Benchmark - Government *
\$10 PCP, \$10 Specialist, \$5 X-Ray/Lab Copay	(\$200,000)	-0.5%	Low	\$5 PCP, \$5 Sp, \$0 Lab	\$20 PCP, \$30 Sp.
Rate Retirees and Actives Separately	(\$800,000)	-1.9%	High	Combined Rating	N/A
Discontinue Prescription Drug Exceptions	TBD	TBD	Medium	Includes Exceptions	N/A

### ODS

Description of Option for Savings	Estimated Savings	% of Premium	Member Impact	Current Benefit	Benchmark - Government *
50% Crown Benefit	(\$1,800,000)	-4.4%	Low	25% Coinsurance	50%

\* Government benchmark represents median plan designs from the 2009 Mercer National Survey of Employer-Sponsored Health Plans

## Other Options & Next Steps

- Other options for discussion:
  - Pay for Performance (P4P)
  - Patient Safety Standards
  - Transparency in costs/DRG
- Board discussion regarding next steps
- Staff work for next meeting
  - Meetings scheduled for:
    - July 27, 2010
    - August 12, 2010
    - September 7, 2010