

PEBB's Mission Impossible?

In 1998, the newly formed Public Employees' Benefit Board took its mission statement from the statute that created PEBB.

“Provide high quality benefits that are affordable to employees and the state.”

Since then, healthcare and medical insurance costs have increased at double-digit rates year after year, sorely challenging PEBB's abilities to meet its mission. Nevertheless, the Board succeeded in creatively leveraging its purchasing power and introducing innovations in plan designs. As a result, the Board was able to keep the overall average rate increases on PEBB medical plans at or below those experienced by comparable employers. Equally important, the Board was able to manage the cost and quality of the benefit package.

But by the end of 2002, the U.S. government and the national press were finally saying what PEBB had been communicating for years.

- “The American health care system is confronting a crisis” (*National Institute of Medicine, December 2002*).
- The steep increase in spending has put immense new pressures

on consumers, employers and public programs” (*New York Times, January 2003*).

- “Add growing budget deficits that make it harder for states and the federal government to fill the gap, and a full-fledged debacle is brewing” (*Associated Press, January 2003*).

Given the crisis state of the healthcare industry, the healthcare market and Oregon's economy, PEBB's mission of quality and affordability may well become “Mission Impossible.”

Reviewing the past

Since last fall, Board members have been meeting to consider all available options. Review of benefit design, structure and funding from 1998 to now highlights the following facts.

The **affordability** of benefits – to employees and to the state – is in question.

- The state's per-employee average monthly contribution increased from \$386 in 1998 to \$641 in 2003.
- PEBB's total annual premium payment for employee benefits

has almost doubled, increasing from \$180 million in 1998 to \$334 million in 2003.

- Full-time employees continue to receive fully paid premium for benefits, but their annual average out-of-pocket costs for healthcare went from \$408 in 1998 to \$840 in 2002, a 40 percent increase over five years.

The **quality** of benefits is in jeopardy. To some, quality means access to services. For others, it means choice of plans or providers. Still others see it as clinical outcomes and patient safety. No matter the measure, achieving and maintaining quality has become even more important and more difficult to monitor.

- Because of continued market dysfunction and skyrocketing costs, the Benefit Board made a tough decision to reduce the number of medical plans offered to employees in 2002 as the best way to maintain the overall value of the benefit.
- Open Enrollment surveys show a drop in employee perspective of benefit value.

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- While the Board made tough choices to maintain quality and affordability, the estimated relative value of PEBB's medical plans dropped 14 percent between 1998 and 2002, even as the cost increased by 40 percent.
- The ability to collect, analyze and report meaningful data on clinical quality in the plans is a major effort and challenge.

The view today

Based on current trends, experts who advise on healthcare benefits foresee dire times ahead.

- Prices for prescription drugs are continuing their meteoric increase.
- Hospital costs are outpacing pharmaceuticals as the fastest growing cost component in healthcare.
- Nationally, medical insurance rate increases in 2003 may be as high as 15 percent, and prescription drug rates could increase by as much as 18 percent.

Despite these rapidly rising cost increases, the nation's population – including PEBB members – is using more medical services more often because:

- Most of those in the baby boom generation are now in their 40s and 50s, which means they need more care.
- More sophisticated medical technologies are more-widely available and promoted.
- Such chronic conditions as diabetes and cardiovascular disease are becoming even more prevalent, as is obesity.

Vision statement:

A statement of perhaps a half dozen sentences that describe a desired future, not a predicted future. For example, in 1962 President John F. Kennedy articulated a vision of sending a man to the moon and returning him safely within the decade of the '60s. That statement served as the organizing concept through which the nation won the space race and achieved the vision of space as a frontier for free people.

Healthcare Delivery System:

The combination of and interactions among

- Healthcare practitioners
- Insurance companies and managed care organizations
- Hospital systems, hospitals, clinics and other health service facilities
- Employers and other group medical plan purchasers
- Government regulators

- The healthcare industry as a whole continues to focus on treating disease (more expensive with poorer results) rather than supporting health (less expensive with better results).

In the end, the U.S. pays more for healthcare than any of the most-developed nations. Yet, U.S. citizens are less healthy than citizens in almost all of those countries.

A Vision for the future

The Benefit Board is investing significant time and effort to develop

a new vision for PEBB. While the Board cannot heal the state's economy or fix a broken healthcare delivery system, it can contribute to changes that will improve the health of members and the affordability of benefits for employees and the state. PEBB's new vision will help the Board devise strategies to build a future where members live in a state of health.

Several themes have taken shape in this vision.

- PEBB members live and work in communities where innovative delivery systems maximize health while using dollars wisely.
- Both the members and the delivery system focus on health outcomes rather than healthcare products and services.
- The system and the state promote member education, which leads to more-informed consumer choice.
- Appropriate incentives encourage the right care at the right time in the right setting.
- Transparency replaces the fog that currently obscures public view of the system's workings. Actions and decisions that affect cost and quality are open for information, scrutiny and input.
- Benefits are affordable to employees and the state.

Acting on the Vision

The Board is considering a variety of options for acting on this new vision. Among them are the following examples:

- PEBB could work with our existing carriers through annual renewals to achieve incremental

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(continued)

changes to the system. In future renewals, for example, provider contracts could include provider incentives and quality performance standards.

- PEBB could create or purchase the new delivery system model by releasing a request for proposal and inviting bids from both current and potential carriers. PEBB could also sponsor pilot projects by specific vendors, practitioners or independent physician associations.
- PEBB could expand its current infrastructure and wellness program. This might include self-insurance options and building in additional staff and consulting expertise to achieve the vision.

The Board is well aware that it will take many years to achieve results. And any strategy will require a multi-year, phased approach.

In Summary

The Board agrees with regional and national experts that the healthcare system is in crisis. The Board has tried with some success to negotiate, innovate and consolidate offerings to maintain medical benefit quality and affordability. Given current circumstances, the Board believes it has exhausted all options to maintain the status quo and must begin the process of realizing a new vision for PEBB.

The Board is actively seeking feedback from PEBB stakeholders – especially PEBB members. Avenues for input include the following:

- By phone to (503) 373-1102 in Salem or (800) 788-0520
- By e-mail to inquiries.pebb@state.or.us
- By correspondence to 775 Court St NE, Salem, OR 97301
- In person at Board and Subcommittee meetings (see schedule on page 6).

Watch this newsletter and the PEBB Web site (<http://pebb.das.state.or.us>) as the process continues and information unfolds.

Confirm your 2003 choices

During February, PEBB will mail individual benefit confirmation statements to the home addresses of state employees (not university system employees) who participate in PEBB. This statement details all the benefit choices you have made for 2003. Please take a few minutes to go over this statement to ensure that all the information is correct.

- If you find an error, call your agency as soon as possible to correct it.
- If you do not receive a statement, contact your payroll representative to check on your address as it is entered in the system. To update your address, complete and submit a PEBB medical and dental update form (<http://pebb.das.state.or.us/meddenup.pdf>).
- If you have questions about the statement or any of your benefits, please contact PEBB at (503) 373-1102 in Salem or (800) 788-0520 statewide.

New contact lens features

Value added to VSP benefit plan

PEBB members in the Regence BlueCross BlueShield of Oregon PPO and Cascade East Health Plans HMO receive their vision benefit through VSP. For 2003, VSP is pleased to introduce the VSP Member Contact Lens Program with the following features:

- VSP Member Preferred Pricing from VSP doctors on annual

supplies of select popular soft contact lenses provided by CIBA Vision and Ocular Sciences, Inc. (OSI).

- Direct delivery to your home or office on contact lenses included in this program.
- Direct-from-manufacturer incentives, such as free solutions and money-saving coupons.

Members can take advantage of this program even if they use their allowance toward the purchase of prescription glasses. Just make sure to purchase the contact lenses from the same doctor who provided your eye exam within the previous 12 months.

PEBB Health Center Update

775 Court St. NE • Salem, OR 97301

(800) 701-1333 • www.pebbhealth.org • (503) 362-1111 • pebbhealth@oregonwellness.com

Help yourself to health support

Suppose your mother is recovering from a heart attack and you want to know what you can do to help prevent heart disease in other family members. Then your husband comes home from the doctor's office and tells you he's been diagnosed with high cholesterol, and he has no clue what to do to make it better. To top it off your diabetes is out of control from all this stress.

Where do you go to find out what you can do in all of these situations? ***The PEBB Health Center and The State of Health.*** Your ability to access information online, by phone, mail or in person gives you the flexibility to choose what works best for you.

Online

If your first choice is online, you have several options. The State of Health online has a wealth of

information on dozens of conditions, including heart disease, high cholesterol, diabetes, hair loss and stress. By logging on and registering at www.wellmed.com/stateofhealth you will see firsthand what this program has to offer.

Start with HealthQuotient to get an overview of your state of health, then proceed to the condition centers or take a mini quiz on a specific topic. The site also offers access to the latest health news and medical references, including a medical dictionary.

Another option is to send an e-mail to the PEBB Health Center at pebbhealth@oregonwellness.com. This is a great way to find out what resources we have available on a particular subject. It's also an easy way to register for classes or request packets of information for classes you are unable to attend.

Library

The Health Center's lending library is now online at www.pebbhealth.org. The library is another resource for understanding conditions and learning to manage them. Here you can view lists of all the books and tapes that are available on a given subject. Call or e-mail us, and we will assist you in getting a PEBB Library card. We'll send your requested items by shuttle (Inter-agency Mail) or regular mail depending on your location.

Phone

If you prefer to talk to someone in person, call us during regular business hours and speak to one of our health educators or advice nurses. Our goal is to help you access the information and resources you need when you need them and in the way you want to receive them. Call (503) 362-111 or (800) 701-1333.

Programs at the PEBB Health Center

Registration is required for all programs. Handouts may be available if you are unable to attend. Feel free to bring your lunch to any of these noon-hour classes. For registration call (503) 362-1111 or (800) 701-1333, or send an e-mail to our ***NEW E-Mail Address*** pebbhealth@oregonwellness.com

Heart Health For Men and Women

Presenter: Megan Osborn, ANP

Date: Wednesday, Feb. 12

Time: Noon-1 p.m.

Heart Disease is still the number-one killer in America today. Are you at risk for heart disease? Do you know how to prevent it? Learn which risk factors can be modified

and what you can do personally to minimize your chance of developing this life-threatening disease.

Improving Your Mood with Food

Presenter: Judy Forrest, RD

Date: Wednesday, Feb. 19

Time: Noon-1 p.m.

If you've ever wondered how the nutrients in food may affect your

mood and how to eat to feel better, this program presents an excellent introduction. Discover the links between food nutrients and energy level, attitude, memory, weight management and sleep patterns. And learn nutrition and food tips for moving into a "feeling good eating style."

PEBB Health Center Update *(continued)*

Preparing for Labor and Childbirth

Presenter: Cindy Stegner, RN

Date: Thursday, Feb. 20

Time: 12-1 p.m.

Childbirth preparation classes provide valuable information for individuals wanting to have a positive and supportive birthing experience. This class will offer suggestions of things you can do to prepare for childbirth prior to taking a formal class. It will also be an overview of what is presented in most childbirth education classes.

Improving Your Sleep

Presenter: Liz Marik, FNP

Date: Tuesday, Feb. 25

Time: Noon-1 p.m.

Whether your sleep problem is chronic or occasional, learn what works and what doesn't when it comes to insomnia.

Cultivating Health

Presenter: Carole Kment, MA

Dates: Mondays, Mar. 3-Apr. 7

Time: Noon-1 p.m.

Class Fee: \$15 for materials

Cultivating Health is a weight management program that can be done in a classroom setting or as a self-help program on your own. The material fee is the same. The major components of this program are: assessing your readiness to make lifestyle changes; proven methods and tools to make those changes; and additional resources to keep you going in the right direction when the classes are over. The program philosophy is based on making healthy choices that are right for you when it comes to eating, physical activity and weight management.

Asthma

Presenter: Liz Marik, FNP

Date: Tuesday, Mar. 11

Time: Noon-1 p.m.

This class will focus on diagnosis, treatment and prevention of asthma, either for the person who has a current diagnosis of asthma or who has a family member or friend with asthma.

A Combined Approach to Fitness: The Mind-Body Connection

Presenter: Megan Osborn, ANP

Date: Wednesday, Mar. 19

Time: Noon-1 p.m.

Learn about the relationship between your mind and body in the big picture of health and your overall wellness.

Detoxification

Presenter: Linda Spaulding,
BS, CDC

Date: Tuesday, Mar. 25

Time: Noon-1 p.m.

This mini-class examines how the body processes toxins and explains who should detox and why. We'll focus on our remarkable liver, the body's major detoxifying organ, to understand how hard it works to keep us healthy. We'll also look at effective ways to regain and maintain optimal health by assisting the liver to do its job.

Diabetes Prevention

Presenter: Jeanine Olson, ANP

Date: Thursday, Mar. 27

Time: Noon-1 p.m.

Review the latest trends and recommended guidelines for diabetes risk management. Includes discussion of the 15 commandments for living well with diabetes.

Diabetic Foot Care

Presenter: Dr. Mesdag

Date: Tuesday, Apr. 8

Time: Noon-1 p.m.

Understand the importance and parameters of diabetes routine foot care. Learn the do's and don'ts of foot care and whom to see for intervention. Review case histories and examples.

Anxiety and Depression

Presenter: Patrick Mooney, Ph.D.

Date: Wednesday, Apr. 16

Time: Noon-1 p.m.

Anxiety and depression are two of the most common disruptors of human psychological life. They take a toll on one's self-esteem, family relationships, work productivity and life satisfaction. Often they combine as a "tag team," leading to worry about future events and demoralization in the present. Learn how they are similar and different; how they are often linked; and therapies to address them.

Diabetes and Depression

Presenter: Denise Cedar, RD, CDE

Date: Thursday, Apr. 17

Time: Noon-1 p.m.

People with diabetes are twice as likely to suffer from depression. And depression increases their risk of poor glucose control and diabetic complications. If you have a loved one with diabetes, learn more about depression and what you can do to help.

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PEBB Health Center

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Home Control of Asthma and Allergies

Presenter: Megan Osborn, ANP

Date: Wednesday, Apr. 23

Time: Noon-1 p.m.

Do you or does someone you know struggle with management of asthma and/or allergies? Learn preventive measures you can use to improve these conditions.

Eating More Fiber

Presenter: Megan Osborn, ANP

Date: Wednesday, Apr. 30

Time: Noon-1 p.m.

What's the value in fiber? Learn why it's an important component to diet, and discover some enjoyable sources of fiber.

Check for class updates at www.pebbhealth.org/classes.htm, or call (503) 362-1111 in Salem or (800) 701-1333 statewide.

PEBB Resources

Access PEBB, insurance companies and other benefit resources using the contact information below. The insurance company Web sites include provider directories. You can also link to insurance company Web sites from the PEBB Web site.

Public Employees' Benefit Board (PEBB)

(503) 373-1102, (800) 788-0520

<http://pebb.das.state.or.us>

inquiries.pebb.@state.or.us

Associated Administrators, Inc. (Dependent Care FSA)

(800) 334-4340

(503) 220-3805

BestChoice Administrators

(800) 556-3137

(503) 765-3581

Health Center

(800) 701-1333

(503) 362-1111

pebbhealth@oregonwellness.com

Cascade East Health Plan (medical)

(866) 577-CEHP (2347) toll-free

www.cehp.org

Kaiser Permanente (medical & dental)

(800) 813-2000

www.kp.org/nw

Nationwide Insurance (auto)

(888) 628-4663 media code 8425

(888) 662-8446 (TDD)

ODS Health Plans (dental)

(800) 452-1058

www.odshp.com/pebb/

Regence BlueCross BlueShield of Oregon (medical)

(800) 826-9813

(503) 220-3849

www.or.regence.com/pebb

The Standard Insurance Company (life & disability)

(800) 242-1888

www.standard.com

Unum (long-term care)

(800) 227-4165

www.unumprovident.com/enroll/pebb

VSP (vision)

(800) 877-7195

www.vsp.com

Willamette Dental Insurance (dental)

(800) 460-7644

www.denkor.com

February 2003 Public Meetings

The **Public Employees' Benefit Board** will meet Tuesday, Feb. 18, from 2 to 4 p.m. in the Hearing Room of the Land Conservation Board building at 635 Capitol St. NE in Salem.

The **Board's Plan Design Subcommittee** will meet Tuesday, Feb. 4, from 9 a.m. to noon in Suite B-1, Studio A, in the Public Service Building at 255 Capitol St. NE. The Subcommittee will also meet Tuesday, Feb. 18, from 9 a.m. to

noon in Conference Room 350 of the State Capitol Building.

The **Board's Operations Subcommittee** will meet Tuesday, Feb. 11, from 10 a.m. to noon in the PEBB Conference Room located at 775 Court St. NE in Salem.

The **Board's Wellness Subcommittee** will meet Tuesday, Feb. 18, from noon to 1:30 p.m. in Conference Room 350 of the State Capitol Building.

Meeting schedules are subject to change. To be placed on the list of those to be notified of schedule changes, please call Becky Johnson at (503) 378-6296. The most current public meeting notices are posted on PEBB's Web site at <http://pebb.das.state.or.us>. Meetings held at these addresses are wheelchair accessible. If special accommodations are necessary, please contact Becky Johnson within 48 hours or as soon as possible before the meeting.

PEBB Mission

To provide a high quality plan of health and other benefits that are affordable to both the employee and the state.