

## Oregon Educators Benefit Board April 24, 2008 Minutes

The Oregon Educators Benefit Board held a regular meeting on April 24, 2008, at the Agriculture Building, 635 Capitol Street, NE in Salem, Oregon. Chair Steve McNannay called the meeting to order at 8:40 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 (via telephone)  
Peter Tarzian

#### Watson Wyatt Consultants:

Geoff Brown  
Steve Carlson  
Anne Thompson

#### OEBB/PEBB Staff:

Joan Kapowich, PEBB/OEBB Administrator  
Denise Hall, OEBB Deputy Administrator  
Heidi Williams, Director of Operations  
Pam Broadus, Benefits Manager  
Ali Hassoun, Financial Coordinator  
Scott Rupp, Communications Coordinator  
Glenn Baly, Program/Policy Analyst  
Linda Tullis, Systems Administrator  
Debbie Radish, Lead Benefits Analyst  
Carolyn Bader, Contracts Officer  
Lynn Hanson, Contracts Specialist  
Rose Mann, Executive Assistant

Guests:

Christine Wells, Willamette Dental  
Megan Myrick, Willamette Dental  
Jean Poling, Kaiser  
Mike Shirtcliff, Advantage Dental  
David Scearce, Standard Insurance  
Gordon Hoberg, ODS  
Troy Kirk, Pacific Source  
Shelia Jameson, OEA Choice  
Fredia Gibson, WSC Insurance  
Jackie McLaughlin, Eugene School District 4J  
Doug Franz, Regence  
Norma Kirbs, Providence  
Brian Riney, Providence  
Julie Wenzl, Eugene School District 4J  
Laura Pavlat, Springfield Schools  
Peg Honyak, Gene Kiel & Associates  
Janie McCodin (?), CIS  
Brandon Gust, Pacific Source  
Rhonda Giles, Pacific Source  
Jeston Black, Oregon Education Association  
Renee McDonald, Regence  
Diane M. Shutack, Benefit Help Solutions  
Julie Sorik (?), JBG  
Jeff Heinrich, OSBA  
Steve Schmick, Kaiser Permanente  
Steve Norman, OSBA  
Heb Drew, D & B Financial  
Camilla Monagon, Portland Public Schools  
Kevin McCann, OSBA  
Robin Richardson, ODS



**1. Welcome and Approval of Minutes (Attachment 1)**

*Tom Husted moved to adopt the March 13, 2008, Board minutes. Richard Clarke seconded the motion. The motion carried 10 - 0.*

**2. Administrator's Report (Attachment 2)**

**Joan Kapowich** briefly explained the RFP process:

Proposals were reviewed to ensure they were responsive and met the minimum requirements. This confirmed the proposals were timely and the information submitted

was complete. OEGB received a total of 30 proposals that were determined to be responsive and met the minimum requirements.

Watson Wyatt scored the questionnaires submitted as part of the RFP. The categories that were scored included: cost (rates, other financial aspects and reporting capabilities), network, access to services, customer service, and claims administration (both infrastructure and response standards), account administration, and quality and security. Questionnaire scoring thresholds were used to determine the proposers selected for interviews in some RFP categories.

The Scoring Committee interviewed proposers who, at a minimum, were responsive and met the minimum requirements. These included medical, pharmacy, disease management, health and wellness, and dental and vision proposers. Interview responses were scored individually as well as used to clarify information gathered through the RFP questionnaires scored by Watson Wyatt.

The Scoring Committee reviewed and scored the Supplemental Questions for each of the proposers interviewed.

Watson Wyatt finalized scoring the RFP responses, added the scores from the interviews, supplemental questions and reference checks into the RFP final scores. Watson Wyatt then identified options for the Scoring Committee based on the total combined scores. The Scoring Committee directed Watson Wyatt to negotiate with proposers identified in the option packages. Watson Wyatt recommended Package Option 1 based on information obtained and negotiations completed to date.

### **3. Scoring of Apparent Successful Proposers for OEGB Benefit Plans (Attachment 3)**

**Geoff Brown** explained the guiding principles used by the Oregon Educators Benefit Board, staff and consultants in the evaluation and Scoring of the carriers:

- Integration of plan services
- Access to providers
- Willingness to partnership with OEGB
- Quality improvement opportunities
- Participation in state and community collaborative efforts
- Continuation of comparable plan designs
- Cost savings for members and districts

**Geoff Brown**, on behalf of Watson Wyatt, recommended to the Oregon Educators Benefit Board the following carriers (Attachment 3):

#### Medical/RX/DM/H&W Plans

Providence for plans 1 & 2, statewide

ODS for plans 3 – 9, statewide  
Kaiser Permanente for plans 1 & 2 in the Kaiser Service area

### Dental Plans

ODS for plans 1 – 6, statewide; with Willamette Dental for plans 7 & 8, statewide  
Kaiser for plans 7 & 8 in the Kaiser Service area (\*available only to groups offering Kaiser Medical)

### Vision

ODS for plans 1 – 5, statewide  
Kaiser for plan 5 in the Kaiser Service area (\*available only to groups offering Kaiser Medical)

**Geoff Brown** explained the rationale for the recommended carriers (page 5, Attachment 3).

*Michael Cannarella moved to approve the following recommendation for Apparent Successful Proposers: medical plans 1 and 2 (including pharmacy, disease management and health and wellness coverage) statewide to Providence Health Plans and Kaiser Permanente in the Kaiser service area; medical plans 3 through 9 (including pharmacy, disease management, and health and wellness coverage) statewide to ODS Health Plans. Peter Tarzian seconded the motion.*

*Richard Clarke made a friendly amendment to the original motion to include that, approval of the named carriers is contingent upon successful negotiation of key elements such as quality of care, performance standards that support the Board's guiding principles on plan performance related to improvement in employee health outcomes, evidence-based medicine and practice, and service quality.*

*Ron Gallinat stated a potential conflict of interest; he is licensed as an insurance agent and consultant and works with a majority of the proposers. He also has a relative who works for one of the carriers. He stated that he will participate in the discussion and voting.*

*The motion carried 10 – 0.*

### Dental

*Michael Cannarella moved to approve the recommended Apparent Successful Proposers for dental plans to ODS for plans 1 – 6, statewide; Willamette Dental for plans 7 – 8 statewide; and Kaiser for plans 7 & 8 in the Kaiser Service area. Victor Musial seconded the motion. The motion carried 10 – 0.*

*Michael Cannarella moved to approve the recommended Apparent Successful Proposers for vision plans to ODS for plans 1 – 5 statewide and Kaiser for plan 5 in the Kaiser Service area. Richard Clarke seconded the motion. The motion carried 10 -0.*

*Tom Husted moved to authorize Carolyn Bader, OEBC Contracts Officer, to prepare and distribute the Notice of Intent to Award the contract for medical plans 1 and 2 (including pharmacy, disease management and health and wellness coverage) statewide to Providence Health Plans and Kaiser Permanente in the Kaiser service area; for medical plans 3 – 9 (including pharmacy, disease management and health and wellness coverage) statewide to ODS Health Plans. Michael Cannarella seconded the motion. Richard Clarke requested that the friendly amendment he made earlier be incorporated into the Notice of Intent letter. The motion carried 10 -0.*

*Tom Husted moved to authorize Carolyn Bader, OEBC Contracts Officer, to prepare and distribute the Notice of Intent to Award the contract for dental plans 1 through 8, including orthodontia coverage statewide to Oregon Dental Services with Willamette Dental Group and for dental plans 7 and 8, including orthodontia coverage to Kaiser Permanente in the Kaiser service area, available only to members who elect Kaiser Permanente Medical. Ron Gallinat seconded the motion. The motion carried 10 – 0.*

*Tom Husted moved to authorize Carolyn Bader, OEBC Contracts Officer, to prepare and distribute the Notice of Intent to Award the contract for vision plans 1 through 5 statewide to ODS Health Plans and for vision plan 5 to Kaiser Permanente in the Kaiser service area, available only to members who elect Kaiser Permanente Medical. Victor Musial seconded the motion. The motion carried 10 – 0.*

#### **BREAK**

#### **4. My OEBC Benefit System Update and Demonstration (Attachment 4)**

Linda Tullis presented a demonstration of the new benefits system, “MyOEBC.”

#### **5. Staff Report (Attachments 5, 6, and 7)**

**Denise Hall** introduced new OEBC staff: Linda Tullis, Systems Administrator; Debbie Radish, Lead Benefits Analyst; and Pam Broadus, Benefits Manager. **Pam Broadus** explained that interviewing for several benefits positions is currently in progress and she hopes to be fully staffed by the end of May.

**Richard Clarke** requested staff present the original projection of funding the Board voted on and the final cost at the next Board meeting so that the Board can see the comparison.

**Ali Hassoun** presented an update on the OEBC budget (Attachments 5a and b).

**Mylia Christensen** asked when the Board will publish rates. **Steve McNannay** stated that rates are targeted to be published by May 15 and will include administrative assessment amounts.

**Richard Clarke** stated that he would like to see the details of the costs of the consultants and the administrative system for start up as well as over time. He also suggested that OEGB staff and Board members who have backgrounds in finance work together in the next two weeks to ask the appropriate questions in order to deliver a more detailed report on the rates and administrative fees to the Board on May 8.

**Mylia Christensen** asked if the Administration Workgroup will be having regular meetings to discuss budget items and then report to the Board at quarterly Board meetings. **Ali Hassoun** responded that he will schedule quarterly Administration Workgroup meetings a month or two prior to Board meetings.

**Denise Hall** reviewed the Stakeholder Issues and Responses (Attachment 10)

**Peter Tarzian** requested to also see the responses to the questions. **Denise Hall** explained that responses were inadvertently omitted from this document and confirmed that responses will be included in the document in the future.

**Peter Tarzian** asked if it would be fair to say that if the Board goes with a state wide rate, it would lower some rates and drive the metro rates up. **Steve Carlson** responded that it would be fair to say that and the Board wants to be thoughtful about that and if there is an alternative solution the Board would take that into consideration.

**Geoff Brown** explained that Watson Wyatt will present a thoughtful recommendation to the Board based on the data they have on hand.

**Peter Tarzian** explained that the Board needs a great deal more information to be able to make a thoughtful decision.

## **LUNCH**

### **6. Communication Workgroup – Outreach Network Member Additions and Revisions to Charter (Attachments 14a, b and 15)**

**Scott Rupp** reported on the member additions to the Outreach Network and revisions to the Outreach Network Charter (Attachment 14A).

***Brett Yancey moved to approve the additional (8) members to the Outreach Network. Tom Husted seconded the motion. The motion carried 9 – 0. (Peter Tarzian left at 11:30 a.m.)***

***Richard Clarke moved to adopt the amended Outreach Network Charter. Ron Gallinat seconded the motion. The motion carried 9 – 0 (Peter Tarzian left at 11:30 a.m.).***

**7. Adoption of Revised Guiding Principles (Attachment 16)**

*Tom Husted moved to adopt the revised Guiding Principles with the following suggested additional change: OEBB will consider the impact of benefit plan expenses on members' compensation when designing, selecting and renewing benefit plans and programs. Mylia Christensen seconded the motion. The motion carried 9 – 0.*

**8. OAR 111-040-0001 thru 0045 Enrollment: File as Proposed Rules with Secretary of State (Attachments 10 and 11)**

*Tom Husted moved to file OAR 111-040-0001 thru 0045 as proposed rules with the Secretary of State. Ron Gallinat seconded the motion. The motion carried 9 -0.*

**9. OAR 111-060-0001 Information Requests: File as Proposed Rule with the Secretary of State (Attachment 12)**

*Michael Cannarella moved to file OAR 111-060-0001 as a proposed rule with the Secretary of State. Ron Gallinat seconded the motion. The motion carried 9 – 0.*

**10. OAR 111-010-0015 Policy and Definitions: File proposed amendment with the Secretary of State (Attachment 13)**

*Tom Husted moved to adopt the proposed definition and to file OAR 111-010-0015 as an amended rule with the Secretary of State. Ron Gallinat seconded the motion.*

**11. Request for exception to Retiree Coverage (Attachments 8 and 9)**

**Denise Hall** explained that OEBB received a letter from Portland Public Schools requesting OEBB allow their retirees to grandfather into OEBB at a later date. OEBB staff researched this and came up with 2 options (Attachment 8).

**Peter Tarzian (via telephone)** stated that he supports Option 2, but to extend the date to September 30, 2010.

**Richard Clarke** explained that Portland Public Schools supports Option 2.

*Richard Clarke moved to adopt the Retired Employees Access to OEBB Benefit Plans policy with the following amendments:*

- *Change the date from September 30, 2008 to September 30, 2010*
- *Add, "... when insurance coverage involuntarily ends."*
- *Add "any other group medical coverage"*

*Tom Husted seconded the motion. The motion carried 10- 0.*

**12. General Public Comment**

There was no public comment.

**13. Other Business**

There being no further business to come before the Board the meeting adjourned at 1:52 p.m.