

## Plans and Rates for 2004

On June 17, PEBB approved recommendations submitted by its Plan Design Subcommittee to renew existing medical, dental, life and disability plans with current carriers for 2004.

At a time when healthcare costs continue their upward spiral, the Public Employees' Benefit Board was able to achieve an overall rate increase of nine percent for 2004 healthcare plans. This rate increase is significantly lower than the 15 to 30 percent increases being reported by other large, public employers in Oregon.

As a result, the design of benefits will not change significantly for the coming year. Following are the recommendations approved by the Board.

### Medical Plans Recommendation

*Continue current Kaiser Permanente HMO plan design for 2004 with no changes.*

Estimated premium rate increase: 10.33 percent.

*Continue current Regence BlueCross BlueShield of Oregon (BCBSO) PPO plan design for 2004 with no plan changes.*

Estimated premium rate increase: 9.67 percent.

*Continue current Cascade East Health Plans HMO plan design for 2004 with no plan changes.*

Estimated premium rate increase: 4.91 percent.

### Vision Services Recommendation

*Continue VSP routine vision services in the Regence BCBSO PPO plan and the Cascade East Health Plans HMO.*

Estimated premium rate increase: 46.66 percent.

### Dental Plans Recommendation

*Continue current Kaiser Permanente dental plan for 2004 with no plan changes.*

Estimated premium rate increase: 4.69 percent.

*Continue the current ODS Traditional, Preferred and Low Option dental plans for 2004 with no plan changes.*

Estimated premium rate increase: 2.76 percent overall

*Continue current Willamette dental plan for 2004 with no plan changes.*

Estimated premium rate increase: 8.70 percent.

## Planning in Public

The Plan Design Subcommittee began its planning sessions in January of this year and held a total of 18 sessions through the winter and spring. The group reviewed current and projected market data, industry updates, the potential for innovations, national trends, and the PEBB group's experience in 2001 and 2002. The group also framed its planning for 2004 in the context of the Board's vision for 2007 (see page 2).

The group corresponded with current medical and dental carriers, asking them to quote premium on the current plan design and several variations. Carrier responses indicated PEBB would benefit by renewing current plans rather than issuing a request for new proposals.

Throughout the planning process, the Board actively shared information and sought feedback from employees and other stakeholders. These outreach efforts included videoconference meetings held throughout the state in January and May, a survey on the PEBB Web site, and solicitations for input published in this newsletter.

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## Plans and Rates for 2004 *(Continued from page 1)*

### 2004 contribution information

Employer contribution rates are not set by PEBB. The contributions are determined through a series of decisions made by the governor, the legislature, collective bargaining, the Department of Administrative Services, agencies and branches of government. As of this printing, those decisions are still in process.

### ADDITIONAL PART-TIME EMPLOYEE AND RETIREE OPTIONS

For the third year in a row, the Board faced a huge challenge in designing a plan that would be affordable to part-time employees and retirees. Most state employees who work at least half time receive a pro-rata portion of the state's contribution, which is based on the number of hours worked compared with full-time. When the Board asked carriers to present plans they could offer at no rate increase for part-time employees who work 50 percent of full time, or a rate equal to half the full-time employee contribution, the plan's coverage levels plummeted. Based on feedback that employees want to keep the current level of benefits, the Board made the difficult decision to continue the current plan for 2004 with the increased rates. In a continued effort to address these areas of concern, the Board approved the following recommendations:

- Continue the Kaiser Permanente Part-time and Retiree HMO plan design

## PEBB'S VISION FOR 2007

*Approved December 17, 2002*

The Public Employees' Benefit Board believes the current healthcare system is in crisis. From the member to the provider to the insurer, the system is broken. At this time PEBB is not confident that the current marketplace can offer a tangible, statewide solution for the short or long term.

The depth, breadth and complexity of this problem require long-term solutions. PEBB has developed the following vision statement to articulate its desired future. This vision statement says what the long-term solutions might look like. During the next five or more years, it will serve as a guide for the Board's strategic planning, its decision-making and its commitment of resources toward achieving that future.

**PEBB envisions a new state of health for its members statewide.**

**Key components of the PEBB program will include:**

- An innovative delivery system in communities statewide that provides evidence-based medicine to maximize health and utilize dollars wisely.
- A focus on improving quality and outcomes not just providing healthcare.
- The promotion of consumer education and informed choices.
- Appropriate market and consumer incentives that encourage the right care at the right time.
- System-wide transparency through explicit, available and understandable reports about costs, outcomes and other useful data.
- Benefits that are affordable to the state and employees.

(11.93 percent premium rate increase).

- Continue the 2002 Regence BCBSO Part-time and Retiree PPO plan design (9.67 percent premium rate increase).
- Mutualize the premium increase across the Regence BCBSO PPO and Part-time and Retiree PPO plans. This has the effect of lowering the premium increase on the Part-time and Retiree

PPO plan by averaging the increase across the total PPO population.

- Continue the ODS Low Option dental plan for Part-time employees and Retirees (2.77 percent premium rate increase).
- Continue to make all medical and dental plan options available to part-time employees and retirees.

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# PEBB Health Center Update

775 Court St. NE • Salem, OR 97301

(800) 701-1333 • [www.pebbhealth.org](http://www.pebbhealth.org) • (503) 362-1111 • [pebbhealth@oregonwellness.com](mailto:pebbhealth@oregonwellness.com)

## Summer Safety

*With summer here in full swing, it is time to think about your safety and that of your family and friends. Here are some quick safety tips to follow:*



### Fireworks Safety

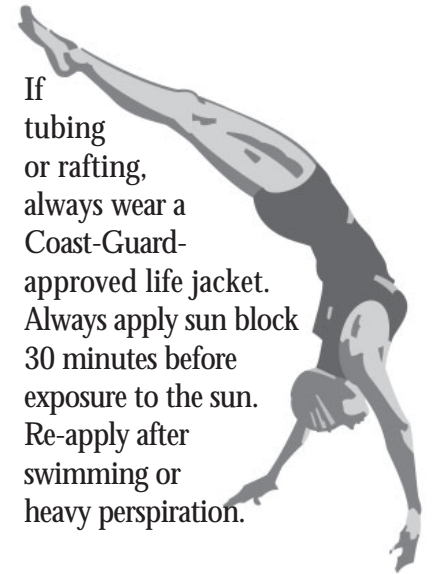
- Don't assume you know how to handle legal fireworks. Read and follow directions for each type.
- Never light fireworks inside a can or bottle. Never try to relight misfired fireworks.

- Soak used fireworks in water before discarding them.

### Water Safety

- If you plan to pilot a boat, take boating safety classes.
- Take lessons in swimming and basic water survival skills.
- Don't drink on a boat, while piloting a boat, or before going swimming.
- Never leave children unobserved around water – even a kiddie pool. A child can drown in less than 12 inches of water. Learn CPR.

- If tubing or rafting, always wear a Coast-Guard-approved life jacket.
- Always apply sun block 30 minutes before exposure to the sun. Re-apply after swimming or heavy perspiration.



***Enjoy the carefree days of summer but don't forget to follow these simple safety rules.***

## 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. Send an e-mail to [pebbhealth@oregonwellness.com](mailto:pebbhealth@oregonwellness.com) Check the Health Center website at [www.pebbhealth.org](http://www.pebbhealth.org) for updated class or lending library information. *(Please follow your agency rules on use of the Internet at work.)*

### Cultivating Fitness

**Presenter:** Cindy Stegner, RN  
**Class Fee:** \$15.00 for materials  
**Dates:** July 7, 14, 21, 28,  
August 4  
**Time:** Noon-1p.m.

Physical activity doesn't have to be strenuous to be beneficial. Over the course of five weeks, learn how to be more physically active. Materials focus on increasing self-awareness of behavior patterns — the key to long-term success.

### Recognition and Prevention of Hypertension

**Presenter:** Jeanine Olson, ANP  
**Date:** July 8  
**Time:** Noon-1p.m.

Hypertension is referred to as the silent killer. Find out what you can do to decrease your risk factors.

### Skin Health

**Presenter:** Megan Osborn, ANP  
**Date:** July 10  
**Time:** Noon-1p.m.

Beat the summer heat at a "lunch-n-learn" opportunity on the importance of skin health. What's

good for our skin and what isn't? Learn how to keep your skin healthy for a lifetime.

### Attention-Deficit Hyperactivity Disorder

**Presenter:** Nancy Hawkins-Gurney, MS, Behavioral Health and Family Educator  
**Date:** July 15  
**Time:** Noon-1p.m.

Learn about the development of temperament, personality, and behavior in the neurological brain pattern of AD/HD. Share Nancy's experience as the mother of an AD/HD student. *(Continued on page 4)*

## Agency & Employee Wellness Opportunity

### Personal Health Profiles answer important questions

How healthy are you? What are your health risks? Do you know your baseline so you can measure improvement? Can you track your own health record? The State of Health, PEBB's wellness program, offers to help members manage,

maintain and improve their health by answering these questions through Personal Health Profiles.

Modeled after last year's 10-site, statewide health-screening circuit, these health-focused sessions provide **free**, worksite health screenings to PEBB members. Additional activities include follow-up health counseling and education, and a hands-on introduction to The State of Health online. This secure, private, ad-free suite of online health tools is available to all PEBB members at [www.wellmed.com/stateofhealth](http://www.wellmed.com/stateofhealth).

*(Please follow your agency rules on use of the Internet at work.)*

To ensure maximum attendance, the PEBB Health Center is soliciting participation by agencies that are interested in sponsoring the event or that have other planned activities in their schedules. Examples include staff

meetings, training sessions, health fairs and conferences.

Following are the participation criteria:

- Requests for Personal Health Profile sessions need to be approved by agency managers.
- A minimum of 25 employees are required to participate.
- The session's site must have Internet access.
- A contact person will be needed to assist with program coordination.

If you are interested in hosting a Personal Health Profile session for your agency, please contact Cindy Stegner no later than August 1. You can reach her by e-mail at [cynthias@oregonwellness.com](mailto:cynthias@oregonwellness.com) or by calling her at (503) 362-1111 in Salem or (800) 701-1333.

### Programs at the PEBB Health Center

*(Continued from page 3)*

#### Resistance Band Beginners Class

**Presenter:** Jennifer Truax, RPT

**Date:** July 16

**Time:** Noon-1p.m.

Training on using resistance bands to improve posture and prevent back pain. *(Resistance bands provided.)*

#### Insomnia

**Presenter:** Liz Marik, FNP

**Date:** July 22

**Time:** Noon-1p.m.

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

#### Step-Parenting: The How, What and When of Parenting Step-Families

**Presenter:** Nancy Hawkins-Gurney, MS, Behavioral Health and Family Educator

**Date:** July 24

**Time:** Noon-1p.m.

Learn about issues that develop when combining families with stepparents.

The PEBB Health Center's lending library has materials related to these topics and more. Call or e-mail for your library card so you can take advantage of the resources available to all PEBB members.




#### Summer Reading

- *Stepfamily Realities*
- *The Divorced Parent*
- *Give Your ADD Teen a Chance*
- *Sleep Secrets*
- *You Just Don't Understand*
- *Allergy Exclusion Diet*
- *Journeys Through ADDulthood*
- *Mayo Clinic on High Blood Pressure*

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## *Pooling risk*

# Don't burst the balloon



During public forums held in May, the Board heard stakeholder suggestions on plan designs to help keep benefits affordable to the state and the employee. Some suggested that the Board offer plans for those who have few or no medical issues and others for those who need to access more medical services. Here's an analogy to help explain why the Board chooses not to make such changes.

### Unequal pressure

Imagine a partially inflated balloon. Air inside the balloon exerts equal pressure all around. Imagine squeezing the balloon in a way that pushes more air into just the top half. The air compressed in the top half exerts considerably more pressure on the skin of the balloon than does the expanded air in the bottom half.

That balloon can serve as the analogy for PEBB's medical plans and its pool of members. The pool is a mix of more than 110,000 individuals, each of whom has different healthcare needs. In general, though, the younger members of the pool use less healthcare. Those in the pool lucky enough to be born with the right genetic makeup are pretty healthy, too, and don't access medical care often.

Imagine that the older individuals, those with chronic diseases and those with seriously ill children move to a medical plan that covers more services. And, because of their age or their own or their family's health, they need to use those services with greater frequency.

At the same time, the younger, healthier people move to a "catastrophic" plan. This plan covers only the very-high-cost services a member would need during a medical crisis.

### The pressure is on

As the people in the older, sicker pool use more services, premium rates must increase to cover the increased number of claims. Now the pressure is on.

People in the "catastrophic" plan, needing less care, face less premium pressure. So they're happy with their plan – until they get older or they or one of their children gets sick. At that point, they'll want to move into the higher-service, higher-premium plan, where they'll access more services, which will continue to increase the premium rate.

Putting too much pressure on one portion of the balloon can cause it to burst, ruining the entire balloon. Separating an insurance pool into groups — young and healthy, and ill and older — and offering them very different types of plans can have a similar effect.

### Expansion and contraction

In addition, offering multiple plans and a wide variety of choice drives up the cost of care. When members can select from a wide variety of plan designs, they tend to select based on their own predictions of their and their family's upcoming health needs. This selection process adversely affects the plans, which drives up premium.

The Board has been able to maintain a higher level of benefits for all employees and significantly reduce the

cost by reducing the number of carriers and plans. For example: by consolidating plan choices and carriers for 2002, PEBB was able to still offer a wide choice of providers (more than 90 percent of those available state-wide), while saving \$44 million in premium costs in just one year.

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## Stakeholders respond

When it began planning for 2004, the Board faced daunting budget concerns and uncertainty about healthcare cost increase projections. Because the Board does not make decisions about the state's contribution, it sought feedback throughout the last six months on three options to cover a range of possibilities.

- **Option 1:** Maintain current benefits levels, with full funding for the nine percent increase in premium costs.
- **Option 2:** If only half the funds needed to cover the increase are available, reduce benefits to keep them fully funded, or keep the same benefits but share the premium increase.
- **Option 3:** If no new funds are available, reduce the benefits to eliminate the premium increase.

In their feedback, more than 200 PEBB members voiced a range of preferences and concerns. If Option 1 were not available, these employees indicated they would prefer Option 2, rather than Option 3. In other words, they would rather pay a portion of the premium and keep the same benefit level than to pay more at the point of service.

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## July 2003 Public Meetings

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**The Public Employees' Benefit Board** will meet Tuesday, July 15, 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 Operations Subcommittee** will meet Tuesday, July 8, from 10 a.m. to noon in the PEBB Health Center Conference Room located at 775 Court Street NE in Salem.

**The Board's Plan Design Subcommittee** will meet Tuesday, July 1, from 9 a.m. to noon in the Oregon Room of the Willamette Education Service District building, 2611 Pringle Rd SE in Salem. The Subcommittee will also meet Tuesday, July 15, from 9 a.m. to noon in Hearing Room 50 of the Capitol building, 900 Court St NE.

*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.*

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## Plans and Rates for 2004

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### Part-time employee funding information

PEBB does not make funding decisions for part-time employees. Those decisions are made through a series of decisions by the governor, legislature, collective bargaining, the Department of Administrative Services, agencies and branches of government.

At the request of SEIU Local 503, the Board agreed to release monies that remain in the Bargaining Unit Benefits Board account, which was brought forward when it and the State Employees Benefit Board merged to form PEBB in 1998. At SEIU's request, the funds will be used to subsidize premiums for eligible part-time employees who are represented by SEIU Local 503. Future PEBB communications will provide details about the part-time subsidy and how it will occur.

## 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](mailto:inquiries.pebb@state.or.us)

### Associated Administrators, Inc. (Dependent Care FSA)

(800) 334-4340  
(503) 220-3805  
[www.aai-pca.com](http://www.aai-pca.com)

### BestChoice Administrators

(800) 556-3137  
(503) 765-3581

### Health Center

(800) 701-1333  
(503) 362-1111  
[www.pebbhealth.org](http://www.pebbhealth.org)

### Cascade East Health Plan (medical)

(866) 577-CEHP (2347) toll-free  
[www.cehp.org](http://www.cehp.org)

### Kaiser Permanente (medical & dental)

(800) 813-2000  
[www.kp.org/nw](http://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/](http://www.odshp.com/pebb/)

### Regence BlueCross BlueShield of Oregon (medical)

(800) 826-9813  
(503) 220-3849  
[www.or.regence.com/pebb](http://www.or.regence.com/pebb)

### The Standard Insurance Company (life & disability)

(800) 242-1888  
[www.standard.com](http://www.standard.com)

### Unum (long-term care)

(800) 227-4165  
[www.unumprovident.com/enroll/pebb](http://www.unumprovident.com/enroll/pebb)

### VSP (vision)

(800) 877-7195  
[www.vsp.com](http://www.vsp.com)

### Willamette Dental Insurance (dental)

(800) 460-7644  
[www.denkor.com](http://www.denkor.com)

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## PEBB Mission

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