

## Board Presents Challenges for 2005

*The Benefit Board presented the following information to about 70 PEBB members who attended stakeholder forums on May 4.*

The Board understands the deep concern PEBB members have about soaring healthcare costs. We are not alone. Since the late '90s, premiums have been spiraling nationwide. Increases in the state's benefit contributions over the last five years reflect this cost spiral. At the same time, U.S. worker earnings increased very little.

Despite its huge and growing costs, the U.S. healthcare system does not always provide value for the dollars. Recent studies show:

- The U.S. spends more than any advanced nation on healthcare, yet the health outcomes of U.S. citizens are worse than in any of those countries. (*World Health Organization*)
- Overall, Americans get the care they need only 55 percent of the time. (*RAND Corporation*)
- As many as 98,000 people die from medical errors each year. (*Institute of Medicine*)
- Close to a third of the \$1.6 trillion spent on healthcare each year in the U.S. goes to duplication and treatment that fails to improve health and that may even make it worse. (*Dartmouth*)

PEBB's mission is to provide quality benefits that are affordable for the state and the employee. With no cost or quality solution in sight, the Board has concluded that the system is broken.

In response, the Board has created a Vision for PEBB in 2007. We envision a new state of health for employees statewide, which includes the following components:

- Evidence-based medicine supported by the best research
- Improved quality and outcomes
- Informed consumer choice
- Incentives to choose care based on measurable quality
- System-wide transparency about such things as costs and outcomes.

But while we work and plan toward this vision for the future, we are confronted with a system that is not yet moving to make these changes. As a result, initial premium estimates from our largest carrier for 2005 plans were almost double what has been budgeted for rate increases.

Why? There are many cost drivers. Hospital costs are increasing at double-digit rates. Prescription drug costs and compensation for some specialties are also rising. Our aging population is experiencing more health issues and accessing more care. More high-tech, high-cost treatments are available and being promoted. And we're not always getting support to stay well or get better.

Among the potential steps for 2005 in keeping with the Vision, the Board may consider such things as:

- An evidence-based prescription drug formulary
- Continuation of chronic disease management programs
- A back-pain decision support program

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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)

## Programs at the PEBB Health Center

Registration is required for all programs. For registration call (503) 362-1111 in Salem or (800) 701-1333 statewide or send an e-mail to [pebbhealth@oregonwellness.com](mailto:pebbhealth@oregonwellness.com). Feel free to bring lunch. Handouts may be available if you are unable to attend. If you work outside the Salem area and see a class your agency may be interested in hosting, call the Health Center. Check the Web site at [www.pebbhealth.org](http://www.pebbhealth.org) for updated class information. *(Please follow agency policy on use of the Internet at work.)*

### Anger and Hostility

**Presenter:** Jack Wills, EAP

**Date:** Tues., June 8

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

Learn the difference between anger and hostility, along with ways to cope with difficult people.

### Make Time for Movement

**Presenter:** Liz Marik, FNP

**Date:** Fri., June 11

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

Learn how to put physical activity into your daily life no matter how busy you are (sixth class in the yearlong series).

### Dietary Control of Cholesterol

**Presenter:** Judy Forest, RD

**Date:** Tues., June 15

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

Diet therapy can lower bad cholesterol as effectively and more safely than medicine. Bring a two-day diet log, and learn easy steps to lower cholesterol with a healthier diet.

### Preparing for Pregnancy

**Presenter:** Liz Marik, FNP

**Date:** Wed., June 16

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

Find out how to get ready for pregnancy with proper nutrition and lifestyle changes. Dads-to-be are welcome, too.

### Prostate Cancer Prevention

**Presenter:** Liz Marik, FNP

**Date:** Wed., June 23

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

Learn lifestyle changes you can make now to help avoid this diagnosis. Female participants can share what they learn with the men in their lives.

### Diabetes Prevention

**Presenter:** Carolyn Buel, ANP

**Date:** Thurs., June 24

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

Diabetes in the family tree? Learn to minimize that risk factor with things you can control. Diabetics and family members are welcome.

### Asthma and Obesity

**Presenter:** Liz Marik, FNP

**Date:** Tues., July 13

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

Does asthma affect obesity or does obesity affect asthma? Learn lifestyle changes to improve both.

### Get Real About Fitness

**Presenter:** Liz Marik, FNP

**Date:** Wed., July 14

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

Find out how modeling with mentors and joining social groups can up your motivation to continue a physical activity program.

### Healthy Eating for Diabetics

**Presenter:** Judy Forest, RD

**Date:** Wed., July 21

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

Become aware of proper diabetic diet principles. And learn to use nutrition labels to create a healthy, flexible diet.

### Syndrome X

**Presenter:** Linda Spaulding,  
Nutrition Educator

**Date:** Tues., July 27

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

The standard American diet can push insulin and glucose levels out of control. Learn about a life-style program to reduce the risk of chronic diseases.

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

members. Search the collection at [www.pebbhealth.org/Librarylookup.cfm](http://www.pebbhealth.org/Librarylookup.cfm).



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## Standard Insurance Demutualization Update

Through PEBB, The Standard Insurance Company (Standard) provides group life and disability insurance for state employees and their dependents. Early in 1999, Standard changed from being a mutual life insurance company owned by policyholders to a stock life insurance company owned by stockholders. This process is called “demutualization.”

PEBB was considered one policyholder. Policyholders were given options of receiving stock or receiving a cash payment as a result of the demutualization. As a state entity, PEBB is not allowed to hold stock. As a result, PEBB as the policyholder received \$19,499,676.

After consulting with the Attorney General’s office, these funds were placed in an interest-bearing trust account at the

Oregon State Treasury. After further advice from the Attorney General’s office, the Benefit Board authorized the filing of an interpleader action in Marion County asking the Court for legal determinations related to ownership and distribution of the funds. Two employees asserted claims to the funds on behalf of themselves and all similarly situated employees; Oregon Health & Sciences University (OHSU) also asserted a claim to the funds.

The court eventually dismissed the interpleader action, leaving the employee and OHSU claims to be resolved. In November 2002, the State filed a motion for summary judgment. A hearing was held on that motion in May 2003.

On Aug. 1, 2003, the court ruled that PEBB had no legal or fiduciary obligation to distribute any portion of the proceeds to the class of state employees or to OHSU. As for the use of the proceeds, the Judge said: “That PEBB did not have a fiduciary obligation to distribute the money to the employee class does not mean that PEBB does not have to consider the employees’ interest in their use of the funds. However, the only question before the court is whether PEBB must be compelled to distribute the proceeds to the class.”

After the court entered its final judgment in PEBB’s favor, the plaintiffs appealed. Hearings on the appeal have not yet been scheduled.

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## Board Presents Challenges for 2005

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- Continuation of the statewide wellness program
- Creation of a healthcare flexible spending account (FSA) program.

But these steps will likely not reduce cost increases within the budget. So, we continue to use all the tools we can to reduce the estimates. We are vigorously negotiating and searching for additional efficiencies.

The Board may also discuss the concept of applying available reserves, although this may delay some cost impacts to members until the following year.

The Board is also considering some plan design changes to bring down costs. For example, the Board may review the potential for higher cost sharing for higher-cost but equally effective drugs.

The Board is scheduled to make decisions about plan design during its June 15 meeting. It continues to seek member input at [inquiries.pebb@state.or.us](mailto:inquiries.pebb@state.or.us) and at its offices at 775 Court St NE, Salem, 97301.

## June 2004 Public Meetings

**The Public Employees' Benefit Board** will meet Tuesday, June 15, in Hearing Room 50 in the Capitol building at 900 Court St NE.

**The Board's Operations Subcommittee** will meet Tuesday, June 8, in the PEBB Health Center conference room at 775 Court Street NE, Salem.

**The Board's Plan Design Subcommittee** is scheduled to meet Tuesday, June 1, in the Willamette Room at the Willamette Education Service District, 2611 Pringle Road SE, Salem. The Subcommittee will also meet Tuesday, June 15, in Conference Room 350 in the Capitol building.

*Specific meeting times were not yet available when this newsletter went to press. Please check the PEBB Web site at [oregon.gov/DAS/PEBB/meetings.shtml](http://oregon.gov/DAS/PEBB/meetings.shtml) for up-to-date schedules.*

*To be placed on the list of those to be notified of schedule changes, please call Becky Johnson at (503) 378-6296. Meetings held at these addresses are wheelchair accessible. If other accommodations are necessary, please contact Becky Johnson within 48 hours or as soon as possible before the meeting.*

## 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)

**PEBB Health Center**  
(800) 701-1333, (503) 362-1111  
[www.pebbhealth.org](http://www.pebbhealth.org)  
[pebbhealth@oregonwellness.com](mailto:pebbhealth@oregonwellness.com)

**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  
[www.bestchoiceadmin.com](http://www.bestchoiceadmin.com)

**Kaiser Permanente (medical & dental)**  
(800) 813-2000  
[www.kp.org/ehealth/nw/pebb](http://www.kp.org/ehealth/nw/pebb)

**Nationwide Insurance (auto)**  
(888) 628-4663 media code 8429  
(888) 662-8446 (TDD)

**The ODS Companies (dental)**  
(800) 452-1058  
[www.theodscompanies.com/pebb](http://www.theodscompanies.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 for Regence members)**  
(800) 877-7195  
[www.vsp.com](http://www.vsp.com)

**Willamette Dental Insurance (dental)**  
(800) 460-7644  
[www.willamettedental.com](http://www.willamettedental.com)

## PEBB Mission

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