



## Oregon Educators Benefit Board Minutes August 9, 2007

The Oregon Educators Benefit Board held a regular meeting on August 9, 2007, at the Department of Revenue, 935 Center Street in Salem, Oregon. Chair Steve McNannay called the meeting to order at 9:35 a.m.

### Attendees

#### Board Members:

Steve H. McNannay, Largest Labor Organization, Chair  
Brett M. Yancey, District Management Representative, Vice Chair  
Michael J. Cannarella, Labor Organization  
Mylia Christensen, Health Policy  
Ron A. Gallinat, District Board Representative  
Thomas A. Husted, Largest Labor Organization  
Alison S. Little, MD, Health Policy  
Victor S. Musial, Second Largest Labor Organization  
Peter M. Tarzian, District Management Representative

#### Board Members Absent:

Richard T. Clarke, District Board Representative

#### OEBB Staff:

Jean Thorne, PEBB/OEBB Administrator  
Denise Hall, OEBB Deputy Administrator  
Rose Mann, Executive Assistant  
Heidi Williams, Director of Operations  
Ali Hassoun, Financial Coordinator  
Heidi Young

#### Guests:

Pam Hodge, AON Consulting

Laura Pavlat, Springfield Schools  
Donna Chastain, Lebanon School District  
Renee McDonald, Regence  
Doug Franz, Regence  
Steve Schmick , Kaiser Permanente  
Gordon Hoberg, ODS  
Christine Wells, Willamette Dental  
Steven Marlow, Department of Justice  
Keith Kutler, Department of Justice

**Steve McNannay** welcomed Board members, OEBC staff and guests.

**1. Approval of July 10, 2007 and July 26, 2007 meeting minutes.**

*Victor Musial moved to approve the minutes of July 10 and July 26, 2007.  
Michael Cannarella seconded the motion. The minutes were approved 9 - 0.*

**2. Overview of Meeting - Denise Hall**

**Denise Hall** provided an overview of the meeting agenda. She explained the Department of Justice has asked the Board to ratify the release of RFP #107-1311-07 as the Board was not in place when the RFP was originally put out. A teleconference was held on July 26 to ratify the release of RFP #107-1311-07 as well as to approve the Selection Committee's recommendation for the Apparent Successful Proposer. Due to a technicality, there was not a quorum at that meeting and the agenda item was forwarded to the August 9 Board meeting for ratification.

**3. Staff Updates**

**Denise Hall** provided a staff update and introduced staff:

Ali Hassoun, Financial Coordinator - July 23  
Heidi Williams, Director of Operations - July 16  
Rose Mann, Executive Assistant - August 6

OEBC staff has conducted second interviews for the communications coordinator and the target date for getting this person on board will be the end of August. OEBC staff completed the first round of interviews for the program and policy development coordinator. That position will probably be reposted. OEBC also completed the first round of interviews for the contract officer and hope to bring someone on the first week in September.

#### **4. Ratification of RFP 107-1311-07 release**

**Steve McNannay** stated, "Since the July 26, 2007, telephone conference call meeting where the Board approved the OEBC Consulting Services Selection Committee's recommendation to authorize OEBC staff to issue Watson Wyatt Worldwide an Intent to Award letter, it has come to our attention that two of the six members who participated in the July 26 meeting were not yet official voting members due to a technicality. Therefore, the Board did not have a quorum at the time of the July 26 meeting."

At this time, the Chair entertained a motion to ratify the July 26 decision to ratify the OEBC administrator's release of the OEBC Consulting Services Request for Proposal."

*Brett Yancey moved to ratify the release RFP #107-1311-07. Peter Tarzian seconded the motion. The motion carried 9 - 0.*

"Having ratified the release of the RFP, do I hear a motion to ratify the July 26 decision to authorize OEBC staff to issue Watson Wyatt Worldwide Intent to Award letter selecting them as the Apparent Successful Proposer (ASP) for the OEBC Consulting Services contract and to begin contract negotiations? "

*Victor Musial moved to ratify the July 26 decision to authorize OEBC staff to issue Intent to Award letter to Watson Wyatt Worldwide selecting them as the Apparent Successful Proposer (ASP). Ron Gallinat seconded the motion. The motion carried 9 - 0.*

#### **5. Introduction to ASP for RFP #107-1311-07 (Handout attached)**

Geoff Brown and Steve Carlson introduced themselves and provided an overview of Watson Wyatt Worldwide (WWW). Watson Wyatt Worldwide has nearly \$1.3 billion in revenue and 6,700 associates in 31 countries. The firm is a trusted business partner to the world's leading organizations on people and financial issues. WWW has exceptional global strength, serving more of the world's 300 largest pension plans than any other consulting firm. Their global services include:

- Managing the cost and effectiveness of employee benefit programs
- Developing attraction, retention and reward strategies that help create competitive advantage

Watson Wyatt Worldwide has constructed a core team made up of three key people to support the OEBC. Geoff Brown will be the key contact person, Steve Carlson will be the lead actuary and Ann Thompson will be the project manager.

**Geoff Brown** and **Steve Carlson** provided the Board with personal background information.

**Steve Carlson** stated one of the things for which WWW is known is their basis in research in evidence and data. This past year WWW teamed up with one of the major research organizations and conducted a study called “Voice of the Consumer.” There is a great deal of what is called “pure” data and this study asked people who are members of health plans what they think of the cost of their health plan, how things are changing around them, their relationship with the providers and how that is or isn’t effective.

**Geoff Brown** stated, with the number of issues OEBC needs to address, a group of subject matter experts has been developed:

- Carol Butterfield - Change Management Communication - Geoff Brown stated it is the intent of WWW not to leave the end-user out of the process.
- Michael Wood - Health and Productivity Management, Group & Health Care
- Bruce Kelley - Data Based Services Group and Health Care
- Kevin DeStefino - Pharmacy, Group and Health Care
- Mike Marion - Technology and Administration Solutions

**Jean Thorne** asked for clarification on the role of Ann Thompson. Geoff Brown responded that Ann is very competent in Microsoft Project and brings excellent organizational skills. Her objective is to make certain everyone is informed about progress, document where we are going, what amendments need to be made to the work plan and keeping the project on track. Ann has a background in the basics of insurance such as underwriting. She is also pursuing a Masters degree in public health at Portland State University.

**Mylia Christensen** asked about dedicated resources and how much time the other core people will be able to exclusively dedicate to OEBC. Geoff Brown replied that Ann Thompson will be dedicated to OEBC two-thirds to three-quarters of her time. The other core people will be involved for weeks at a time and other people will be pulled into the project from time-to-time as they are needed.

**Brett Yancey** asked how big the OEBC project is compared to other WWW projects. Steve Carlson replied that WWW has a dozen clients who use them to this extent over a twelve-month period. OEBC is a significant project, but is not precedent setting.

## **6. Planned approach to Senate Bill 426 (Handout attached)**

**Geoff Brown** stated one of the things requested of WWW is to look at the topics that need to be addressed in the next five months in order to stay on track. There will need to be some flexibility in these suggested milestones. This document goes through the end of December 2007.

Priorities that will need to be addressed are (these could change):

- Comparability – can't move forward without understanding comparability.
- Administration – needs to be addressed early. Will impact RFPs
- Structure – regional providers, statewide in all cases, how many different health plans, vendors, number of plan choices that meet the comparability test.

Some issues may need to be addressed in subcommittees.

**Geoff Brown** stated WWW is planning to have RFPs submitted to the Attorney General by the second week in December to be issued by the first week of January.

**Jean Thorne** asked for a clarification between administration and structure.

**Geoff Brown** replied administration would include collection of eligibility, premium payments and claim payments. Structure would be the definition of eligibility, number of choices involved in regional plans, and whether to stay Oregon specific or go outside Oregon - mix of plans.

**Jean Thorne** stated she did not see structure of the RFP on any of the agendas.

**Brett Yancey** asked if WWW will be looking at the different districts collective bargaining agreements to compare eligibility.

**Jean Thorne** asked if there could be an initial discussion on the broad implications regarding eligibility. **Steve Carlson** stated WWW would do some modeling for the Board on eligibility and the implications.

### **Break – 10:40 a.m. to 10:45**

**Steve McNannay** asked Board members to voice their concerns and anxieties.

**Brett Yancey** stated comparability and eligibility are the two major issues he is hearing from his colleagues. Eligibility is defined differently from district to district. There is a great deal of fear and trust issues out there. How do we build trust and address the issues of comparability and eligibility?

**Steve Carlson** asked if there is a concern that some people may lose their benefits.

**Brett Yancey** replied yes.

**Peter Tarzian** stated he is hearing concerns regarding costs and if there will be an ability to opt out.

**Geoff Brown** stated part of the administration requirements will be customer service.

**Brett Yancey** stated the K-12 school districts focus on relationships (i.e., customer service).

**Ron Gallinat** asked how WW W is going to define “risk.”

**Tom Husted** stated there is pressure from his colleagues to answer questions. A web page with information would help a great deal with this issue and everyone would get the same answer. Communication is very important to his colleagues.

**Victor Musial** stated he agrees that communication and transparency is paramount to all the stakeholders. The eligibility is covered by what is already in place. The goal is to save money for districts by having comparable plans and reducing costs by having a large pool. What is WW W seeing in the numbers of subscribers?

**Steve Carlson** stated it is a little bit of a mystery as far as numbers. Part of the reason for trying to communicate more effectively is to try to persuade people to participate.

**Steve McNannay** stated health benefit programs and administration are going to change in the school districts. How will OEBC manage the change and communicate to stakeholders what the product is and the cost of that product?

**Denise Hall** stated communication is very important. One of the biggest challenges is being able to get timely responses from all entities with which OEBC works, getting the information to the Board in order to make decisions and then putting accurate information on the OEBC web site.

**Jean Thorne** stated one of her immediate concerns is getting to the point where the Board is comfortable in how the processes work in order to make decisions. To get to some of the issues Mylia Christensen has addressed while knowing the Board is on a fast-track to get things done. In terms of supporting the Board we need to ask what the Board needs in order to operate, how do we structure the work to get the input the Board needs to make decisions? The timelines are immovable due to statute and the sooner the Board can make decisions the better.

**Michael Cannarella** stated everyone seems to be looking at this task from a practical point of view rather than from a philosophical point of view.

**Geoff Brown** stated one of the benefits OEBC will create will be to offer the smaller school districts a choice of "best in class" types of programs. If WWW can assist the Board in understanding the issues it will make it easier for the Board to communicate to the stakeholders. WWW has to meet the Board's needs in order for them to make decisions.

**Jean Thorne** asked how WWW would gather information from the school districts.

**Steve Carlson** stated WWW will send out a survey to the school districts saying this is what we know and please provide additional information that they will spell out.

**Peter Tarzian** replied that business managers will be the key in providing information to OEBC.

**Brett Yancey** stated some people will be very willing to complete the survey and some will not. It is important to give a date for completion and let them know it needs to be completed by that date or their information will not be included.

**Jean Thorne** asked what is meant by "Selection of Insurers."

**Geoff Brown** asked if OEBC will be going outside the state or only using Oregon providers.

**Jean Thorne** stated she did not know of any way to do self-insurance. Will that discussion happen?

**Jean Thorne** asked, in terms of plan design, does WWW see some of the work of sub-groups feeding into that.

**Geoff Brown** replied that he does see the workgroups work feeding into the bigger picture. What needs to be decided to give OEBC guidance into how the plans will be put together.

**Steve McNannay** stated that once WWW has a contract they will provide the Board with a more detailed timeline along with key people who will be assigned to particular responsibilities.

**Geoff Brown** asked if anyone had any further questions regarding the Suggested Milestones.

**Jean Thorne** asked if WWW planned to have WWW staff attend sub-group meetings to help with workgroup structure, what needs to be done and topics they may need to consider.

**Geoff Brown** replied a subject matter expert would be assigned to the subgroups to be content leader and either Geoff or Steve would also attend.

**Brett Yancey** stated he would like to see recommendations for communication and opportunities for transparency on the more detailed timeline. It would be helpful for the consultants to see key timelines and dates for communicating with school districts and community colleges throughout the entire project.

**Victor Musial** asked what WWW sees as workgroups that need to be put together now.

**Geoff Brown** stated according to their research, the two most important issues facing employers in providing healthcare is data and furthering wellness. Those are not the only two, but are the ones that rise to the top. We need to start exploring how to build in health and wellness initiatives and data and quality marries with that.

**Steve Carlson** stated to think of data in two ways – long term and short term. In the short-term OEBC needs to determine what data should be gathered immediately. We need to gather data right now to make sure we have reports that are understandable and don't have to be remanufactured so we know how things are going.

**Jean Thorne** stated in terms of quality, the Oregon Coalition of Healthcare Purchasers will evaluate RFI out of the National Coalition on Health that gets at a lot of the quality pieces. The Board should look at what is being done and determine what they want to jump onto and why. How does OEBC get enough players in the state to be focused on the same kind of change to improve quality healthcare?

**Geoff Brown** stated that in forming workgroups there is the potential to invite others outside.

**Peter Yarzian** stated the subgroups should think of bringing in other stakeholders in an attempt to get buy-in.

## **7. Agenda Items for August 23 Meeting**

**Steve McNannay** asked if the Board would consider going away on a retreat for a work session to determine

- Vision
- Roles and responsibilities of Board, staff and consultants
- What are the workgroups, who will be assigned, how to tackle tasks
- PEBB chair could provide input on their experiences – what did they learn, what worked, what didn't work

**Victor Musial** stated he thought it was a good idea, but it might take more than one day and the Board should draft a mission statement.

**Jean Thorne** stated that PEBB took a number of statements on how to work together on the Board's role, the staff's role, decision-making processes. It was put out on an on-line survey program. It was an efficient way of getting a sense of where people are on these topics. It allowed PEBB to move forward pretty quickly. Would Board members like to help frame the survey?

Steve McNannay stated there is a group from the last meeting who would be interested in doing that:

- Mylia Christensen
- Richard Clarke
- Michael Cannarella

**Michael Cannarella** stated he agreed with Jean's suggestion to release a survey to find out on what issues the Board is in agreement and on what they are not in agreement.

**Alison Little** stated she would like to see a segment on basics such as the number of plans, variations in the plans and the number of school districts and their size.

**Peter Tarzian** stated an issue he would like to discuss is the trade-off between good plans to meet needs and becoming progressive as a board.

**Steve McNannay** requested staff develop an agenda for the retreat.

**Jean Thorne** suggested having a conference call in the next week to get a survey out with a week turnaround. Staff could query members to get a date in the first part of September.

**Brett Yancey** stated he would like the Board to consider remaining at a policy level and not get mired in the detail work of the OEBC staff. The Board will need to define what that means.

The following topics were suggested for the August 23 meeting:

- Data elements - propose short-term elements
- Self-insurance discussion
- Presentation of the Work Plan - more detail
  - Adjustment based on today's meeting
  - Who is responsible? Workgroups?
- Determine the types of workgroups and their tasks.

- Stakeholders and their issues – beyond end-users.

## **8. Other Business**

**Jean Thorne** stated she is retiring at the end of November. The PEBB chair has asked Steve McNannay and Brett Yancey to be part of the screening process. A selection will be made by early October.

**Steve McNannay** asked that an announcement be e-mailed to all Board members once a selection has been made.

**Denise Hall** explained there is training available for new board and commission members scheduled on September 11 at the Governor's Office and asked if any Board members would like to attend.

## **9. Public Comment**

There were no public comments.

**LUNCH 12:15 – 1:00 p.m.**

**Executive Session (1:00 to 2:25 p.m.):**

*Steve McNannay announced the Oregon Educators Benefit Board will now meet in executive session for the purpose of reviewing draft legal advice from its assigned Department of Justice counsel pursuant to ORS 192.660(2)(f).*

There being no further business before the Board the meeting adjourned at 2:25 p.m.