

Oregon Educators Benefit Board March 13, 2008 Minutes

The Oregon Educators Benefit Board held a regular meeting on March 13, 2008, at the Springfield School District Administration Offices, 525 Mill Street, in Springfield, Oregon. Steve McNannay, Chair, called the meeting to order at 9:35 a.m.

Board Members:

Steve McNannay, Chair
Brett Yancey, Vice Chair
Michael Cannarella
Ron Gallinat
Tom Husted
Alison Little
Victor Musial
Peter Tarzian (arrived at 11:20 a.m.)

Board Members Absent:

Richard Clarke
Mylia Christensen

Watson Wyatt:

Geoff Brown

PEBB/OEBB Staff:

Joan Kapowich, PEBB/OEBB Administrator
Denise Hall, OEBB Deputy Administrator
Pam Broadus, Benefits Manager
Glenn Baly, Policy Advisor
Scott Rupp, Communications Coordinator
Rose Mann, Executive Assistant

Guests:

Julie Wenzl, Eugene School District 4J
Laura Pavlat, Springfield School District
Julie Sorrie, Johnson Benefit Group
Thomas Grimsley, Bethel School District #52

Olivia Meyers, Fern Ridge School District 28J
Christine Wells, Willamette Dental
Gordon Hoberg, ODS
Tim Rochloh, South Lane School District
Tami Morelock, South Lane School District
Herb Drew, Drew Buehler
Hilary Getz, Kaiser Permanente
Patrick Munyon, Eugene School District
Holly Spruance, OEA Choice Trust
Greg O'Hanlan, Johnson Benefit Group
Troy Kirk, PacificSource
Michael Caley, Lane County School District 4J
Rob Sumner, Regence
Michael Dublick, Lane County School District 4J
Doug Franz, Regence
Judy Svoboda, Springfield School District
Liane McIrvin, Bethel School District
Diane Hicks, South Lane Education Association
Fredia Gibson, WSC Insurance
Scott Florsheim, American Fidelity
Jeff Heinrich, Oregon School Boards Association
Janet Luke, Pleasant Hill School District
Ellen Mooney, Bethel School District
Tim Keeley, Bethel School District
Camilla Monagon, Portland Public Schools
Debbie Johnson, Bethel School District

1. Welcome and Approval of Minutes

Tom Husted moved to adopt the minutes of the February 14, 2008 Board meeting. Ron Gallinat seconded the motion. The motion carried unanimously.

Tom Husted moved to adopt the minutes of the February 28 Board Retreat and Training. Ron Gallinat seconded the motion. The motion carried unanimously.

2. Presentation on Eugene (4-J) School District's Wellness Clinic

Jackie McLaughlin, HRIS/Benefits Manager; Patrick Munyon, Classified Benefits Coordinator; Julie Wenzl, Licensed-Staff Benefits Coordinator; and Phyllis Temple, Family Nurse Practitioner with Peace Health presented information on the Lane County 4J Wellness Clinic.

The Wellness Clinic is a medical clinic run through a joint effort of the District and its employees (via the Joint Benefits Committee) to provide insurance-

eligible 4J employees, retirees and their families pre-paid medical care for routine needs. There is no out-of-pocket cost at the point of service.

The Joint Benefits Committee (JBC) is a labor/management committee, made up of District personnel and representatives from all employee groups. The JBC is responsible for designing and managing employees' benefit programs, the insurance reserve funds, and communication with employees on benefit issues.

The Wellness Clinic was established in 1988 as a walk-in clinic and was originally staffed by a registered nurse. The goal was to provide high quality care at an affordable cost and to reduce per service costs.

The following people can use the Wellness Clinic:

- Licensed, administrative and classified employees who work 0.5 FTE or greater, and their insurance eligible dependents
- Licensed substitutes who have established insurance eligibility during the previous school year, and their insurance eligible dependents
- Licensed, administrative and classified retirees who are covered on the District's insurance plan, and their dependents who are covered on the District's insurance plan

The District currently contracts with Peace Health to operate the Wellness Clinic. 4J employees pay a monthly assessment as part of their total benefits package cost, and eligible clinic services are billed to insurance. Peace Health deducts the amount of paid claims from the contracted amount to run the clinic.

The clinic is staffed by three family nurse practitioners, one registered nurse, three certified medical assistants and one clinic coordinator; all are Peace Health employees. Not all staff is fulltime employees.

Clinic oversight is provided by the 4J Wellness Committee and is subject to approval of the Joint Benefits Committee. The 4 -J Wellness Committee includes the 4J Benefits Manager, the Classified Benefits Coordinator, the Licensed-staff Benefits Coordinator, a Wellness Clinic FNP and the Wellness Clinic Manager.

The Wellness Clinic provides a full range of primary health care, diagnostic tests and preventive care. Annual physicals are available, as well as school sports and camp physicals for children.

3. Administrator's Report

Joan Kapowich provided the following information:

- Interviews for medical, pharmacy, disease management, health and wellness, dental and vision have been scheduled.
- The first Systems Pilot meeting was held last week and there were a number of comments and questions from stakeholders.
- DAS has a new director, Scott Harra.
- OEBB staff is in the process of preparing updates to the Guiding Principles and roles documents identified during the retreat and will bring to the Board at its April 24 Board meeting
- The staff and Watson Wyatt are preparing evaluation documents and interview questions for the Selection Committee.
- Staff anticipates getting dental and vision vendor analysis and information for the Selection Committee on Friday and will begin scheduling those interviews shortly thereafter
- Concepts for enrollment rules as the first step in the rulemaking process are being drafted. This is the first step in the rulemaking process.
- Discussions are continuing on possible budget packages and legislative concepts to bring forward for the Board's consideration
- OEBB has begun the recruitment process for benefit analyst positions – three levels of positions – first recruitments will be for systems-related positions
- OEBB has brought on a temporary employee in a job rotation to get things started in the benefits section until OEBB can fill the “limited duration” position.
- OEBB is looking at adding at least one other temporary position to assist while recruiting for other positions

Denise Hall explained that there will be a posting on the OEBB web site for OEBB jobs as well as a link to the state jobs page.

Steve McNannay asked if there is any data on the number of questions being asked and about the number of hits on the web page. **Scott Rupp** responded that there are about 7,500 hits per week to the web page.

4. Agenda Overview

Denise Hall provided an overview of the agenda.

5. Work plan and Issues Log Update (Attachments 2 and 3)

Geoff Brown provided an update on the Work Plan and Issues Log and explained that the Work Plan continues to stay on schedule regarding the RFP proposers' interviews.

6. RFP process update (Attachment 4)

Denise Hall provided an update on the RFP process. The interviews for medical, pharmacy, disease management and health & wellness have been scheduled to begin on March 17 in the Santiam Room of the Cascade Hall at the State Fairgrounds. These interviews will be considered public meetings, but the Selection Committee will convene in executive session for discussions following the interview of each carrier. All medical, pharmacy, disease management and health and wellness vendors have been notified of their interview times. Interview times for the dental and vision proposers will be sent out next week.

7. Customer Service Model Revision (Attachment 5)

Denise Hall explained that the final Customer Service recommendations were approved by the Board on February 14 with a few requested minor changes (Attachment 5). Page 4 clarifies the collaboration between the districts and OEGB as OEGB moves forward. Page 6 contains a statement clarifying the annual surveys OEGB will be conducting and who will be involved in these surveys. The most significant change is that COBRA and early retirees will be removed from the Customer Service model for now in order to allow the Board to further consider how this will be done. These modules will still be available by October 1 and should be available for Board approval by April 24 or the first meeting in May.

Brett Yancey explained that COBRA and early retirees will be treated as different issues.

Denise Hall explained that OEGB is discussing handling COBRA services and early retirees internally as opposed to a third party administrator.

Brett Yancey suggested creating an advisory committee made up of small, medium and large school districts to help inform the Board and staff on how this should be set up as these components are dealt with differently by different school districts.

Brett Yancey clarified that the Customer Model is a living document and will continue to change over time so there is probably no need for a formal vote every

time a change is made to the document. **Joan Kapowich** clarified that staff will update the Board as this document undergoes changes and updates.

The Board came to consensus that the updated Customer Service document does not require a vote as this is a dynamic document.

Steve McNannay asked for an update on the COP. **Joan Kapowich** responded that the COP as been approved, but has been delayed until July and she is talking with OEBC's budget expert to work this out and it won't stop the progress of the administrative system. OEBC is moving forward with the contract with Saber and Heidi Williams will present an update on this in April.

8. Outstanding Coverage Questions from February 14 meeting (Attachment 6)

Geoff Brown provided information on the outstanding coverage questions from the February 14 meeting.

The Board previously requested that Watson Wyatt provide more background information and include information from more school districts. Watson Wyatt determined there are a total of 13 independent school districts that have alternative care benefits or riders for alternative care benefits. Watson Wyatt also found that several of the plans have a dollar limit applied to alternative care benefits. Most plans include chiropractic and most contracts have language such as, "If treating a medical condition" or, "if it is medically necessary." The average cost for an acupuncture visit is approximately \$110 per visit, chiropractic visits are generally around \$50 per visit and naturopathic visits average around \$110 per visit. There are not many ways to evaluate the medical necessity. Watson Wyatt provided two options; option one limits naturopathic visits to \$1500 per year and chiropractic and acupuncture visits to \$2,500 per year and option two has a limitation of \$2500 per year across the board.

Brett Yancey explained that the number of districts that offer these alternative care benefits does not necessarily reflect the number of members due to the disparity between large and smaller districts.

Geoff Brown explained that the Portland School District offers it through a rider with Kaiser Permanente and internal limitations are built in.

Joan Kapowich asked if there is any information available regarding the actual use of these benefits.

Geoff Brown explained that there currently is not much data available on the use of chiropractic and acupuncture. He further explained that most plans cover

chiropractic and acupuncture and these are considered to be reasonable and customary.

Steve McNannay asked if the decision today would significantly impact the RFP selection.

Geoff Brown responded that it would have an impact and explained that this will be clarified during the RFP interviews.

Steve McNannay asked if there was anyone who wished to offer public comment on the alternative care benefits.

Tom Grimsley, Bethel School District, stated that chiropractic and acupuncture benefits have been included as part of Bethel's plan with no dollar or visitation limit. He further stated that there is no mention of massage therapy in the OEBC plans and Bethel's plan includes massage therapy with no caps on visitations or dollar limitations.

Ron Gallinat moved to adopt the recommendation from Watson Wyatt for Option One (Attachment 6) . Brett Yancey seconded the motion. The motion carried unanimously.

9. Communications Workgroup recommendation on Outreach Network Charter members (Attachments 7a, 7b and 7c)

Scott Rupp presented the final recommendations for the Outreach Network and explained that the Communications Workgroup made the determination to keep the opportunity to apply for the Outreach Network open. Scott explained that he will begin the first training session the first week in April to answer Network members' questions and determine what the members need from OEBC.

Victor Musial moved to adopt the recommendation of the Communications Workgroup to approve the applicants listed in Attachment 7b to the Outreach Network. Tom Husted seconded the motion. The motion carried unanimously.

10. OAR 111-060-0001: Temporary Rule on Requests for Social Security Numbers (Attachment 8)

Denise Hall presented information on OAR 111-060-0001 that allows OEBC to request social security numbers for the purpose of internal identification and verification for enrollment in the OEBC benefits on a temporary basis. She further explained that the Department of Justice has reviewed and approved the temporary rule as written.

Peter Tarzian moved to file OAR 111-060-0001 as a temporary rule with the Secretary of State. Tom Husted seconded the motion. The motion carried unanimously.

11. OAR 111-020-0001 and OAR 111-050-0001: Permanent Rules for Subject District Phase-in and Continuation of Coverage (Attachments 9 and 10)

Denise Hall presented information on OAR 111-020-0001 and 111-050-0001.

Victor Musial moved to file OAR 111-020-0001 and OAR 111-050-0001 as permanent rules with the Secretary of State with the suggested amendments of, “. . . an OEGB plan or a current district plan.”

Steve McNannay asked if there were additional questions.

Peter Tarzian suggested using the term, “Enrolled or eligible” to clarify a member who may be enrolled on a spouse’s plan, but is still eligible to enroll in the OEGB plans.

Brett Yancey suggested removing the term, “upon retirement” under 111-050-0010.

Peter Tarzian asked how this affects Medicare A and B and how does OEGB distinguish between part A and B. **Denise Hall** explained that this pertains to Medicare A.

Peter Tarzian suggested a clarifying statement regarding Medicare A and B. **Denise Hall** explained that that will be clarified in eligibility rules that are currently in the development stage.

Staff was directed to redraft the language of OAR 111-050-0001 during the lunch hour and return to the Board following the lunch break.

LUNCH: 12:00 to 12:45

Denise Hall reviewed the staff’s proposed amendments to OAR 111-050-0001. Page 2 was revised to read:

- “Eligibility for **Retiree** Medical, Dental, and Vision Insurance Coverage ~~upon~~ retirement
- “An eligible **retired** employee . . . in **an** OEGB **benefit** plans-for active employees immediately prior to retirement . . .
- Remove the phrase “upon retirement” wherever it appears

- Insurance coverage under the OEGBB or district active benefit plans as an employee or as a dependent of an employee . . . “

Tom Grimsley presented a hypothetical scenario of a 45 year old member who has become disabled and has also become eligible for Medicare A and asked how OEGBB might deal with this situation. Steve McNannay explained that as long as the employee is carried as an active employee Medicare A would be the primary coverage and the OEGBB plan would be the secondary coverage.

[NOTE: Steve McNannay's response to this question must be retracted. Active group coverage is primary to Medicare. If the member is disabled and eligible for Medicare, he or she would not be actively working and therefore not covered as an active employee under the OEGBB medical plans. Additional clarification is needed to fully address Mr. Grimsley's specific question.]

Tom Husted moved to file Division 50 rules, as amended, as permanent rules with the Secretary of State. Victor Musial seconded the motion. The motion carried unanimously.

12. OAR 111-030-0001: Proposed Rules relating to Comparable Plan Design and Actuarial Value (Attachments 11 and 12)

Denise Hall reviewed OAR 111-030-0001 Plan Design Development and Selection.

Ron Gallinat moved to file OAR 111-030-0001 as a proposed rule with the Secretary of State. Victor Musial seconded the motion. The motion carried in a unanimous vote.

13. Definitions to be added to OEGBB definitions under OAR 111-10-0015 (Attachment 12)

Denise Hall explained that these are proposed amendments to include additional definitions being added to OAR 111-10-0015.

Mylia Christensen moved to file proposed amendments to OAR 111-10-0015 with the Secretary of State. Brett Yancey seconded the motion. The motion carried in a unanimous vote.

14. OAR 111-040-0050: Proposed Rules Relating to Declination of Coverage - Opting Out of and Waiving Coverage (Attachments 13 and 14)

Peter Tarzian suggested adding employment contracts to the language.

Victor Musial asked about waiving benefits as opposed to opting out and showing that they have benefits somewhere else. **Denise Hall** explained that an individual who waives benefits would not necessarily be covered by another group medical plan.

Peter Tarzian moved to file OAR 111-040-0050, as amended, as a proposed rule with the Secretary of State. Michael Cannarella seconded the motion. The motion carried unanimously.

15. Other Business

Denise Hall explained that the staff will be adding two additional advisory committees. The Outreach Network is an advisory committee approved by the Board, to filter information to the districts/ESDs and gain perspective from districts. A Benefit Systems Advisory Committee and an Administrative Rules Advisory Committee have been formed. The Administrative Rules Advisory Committee is required by the Secretary of State for rulemaking purposes. Denise explained that draft rules will be presented to the Administrative Rules Advisory Committee for their input and advice and then brought before the Board for a vote before being filed with the Secretary of State. **Glenn Baly** explained that there are 15 members on the Administrative Rules Advisory Committee allowing for as much representation across the state as possible.

Brett Yancey asked how the advisory committees came about and **Denise Hall** explained that the Benefits Systems Advisory Committee was developed by Linda Tullis identifying key people in the school districts and ESDs who might be interested. **Brett Yancey** suggested that OEBC use the listservs to let people know that OEBC is looking for people to serve on advisory committees in order to get a more diverse group instead of picking and choosing.

16. General Public Comments and Questions

Patrick Munyon asked the Board how OEBC will handle people moving over to the OEBC who have met the out-of-pocket maximum. **Denise Hall** explained that a new member may need to provide a benefit statement proving they have met the out-of-pocket maximum and that would carry through to the end of the year. They would then be expected to meet a new one in the new calendar year.

[NOTE: Denise's response to this question must be retracted until further consideration can be given to these situations.]

Tom Grimsley asked the Board to provide rates to districts as soon as possible and further stated that he hopes the Board will ask for utilization information

from the carriers during the interview process. Mr. Grimsley further explained that the Bethel School District does not allow opt-out. He also asked how the Board plans to measure savings and what percentage of costs will be for administrative fees. He further asked about savings arrangements with the carriers. He further suggested to the Board that they ask for hold harmless in dental plans.

Steve McNannay responded that the Board is not yet prepared to post rates and they are moving the process along as quickly as possible in order to get the rates and be able to provide them to the districts and ESDs. Steve McNannay also explained that the Board is not quite prepared to respond to all of his questions at this time.

Jackie McLaughlin suggested to the Board that they ask the carriers what kind of resources they have to handle the potential incoming members.

There being no further business to come before the Board the meeting adjourned at 2:10 p.m.