



Oregon Educators Benefit Board Minutes December 13, 2007

The Oregon Educators Benefit Board held a regular meeting on December 13, 2007, at the Agriculture Building, 635 Capitol Street NE in Salem, Oregon. Chair Steve McNannay called the meeting to order at 9:40 a.m.

Attendees

Board Members:

Steve H. McNannay, Chair
Brett M. Yancey, Vice Chair
Michael J. Cannarella
Mylia Christensen
Richard T. Clarke
Ron A. Gallinat
Alison S. Little, MD
Victor S. Musial
Thomas A. Husted

Board Members Absent:

Peter M. Tarzian

OEBB Staff:

Joan Kapowich, PEBB/OEBB Administrator
Denise Hall, OEBB Deputy Administrator
Carolyn Bader, Contracts Officer
Sandy White-Gallardo, Contracts Specialist
Glenn Baly, Policy Analyst
Scott Rupp, Communications Coordinator
Heidi Williams, Director of Operations
Rose Mann, Executive Assistant

Watson Wyatt Consultants:

Steve Carlson
Geoff Brown

Guests:

Jennifer Aberg, VSP

Approved January 13, 2008

Jean Poling, Kaiser Permanente
Jim Myers, Kaiser Permanente
Diane M. Skutack, Benefit Help Solution
Carla Gunter, Salem-Keizer School District
Richard Garrett
Scott Florsheim, American Fidelity
Steve Klutner
Dave Sherman, UNUM
Shelia Jameson, OEA Choice Trust
David Scarce, Standard Insurance
Michelle Kinkade, Standard Insurance
David Knox, Standard Insurance
Carolyn Van Dyke, CIS
Mike Berry, Mercer
Rhonda Giles, Pacific Source
Sujata Sanghi, Pacific Source
Doug Franz, Regence
Heidi Franklin, Portland Public Schools
Gordon Hoberg, ODS
Brian Riney, Providence
Norma Kirbs, Providence
Laura Pavlat, Springfield Public Schools
Renee McDonald
Lynn Rosik, Department of Justice
Paul Pfnister, AFLAC
Joanne Ossam, Beaverton School District
Debbie Johnson, Beaverton School District
Christine Wells, Willamette Dental
John Dalen, City County Insurance Services
Jeston Black, OEA



Steve McNannay welcomed the Board, staff and guests.

**1. Approval of Minutes from November 8 and November 29, 2007
(Attachments 1 and 2)**

Richard Clarke moved to adopt the revised November 8, 2007 minutes. Tom Husted seconded the motion. The motion carried 9-0.

Mylia Christensen requested that the amendments to the proposed rules on page 13 from the November 29, 2007, minutes be stated in the minutes and moved to adopt the November 29, 2007, minutes with those amendments. Tom Husted seconded the motion. The motion carried 9-0.

2. Work Plan & Issues Log Update (Attachments 3 and 4)

Work Plan:

Geoff Brown reported on the Work Plan and stated that the first complete draft of the questionnaire portion of the RFP was sent to OEBC staff and the Department of Justice last Thursday. The Department of Justice responded with the first preliminary comments.

Open Issues Log:

Geoff Brown reviewed the Open Issues Log and stated that many of the open issues are scheduled to be discussed at this meeting. **Geoff Brown** explained that Watson Wyatt has obtained information from most of the Oregon-based carriers regarding which areas are the most expensive, but the information is very inconsistent. Watson Wyatt is in the process of analyzing this data and the carriers have been very cooperative.

Steve McNannay asked if there is a schedule of when workgroups are meeting. **Geoff Brown** stated that there is no schedule, but that the Plan Design Workgroup met on December 4, 2007.

Denise Hall stated that the Administration Workgroup will be scheduling a meeting soon. **Richard Clarke** stated that administrative elements of the RFP should be discussed soon.

Denise Hall stated that the issues of handling claims appeals, eligibility/member services appeals, and the administration of COBRA will be discussed at the next Administration Workgroup meeting. Results from this meeting will be brought back to the Board on January 10, 2008.

Mylia Christensen asked if it would be possible to schedule standing meetings of the workgroups on a regular basis in 2008 and if it is determined that a meeting is not necessary then it could be canceled.

Denise Hall responded that there have been discussions around whether the Board will need to continue meeting twice a month. Especially with the work that would be associated with reviewing proposals to the RFPs and selection of carriers for the medical, dental and vision benefit plans.

Richard Clarke explained that the Portland area business and benefit managers' luncheon was well attended and there were several people there that are very interested in the work that OEBC is doing. He further explained that there are a number of things OEBC should be thinking about; being very clear in describing the actuarial value and explaining exactly what that is; not using Kaiser as an HMO base plan; being very clear about comparability and explaining how it was constructed and what it means and developing an administrative rule that clearly explains comparability. The Board should work closely with the communication coordinator to develop key messages about how it was constructed and what it means.

Mylia Christensen described a request for a crosswalk comparison document to show which current plans are relative to which proposed plans. There was also discussion around indemnity plans for retirees and out of area persons (out of network). People asked about the future of indemnity plans and that there was also a great deal of interest in opt-out issues and the pooling of resources in the districts. The May 15 deadline is important to the business managers to get rating information and clarification on whether it will still be a requirement that someone remains in a plan for two years prior to retirement as is currently required by OSBA.

Brett Yancey said questions were asked about the comparability of cost, how these will be interpreted and what will happen if a district's premium is less. The bigger issue centered on years two and three regarding if a district, that is not required to come in under OEBC, designs a plan that doesn't fit within the actuarial value or that may not reach the comparability definition. He also suggested that as the Board begins to meet in different regions around the state, similar informal forums be held either prior to or following Board meetings so that the Board will have the opportunity to hear from all of the various groups that will be affected.

Richard Clarke suggested that as the OEBC continues to have conversations with experts in the field, Watson Wyatt consultants also attend the open forum meetings.

Denise Hall explained that OEBC is looking at having open forums in the areas where staff has identified districts and ESDs within 50 miles of the proposed Board meeting locations.

3. Additional Feedback from Stakeholders (Attachment 5)

Denise Hall reviewed the comments received via the OEBC Web page (Attachment 5) since the November 29, 2007, Board meeting and explained that the comments came from district superintendents and superintendents' offices.

The last comment came from a consulting group that handles life and disability programs for a number of school districts.

Mylia Christensen suggested that it would be helpful for the Board to know the original source of the comments.

Denise Hall explained that she received an additional comment late yesterday and did not have time to provide it in the packet, but will provide it at the Executive Session Meeting of the Board on December 21 for further discussion.

Steve McNannay directed OEBC staff to provide the Board with information on where the comments come from (i.e., school districts, superintendents, employees, business managers, or union representatives, but not the name of the person).

Richard Clarke stated that he has not heard any discussion about whether the Board will respond to some questions, but not to others and believes there should be a discussion about a formal way in which to address questions and concerns.

Steve McNannay stated that from a policy standpoint, every question deserves a response. **Denise Hall** explained that the staff is responding to all questions by either providing an immediate answer or letting people know that further research is being done and that their question or concern will be addressed as soon as possible. No questions are going unanswered. She also explained that any formal letters addressed to the Chair are receiving a formal written response.

Tom Husted asked if the Board could get a summary report on questions that have been asked and the answers that were provided.

Steve McNannay asked the Board if they would like to see all of the questions and responses.

Tom Husted stated that a summary is fine.

4. Ethics Law Training (Discussion)

Lynn Rosik, Assistant Attorney General, Department of Justice had a scheduling conflict. This agenda item will be rescheduled for a later date.

5. Plan Design Workgroup FINAL recommendations:

Steve Carlson stated that the goal for today is to present the Board with the information they need to make a decision and highlighted the main decision points:

Medical

- HMO/EPO and PPO types to be offered, with a choice of benefit levels and networks
- OEBC will make nine medical plan options available
- Groups may select *up to* four plan options to offer employees
- Each medical plan option will have one pharmacy plan option attached, chosen by a group
- Preventive Services
 - ✓ Exams and screenings (per US Preventive Services Task Force Guidelines)
 - ✓ In network, paid at 100%, not subject to deductible
- Covered services and exclusions
 - ✓ The Plan Design Workgroup recommends same set across all plans (Appendix)
 - ✓ The Plan Design Workgroup recommends additional review of medical evidence or other factors for certain types of service (Appendix)

Pharmacy

- OEBC will make four pharmacy plan options available; three with open formulary (A, B, and C in Attachment B) and one with a closed formulary available to HMO enrollees
- Each group may select a pharmacy plan option to be paired with each of their selected medical plan options
 - ✓ Groups do not need to select the same pharmacy option for all medical plan options, but a group cannot select both options A and B

Steve Carlson explained that the Plan Design Workgroup discussed offering an additional 50 percent medical plan design and the majority of the Workgroup came to consensus to not offer this type of plan for the following reasons:

- Similar plans are available today and few districts offer this type of plan.
- There is the potential for adverse selection if many more districts choose to offer this plan as a choice than do currently.

There was also a discussion about whether potential risks could be mitigated by:

- Restricting it to only districts that presently have it was believed to not be viable.

- Making it available to only those who have dual coverage was also determined to not be a viable option.

Ron Gallinat stated that he was the only one in the Plan Design Workgroup that supported the 50% plan. He stated that this type of plan is offered in four districts and was offered by a carrier that was trying to draw some business out of OEA or OSBA. He further explained that he would be concerned if there weren't already similar options – it lines up with Medical Plan #7. If this plan were available it would be an opportunity and welcomed by a number of districts. Since OEBC will be fully-insured, this is the only time it will have to offer this type of plan and the plan could be reviewed for utilization after a year and reevaluated. If OEBC finds it does not work after a year it could be removed. **Ron** further stated that he would like OEBC to offer this plan now and monitor it closely.

Steve Carlson explained that this type of plan would not have a deductible, but has 50% coverage for all services – that is the key feature. The primary reason this type of plan is offered is so that people in a plan like this who have dual coverage could achieve 100% reimbursement of their expenses.

Mylia Christensen stated that there was a great deal of discussion on the pros and cons of offering this type of plan and the main reason the workgroup voted, by majority, not to include it was it is a low-cost plan that is offered only to a comparatively small group of employees. The workgroup discussed whether this is a quality plan that OEBC wants to promote. In the end, the Plan Design Workgroup determined that this plan is not consistent with the rest of the recommendations of the group.

Michael Cannarella explained that there are other small groups that also have unique needs, from their perspective, and asked if OEBC wants to or can accommodate each group's unique needs and what is the limit.

Steve Carlson explained that Watson Wyatt is concerned that this could set a precedent within a certain plan design.

Tom Husted expressed concern in offering this plan initially and then not being able to get out if it proves to be adverse in the future. The adverse selection could be a big issue, as could the issue of how OEBC takes away a plan if it is determined that it is having an adverse impact on the pool a year or two years down the road. He believes that the decision has to be made up front that OEBC does not offer this type of plan.

Michael Cannarella stated that this is not a black or white issue and it was not an easy decision. He reiterated that OEBC wants to be able to accommodate plan uniqueness, but where is the line drawn?

Steve McNannay stated that he agrees with the very real risk concerns expressed by Tom Husted.

Brett Yancey stated that he supports offering the 50 percent plan. The Springfield School District offers this plan and it has benefited the Springfield School District. He further explained that there is not a small amount of people participating in this plan (probably more than 10 percent of employees). That equates into real dollars that go back into the classroom and adverse selection has not been a problem for the Springfield School District.

Ron Gallinat asked if Watson Wyatt has looked at the 50 percent plans that are currently out there and have they found any adverse selection.

Steve Carlson stated that it is not that there is a problem with the 50% plan in itself, but the other plans could be affected by adverse selection, which could result in higher premiums for the other plans.

Ron Gallinat suggested that OEBC offer the 50% plan and monitor the plan through the first year or two to see how it performs and affects the other plans.

Richard Clarke explained that OEBC needs to look at the framework of cost and comparability. He expressed concern about opening a door to legal challenge and wants decisions to be made for the long-run that will ultimately drive healthcare costs down. He believes that making this type of decision is short-term for financial reasons and does not address the long-term vision. He expressed that he is sympathetic to employees who are currently enrolled in this type of plan, but from a policy perspective does not support offering this type of plan.

Steve Carlson went on to explain the addition of "Footnote 4" stating that Watson Wyatt believes that it is the Board's intention to offer all plans in all locations of the state. He suggested that Plan 1 should not be limited to HMOs. This will allow carriers to bid on that same plan design but call it an EPO/PPO.

Mylia Christensen moved to adopt the Plan Design Workgroup's final recommendations for the nine medical and four pharmacy (Attachment B, page 1) plan designs and to amend "Footnote 4" to read, "In locations where an HMO is not available, OEBC will consider offering an alternative EPO as part of the RFP process." Richard Clarke seconded the motion. The motion carried 7 -2. Brett Yancey and Ron Gallinat voted nay.

Brett Yancey asked if the RFP will state that these are the exact plans that providers must bid on or will there be flexibility.

Denise Hall stated that the RFP will require interested vendors to bid on the plan designs OEBB will offer and explained that there will be an area in the RFP that will allow providers to offer additional services to the basic plans.

Steve Carlson stated that Watson Wyatt does not recommend variability as it applies to plan design.

Richard Clarke stated that it would not be a good idea to allow flexibility that might skew the 2.5 percent actuarial value and expressed concern about accepting creative ideas from carriers and asked how those might be scored. He suggested that this might be done after OEBB gets the basic plans off the ground so as not to complicate things in the beginning.

Dental

Steve Carlson stated that the dental plan design options were previously approved by the Board and there is no need to reconsider or vote on these.

- OEBB will make eight dental plan options available
- Options will include six PPO and two DHMO plan types
- Each group may select up to three options to offer to members
- Orthodontia
 - ✓ Each group may elect an orthodontia option to be paired with each of the dental options offered
 - ✓ In order to manage anti-selection, each group must include orthodontia in all options or exclude orthodontia from all options

Vision

Steve Carlson reviewed the new recommendations for vision plans. The Board approved three vision plans at the November 8, 2007, meeting but based on additional data that became available since that Board meeting, the Plan Design Workgroup is now recommending five vision plan options.

Mylia Christensen moved to adopt the final recommendation of the Plan Design Workgroup for vision plans (Attachment B, page 3) with the recommended amendment that reads, "Contacts or one pair of lenses - up to the plan maximum." Ron Gallinat seconded the motion. The motion carried 9 - 0. This vote supersedes the previous vote taken on November 8.

a) **Number of vision & medical plan options & employee group choices (Attachment B)**

Steve Carlson referred the Board to Attachment A, proposing the number of plan options (medical, pharmacy, dental and vision) that OEGB will make available and the number of plans an employee group may offer. These are the same number of plan options that were previously recommended on November 8, 2007 with the exception of the two additional vision plan designed presented today:

Medical

- Nine plans will be made available
- Groups can offer up to four to their group. They are not required to offer four. They could offer one, two, three, or up to a maximum of four plans.

Pharmacy

- Four pharmacy plans will be made available
- Groups can offer up to two open formulary and one HMO pharmacy plan (i.e., a group cannot select both options A and B)

Dental

- Eight dental plans will be made available
- Groups can select up to three, but they are not required to offer three.

Joan Kapowich clarified that if an employee group chooses to offer orthodontia it must apply to all dental plans.

Vision

- Five vision plans will be made available
- Groups may offer one in addition to an HMO with the intention that there will be a single vision plan for those who are not in an HMO plan that includes vision.

Ron Gallinat asked if a group offers medical plans one or two are they limited to just that HMO option and will this create an issue of comparability if a district is outside that HMO area and it is an EPO plan? OEGB may run into a comparability issue.

Steve Carlson suggested that if in a non-HMO area there is a bidder for this plan and it is based on a PPO network, which it is going to be, then OEGB would revert over to these other pharmacy options and those would be available to be paired with those EPO/PPO plans.

Ron Gallinat asked if "Footnote 4" should be amended to state, "if it is an EPO plan then OEGB would offer open enrollment to the other pharmacy options."

Mylia Christensen clarified that the RFP language says to approximate plans in areas where there is not an HMO then the pharmacy plan also has to approximate the plan and how carriers accomplish that is up to them.

Steve McNannay clarified that it is not the role of the Board to determine how the selection is made by employee groups, only to define the total number of plans an employee group can select.

Ron Gallinat asked if “group” needs to be defined.

Denise Hall explained that “employee group” is defined in the proposed rule that is currently in the proposed rulemaking process.

Steve McNannay suggested that the word “district” be eliminated from the OAR language.

Denise Hall clarified that the terminology in the OAR is, “in their separate bargaining groups” or non-represented if they don’t have a bargaining group.

Richard Clarke suggested referencing the OAR in this document.

Steve Carlson clarified that he is suggesting that if a non HMO network-based plan came back and bid on a plan in a non-HMO network the pharmacy plans paired with that plan would be plans A, B, and C, and not the HMO options. This would be more comparable to what is going on currently and would also address the issue of prescriptions on a non-preferred basis.

Ron Gallinat moved to amend the prescription drug recommendation to limit the prescription drug option under Medical Plan 1 and Medical Plan 2 if it is an HMO plans to the HMO option or if it is an EPO to other pharmacy options available. Richard Clarke seconded the motion. This will further amend “Footnote 4”, to include the EPO to expand the options for pharmacy. The motion carried 9 – 0.

Ron Gallinat moved to allow employee groups, as defined in OAR 111-010-0015, to offer up to four medical plans, up to three dental plans, one vision plan and two pharmacy plans. Michael Cannarella seconded the motion. The motion carried 9 – 0.

Lunch 11:30 to 12:30

6. Proposed revisions for OAR 111-10-0015 -- Definitions for comparable plan design, actuarial value & comparable cost (Attachment 10)

Denise Hall reviewed the proposed additional definitions to OAR 111-10-0015. This OAR is currently in the public comment phase of the proposed rulemaking process and a public hearing is scheduled for December 19 from 8:00 a.m. to 12:00 noon.

“Actuarial value” means the expected financial value for the average member of a particular benefit plan. This value is determined by applying the features of a particular plan design to a broad dataset of allowed charges to estimate how members’ claims would be paid under that plan.

“Comparable plan design” means that the actuarial values of two plan designs are within 2.5 percent of each other.

“Comparable cost” means that the cost of the comparable OEGB plan design option will be compared to the cost of the pre-OEGB plan design option in effect immediately prior to the effective date of the new plan after adjustment by a trend factor for relevant benefit plans in Oregon.

Ron Gallinat suggested adding “Oregon” to the definition of “actuarial value” to express them as plans in Oregon.

Steve Carlson stated that he feels it is important to have Oregon in the comparable cost definition, but the actuarial values are relative values and are less tied to a region. He further explained that actuarial values need to be seen as credible and won’t fluctuate over a broad population. He agreed that costs of service and utilization do vary by location and that is why Watson Wyatt used a broader area than Oregon.

Ron Gallinat asked if “trend” needs to be defined as each carrier has their own definition of ‘trend.’ **Steve Carlson** agreed that trend will be defined as being the total cost for a benefit plan, but Watson Wyatt wants to pick a trend factor that isn’t specific to a carrier, but is benefit plan specific.

Brett Yancey stated that trend is a big issue within the districts. The law does not define trend and this is a concern in a number of districts.

Richard Clarke stated that he does not see that “actuarial value” is clearly defined. The process is described in a vague way, but not the definition and it is the calculation that people will want to see. He suggested OEGB be more specific regarding “trend” and “actuarial value.”

Myliia Christensen suggested that this is an opportunity to state the science.

Steve Carlson explained that when using the term, “financial value”, Watson Wyatt is trying to make it clear that deriving these actuarial values is based on what is going to come back in terms of payments under the plans.

Brett Yancey stated that unless these terms are specifically defined then this could be up to interpretation and may be challenged.

Steve McNannay stated that this needs to be word-smithed a bit and directed staff to summarize what was said today and return it to the Board for further discussion at the January 10 meeting.

Steve Carlson explained that all actuaries use some sort of evaluation tool to value plan designs. That tool is based on a data set where millions of lives worth of claims data is gathered, the actuary then creates essentially a probability distribution of the likelihood that members will have claims at certain levels and at certain frequencies. Then they apply the particular plan design that they are looking at to that probability distribution to see how likely is it that what will come out of that plan on behalf of that member will be X dollars this year as opposed to Y dollars. That is then all rolled together with the probabilities. The tool Watson Wyatt uses has 4 million lives worth of data in it, and it is run through a credible nationally recognized tool. Every plan is evaluated using the same process.

Alison Little asked how many tools are available and if there is any controversy with any of them.

Steve Carlson stated that there is no controversy that he knows of. Valuing plan designs goes on every day in this field and there are about a dozen of these tools that are widely used around the country. Most of them are developed either by consulting organizations or by insurance companies.

Staff was directed to make changes to the definitions of trend and comparability and bring them back to the next Board meeting.

Mylia Christensen asked what the need is for this process.

Denise Hall explained that OEBC will be using these definitions in the RFP process and in the next set of rules so people will have a clear understanding of what it means.

Steve McNannay asked if a decision is not made today will it impede the release of the RFP.

Steve Carlson explained that he does not believe it will affect the RFP in regard to carriers bidding.

Denise Hall explained that the Department of Justice expects definitions to be the same in the RFP as they are in the OAR in order to limit any risk of protest.

Steve Carlson explained that these definitions are not critical in order for carriers to bid on the RFP. Carriers want to know what services OEGB wants them to provide and on what plans OEGB wants them to quote rates. How OEGB came up with plan designs is important to the members, but not to carriers.

Denise Hall explained that the entire selection process has to be outlined in the RFP that the Board will use to select carriers. Part of the selection criteria is that carriers come in under the comparable cost or they will not be selected to move forward in the scoring process. Comparable cost will play a key role in the evaluation and selection and will have to be outlined in the RFP when it goes out. That is the one term that has the biggest tie to the RFP process.

Michael Cannarella asked if “trend factor” is important for the RFP. It is important to the districts and they want to know how OEGB arrived at it, and what it means. That will be a challenge.

Mylia Christensen suggested that staff do some type of rewrite prior to the public hearing on 12/19 or prior to the Board meeting on 12/21.

Denise Hall suggested that OEGB staff and Watson Wyatt put in some new language and get it out to the Board by e-mail. It may be possible to set up a teleconference on Tuesday. Staff can bring information to the Board on December 21.

The Board came to consensus to restart the public hearing comment at a later date if it will not hold up the release of the RFP.

Richard Clarke asked if there is a need to specify a component to the definition of comparable cost stating that it will be determined each year that groups will be coming into the OEGB program.

Denise Hall explained that these issues will be addressed in the RFP process.

b) Life, disability, AD&D (Attachments A and C)

Steve McNannay stated that there are two issues around life, disability and AD&D; 1) when should OEGB take on life and long term care and 2) the law allows latitude to provide them either in 2008 or at a later point.

Steve Carlson reviewed the proposed life and disability plans and explained that the Plan Design Workgroup discussed whether to offer short-term plan options. He suggested OEGB offer short-term plans and further explained that the proposed short-term disability plans designs are based on limited information.

Denise Hall explained that staff and Watson Wyatt have not had an opportunity to gather sufficient information on life, disability and AD&D plans that are currently being offered in order to make informed recommendations to the Board. She further explained that if OEGB does not offer these types of plans in 2008, but offers them in October, 2009; it will give staff and Watson Wyatt more opportunity to gather additional information from the districts in order to be able to determine comparability.

Richard Clarke asked if OEGB will be doing a separate RFP for life, disability and AD&D and stated that he does not see that it is much of a problem to go ahead and offer these now.

Mylia Christensen stated that it appears that OEGB staff made their best effort to get information to meet the comparability issue.

Tom Husted asked if by waiting to offer life, disability and AD& D after medical, dental and vision it would alter the rates in any way.

Brett Yancey stated that these types of plans are dealt with separately; they are entirely different contract negotiations and have nothing to do with each other. These plans are administered separately and will continue to have to be administered separately, so there is no advantage or disadvantage to offering these plans now or later.

Victor Musial stated that what OEGB is mandated to do is the Board's priority and the Board should not try to offer these additional non-mandated plans this year unless it can be done without overburdening the OEGB staff. The most important thing to get done and get done right is the medical, dental and vision plans that OEGB is mandated by law to offer by October 1, 2008.

Geoff Brown explained that there has been less than an adequate response rate in trying to obtain this data and it would be better to be able to gather more information and see what the differences are out there. If OEGB can do a better job analyzing the data then it will be better able to serve its constituents.

Brett Yancey moved to formally delay the implementation of life, disability, AD&D, long term care, dependent care and health care spending accounts, health reimbursement accounts and other benefit plans outside of medical, dental, vision and pharmacy to a date specified after October 1, 2008, to be determined at a future Board meeting. Michael Cannarella seconded the motion.

Mylia Christensen stated that she intends to vote nay on this issue and explained that OEBC has been working on this issue in Plan Design for months and it has been discussed by the Board in a previous meeting. She further stated that there is the issue that there is not enough information that would make the Board comfortable with the comparability test. The other issue is that staff feels they don't have the resources to carry this forward, but people are under the understanding from staff that there are resources to move this forward.

Joan Kapowich explained that there are several issues the staff is dealing with at this time, such as moving the PEBB/OEBC location, getting the administrative system up and running before October 1, 2008, and developing the RFP. All of these need to take priority at this time.

Richard Clarke stated that he would like to see more data gathered on this group of plans over the next month or two in order to allow the Board an opportunity to have a more informed discussion and prefers to defer this decision.

Ron Gallinat suggested delaying offering "125" plans until after January 1, 2008.

Heidi Franklin, Portland Public Schools stated that she concurs with the rationale for delaying offering these types of plans. She further stated that some people learned for the first time that life, disability and AD&D were even on the table at the meeting in Portland last week and suggested that the responses may have been so low because districts did not know it was an option. She encouraged the Board to delay offering these plans in order to do it in a very thoughtful way.

The motion carried 6 - 2 - 1. Mylia Christensen and Richard Clarke voted nay. Alison Little abstained.

Staff was directed to come back with an amended work plan explaining how this information will be gathered and also provide time frames for getting the information.

7. Long term care, dependent care and health care spending accounts, health reimbursement accounts and other non-mandated benefit plans for October 1, 2008 (Attachment 6)

This agenda item was discussed above and voted on in conjunction with life, disability and AD&D.

8. RFP process, questions, weighting (Attachments 7, 8 and 9)

Heidi Williams reviewed the proposed RFP selection and evaluation process summary (Attachment 7). She stated that the comments from the November 29 meeting were taken into consideration and that the Department of Justice has confirmed that the selection committee could be made up of the entire Board if that is what the Board decides.

Denise Hall explained that carriers must be able to meet the minimum cost comparability to be able to bid.

Alison Little asked if cost comparability will be a minimum qualification and clarified that participation in eValue8 is the only quality minimum qualification that came out of the Quality Workgroup. **Steve McNannay** explained that carriers had to participate in eValue8 in 2007, or participate in eValue8 in 2008 (which opened in December 2007, and remains open until February 2008). Carriers must also agree to continue to participate in eValue8 if awarded a contract.

Mylia Christensen stated that she does not understand why the selection committee is not allowed to see the previous work done by Watson Wyatt and also the scores that came out of the first component. It doesn't make sense to not have that information in front of them.

Denise Hall explained that the Department of Justice determined that the selection committee may only see what is before them for scoring and cannot see the scores from the other components. This is done in order to keep the process objective. In the end, the Board will see the scores from all of the components.

Steve Carlson explained that it is designed this way so that the second component is not influenced by the scoring of the first component.

Brett Yancey stated that he would like to have the Department of Justice explain this to the Board so that the Board is crystal clear on where their authority is on this process.

Joan Kapowich clarified that the issue the Board has with the RFP evaluation process is the blind Watson Wyatt score and asked if the Board would like the option of having Watson Wyatt provide them with just the numbers with a summary along with the numbers?

Heidi Williams asked the Board if they want the selection committee to know the points or do they want a summary? She will ask the Department of Justice if there is a way to make that work to incorporate it in the RFP.

Alison Little asked why the selection committee can't see the entire proposal and scoring.

Joan Kapowich explained that the Department of Justice has advised OEBC staff that the Selection Committee is independent and so is not allowed to be influenced by the component that Watson Wyatt scores.

Brett Yancey stated that the Board can score the entire RFP process – whether they want to do that is another discussion.

Tom Husted stated that he would like to see all of the scores.

Board members expressed interest in being able to view the scores from the component scored by Watson Wyatt prior to the interview process and directed staff to do the following:

- Provide a definition for minimum qualifications; by defining minimum qualifications there would be no need for question #4.
- Retain the quality component and have that scored by the selection committee.
- Add scoring opportunity in 6a and have that be reflective of the language contained in section 4.1 of the bill.
- Ask Department of Justice whether the scoring will be available for the selection committee (Board) to see. The preference of the Board is to be able to view all of the scoring or, at the very least, have Watson Wyatt provide the Selection Committee with a summary.
- Create another section below #6 that is consistent with 4.1 or the law and would include interviews and reference checks with a value of 50.
- Inquire where the interview component can be inserted.
- Redefine #10 to state that it includes all the items above.

Alison Little stated that she is under the impression that the quality components are subjective.

Heidi Williams explained that not all of the questions will be simple yes or no questions; some are framed so that the proposers are able to describe their processes.

Victor Musial stated that he would like the selection committee to be made up entirely of the Board with no additional people.

Brett Yancey suggested having some key stakeholders from public school districts on the selection committee (2 to 3), explaining that these people would be good resources for the Board, but they would not be voting members. He

suggested that this will go a long way toward goodwill in the districts. These stakeholders could be benefits managers and the Board might also consider involving other stakeholders.

Denise Hall explained that the Board should consider the time factor that will be involved in the interviews/presentation process (probably 12 hours) before asking stakeholders to be a part of this process.

Brett Yancey stated that if the Board were to ask three districts they would jump at the chance and would find the time to be involved.

Victor Musial suggested that, for expediency, the Selection Committee be limited to the Board members.

Mylia Christensen asked if there is some other way to gather feedback from our stakeholders.

Steve McNannay reminded Board members that they are responsible for informing and reaching out to the constituents they represent.

Richard Clarke stated that he prefers only Board members be involved in the selection process.

Victor Musial moved that the OEBC Board, in its entirety, serve as the Selection Committee on the medical, dental, pharmacy, and vision plans. Tom Husted seconded the motion. The motion carried 9 -0.

Victor Musial moved that the Board accept the revisions requested to the RFP scoring sheet and that the Board be able to see the scoring sheet from the first component scored by Watson Wyatt. Tom Husted seconded the motion. The motion carried 9 - 0.

Staff was directed to provide an outline of how the Selection Committee will operate and information they will get and when.

9. General Public Comment

There were no public comments.

10. Other Business

Richard Clarke asked about the outcome of the request for funding on the financial component for the administrative system. **Heidi Williams** explained that the letter is going through the process; it has been forwarded to the Legislative Fiscal Office (LFO) for review and they will let staff know if they have

any questions. Staff is moving forward on issuing a sole source request and the seven-day protest period expired yesterday at 4:00 p.m.

Heidi Williams also updated the Board on the Customer Service survey. There has been an almost 50 percent response. The survey is scheduled to be completed by tomorrow and staff will review the responses and do an analysis on Monday. The Administration Workgroup will then meet to look at the trends and report back to the Board at a later meeting.

There being no further business before the Board the meeting adjourned at 4:10 p.m.