
OHA Health Programs Public Employees' Benefit Board Oregon Educators Benefit Board 2013-2015 Budget Overview

**Presentation to the Ways and Means Subcommittee on
Human Services**

February 2013

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The logo for the Oregon Health Authority. It features the word "Oregon" in a smaller, orange, serif font above the word "Health" in a larger, blue, serif font. Below "Health" is the word "Authority" in a smaller, orange, serif font. The entire logo is set against a light blue, curved background.

**Oregon
Health
Authority**

Presentation Sequence

1. PEBB and OEGB – Innovations, Challenges and Future Opportunities
2. Public Employees' Benefit Board
3. Oregon Educators Benefit Board

OHA Health Programs



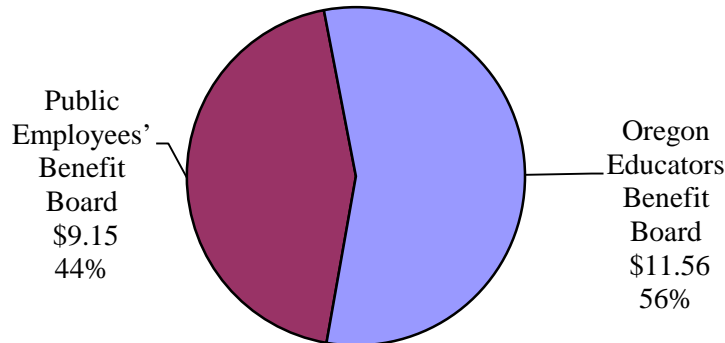
Innovations, Challenges and Future Opportunities



PEBB and OEBB 2013-15 Governor's Balanced Budget (in millions)

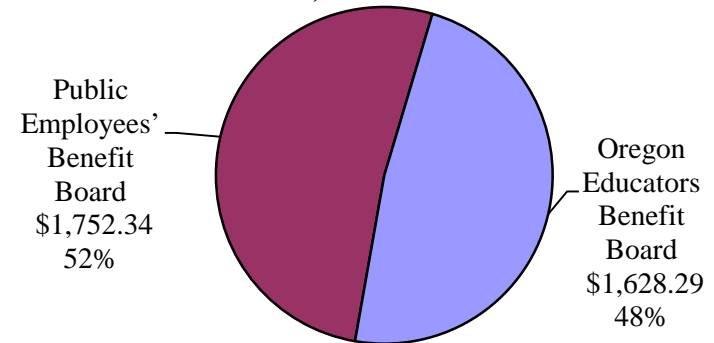
OPERATIONS BUDGETS

**Public Employees' Benefit Board/
Oregon Educators Benefit Board
Other Funds LTD
\$20.68 million**



RATE STABILIZATION FUNDS

**Public Employees' Benefit Board/
Oregon Educators Benefit Board
Other Funds Non-LTD
\$3,380.63 million**



Benefit Boards aligned with better health, better care, lower costs

PEBB and OEGB

- **Quality care** based on evidence and outcomes, not just provision of services
- **Affordable** benefits through systems of quality care
- **Collaboration** among boards, employers and employees
- **Informed members** engaged in health and health-care quality
- **Support for members health** through prevention and wellness

We're working to:

- **Improve the health** of all members
- **Increase quality** of care for all members
- **Lower or contain cost** of care

Common Guiding Principles (ORS 243)

- Employee choice among high-quality plans
- Encouraging a competitive marketplace
- Plan performance and information
- Flexibility in plan design and contracting
- Quality customer service
- Creativity and innovation
- Plan benefits as part of total compensation
- Improving employee health
- Affordable costs to the employer and the employee

Innovations

- Promoting member health and engagement through
 - Full coverage for preventive services recommended by a federal preventive services task force
 - Coverage of weight management and tobacco cessation programs
 - Supporting wellness efforts in the workplace
 - Collaborating with the public health division on biennial health risk surveys
 - Advancement of patient-centered primary care homes and organized systems of care
 - Self-management of chronic conditions
 - Support for member education on quality care through Quality Corp and Health Purchasers Coalition
 - Work with local, regional and national purchasers on value-based benefit design
- Implementing value-based, evidence-based plan designs
- Working with vendors and carriers to
 - Design and implement payment reforms
 - Contract for better maternity care and reduce rate of c-section delivery
 - Achieve goals for administrative simplification and meaningful use of electronic medical records
 - Provide tools and resources to help members make better health plan and health care decisions

Challenges

- Inflation in health care costs and trend drive program costs
- Both groups have older populations
- Biennial health risk survey shows both groups have
 - Lower than average overweight or obese membership
 - About 10% of population with chronic conditions
 - Majority have sedentary occupations
- Health system transformation requires
 - Rapid, systemic changes in structure and administration
 - Management of simultaneous federal and state requirements for modifications to delivery system
- Controlling premium costs in light of these factors

Better health, better care, lower costs

PEBB and OEBB support OHA's vision, mission and goal to transform the health care system in Oregon by:

- Promoting the development of patient-centered primary care homes.
- Promoting and supporting pilots to reimburse for health care services using global and pay-for-performance methodologies.
- Advancing value-based plan designs to help ensure members receive the right care at the right time in the right setting.
- Promoting the development and success of coordinated care models.

Achieving better health, better care, lower costs

Improve member health	<p>Promoting member health and engagement in wise use of health-care resources</p> <ul style="list-style-type: none">– Self-management of chronic conditions; e.g., Living Well– Deciding among treatments based on value and outcomes– Greater use of generic medications
Enhance care	<ul style="list-style-type: none">• Advancing<ul style="list-style-type: none">– Patient-centered primary care homes (PCPCH) and coordinated systems of care; e.g., Health Leadership Task Force medical home pilot; PCPCH recognition– Pay for performance (P4P) in delivery systems• Revising vendor and carrier contracts to address<ul style="list-style-type: none">– Development of regional “systems of care”– Provider reporting of quality measures– Simplified administration of claims billing and payment– Meaningful use of electronic medical records– Reduction of c-section delivery rates– Increase use of decisions support tools
Lower or control cost	<ul style="list-style-type: none">• Working with vendors and carriers to structure and implement payment reforms<ul style="list-style-type: none">– Methods to bundle payments– Systems for prospective payments– Simplified administration of claims billing and payment• Continued improvement of both benefit management systems• Seeking efficiencies through synergies in contracting and purchasing

OHA Health Programs



Public Employees' Benefit Board 2013-2015 Budget Overview



Who PEBB is

- Sean Kolmer, Chair: Governor's Health Policy Advisor
- Diane Lovell, Vice Chair: AFSCME Council Representative*
- Peter Callero: WOU Professor, AFT-AFLCIO Member*
- Paul McKenna: Research Director, SEIU local 503*
- Mitch Morrow: Deputy Director, Department of Corrections*
- Rich Peppers: Assistant Executive Director, SEIU local 503*
- Jeanene Smith: Administrator, Office of Health Policy & Research

Two non-voting advisory members

- One member of Senate; Senator Betsy Johnson
- One member of House of Representatives; Speaker Tina Kotek

* *Nominated by governor, approved by senate*

PEBB mandate

PEBB must act in the best interests of
state employees,
the state,
and the Oregon public

PEBB's Strategic Vision

- Triple aim -better health, better care, lower costs
- Evidence and outcomes based
- Accountable and responsive to members

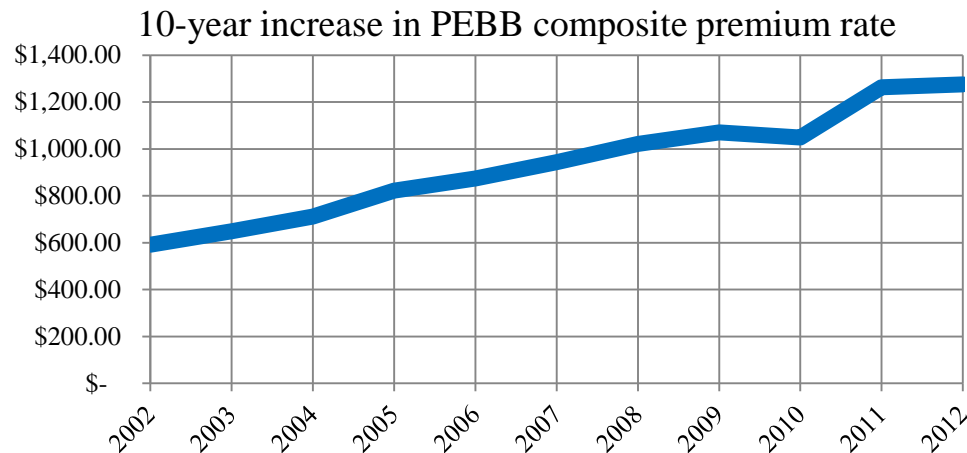
PEBB's Mission

- Ensure better health
- Deliver better care
- At a price we can all afford

The challenge before us

Rising costs that don't bring better health

- Health care costs have increased more than 100% over 10 years.



- Health care has not improved at the same rate.
- We need better health and lower costs.

Cost drivers

- 30% waste and inefficiency in health care system
 - Lack of coordination
 - Unnecessary or repeated tests
 - Avoidable emergency room visits
 - People left on their own to manage chronic conditions
 - Lack of preventive care
- Lifestyle and behaviors
 - Whether we smoke
 - What we eat
 - How much we move
 - How we manage stress

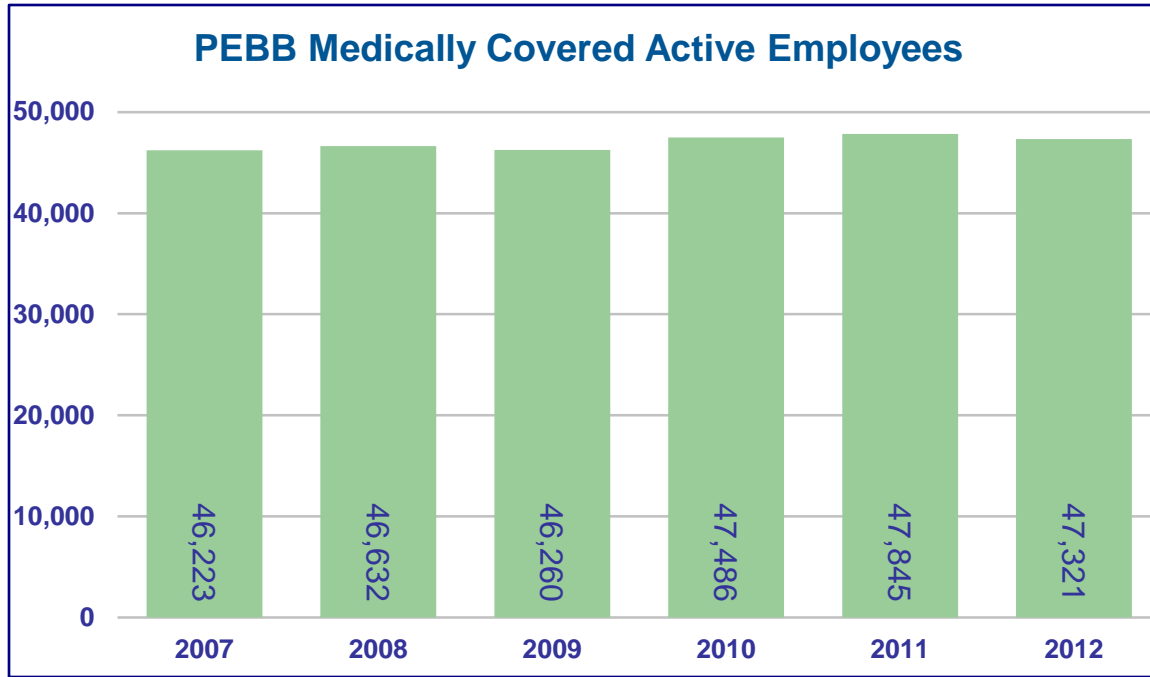
Purchasing towards a coordinated care model

- Best Practices to manage and coordinate care
- Sharing responsibility for health
- Measuring performance
- Paying for outcomes and health
- Providing information
- Sustainable rate of growth

PEBBs next steps

- **Through our current contractors**
 - Continue to evolve and align around coordinated model attributes
 - OHP
 - Private purchasers
 - CoverOregon
- **Request for proposals for 2015 medical benefits**
 - To be released in Fall 2013
 - Contracting decisions Spring 2014
- **Engagement with members**
 - Spring community forums
 - Communications focused efforts

Who PEBB Serves...



PEBB members include:

- Active agency employees and their dependents
- Active university employees and their dependents
- Active self-pay semi-independent agency employees and their dependents
- Retirees and their dependents
- COBRA participants

PEBB Service Delivery – Benefits Under Contract

Core Benefits	Medical Plans , including vision coverage Statewide self-insured preferred-provider organization plan (Providence ASO) Regional self-insured medical home plan (Providence ASO) Statewide self-insured vision plan (VSP) Regional fully insured HMO plan with vision coverage (Kaiser Permanente)
	Dental Plans Statewide self-insured PPO and indemnity plans (ODS Admin) Regional, fully-insured managed care plan (Willamette Dental) Regional, fully insured HMO plan (Kaiser Permanente)
	Basic Employee Life Plan (The Standard)
Optional Benefits	Insurance Life (The Standard) Accidental death & dismemberment (The Standard) Long- and short-term disability (The Standard) Long-term care (UnumProvident)
Other Benefits	Flexible Spending Accounts for health care & dependent care (ASIFlex) Employee Assistance Program (Cascade Centers)

PEBB Program Supports Better Health, Better Care, Lower Costs

Improve member health	<ul style="list-style-type: none">• Partnered with OHA Public Health to survey member health status. Information is used to guide the board when making future benefit changes.
Enhance care	<ul style="list-style-type: none">• In 2013, 57% of PEBB members are enrolled in Kaiser, Providence Choice or with clinics that are OHA certified Patient-Centered Primary Care Homes (PCPCH).
Lower or control cost	<ul style="list-style-type: none">• Implement value-based designs that incent members to consider lower-cost, equally effective options.• Members in the PEBB Statewide plan who see a PCPCH provider see a reduction in cost sharing in 2013. This has increased enrollment in PCPCH clinics and interest in PEBB members.• Payment Incentive: Beginning in 2013, PEBB will provide a per-member incentive payment to primary care homes in the Providence Choice plan that attain Tier 2 or Tier 3 recognition from the state.

Innovations: Providence Health eXpress

Goal: The right care at the right time and place

- Tele-health pilots – health care via secure video-conference
- Call for same-day, no-cost appointment
- Qualified providers diagnose and prescribe treatment
- Acute, minor conditions – colds, low back pain, injuries
- Quality care that saves time and money; supports productivity

Pilots:

1. Labor and Industries Building, Salem (May 2012)
2. Eastern Oregon Correctional Institution, Pendleton (December 2012)
3. Two Rivers Correctional Institution, Umatilla (January 2013)

Innovations: Health Engagement Model (HEM)

Goal: Engage people to improve health, contain costs

- Financial incentives to participate
- Complete private health assessment on plan's secure website
- Learn more about ways to reduce health risk
- Take additional health actions to improve health

Experience to date:

- Compares well with other large-purchaser programs
- Adds programming and administrative requirements

Innovations: Value-based Benefits

Goal: Design benefits based on value to member and plan

- Low or no cost for effective treatments with lower risk, costs
- Higher cost for less-effective treatments with higher risks, costs
- Encourages consideration of effective alternatives

Examples:

- No cost for chronic-care visits
- No cost for value-based drugs
- Additional co-pay for advanced imaging technologies and sleep-studies

Innovations: Data-driven Benefit Decisions

Goal: Design benefits to address identified member health risk factors

- Biennial employee health survey conducted in partnership with Public Health
- Asks questions about employees' health status and health behaviors

Examples:

- PEBB programs have been designed to address risks associated with tobacco use and obesity
- Most recent survey shows a reduction of 21% in obesity between 2010 and 2012, current smokers reduced from 9% in 2009 to 4% in 2012

PEBB Program Activities

Objective: To provide quality, affordable benefits

- Offer plans that provide health care supported by the best available evidence.
- Promote a competitive marketplace by contracting with health systems that are accountable for their performance.
- Collaborate with partners to improve the market and delivery system.
- Continue to support employee health and wellness efforts.
- Continue to seek stakeholder input on benefit management and administration.
- Develop and maintain comprehensive, user-friendly websites.
- Employ cost-effective, sustainable technologies to improve communication and reduce resource consumption.

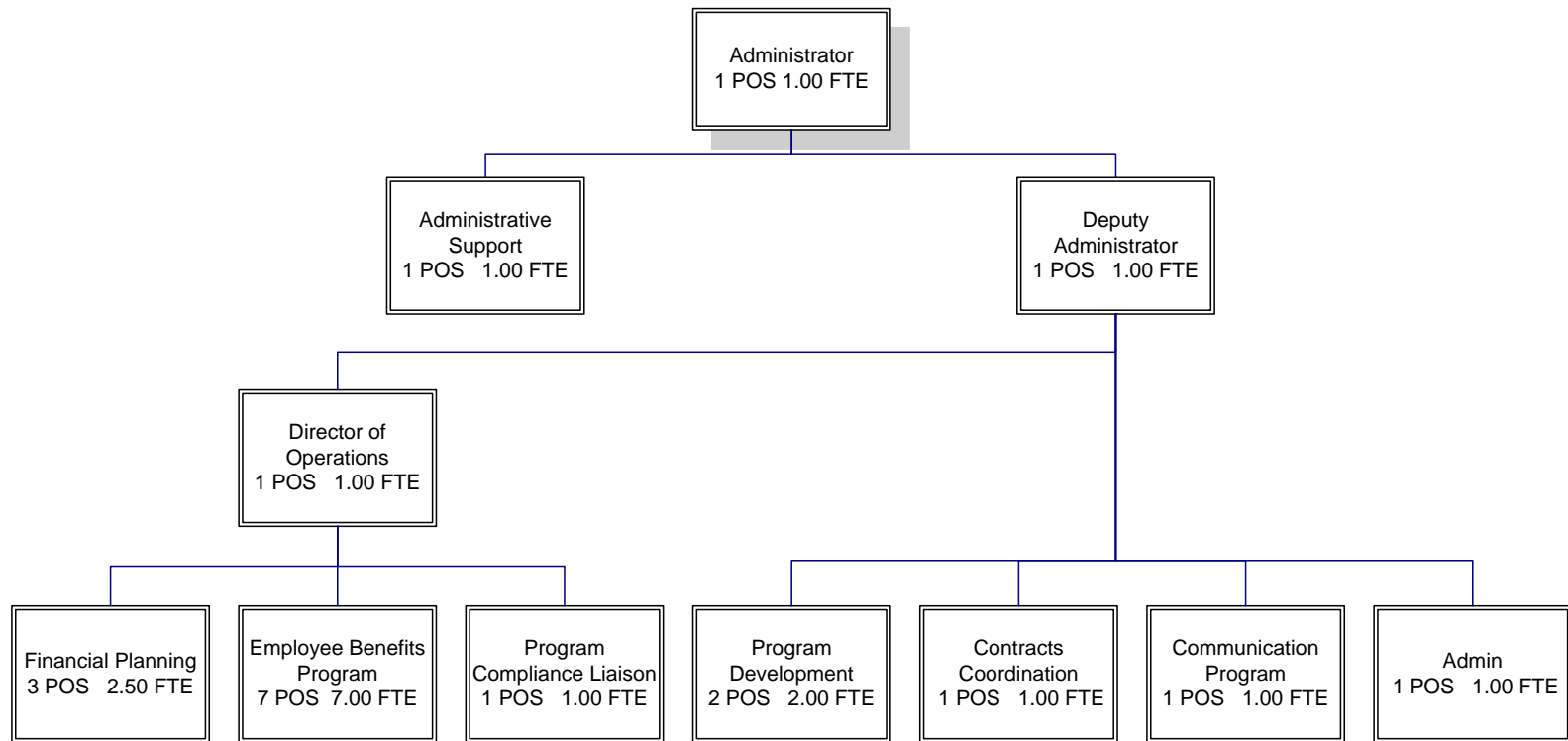
PEBB Key Performance Measures

- **2011 Customer Service survey results**
 - 85% of Members who contacted PEBB regarding benefits-related questions rated service as good to excellent.

- **OHA performance measures for 2013- 2015 on obesity, overweight and tobacco use**
 - PEBB members' rates are now lower than Oregon average rates for obesity, overweight and tobacco use among Oregon's general adult population, as measured by an OHA Public Health survey.

PEBB 2013-15 Organization Chart

Public Employees' Benefit Board
Organization Chart
2013-15
20 Positions 19.5 FTE



PEBB Revenue Sources

- **Public Employees' Benefit Account** - Revenue from Other Funds pays for PEBB administration through an administrative assessment added to medical and dental insurance premiums and premium equivalents. The assessment cannot exceed two percent of monthly contributions from employees and employers (ORS 243.185). For 2011, 2012 and 2013, PEBB has reduced the assessment from 0.6 percent to 0.4 percent.
- **Public Employees' Revolving Fund**
 - Pay premiums, control expenditures, provide for self-insurance and subsidize premiums
 - Accounts in Revolving Fund
 - Self-insurance Reserve
 - Flexible Spending Account Administration

2013-15 PEBB Operations Budget

Funded by Other Funds administrative fee:

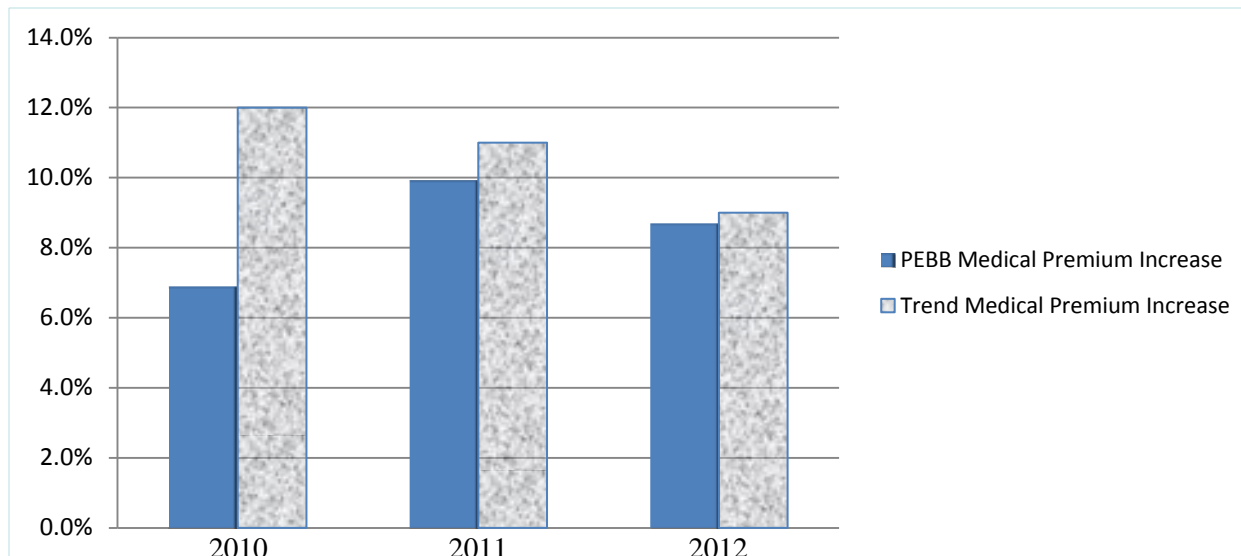
- Personal Services - 44% of Operating Budget
 - 20 Positions
 - 19.50 FTE
- Services & Supplies – 56% of Operating Budget
 - Information technology programming and maintenance costs to maintain viability of online benefit management system
 - Server hosting and data processing
 - Costs for actuarial, claims-data analysis and general consultation services
 - Attorney General costs

Major Budget Drivers and Cost Containment

- **Goals:** PEBB's goals are to design, contract and administer high-quality medical, dental, life, accident, disability and long-term care insurance, and flexible spending accounts for state employees and their dependents that are affordable for the state and employees.
- **Outcome Measurements:**
 - Increased the percentage of PEBB members in a patient-centered primary care home.
 - Implemented additional cost tiers to promote value based benefits.
 - Implemented benefit design changes aimed at reducing barriers to care for members with chronic diseases.
 - Employed cost-effective, sustainable technologies to improve communication and reduce resource consumption.
 - Achieved better cost and quality controls through direct contracting for the majority of the medical, vision and dental plans.
 - PEBB maintained a leadership role in value-based health care as a purchaser of commercial medical plans.

Major budget issues

- The most valuable benefit in the program is health care coverage. The cost of health care continues to increase without evidence of a commensurate increase in measurable quality. PEBB plans have continued to beat medical “trend” over the last few years as seen below.



Budget History and program changes

- In 2010, PEBB began to self-insure 85 percent of members. Self-insuring gives the board more flexibility in plan design to meet specific goals and has been very successful in keeping premium increases at a reasonable level.
- Self-insuring has enhanced PEBB's ability to:
 - Offer plans that provide health care supported by the best available evidence
 - Promote a competitive marketplace by contracting with health systems that are accountable for their performance
 - Collaborate with partners to improve the market and delivery system
 - Implement a Health Engagement Plan to promote member participation in reducing health risks and improving their overall health status
 - Offer no-cost maintenance medications
- Outcomes:
 - Members and their dependents have access to no-cost tobacco cessation and weight management benefits
 - Low value, highly utilized procedures have a higher copayment than less costly alternatives
 - Conducted a dependent eligibility verification audit to evaluate and ensure the integrity of member enrollment
 - The PEBB Statewide and Providence Choice plans have no cost sharing associated with office visits for diabetes, asthma, heart disease and coronary artery disease

Budget Reductions

Program Cuts and Efficiencies:

- PEBB eliminated printing and distribution costs under annual open enrollment expenses.
- Consolidated Efforts: PEBB and OEGB issued a joint RFP for EAP services and will issue a joint RFP for Actuarial consultant services in 2014.
- PEBB has held vacant positions open for extended periods of time, which has impacted service response time and program scope.
- PEBB and OEGB continue to leverage shared resources whenever possible
- PEBB has significantly reduced the manager to employee ratio.

Program Audits

Program Integrity Audit:

- In an effort to prevent fraud, waste and abuse a Dependent Eligibility Audit was performed to determine if dependents enrolled for benefits met the required eligibility criteria.

OHA Health Programs



Oregon Educators Benefit Board 2013-2015 Budget Overview

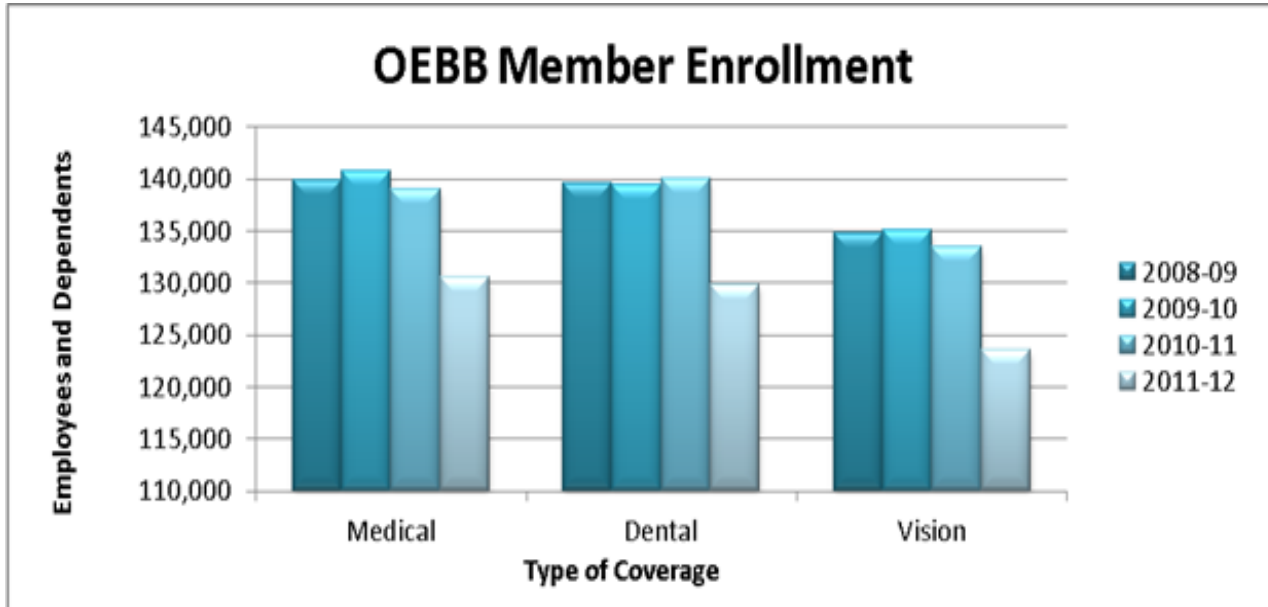


OEBB Governance

Ten-member voting Board

- Two representing school boards
- Two representing management employees
- Four representing non-management employees
- Two health policy experts

Who OEBB Serves...



- **The Oregon Educators Benefit Board (OEBB)** administers medical, vision, dental, and optional benefits to School Districts, Educational Service Districts and Community Colleges throughout Oregon.

OEBB Service Delivery – Benefits Under Contract

Core Benefits	Medical Plans <ul style="list-style-type: none">• Six statewide fully insured PPO plans (ODS Health Plan)• One high-deductible health plan (ODS)• Two regional fully insured HMO plans (Kaiser Permanente)
	Pharmacy Plans <ul style="list-style-type: none">• One statewide Oregon Prescription Drug Program plan• One regional HMO plan (Kaiser Permanente)
	Dental Plans <ul style="list-style-type: none">• Five statewide fully insured indemnity plans (ODS)• One regional fully insured managed care plan (Willamette Dental)• One regional fully insured HMO plan (Kaiser Permanente)
	Vision Plans <ul style="list-style-type: none">• Four statewide fully insured plans (ODS Health Plan)• One regional fully insured HMO plan (Kaiser Permanente)
Optional Benefits	Insurance <ul style="list-style-type: none">• Life & Accidental Death and Dismemberment (The Standard)• Long- and short-term disability (The Standard)• Long-term care (UnumProvident)
Other Benefits	Employee Assistance Program (Reliant Behavioral Health) Health Savings Account (U.S. Bank) Flexible Spending Accounts for health and dependent care (Chard Snyder)

OEBB Program Supports Triple Aim

Improve member health	<ul style="list-style-type: none">• Reduce barriers for care of certain chronic medical conditions• Partnered with the Public Health Division to survey member health status and use results to guide the board when making future benefit decisions• Low or no cost preventive care on all medical plans, including a high deductible health plan• Assist educational entity planning and activities for employee wellness
Enhance care	<ul style="list-style-type: none">• Encourage carriers to contract with providers in “systems of care”• In 2013, about 48% of OEBB members are enrolled in Kaiser or receive care in clinics that are OHA-recognized Patient-Centered Primary Care Homes
Lower or control cost	<ul style="list-style-type: none">• Implement value-based designs that incent members to consider lower-cost, equally effective options before more-costly, more-aggressive procedures• Fully covered weight management program

Innovations: Value-based Benefits

Goal: Design benefits based on value to member and plan

- Low or no cost for effective treatments with lower risk and/or costs
- Higher cost for less-effective treatments with higher risks and/or costs
- Encourages consideration of effective alternatives

Examples:

- Lowered cost for chronic care visits
- Lowered cost for value-based drugs
- Additional co-pay for advanced imaging technologies and sleep-studies

Innovations: Data-driven Benefit Decisions

Goal: Design benefits to address identified member risk factors

- Biennial employee health survey conducted in partnership with the Oregon Health Authority Public Health
- Asks questions about employees' health status and health behaviors

Examples:

- OEBC programs have been designed to address risks associated with tobacco use and obesity
- Most recent survey shows a reduction of 21% in obesity between 2009 and 2011
- The number of current smokers continued to be 5%, well below the statewide level of 16%
- Colorectal screening increased from 60% to 68%

Innovations – Informed Enrollment

Goal: Educate Members to make informed plan decisions

- Create a Plan Selection Tool that provides information about members previous claims costs, anticipated claim costs and calculate out of pocket costs to help members select the medical plan option that best meets their and/or their families' needs.

Example:

- Partnering with Truven Health Analytics and the Massachusetts Institute of Technology (MIT) on a research project to create an online Plan Selection Tool to help members determine the best plan option during open enrollment. The Tool included members' previous claims costs and anticipated claims costs, and calculated their out-of-pocket costs (including premiums and costs for services) for each available medical plan offered.

Major Program Changes

Oregon Homecare Insurance Program (OHIP)

- Effective January 2013, administration of the Oregon Homecare Insurance Program (OHIP) moved under the Oregon Health Authority (OHA). This new OHA program operates under the management and guidance of OEGB staff and is able to use OEGB's online benefit management system, MyOEGB. Under an agreement with DHS, OHA will administer the benefit plans for homecare workers.
- OHIP has 4,134 homecare workers enrolled in medical and dental coverage as of January 2013.

OEBB Program Activities

Objective: To provide quality, affordable benefits

- Offer plans that provide health care supported by the best available evidence.
- Collaborate with partners to improve the market and delivery system.
- Continue to support participating educational entities' efforts on employee health and wellness.
- Continue to seek educational entities' input on benefit management and administration.
- Continue to collaborate with OEBB Legislative Task Force.
- Develop and maintain comprehensive, user-friendly websites.
- Employ cost-effective, sustainable technologies to improve communication and reduce resource consumption.
- Engage members in discussions on health and health care quality.

OEBB Program and Expected Outcomes

- **Goals:** The Oregon Educators Benefit Board's (OEBB) goal is to provide high-quality benefits for eligible employees and early retirees at the lowest cost possible and to work collaboratively with members, educational entities and insurance carriers to offer evidence based, value-added benefit plans that support improvement in members' health while holding carriers accountable for outcomes.
- **Outcomes:** OEBB has been working with current carriers to promote patient-centered primary care homes (PCPCH). ODS Health Plan is promoting and incenting medical providers and clinics to become accredited by the Oregon Health Authority as a PCPCH and is expanding its Community Care Plan network to include health systems and providers outside the Portland and Salem areas and into regions of the state that have had few or no organized systems of care available in the past.

OEBB Key Performance Measures

Goal	Measures or Checkpoint	Target
Excellent Customer Service	Percentage of customers who rate OEBB customer service as good or excellent*.	90 percent
Overall Customer Service	2010 Member Survey Results	89 percent
Overall Customer Service	2011 Member Survey Results	92 percent
Overall Customer Service	2012 Member Survey Results	94 percent

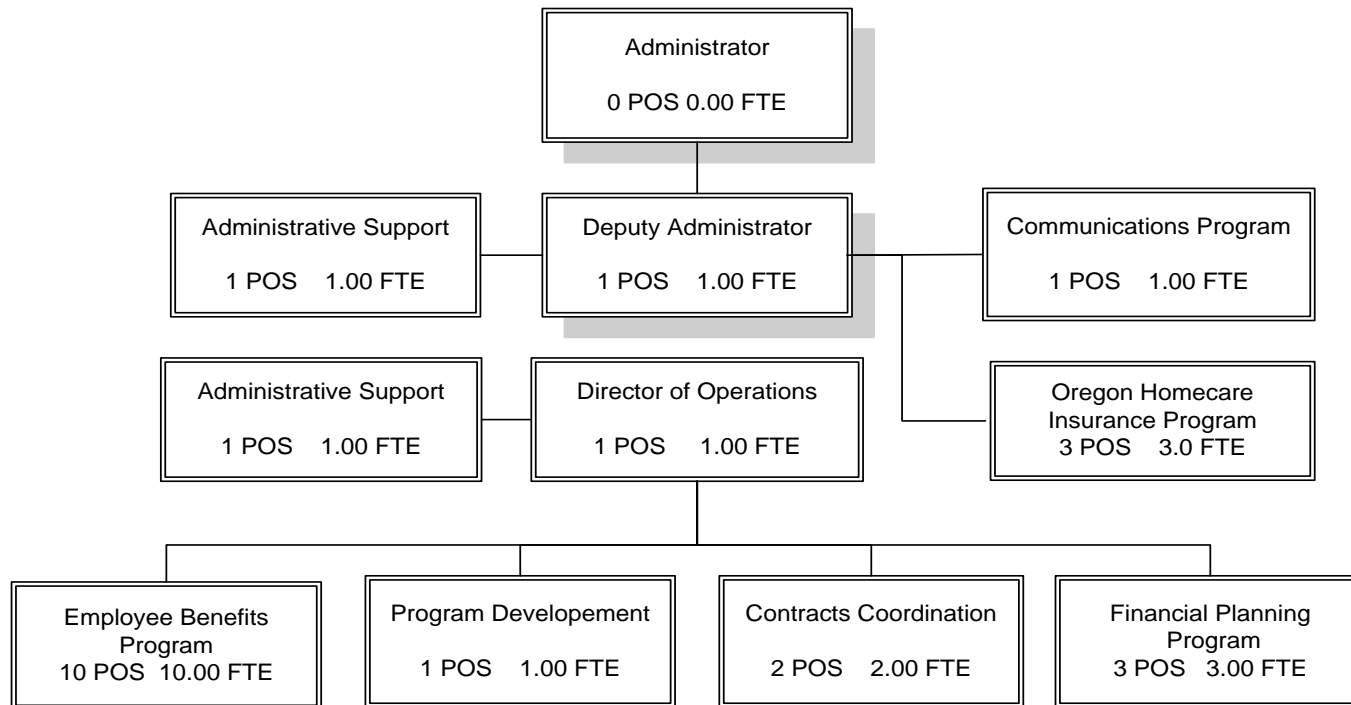
*2010 & 2011 Member Survey used the terminology “satisfied or very satisfied” in place of “good or excellent”

Results from the 2012 member survey show:

- 94% of members who reported having contact with OEBB were satisfied or very satisfied with OEBB’s customer service.
- 95% of members reported they were satisfied or very satisfied with the information OEBB sent them.
- 93% of web users reported they were satisfied or very satisfied with the OEBB website.
- OHA Performance Measures for 2013-15 on tobacco use and obesity:OEBB members’ rates are now lower than tobacco use and obesity rates in the Oregon adult population as measured by an OHA Public Health survey.

2013-15 OEBB Organization Structure

**Oregon Educators Benefit Board
Organization Chart
2013-2015
24 POS 24.00 FTE**



OEBB Revenue Sources

- **Oregon Educators Benefit Account** operating funds
 - Generated through administrative assessment built into premiums
 - Capped at 2% of total monthly premiums
 - Currently at 0.90%
- **Oregon Educators Revolving Fund**
 - Pay premiums, control expenditures, provide for self-insurance and subsidize premiums
 - Only dedicated revenue source is interest earnings retained on premium-collection pass-through

2013-15 OEBB Operations Budget

Funded by Other Funds administrative fee:

- **Personal Services - 39% of Operating Budget**
 - 24 Positions (21 positions OEBB, 3 positions OHIP)
 - 24.00 FTE (21.00 FTE OEBB, 3.00 OHIP)
- **Services & Supplies – 61% of Operating Budget**
 - Information technology programming and maintenance costs to maintain viability of online benefit management system
 - Server hosting and data processing
 - Costs for actuarial, claims-data analysis and general consultation services
 - Attorney General costs

Major Budget Drivers and Cost Containment

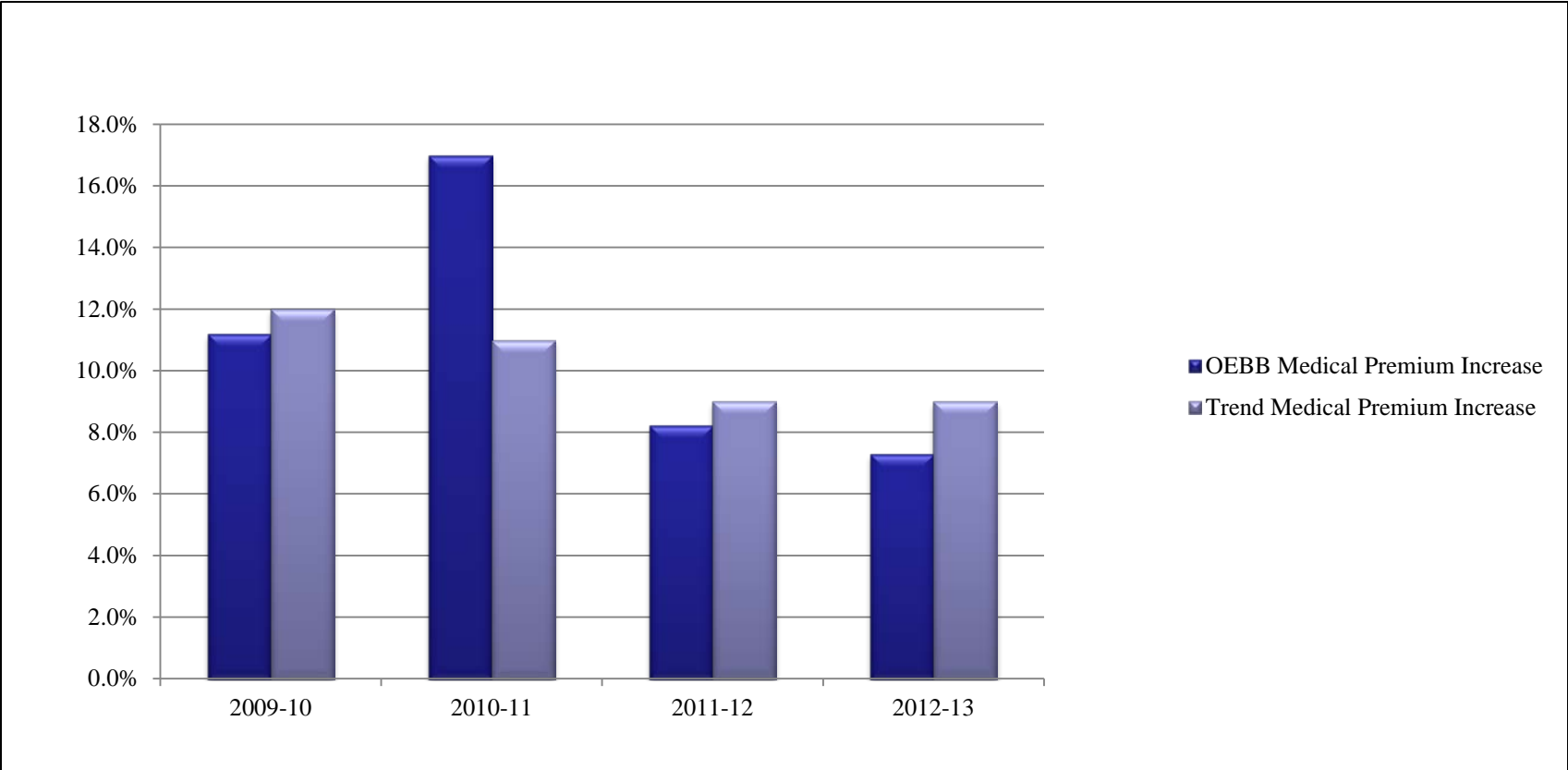
Goals: The major cost driver impacting OEGB are premium increases related to health care costs. OEGB continues to work with carrier partners to pilot and develop alternative delivery and payment methods that align with the OEGB goals and guiding principles.

- **Outcome Measurements:**

- Increased the percentage of OEGB members in a patient-centered primary care home.
- Implemented additional cost tiers to promote value based benefits.
- Implemented benefit design changes aimed at reducing barriers to care for members with chronic diseases.
- Employed cost-effective, sustainable technologies to improve communication and reduce resource consumption.
- Maintained a leadership role in value-based health care as a purchaser of commercial medical plans.

Major budget Issues

- OEBB has stayed below the Oregon trend for all but one of its plan years.



Budget Reductions

Program Cuts and Efficiencies:

- OEGB greatly reduced printing and distribution costs giving members the option to receive plan elections electronically.
- Consolidated Efforts: PEBB and OEGB issued a joint RFP for EAP services and will issue a joint RFP for Actuarial consultant services in 2014.
- OEGB has held vacant positions open for extended periods of time which has impacted service response time and program scope.
- PEBB and OEGB continue to leverage shared resources whenever possible and has significantly reduced the manager to employee ratio.

Program Audits

Program Integrity Audit:

- An Enrollment Dependent Eligibility Audit was performed to determine if dependents enrolled for benefits met the required eligibility criteria.