



This document serves as written testimony submitted by Plexis Healthcare Systems, Inc., an Ashland, Oregon based company with approximately eighty (80) employees, in business since 1996, which has been self-insured since 2010, and strongly desires to stay self-insured. This is submitted on February 2, 2014 to the Committee Administrator for the Oregon State House Health Committee in relation to House Bill 4050, and Plexis' support of that bill.

Why is Plexis self-insured?

Plexis is self-insured in order to manage the risk to our company, by having access to data which shows how the covered benefits are being utilized, not on an individual basis but as a basis for the entire group. This is detailed information which stops short of being information for each individual enrollee. Medical benefits are a risk to any employer and they need to be managed, and you cannot do this effectively if all you are doing is shopping for a lower premium every year.

How has self-insurance benefited our company and our employees?

Self-insuring enables Plexis to tailor its healthcare benefits to the needs of our employees and their dependents. Fully insured plans have a limited number of options and are generally a "one size fits none" benefit plan which does not allow changes to be made, except at renewal. A self-insured/funded plan allows an employer to correct a situation that is not working for the employees at any time by amending the plan as necessary.

Has self-insuring resulted in cost savings, and if so, what have we done with the savings?

While there may be some savings by self-insuring over paying monthly premiums to insurance carriers for a fully insured product/plan, it is not a question of savings as to why Plexis has selected to be self-insured. Rather, it is a question of how did we make the most effective use of the money that was spent on health benefits. By being able to analyze the spend and to get feedback from employees, it allows us to manage the benefit to our employees and their dependents. Being able to manage the benefit at the employer level – especially for a multi-state employer (with employees in several states throughout the country), is key to providing a benefit which will attract and retain good employees, which is the primary purpose for providing benefits in the first place.

What is the importance of data and flexibility to our organization?

Plexis' responses to the first three questions above all touched on the need for access to data (on our company's healthcare utilization and spend), and flexibility in plan design (and the ability to make adjustments to plan design as necessary). It is important to be able to manage this at the employer level, and not have a fully insured carrier (or state or federal government) dictating the coverage and then not providing the data on how the claims dollars were spent. We would pose the question of "how could an employer possibly manage

the risk without the data/information?” Providing healthcare benefits to employees (and their dependents) is one of the top costs to any company, and when fully insured through an insurance carrier, it is the only area in which the employer is expected to continuously pay out a significant amount of capital without having information on how the money is used and what the results of that spend are, and for which that employer can expect ever-growing cost increases year-over-year.

Unique perspective based on our business and the clients we serve

As a company which serves many different types and sizes of health insurance administrative organizations – which include health plans, health and life insurers and third party administrators, Plexis understands the different types of healthcare benefits and coverage on the market today. Plexis has many third party administrator (TPA) clients across the United States, many of which provide self-insured/funded administration for employers with as few as ten to twenty employees, and who have been self-insured for many years (if not decades). Oregon’s decision to require the ability for an employer to self-insure to have at least 100 employees goes against the proven ability of very small employers to effectively self-insure, and as such, Plexis urges the State Legislature to pass HB-4050, and for the Governor to sign this bill. If HB-4050 is not passed, the current track the State is on (to not allow self-insuring for employers under 100 employees come 2015), will have devastating consequences for many Oregon employers, Plexis Healthcare Systems included.