



Service Employees International Union Local 503

More than 55,000 public workers, care providers, and non-profit employees in Oregon.

Shaun Parkman Testimony in Opposition to HB 3428 House Health Care Committee April 14, 2017

My name is Shaun Parkman. I am a member of SEIU 503 and I am the vice-chair of the Public Employee's Benefit Board. I am testifying today on behalf of SEIU 503 and I am here to testify in opposition of HB 3428.

The basic idea of HB 3428 is to force government workers into CCOs. There is a presumption that this will save the state money. It won't. The PEBB benefits have been negotiated and established. Therefore, CCOs would need to take into account and manage the PEBB benefits, and would have the same challenges of maintaining provider networks and containing costs. Under PEBB's current contractual model, many of our plans have beaten OHP's annual rate increase for several years recently. We have an average increase of 1.9% for the last 5 years, while CCOs get an automatic 3.4% increase.

PEBB already has adopted many of the functions of a CCO. PEBB has embraced and continues to innovate through the Patient Centered Primary Care Home Model which is at the heart of the entire health care transformation effort. This was part of the changes we made in the 2013 RFP. This is one of the reasons PEBB has outperformed OHP in some years.

The only reliable way to save money under this legislation is to force government workers to take the same insurance as OHP members in CCOs, which are different in key ways from PEBB. In other words, state workers would have Medicaid as their insurance. Obviously this would save money; you would be cutting provider rates significantly as they would be getting Medicaid reimbursement rates. You also would be changing the benefits employees receive - it is important to remember that PEBB is an employee benefit that matters to workers and changing that benefit would impact the state's ability to recruit and retain workers.

PEBB has created lower cost options with narrower networks and coordinated care models and has been able to move 60% of members to those plans. Each year, more members reliably migrate to the lower cost plans. The move to a patient centered primary care model and a self-insurance model has saved \$180 million. The savings even allowed the state to take \$120 million from PEBB reserves last year to fund the budget because the system is saving money and containing costs.

We would also have major concerns for our rural members that already have access issues because this would add over 300,000 lives to the CCOs with no plans to deal with their current network adequacy.

We do have a more expensive statewide plan that maximizes individual choice. There are a variety of reasons why this plan makes the most sense to some of our members. There are some university employees that travel internationally as part of their work, sometimes living for extended periods outside of Oregon or the United States. The statewide PPO is really their only option. Additionally, there are many members that have children that are on their insurance but going to school outside of their home community or state. The statewide PPO is their only option. Moving to CCOs would eliminate this option for them.

Thank you for this opportunity.