

Oregon Educators Benefit Board

Friday, June 22, 2007 - 10:30 a.m. to 2:30 p.m. - Minutes
Fishbowl Conference Room / Department of Revenue
955 Center Street NE, Salem OR

| Board Members Present | |
|--|---|
| Michael Cannarella Mylia Christensen Richard Cooke Ron Gallinat Thomas Husted | Alison Little Steve McNannay Victor Musial Peter Tarzian Brett Yancey |
| OEBB Staff Present | |
| Denise Hall Jean Thorne Heidi Young | |
| Guests Present | |
| Tamara Strauss – SHS Mike Berry – Mercer Health | Janie McCollister - CIS Gordon Hobert - ODS |
| Agenda | |
| Welcome Overview of Meeting Discussion of Draft Timelines Organization and Budget Draft Proposed Temporary Rules Major Tasks & Decisions Possible Phase-in Schedules for Benefits Possible Models for Administration Identify Possible Review Committee Members for Consultant Proposals General Public Comment Other Business | |
| Welcome, Introductions and Overview | |
| Jean Thorne welcomed the new Board, asked the Board to introduce themselves and provided an overview of the meeting agenda. She noted that since the Board member terms do not begin until July 2 nd , today's meeting will be informational only. The Board cannot take any official action. | |
| Draft Timelines | |
| Jean Thorne provided a document outlining some of the major tasks that needed to be completed for OEBB to have the services up and running by October 1, 2008. The Board was asked to start at the implementation date (October 1, 2008) and work backwards. It was noted that not all school districts have healthcare contract start dates of 10/01. Some healthcare contracts begin 7/01 and some even 01/01. A survey on benefit plan years was completed three sessions ago. This survey was sent out to all the school districts and they should have answered the question of when their healthcare contracts began. This information may be out-of-date, but could be used to get an idea of what the districts are doing. Also discussed was the timeframe that would work for open enrollment. Jean suggested that it be from August 15 th through September 15 th . The Board said that historically they think that this timeframe has worked in the past. It was also stated that although open enrollment is important, the key to this being successful is the training that is provided to the benefit staff about the new plans and how to get through open enrollment. A communications plan will be essential to this implementation. Also, there is going to have to be some time after the plans are finalized for the negotiations and dissemination of information. Most of the Board agreed that the dates of August 15 th through | |

September 15th would work for the schools. It was suggested that instead of specifying the end date as September 15th, districts could be allowed the flexibility to offer open enrollment up to 10 or 15 days prior to their payroll cutoff. Moving back through the timeline again, Jean asked whether anyone in the districts is available for training during the summer months. It was reported that the vast majority of the districts are virtually empty in July. June would be a better time to do training. The second part of June and beginning around the 10th of August people start work and might be the best time to reach most people for training. It might work out well to offer the districts a choice of when training can happen. Teleconferencing might be another option to give people for training.

Jean asked the group if the information on the plans were available and finalized (vendors, costs, etc...) no later than May 15th, would it give schools enough time to work with employees and unions. Having the plan and rate information available earlier would be better, but the Board agreed that it would be enough time.

Jean noted that the timelines provide only three months for reviewing and making decisions on the numerous RFPs that will be necessary (beginning February 15th). Further discussion covered the fact that it would be a very short timeline, and difficult to do, however, there is not any more time than that considering the October 1st deadline. This will require the use of review committees. Review committees can include Board members, OEGB staff and individuals from the districts. This could serve many purposes, distribution of workload, better buy-in and inclusion of people with direct knowledge of the topics.

The RFP's will need to be open for about six weeks (the timeline shows them opening in December). OEGB will need a week or so to make sure they are complete and responsive, and there is a protest period. This should allow proposals to be ready for review the first part of February.

Developing the RFP requirements will be a lot of work. District phase-in, eligibility requirements and plan design must be decided before this process can be completed. District phase-in questions are being reviewed by Department of Justice at this time. In a discussion about eligibility requirements, it was noted that part of what needs to be done is to identify those non-standard eligibility issues.

The Board also needs to decide on an administrative model. Some options include contracting with a third-party administrator (TPA), contracting with carriers, or administering the program internally. Further discussion of the administrative model was deferred to that agenda item.

Organization and Budget

Jean Thorne referred to attachments 2 and 3. The discussion reviewed the organization structure (attachment 2) and reviewed the priority of each position. Jean also gave an overview of each position. Attachment 3 is the Budget Report and Measure Summary. Jean noted that because the Public Employees' Benefit Board (PEBB) and OEGB are combined under the Department of Administrative Services (DAS), there are some things that were done on the PEBB side that show up on the report as well. The General Fund for this actually goes to the Department of Education. DAS has an interagency agreement with the Department of Education and OEGB receives the funding as Other Funds.

The Board has the authority to set a percentage of the premium, up to 2% of the premium cost, to support administration. Jean provided PEBB's administrative fee as an example. PEBB and OEGB staffing are comparable. PEBB's administrative fee has been at 0.6% for a number of years. Jean also pointed out that the last sentence under Summary of Revenue Changes, on page 3 of 4 of the Budget Report, requires that prior to June 30, 2011, the OEGB will reimburse all General Fund and any PEBB revenues used to support the OEGB. There were some additional positions in PEBB that were part of this. The Board will need to build in additional

money into the assessment fee to be used to pay back the General Fund start-up costs, plus the additional costs to PEBB. The proposed budget for OEGB was \$1.5 million more than the General Fund provided. The Ways and Means Committee didn't cut the \$1.5 million out of the budget, it identified that this might or might not be needed and directed the OEGB to return to the legislature to request the authority to spend the \$1.5 million once the benefits begin.

Draft Proposed Temporary Rules

Denise Hall explained that once the Board is official, it can file temporary rules effective on the date filed. Temporary rules can remain in effect for up to 180 days. Temporary rules will allow the Board to start making decisions, especially important for moving forward in its efforts to select and enter into a contract for consulting services. The OEGB should file temporary rules in the three divisions provided as attachments (Divisions 1, 2 and 5). Division 1 rules are the procedural rules. The language is typical of boards with rulemaking authority. Current PEBB rules were used as a starting point and other boards' rules were reviewed to ensure consistency. Division 2 is also consistent with those PEBB is using now and consistent with the Board's authority under SB 426. Division 5 are the procurement and contracting rules. Current PEBB rules were used as a starting point -- OEGB has the same contracting authority as the PEBB Board does at this time. The Board was asked to review the drafts and return comments to Denise before the July 10 Board meeting. Denise will add the comments and prepare the rules for approval at the next Board meeting. This will allow the rules to be filed early in July and the Board can proceed with the consultant selection process.

Major Tasks / Decisions

Jean Thorne asked the group to begin thinking of what might be missing under the Major Tasks/Decisions document and what kinds of information does the Board need in order to make these types of decisions? The tasks/decisions coming up are:

- Adopting the Board Procedural Rules
- Adopting the Contract and Procurement Rules
- Selecting a Chair and Vice Chair
- Selecting a consultant
- Determining eligibility for coverage
- Determining the model for administration
- Clarify the phase-in schedule for districts
- Determine the phase in schedule for benefits
- Determine the plan designs to include RFP's
- Determine quality or administrative requirements or preferences

The Board then added items they thought were missing:

- Communications Plan
- Meeting schedules
- Committee Structure
- Board Operating Agreement
- Role with own constituents
- Ongoing interactive website which would allow for questions from the public
- Review of current benefits (size, characteristics, population, understanding how it is currently set up)
- Definitions of comparability (would need a review of current plans)
- Creating an opportunity for stakeholders and interested parties to bring their concerns to the table (OSBA, School Districts, Employees)
- Invite the Superintendents, Financial Officers and perhaps the HR Managers to express their concerns (This needs to be structured appropriately so as to not open a public debate on the value of SB 436)
- To what extent does the Board want to delegate decisions to consultants or carriers

The Board discussed creating opportunities for stakeholders and interested parties to bring their concerns to the table. It was suggested by Jean that some of the Board members work with Denise to craft a plan. Communications should be interactive and forums should be used.

Everyone discussed and agreed that during a future Board meeting we should allot an hour or so at the end for the public to bring forward their questions and concerns. The use of surveys to gather information on concerns and questions was discussed. Survey Monkey was mentioned as a possible vehicle to collect information. The importance of telling everyone that they will have multiple opportunities to express their concerns and opinions was emphasized. A possible starting place could be sending a questionnaire or survey out to an initial group (whether it's superintendents, interested parties or associations, that will need to be decided) asking them what are their initial concerns about implementing this bill. Then narrowing the questions down (survey monkey would work well here) and coming up with options. It was noted that ODE has listservs that contain contacts for schools that could be used. Having a listing of all the big conferences could allow OEGB to be available for them.

The final overview of this conversation found the Board agreeing that soliciting input from superintendents/business officers about what their implementation or operational concerns are should be step #1, with additional opportunities for input. Specific questions should be developed. Denise will work with Board members to develop those questions.

Jean brought up the vision statement of PEBB and gave a brief explanation of what PEBB has done. She would like to go over that information in more detail at another time.

Phase In Schedules for Benefits

Denise Hall reported that DOJ was still working on the draft advice relating to the district phase-in questions. It appears the Board may have some flexibility on the coverage start dates for life, disability, supplemental medical and other types of "optional" benefits and offering these types of benefits plans may not be mandatory. If OEGB offers optional benefits, school districts cannot offer those benefits on their own. Denise asked the group to provide contacts in districts to discuss the impacts that decisions relating to offering optional benefits would have. It was suggested to use the listservs maintained by ODE because the business managers would know that.

There are three things to ask at this point:

1. The landscape – Who is buying what from whom?
2. Expedited contracting processes? (need from DOJ)
3. When the consultant comes on, how hard would it be to go through an additional RFP?

Possible Models for Administration

Denise Hall discussed possible options for handling the administrative requirements (in terms of processing of enrollment, eligibility, premium payments) the Board may want to consider. It was agreed that this should be looked at using a workgroup. The workgroup could include Board members, OEGB staff, OEA Choice, OSBA Trust, OSEA Trust and district representatives who would like to participate in the workgroup. One option is to clone the PEBB system and make changes necessary to fit the needs of school districts. This would provide online enrollment and electronic reporting. Another option is to contract with a third party administrator (TPA) for this service. There may be an option of having carriers provide that as part of their contract. The focus of this workgroup would be to review the options and prepare a recommendation for the Board to consider. The Board expressed interest in having PEBB do a presentation to show how the PEBB system works.

Identify possible Review Committee Members for Consultant Proposals

Denise Hall needs to identify Board members and other entities with experience working through

RFP processes, including reviewing proposals, who would like to participate in the consultant services proposal review process. The proposals will be in by July 2nd. The PEBB Contracts Officer will review the proposals for responsiveness. Proposer interviews and presentations are tentatively scheduled for July 12th. After that, the selection committee participants would have from the 12th through the 22nd to score the proposals. Individual selection committee scores will be sent in to the OEBC staff on the 23rd of July. Those would be combined into the final score. A conference call Board meeting to approve the Apparent Successful Proposer (ASP) is proposed for on or around the 25th of July. Board members that offered to participate are Ron Gallinant, Steve McNannay and Victor Musial. Jean asked the group if they had any ideas of who might also be a good one to participate in this process. The Board then brought up that they would like to all have the opportunity to interact with the proposers because it is such an important decision. Jean offered to have the Board members sit in on the presentations and interviews. There was a brief discussion on the scoring criteria. There are 340 points associated with the Insurance Plan Services Questionnaire. Denise will send out the full RFP electronically to all Board members.

Public Comments

There were no public comments.

Possible Agenda Items for July 12, 2007

- Discussion of the ground rules and values that we want to bring to this board
- Approval of the temporary procedural and procurement and contracting rules
- Discussion of the draft advice from DOJ could occur in an executive session by starting the July 10 Board meeting at 9:30

Meeting Adjourned