



**Service Employees International Union – Oregon State Council**  
6401 SE Foster ▪ Portland, OR 97206

March 14th, 2019

Chair Monnes Anderson, Vice Chair Linthicum, members of the committee,

Thank you for the opportunity to testify today. For the record, my name is Courtney Graham, testifying on behalf of SEIU Oregon State Council. On behalf of the more than 80,000 public and private sector workers represented by SEIU local 49 and 503, we are here to speak about Senate Bill 780.

SEIU appreciates the work of SB 780's sponsors, and is open to conversations about ways to increase quality of care for PEBB and OEGB members which also produce cost savings. However we are not sure a vehicle like SB 780 is the best direction to go in for these changes.

To provide some context, for nearly a decade, SEIU has worked with the state, OHA and the Governor's office to make significant changes to PEBB. In 2010, PEBB switched from a fully-insured model to a self-insured model for its largest plans. Moving to self insurance saved PEBB about \$180 million, according to PEBB staff, and has allowed for sustainable increases in health care costs.

Also in 2011, PEBB made a number of major changes in the way it insures itself, in an effort to reduce cost growth, while also improving employee health and the quality of care. These changes, which were effective with the 2012 plan year, included creating the Health Engagement Model, which was meant to encourage members to maintain better health care behaviors and habits, starting employee premium shares, and adopting a number of plan design changes, some of which were evidence-based changes intended to steer employee to lower-cost treatment alternatives and to eliminate barriers to more cost-effective care options, and some of which shifted costs to employees.

Since making those changes in 2011, PEBB has continued to innovate to try to encourage people to make evidence-based health care decisions and to choose the lower cost plan options. For instance, the premium share is smaller for the lower cost plans to encourage participation in those plans and over half of PEBB members now use the lower cost plans because of the changes. If PEBB members joined into CCOs many of these changes and subtleties to the plans, which have saved the state money, would go away.

As recently as this year, PEBB has been engaged in conversations about aligning with the goals of CCO 2.0, including: increasing value and paying for performance and maintaining sustainable cost growth. The board is considering recommendations to move more plans to accountable care models, and to continue to encourage members to enroll in those lower-cost plans.

While SEIU would be interested in discussing the idea of PEBB and OEGB paying Medicaid rates as a way to increase quality of care for patients and save money, there are critical issues which make this difficult. For example, members in rural Oregon already experience issues accessing the care they need, due to a lack of providers.

Much of the important work we have done on PEBB and OEGB could not have been done without some of the sponsors of SB 780. While we believe there may be more productive areas to look for possible savings, we appreciate this discussion and look forward to continuing to work with the Committee on ways to improve health for public employees and ultimately for all Oregonians.

Thank you for your time.