



March 19, 2019

The Honorable Andrea Salinas, Chair
House Committee on Health Care

RE: Support for HB 3075

Dear Chair Salinas and Committee Members,

We are writing today on behalf of Moda Health Plan to express our support for **HB 3075**. As a Health Care Service Contractor, Moda Health Plan provides benefits for over 300,000 Oregonians, including state teachers in the OEGB population and state employees in the PEBB population. In this capacity, we are asked to deliver on the triple aim of helping ensure the delivery of better care, better health and lower costs.

Background on the issue of Double Coverage

In 2017 the Oregon Legislature passed SB 1067. This bill requires that OEGB and PEBB members can only have one OEGB or PEBB coverage. Members are not able to double cover themselves or family members on an OEGB or PEBB plan. This only applies to OEGB and PEBB coverage. Members can have double coverage if the other coverage is a non-OEGB or non-PEBB plan. For example, a member can have OEGB coverage through their employment and other commercial coverage through their spouse's employment. This applies to all members of the plan, including children. This elimination of double coverage becomes effective on Oct. 1, 2019 for OEGB and Jan. 1, 2020 for PEBB.

Background on the issue of Opt Outs

SB 1067 also states that entities cannot be paid the employer contribution for declining coverage if they are enrolled on an OEGB or PEBB plan. We have heard some differing opinions on what this means. Some entities believe they can still contribute into an HRA for members who decline coverage. Others believe they can give an incentive amount that is less than the entity cap for



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members who decline coverage. This becomes effective for OEGB on Oct. 1, 2019 and for PEBB on Jan. 1, 2020.

OEGB and PEBB are currently working on writing rules for the provisions relating to double coverage and opt outs.

Economic considerations that support Double Coverage and Opt Out payments

First, double coverage and opt out restrictions actually increase many OEGB and PEBB premiums.

OEGB Cost – Double Coverage and Opt Out:

- The provisions restricting double coverage and Opt Out will **increase** the OEGB premiums.
 - Estimates reported by Willis Towers Watson at the September 4, 2018 OEGB Board meeting show the impact for the double coverage restriction will be an increase of 1.5% to 2.0% to OEGB premiums for the 2019-2020 plan year.
 - OEGB will avoid about \$3 million in claims expenses but will collect about \$12 million less in premiums.

PEBB Cost – Double Coverage and Opt Out:

- As presented at the October 16, 2018 PEBB Board meeting, Mercer projects the double coverage and opt out restriction to **increase** PEBB costs by as much as \$5.5 million.
 - Mercer projects that most members who are currently opting out of PEBB coverage will choose to take coverage if there is no incentive for opting out. This is based on the fact that there is very little member share for PEBB plans.
 - Since PEBB has a richer benefit, Mercer projects that the 650 OEGB employees that are a spouse or domestic partner on a PEBB plan, will drop their primary OEGB coverage and become primary on PEBB coverage. Mercer estimates that half of PEBB dependents that also have OEGB coverage will become primary on the PEBB plan

Second, putting restrictions on employee benefits will increase costs for members:

1. Members who had double coverage will see increases in their out of pocket costs for medical care.
2. Members who received opt incentives to help cover the cost of their healthcare will no longer receive those additional benefits.

Thank you for the opportunity to appear before you. We are happy to answer any questions.

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