Oregon Health Authority
Public Employees' Benefit Board
Oregon Educators Benefit Board

Presented to
Joint Ways & Means Subcommittee on Human Services
March 21, 2023

Robert Young, Chair, OEBB Board
Siobhan Martin, Chair, PEBB Board
Ali Hassoun, PEBB and OEBB Director

OREGON HEALTH AUTHORITY
Public Health Division

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Why PEBB and OEBB

What PEBB and OEBB Do

Strategies and Successes

Challenges

Proposed Budget

Value of PEBB and OEBB

Large Group Pooling: Bigger is Better!

- Spreading fixed costs across more individuals
- Allows for greater rate stability over time
- Wields greater purchasing power
- Size can drive marketplace change!

Advancing Oregon's Health System Transformation

- Between PEBB, OEBB, the Marketplace, and Oregon Health Plan, the state covers nearly 40% of all Oregonians
- Together, we leverage our market power to help advance Oregon's vision for the health system

Eliminate health inequities
in Oregon by 2030

1. Better health
2. Better care
3. Lower costs

Improving Health for our Members

PEBB & OEBB members are more likely than Oregonians overall to rate their health as “excellent or very good”

Board Vision Statements

We seek optimal health for our members through a system-of-care that is patient-centered, focused on wellness, coordinated, efficient, effective, accessible and affordable.

OEBB will work collaboratively with participating entities, members, carriers and providers to offer value-added benefit plans that support improvement in members health status hold carriers and providers accountable for outcomes and provide affordable benefits and services.

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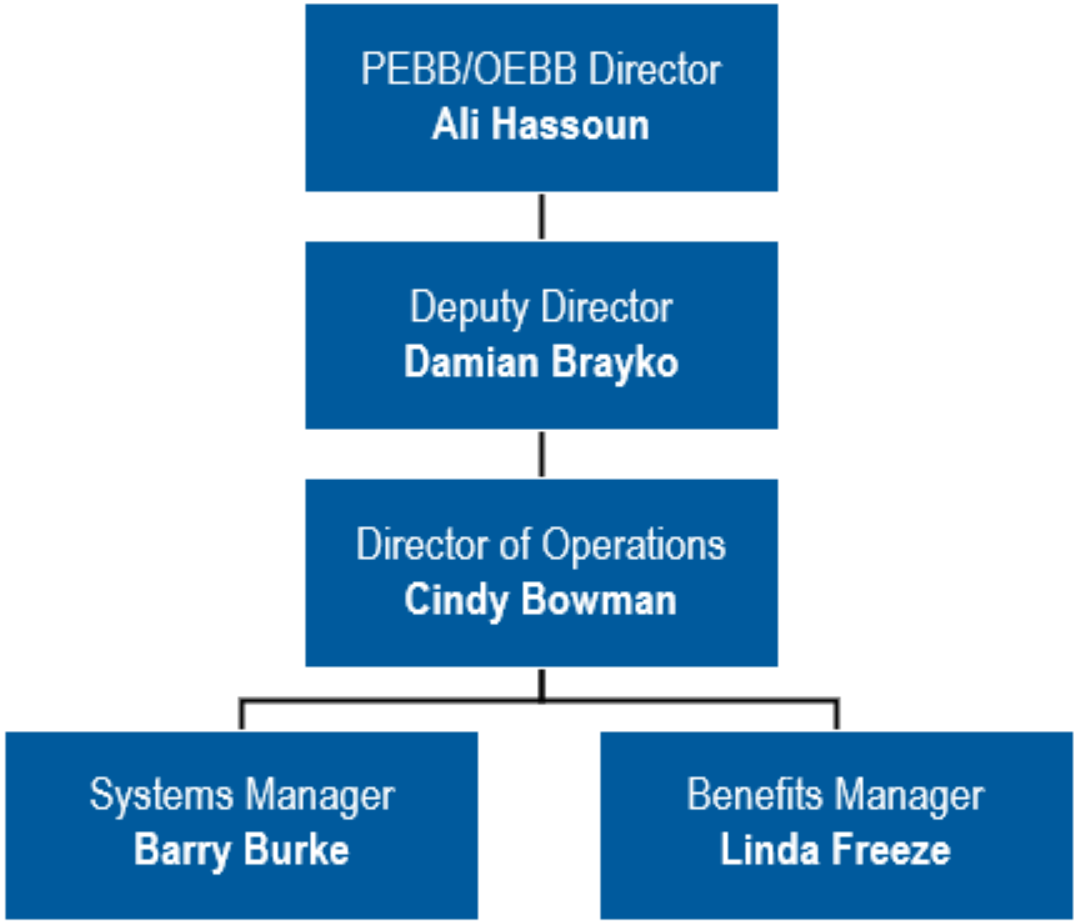
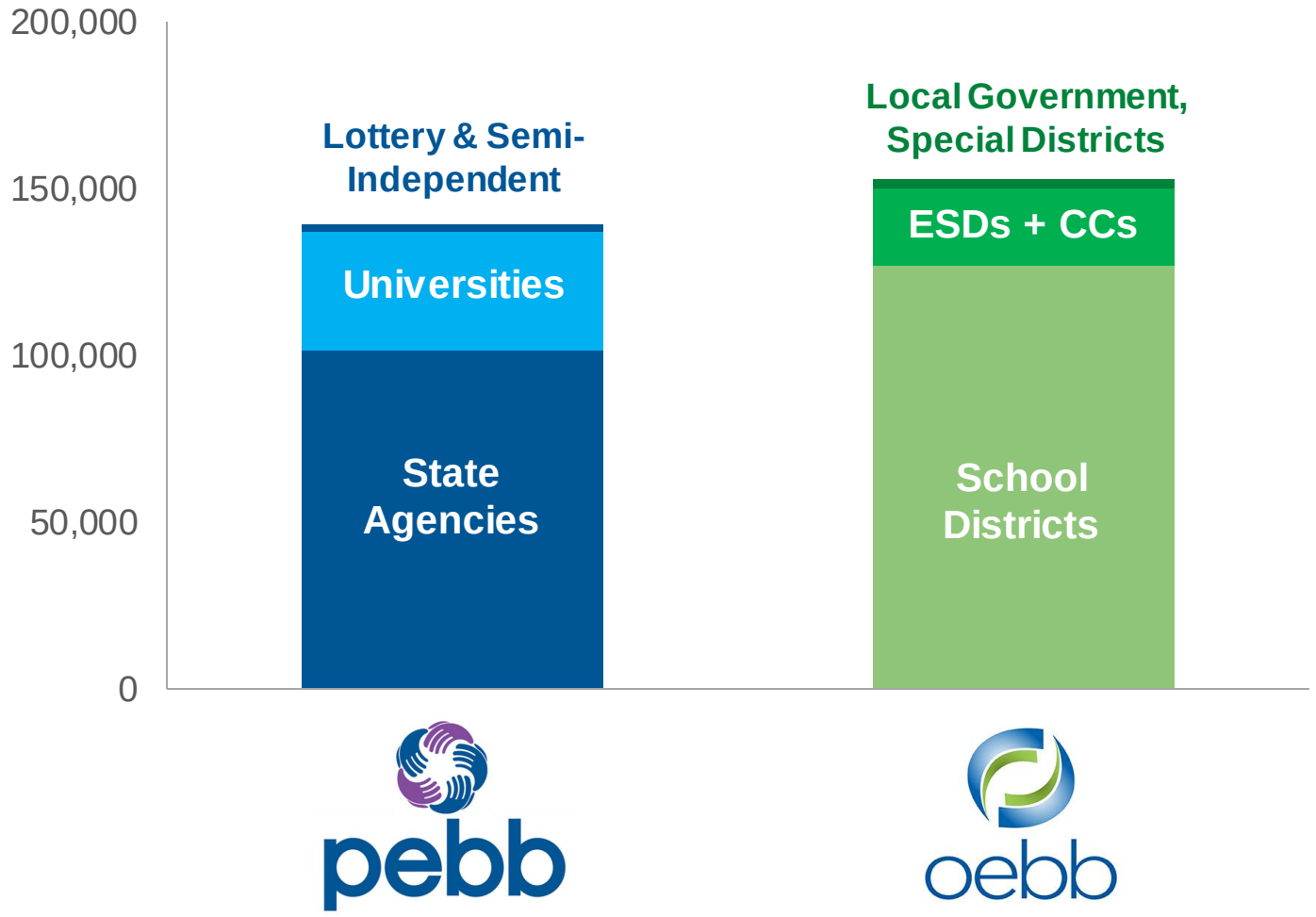
PEBB and OEBB Board Members

PEBB Board members	OEBB Board members
Siobhan Martin, Board Chair	Robert Young, Board Chair
Dawn Mautner, MD, Vice Chair	Jonian ‘JJ’ Scofield, Vice Chair
Andria Fultz	Bonnie Luisi
Chiqui Flowers	Enrique Farrera
Greg Clouser	Geoff Brown
Kate Nass	Michelle DuBarry
Kimberly Hendricks	Robert ‘Bob’ Stewart
Shaun Parkman	Susan Miller
Representative Rob Nosse	Susan Rieke-Smith
SENATE VACANCY	Tom Syltebo, MD
	William ‘Bill’ Graupp
	VACANT

PEBB and OEBB Organizational Chart



Serve Nearly 300,000 Oregonians



Oregon Health Authority

	pebb	oebb
Plan Year	January 1—December 31	October 1—September 30
Employers	100+ state agencies, universities, state lottery, semi-independent agencies	250+ school districts, community colleges, education service districts, counties
Member Enrollment	57,853 employees/subscribers, 140,876 total lives covered	68,691 employees/subscribers, 147,071 total lives covered
Employer Contribution	Agencies pay 95% or 99%, and universities pay 95% or 97%, depending on plan choice	Each employer determines contribution amount
Plan Offerings	IRS Section 125 Cafeteria Plan—all employers must offer all plans to all employees	Operates like an "Exchange of Plans" - each employer can choose to offer a subset of plans, or all plans, to employees

Leaning In: Health Equity in 2023

- **The Process:** Since 2020, the boards have been exploring strategies to center their policy work around health equity, aligning with the Oregon Health Policy Board
- **Education:** Board members attended retreats focused on learning about health disparities, health equity, and related concepts in order to define and address the issue of how they can eliminate inequities
- **Framework:** The Boards have established a joint Health Equity Workgroup to examine health equity in their policies, benefits and administrative processes
- **Tools:** Consultants have developed a specialized tool to facilitate evaluating health equity in potential benefit changes at an in-depth level
- **Goals:** For the boards to consider all policy and operational decisions by leading with health equity and to create and maintain a diverse board composition

PEBB and OEBB Benefits

- Core Benefits
- Optional Benefits
- Wellness Initiatives

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Cost Containment Directives & Initiatives

SB 1067 (2017)

- Legislative Cost Containment Directives
  - 3.4% Cost Caps
  - Double Coverage Surcharge
  - 200% of Medicare Hospital Payment Cap
  - Continuous eligibility verification of dependents
  - Administrative Merger

Joint PEBB/OEBB Innovation Workgroup

- Leveraging Joint data - Recommends approaches to the Boards for increasing quality of care, member experience and cost containment
- Areas examined have included deep analysis of program cost drivers, performance metrics, and value-based payments
- Long-term sustainability modeling

Cost Containment Directives & Initiatives

Strategies on Evidence and Outcomes Workgroup – Joint Work

- In-depth study of benefit and program effectiveness
- Driving towards uniform performance metrics across PEBB & OEBB

Health Equity Workgroup – Joint Work

- In-depth analysis of new and existing benefits, exclusions, and policies to ensure we better serve those who have historically experienced health inequities

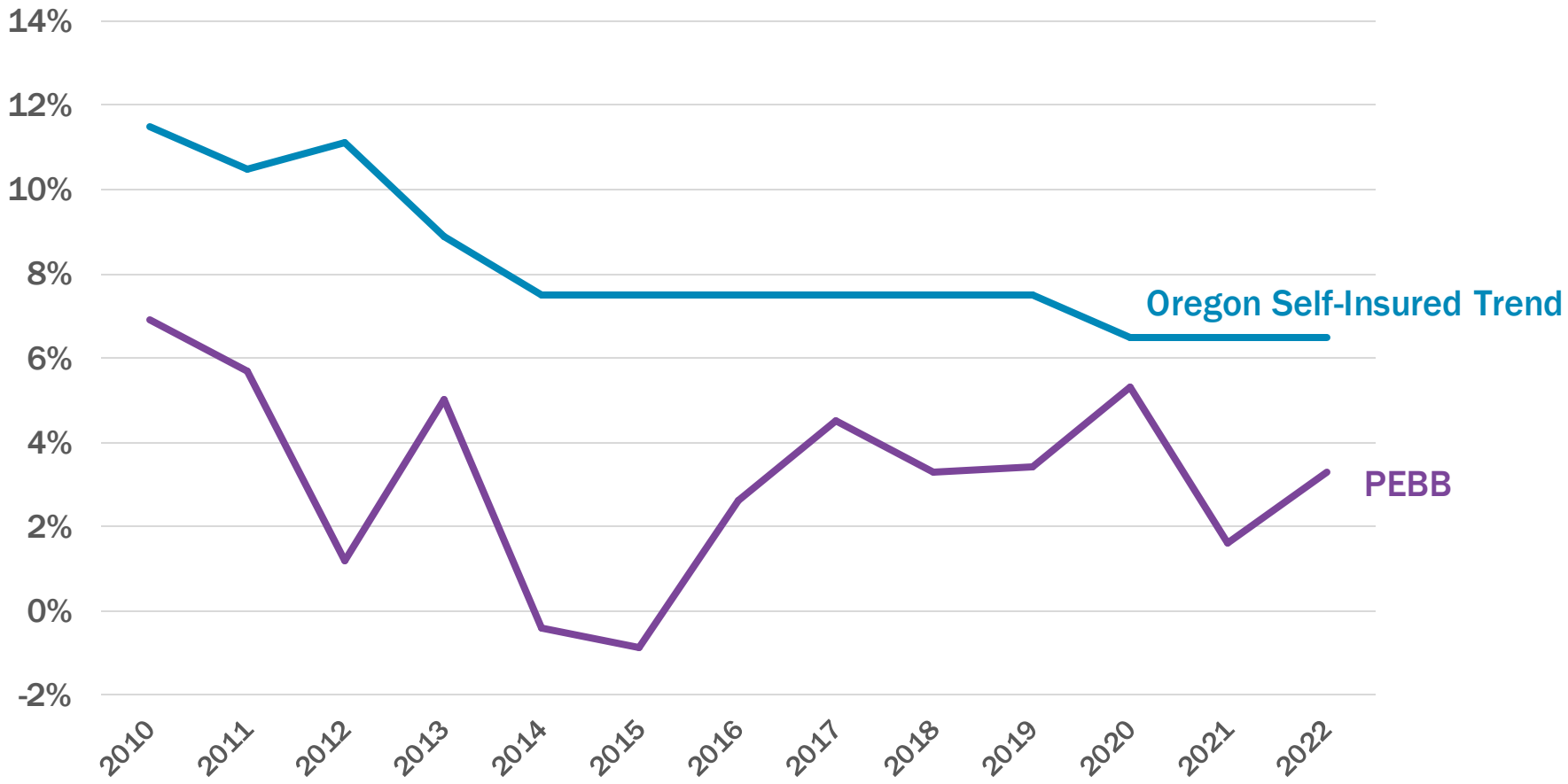
Leveraging Administrative Efficiencies

- Joint procurements with independent decision making for the Boards
- Single actuarial consulting firm for both Boards
- Implementing single Benefits Administration System

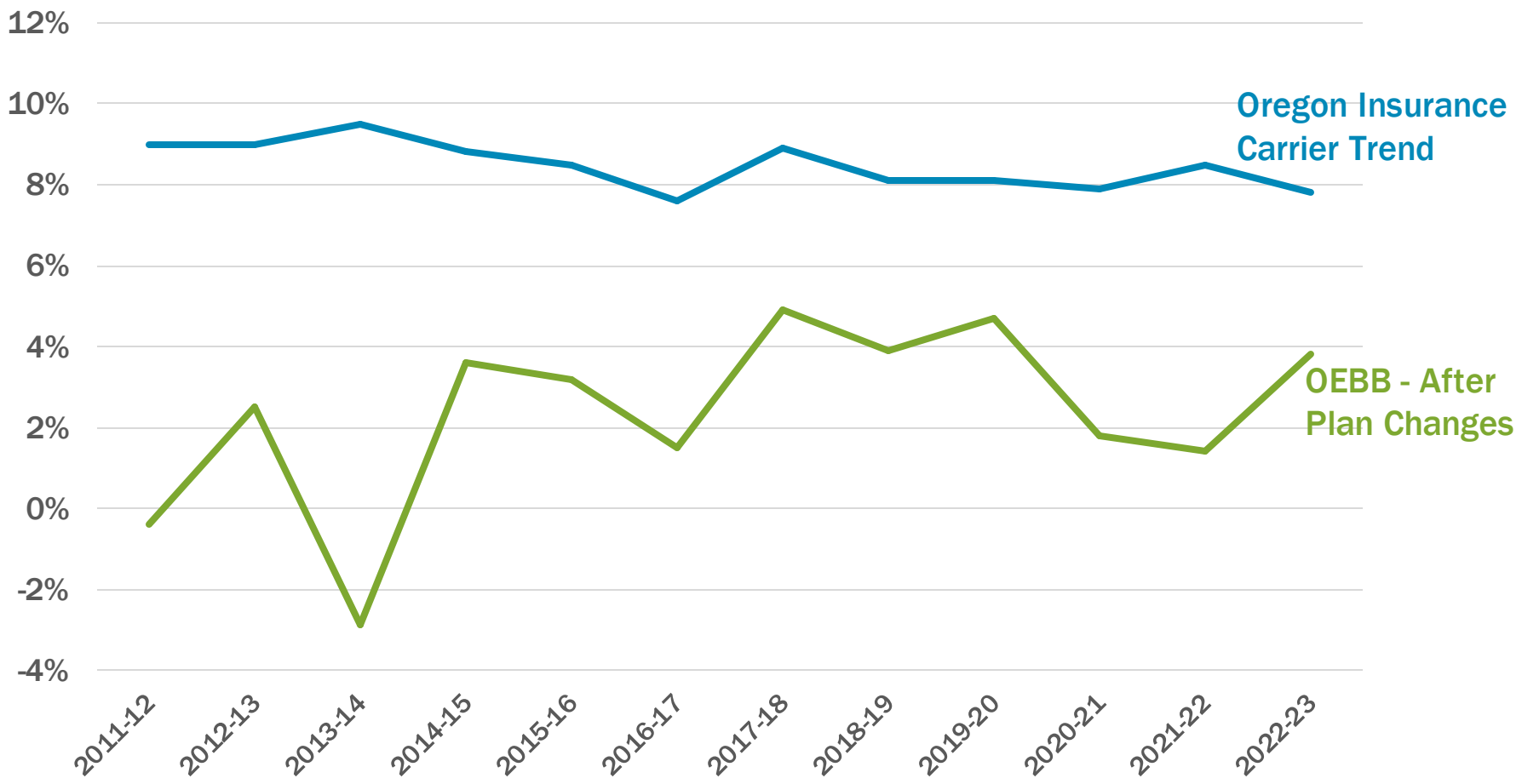
Accelerating VBP Adoption Across Markets

	OEBB	PEBB	CCO
Infrastructure payments	✓	✓	✓
Pay for reporting	✓	✓	✓
Pay for performance	✓	✓	✓
Shared savings with upside risk	✓	✓	✓
Shared savings upside and downside risk	✓	✓	✓
Condition-specific population-based payment			✓
Comprehensive population-based payment	✓	✓	✓
Integrated finance and delivery system	✓	✓	✓

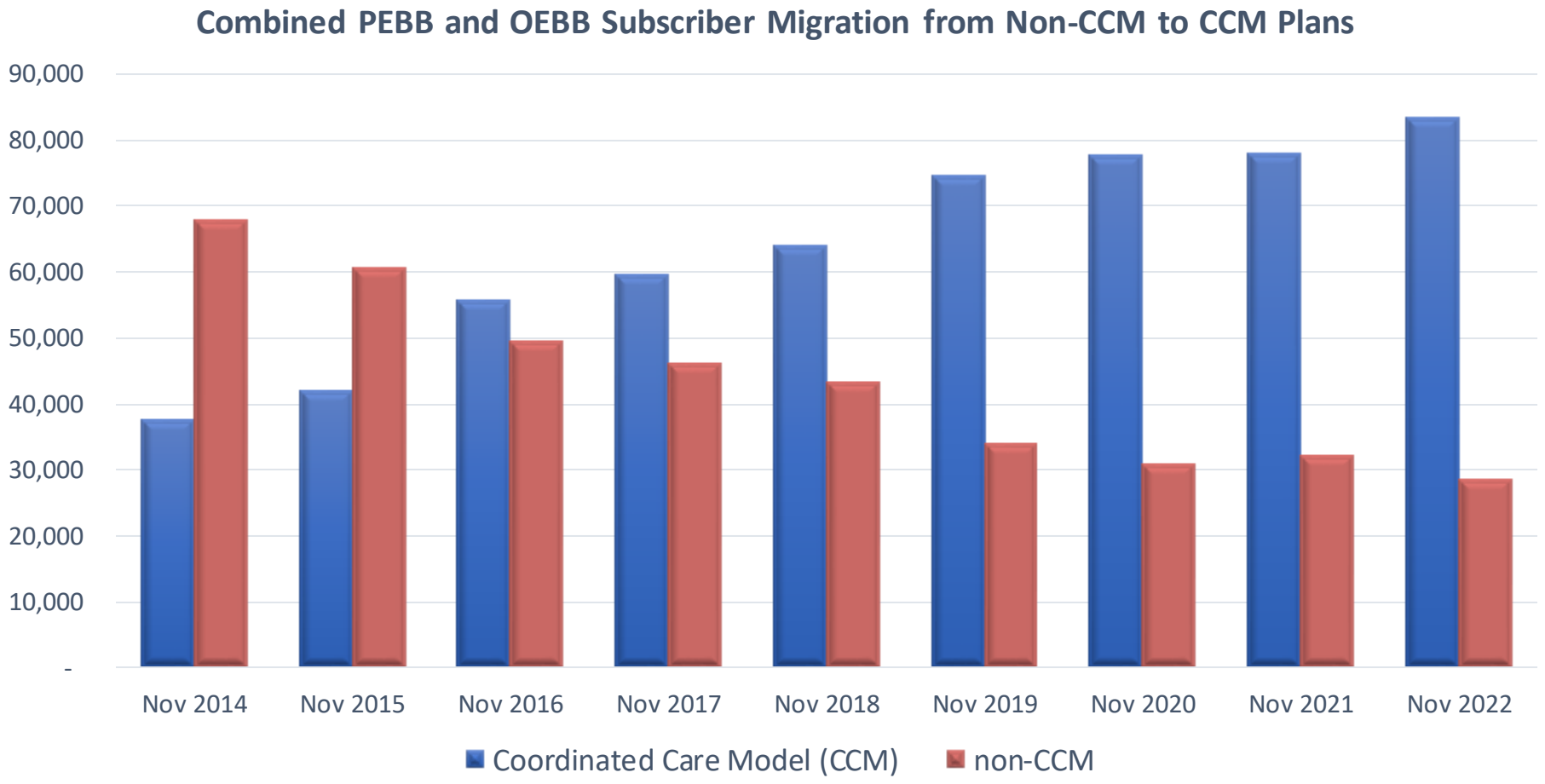
PEBB Remaining Well Under 3.4% Cost Cap



OEBB Remaining Well Under 3.4% Cost Cap



Enhancing Quality Through Coordinated Care Model



Connecting With Our Communities

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Prioritizing Service to Our Members

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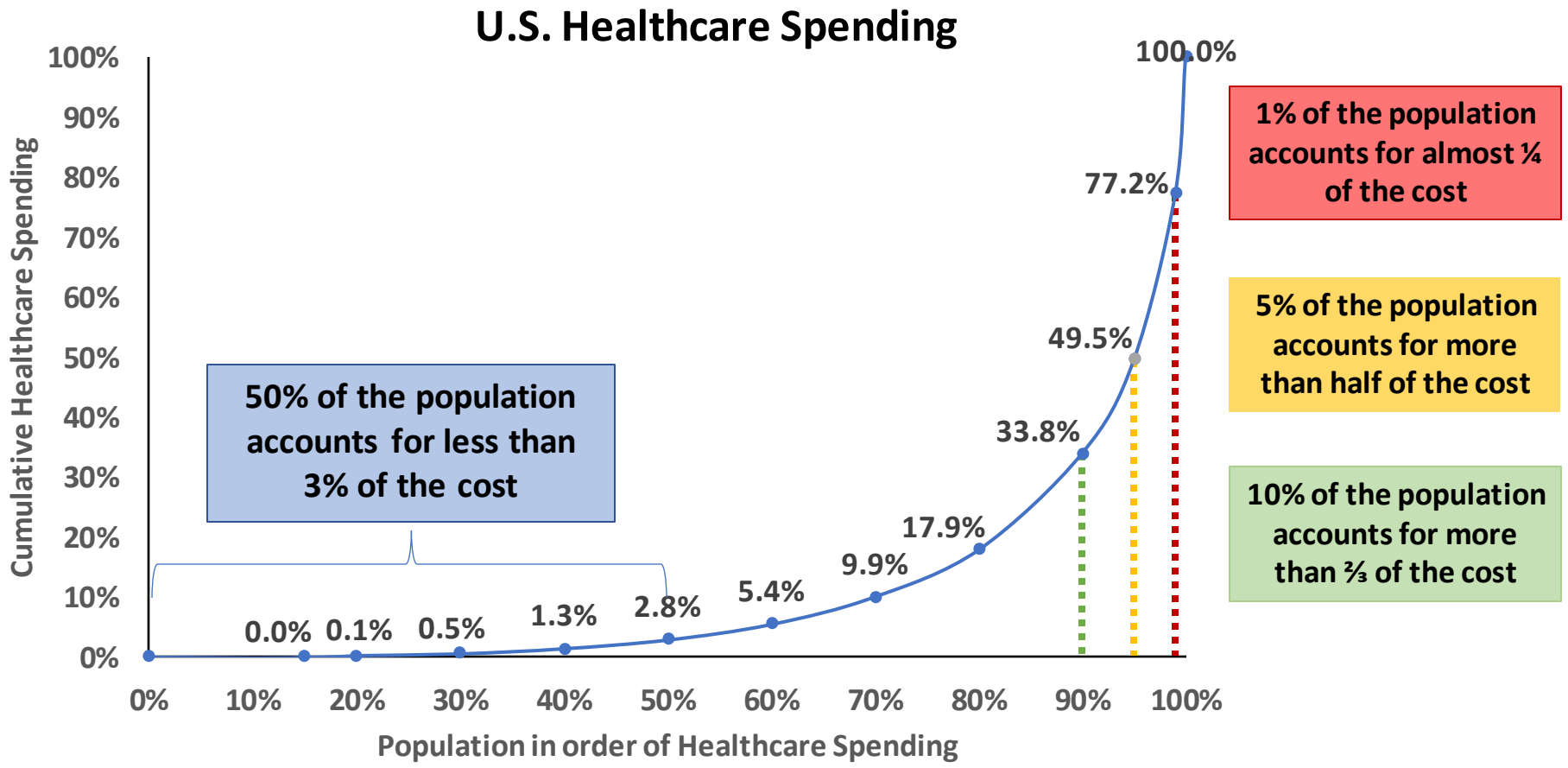
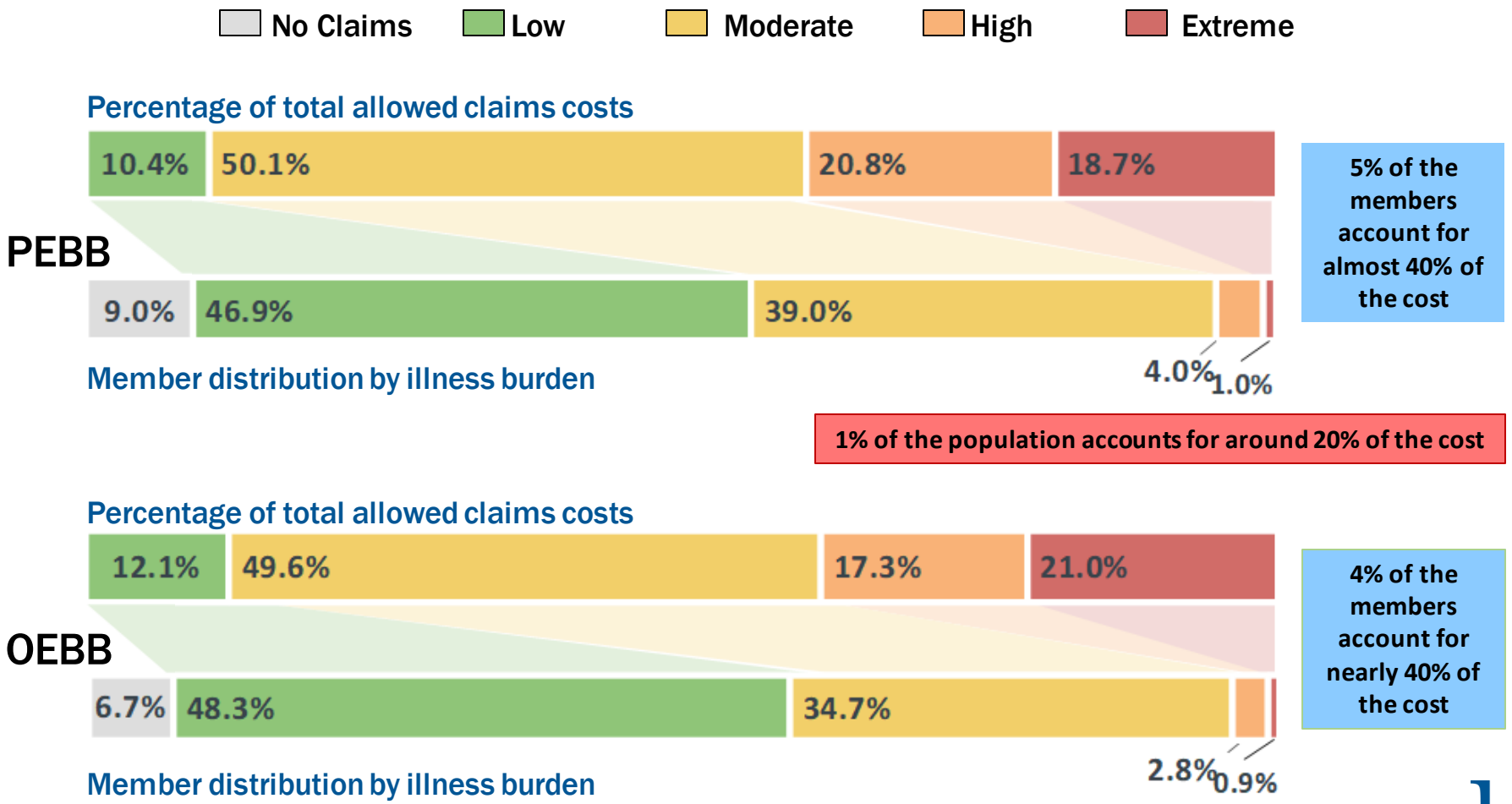
The Cost of Health Care



The Cost of Health Care



Maintaining Sustainable Budget Growth Under 3.4%

ORS 243.135 (8)

- (a) The board shall use payment methodologies in self-insured health benefit plans offered by the board that are designed to **limit the growth in per-member expenditures** for health services to no more than 3.4 percent per year.
- (b) The board shall adopt policies and practices designed to **limit the annual increase in premium amounts** paid for contracted health benefit plans to 3.4 percent.

How Do We Approach Innovation

Pay Less for Services

- Favorable contracted rates via health plans or vendor contract terms
- Site-neutral payment
- Steerage, such as Centers of Excellence and narrow networks
- Implement reference-based pricing, usually based on Medicare fee schedule
- Conduct request for proposals (RFPs)

Pay for Fewer Services

- Avoid non value-add services, e.g., the Waste Calculator and Choosing Wisely
- Avoid service duplication
- Implement efficient bundles
- Increase scrutiny for fraud, waste, and abuse detection and avoidance
- Increase focus with prior authorization and medical management

Need Fewer Services

- Effective programs to support healthy behaviors and resiliency
- Decreasing risk factors for disease and injury
- Early identification of health conditions
- Maximize chronic condition management
- Proactive population health management
- Systematic implementation of evidence-based clinical guidelines

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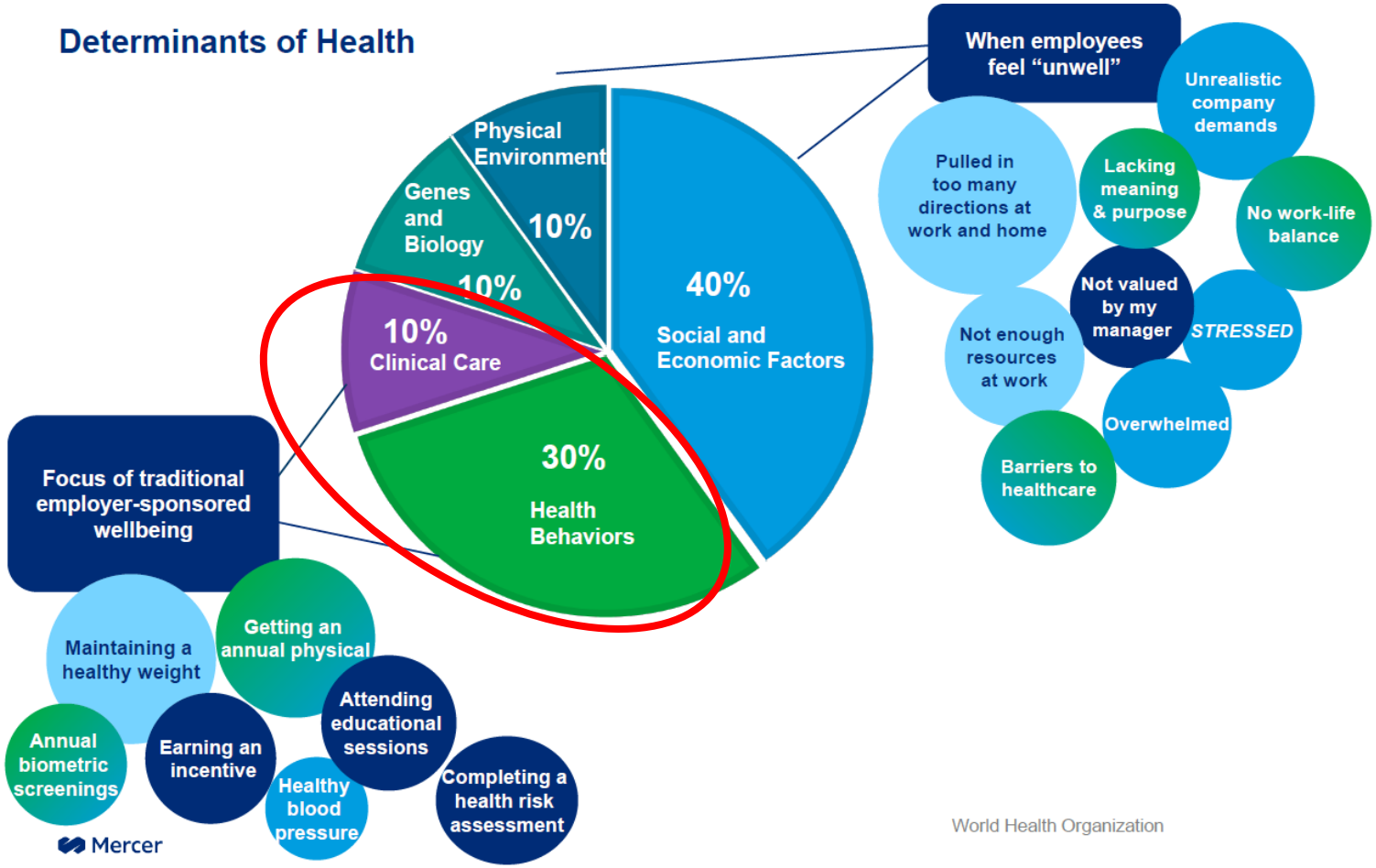
Factors That Determine Health



The conditions in which people are born, grow, work, live, and age can be health promoting or damaging

Short-term Challenges and Actions

- Meet 3.4% annual renewal target despite inflation and COVID-19 utilization bounce-back
- Maintain and strengthen benefits to attract and retain workers and not exacerbate any workforce crises
- Advance virtual health care in all benefit offerings
- Tentative plans for release of Medical RFP in 2023, followed by a Wellness RFP in 2025
- Continued advancement of Member Advocacy programs
- Phased introduction of a statewide Centers of Excellence Program to improve outcomes and reduce readmission cost

Long-term Challenge: Building a Sustainable System

- Find the pathway to a more integrated high-performing health plan model
- Explore ways to influence the health behaviors of our members
- Improve payment methods and incentives for health care providers
- Align with SB 889 Committee
- Framework:
  - Advocacy-based member experience
  - Medicare linked payments
  - Quality-based Provider reimbursement
  - Global Budget guarantee

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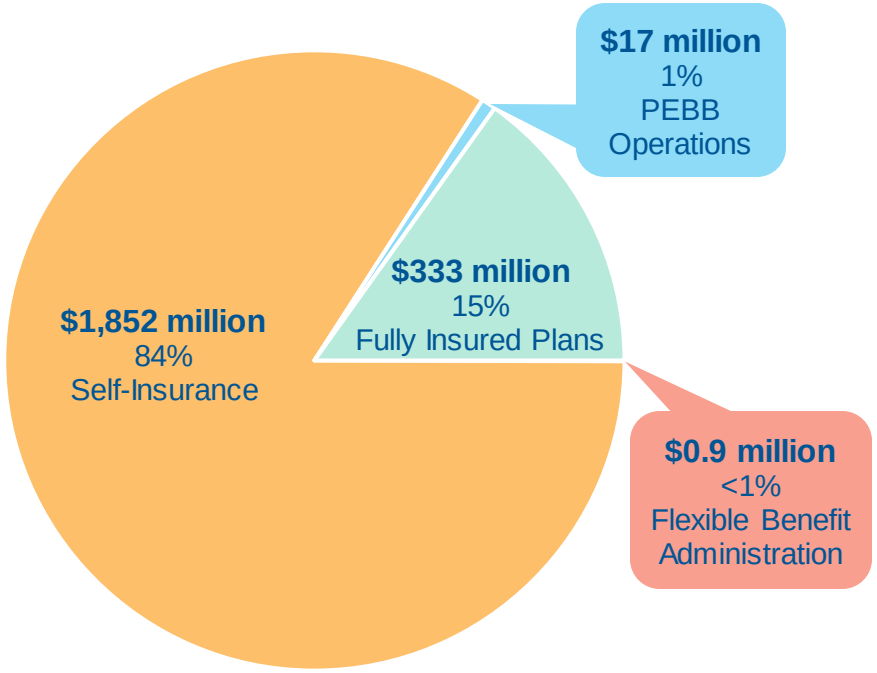
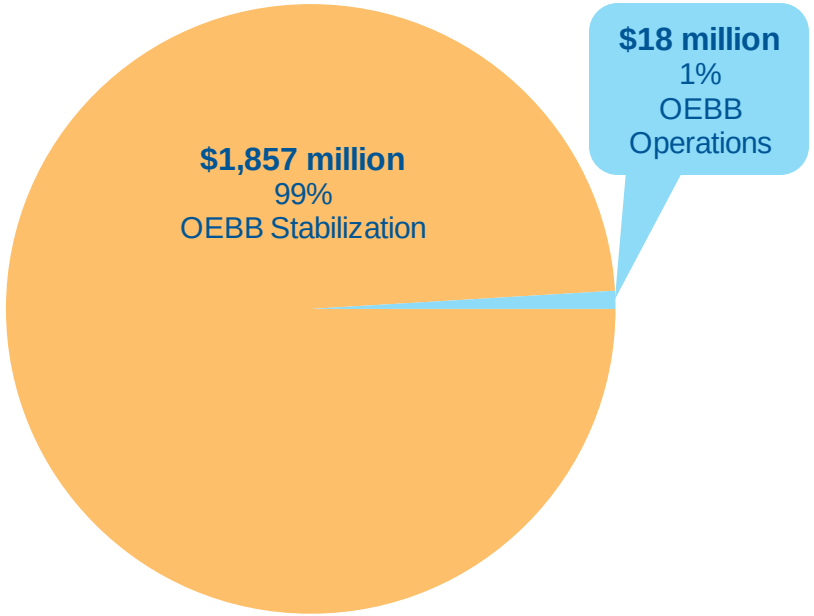
2023-2025 Governor's Budget

- By program

Public Employees' Benefit Board by Program
$2,312 million Total Funds



Oregon Educators Benefit Board by Program
$1,875 million Total Funds



2023-2025 Governor's Budget

- By fund

Public Employees' Benefit Board by Program
$2,488 million Total Funds

Oregon Educators Benefit Board by Program
$1,994 million Total Funds

POP 435: PEBB/OEBB Benefits Management System Replacement Project

- Integrates the administration and support of the two systems, with improved user experience and customer care, into a single platform to meet the legislative direction provided under SB 1067 (2017)
- Current separate benefit management systems (BMS) used by OEBB and PEBB no longer support all current business needs
  - Both systems are at the end of their lifecycles and continue to be supported with obsolete technologies
- Addresses security vulnerabilities and provides greater functionality and capability to further automate and streamline essential business processes

	General Fund	Total Funds	Positions
POP 435	$0	$6.6M	3

POP 438: Affordable Care Act (ACA) Employer Reporting

- In 2014, PEBB took responsibility for ACA reporting, as it was viewed as an enrollment report
- As details emerged on the reporting specifics, the focus shifted from enrollments to hours worked and subsequent offers of coverage
  - The new focus depends on Human Resources data, not enrollment system data
  - The legacy system in 2014 lacked the capability to track the needed data
  - This tracking capability was also not part of the Workday scope/build
- Reporting accuracy was not paramount from tax years 2014 - 2020
  - However, the IRS ended "good faith" ACA reporting beginning with tax year 2021
  - The state still lacks an HR System with the capability to track the ACA data

	General Fund	Total Funds	Positions
POP 435	$0	$0.7M	0

Thank You

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