

Subject: [PEBB] Benefits Update - Summary of June 30, 2009 Pebb/Providence Meeting
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Date: Thu, 2 Jul 2009 15:46:08 -0700 (PDT)

Representatives from PEBB, Providence Health Plans, and PBH/OptumHealth Behavioral Solutions were on campus June 30 to present information and answer questions about the Self-insured PEBB Statewide Medical Plan going into effect on January 1, 2010. Presenters included Joan Kapowich, PEBB Administrator; Barbara Christensen, Chief Sales and Marketing Officer for Providence Health Plans; Dan Stevens, Regional Director for Providence Network Development, and Jack Costello, Regional Vice President for PBH/OptumHealth, which manages networks of behavioral health providers. After the presentations, there was a question and answer session in which the following key points were made about the upcoming PEBB medical plan:

*PEBB's decision to self-insure the medical plan effective in 2010 rather than original target of 2011 was driven by the very high renewal bid by Regence BlueCross/Blue Shield of Oregon. The state budgeted for a 5% increase and the Regence bid was for a 16.4% increase, a difference of approximately 50 million dollars.

*Because of the highly accelerated implementation schedule directed by the Board, PEBB recognizes that advance communication and public input was not optimal.

*By self-insuring the Statewide Medical Plan, PEBB assumes risk for gains or losses within the plan. Regence made 119 Million dollars over the past six years assuming risk; this is a potential savings to PEBB members.

*PEBB has been moving towards self insurance for seven years and currently self insures a medical plan in Portland and the ODS Dental plan. They are confident they have the overall ability to self-insure the Statewide Medical Plan.

*Providence was awarded a 2 year contract to pay claims and manage the provider network based on criteria of technical ability, administrative fees, alignment with PEBB vision and customer service.

*PEBB'S consultants determined that about 5% of all current members would have to change providers; this is also true in Lane County.

*Several questions and concerns were raised about the provider network for behavioral health, physical therapy and Nurse Practitioners.

*Regarding behavioral health, a commitment was made to contact all providers currently not in the Providence network and extend an offer to join. It was acknowledged, however, that some may choose not to do so because of the contracting requirements of PBH/OptumHealth which uses evidence based outcomes. In addition, contract

reimbursement rates may be lower than those under Regence. However, as is the case with Regence, no pre-authorization is required.

*If a member's current behavioral health (or medical) provider is not in the network by January 1, 2010, a transition plan will be established, being sensitive to the member's needs. This is also true regarding cases being appealed.

*Providence indicated that Physical Therapists who want to join their network under the PEBB Statewide Plan may do so without joining NW Rehab Alliance, a requirement under other Providence plans. Invitations will be sent to those therapists not currently in network.

*Adult or Family Nurse Practitioners who practice primary care can be included in the Providence network. Those that are not currently in can request to join, as can any other provider not currently in network.

*Reimbursement for all qualified providers that are not in the network (Medical or Behavioral) is at 70% of covered charges.

*Alternative care (chiropractors, acupuncturists, naturopaths, massage therapists, etc.) will also be covered at 70%.

*Members will continue to have full access to McKenzie-Willamette Hospital under the self insured plan.

*The prescription drug tiers (generic/brand/non—formulary) and current exceptions already approved by Regence will remain in place; Postal Prescriptions and Walgreens will be available for mail order drugs.

*Out of state claims will be treated as "in network" and access to national "centers of excellence" will remain for unusual or complicated cases. Providence will develop procedure for most international providers to bill directly as is currently the case with Regence.

I hope the above summary clarifies information we have at this point about the PEBB Statewide Medical Plan. All of the details will not be completed before September but I will be communicating new information as it becomes available. In the meantime, if you have any questions that were not answered above, please contact me at pressman@uoregon.edu or go to the question and answer section of the PEBB website at <http://www.oregon.gov/sites/DAS/PEBB/StatewidePortalPage.page>. I will continue to communicate about the PEBB plan throughout the summer and answer questions as I receive them. In addition, the power point presentations of PEBB and Providence from the June 30 meeting are posted on the benefits website at <http://hr.uoregon.edu/benefits/#whatsnew> under "What's New for 2010...".

Ernie Pressman Benefits Administrator