



# SCHOOL BOARD MEETING REPORT

Board Meeting Date: 18-Jul-11 Agenda #                     

Staff/Administrator: Debbie Breckner Superintendent: Dan Huber-Kantola

Type of Item:  Informational  Action

**Please state your proposal briefly and clearly. What do you want the board to know, discuss, or decide?**

I am providing information to the Board regarding a coalition of Districts who are not a part of OEBB (Oregon Educators' Benefits Board) as that group meets occasionally to discuss comparability; how it is determined, and frustrations with understanding the rules that determine whether the District is compelled to go to OEBB or stay out. As the group is becoming more formalized, I wanted the Board to be aware before we go forward. If a letter is fully developed out of the group with questions, the District's name would be on it. I've attached possible questions for the Board to review. In addition, I have also attached the original goals of OEBB, a letter from Representative Mauer, and our most recent comparability notification from OEBB.

**Provide history/background information on your proposal.**

A group of districts began informally communicating early this year. Those districts include North Clackamas, Medford, Central, Grants Pass, Lincoln, Bethel, Redmond, Beaverton, Ashland, High Desert ESD, Corvallis, St. Paul, and Fern Ridge, to name a few. The purpose of the group is to provide support to each other in our efforts to maximize tax dollars entrusted to us and advocate for change in areas that we identify as requiring it. This alliance is in no way meant to usurp the rights of each district to address issues unique to said district. One unintended benefit we think OEBB will reap is a way to address us uniformly when appropriate and in some cases, avoid up to 16 separate responses to the same concern. In the latest legislative session, there was a flurry of bills proposed in both chambers to address perceived OEBB issues. When, individually or as a group, we have pressed our concerns to OEBB proponents we are constantly and collectively told we do not understand how OEBB works. Upon reflection, there is an element of truth in that statement. We are not sure about some of the structural elements, comparability rationale and what would occur if we were ever to become a part of OEBB, either voluntarily or by statutory requirement. The group is working on developing questions for the OEBB staff to better help us understand the process used to determine what criteria are used to determine, for lack of a better word, membership. The information requested is merely for the purpose of internal analysis and predictive modeling allowing us to understand the credibility of the OEBB rates. The questions being formulated are designed to be straight-forward for the express purpose of clarity, not debate. As the group is becoming more formalized, I wanted the Board to be aware before we go forward.

**List the advantages of your proposal:**

The District benefits by working with other District who also are out of OEBB to design benefit structures that treat staff members fairly while at the same time, ensuring that taxpayer dollars are spent in as efficient manner as possible and in a manner that provides for as many resources to be retained in the classroom as possible.

**List possible disadvantages of your proposal:**

None at this time.

**List possible alternatives that could also offer a solution to your proposal. Why were they not recommended?**

Superintendent's recommendation(s):


Approve: Yes  No

# Memorandum

*Three Rivers*

## Department of Human Resources

*School District*

To: TRSD Board of Directors  
CC: Dan Huber-Kantola; Superintendent  
From: Debbie Breckner   
Date: 7/11/2011  
Re: Possible questions for OEGB

Below are questions being discussed for a formal information request from OEGB:

### OEGB Structure

1. Can you provide the 2011 renewal calculation for the Providence, ODS and Kaiser Plans?
2. Can you provide an analysis of the fixed costs, by component for each OEGB plan?
3. Please provide the actual claims paid by month since inception of OEGB, by plan; including the employee and member enrollment per month under each plan.
4. Is the OEGB consulting fee included in each plan's rate as a part of the fixed costs, or is this expense accounted for using a different methodology? Are all of your consultants' costs included in the rates or are there separate fees being paid to Towers Watson (TW)? We are hopeful of clearly ascertaining the breakdown of fixed costs (stop loss, admin costs, etc.) and its percentage of the overall premium.
5. What stop loss provisions (pooling amounts) are included in OEGB plans?
6. Are the contractual agreements, including all amendments, between OEGB and all their carriers available for review?
7. What is the demographic makeup of the OEGB plans? Average age, gender mix, average contract size?
8. We understand that OEGB's contract with the medical carriers includes a refunding provision when the overall costs of the plan are less than the paid premiums. Can you provide an overview of this provision?

### Comparability Process

9. Please explain the rationale for using the current TW consultant versus an independent consultant to complete the comparability analysis.
10. Some districts that have completed the comparability process do not understand or agree with the plan design and relativity used. Please explain how the TW consultant selects the appropriate plan and determines the relativity?
11. We are proposing that districts be allowed to verify which OEGB plans they will be compared to prior to the comparability process to eliminate the possibility of comparison discrepancy. What would need to occur for OEGB accommodate this request?
12. Please provide the calculation that is used to complete the comparability analysis once an OEGB plan is matched with a district's plan. We'd like to see the medical and RX trend that was used for the 2010 comparability studies (both annual and compounded), breakdown of fixed expenses, member months, credibility applied (and explanation of pooled/manual rate used in calculation, if applicable) and any plan adjustments applied if not already explained as part of the plan selection/relativity process.
13. How does the TW consultant adjust the comparability calculation when comparing a district's self-insured option with OEGB plans?

July 11, 2011

14. Will OEGB agree to provide written documentation of a district's comparability analysis? Some districts report not receiving a complete analysis in the past.
15. Once all data is submitted to OEGB for a comparability analysis, will OEGB agree to a timely response of no more than 45 days?

**Possible Transitioning of District not in OEGB to OEGB**

16. Should a completed comparability analysis require that a self-funded district must join OEGB, how does OEGB propose that the district's liability for run out claims be handled? It would be a hardship to fund new plans within OEGB in addition to cover run out claims from the existing plan.
17. How does OEGB propose to help mitigate possible financial liability if a district must terminate an existing contract with existing vendors mid-term?
18. Our understanding is that OEGB rates contain a component to recoup prior year losses. Will consideration be given to districts historically outside OEGB that did not contribute to the losses? If not, please explain.



**REPRESENTATIVE RON MAURER  
OREGON HOUSE OF REPRESENTATIVES  
HOUSE DISTRICT 3**

**FOR IMMEDIATE RELEASE**

June 16, 2008

**CONTACT: Allison Mac Mullin  
541/474.5456**

**OEBB TO COST COUNTY SCHOOL EMPLOYEES OVER \$300,000**

Oregon's newest bureaucracy, the Oregon Educators Benefit Board (OEBB) will cost the classified and administrative staff of the Three Rivers School District, located in Josephine County, over \$300,000 this year. Employees will be required to pay 13% higher insurance premiums because the Democrat controlled state legislature and the Democrat governor passed Senate Bill 426 during the 2007 legislative session which established OEBB.

Three Rivers School District was recently quoted a health insurance package by PacificSource Insurance at \$850 per month. However, school employees will not be allowed to purchase this plan because Oregon law requires all new school contracts to purchase their insurance through OEBB. The equivalent plan offered by OEBB will cost about \$960 a month. The annual difference of over \$1,300 will be paid by school employees and not the school district. The district negotiated a cap on health insurance costs at \$850 per month.

In favor of the bill, James Sager of the Governor's staff testified on February 1, 2007, "...we can anticipate at least 5% savings by pooling as outlined in SB 426." Senator Ryan Deckert (D-Washington County) testified that same day, "This plan would help ALL school districts, regardless of size or location, but it is also important to see how drastically it would affect smaller school districts who have more difficulty bargaining on their own for good benefits packages and rates." Deckert further stated, "SB 426 takes the next step at driving more taxpayer dollars into the classroom."

Representative Maurer voted NO on this bill and argued against SB 426's passage. "Besides not seeing a single additional nickel in the classroom, we are seeing the results of a politically driven issue that hurts those it was meant to help," sates Maurer.

Representative Maurer lead the way in ensuring that Grants Pass School District #7, located in Grants Pass, was able to remain outside of the new and costly OEBB. Maurer says, "My only regret is that I could not bring more school districts into the 'exception language' of SB 426 but there was no way to stop this political juggernaut". The Grants Pass school district was self-insured prior to passage of the law which allows them remain so under certain conditions.

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# LETTERS BULLETIN

OFFICIAL NEWSLETTER OF THE OREGON EDUCATORS BENEFIT BOARD

## OEEBB: GUIDED BY PRINCIPLES

**Senate** Bill 426 (2007) established the Oregon Educators Benefit Board (OEEBB). The goal of the OEEBB, as outlined in statute, is to provide high-quality health, dental and other benefit plans for eligible employees at a cost affordable to the districts, the employees and the taxpayers of Oregon.

- **Vision**

The OEEBB will work collaboratively with districts, 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 ser-

vices.

Key components of the OEEBB program are:

Value-added plans that provide high-quality care and services at an affordable cost to members.

Collaboration with districts, members, carriers and providers that ensures a synergistic approach to the design and delivery of benefit plans and services.

Support improvement in members' health status through a variety of measurable programs and services, such as consumer education, disease management and wellness programs

Measurable goals and pro-

grams that hold carriers and providers accountable for health outcomes.

Encourage members to take responsibility for their own health outcomes.

- **Guiding Principles**

The statute outlines specific criteria that the OEEBB is to emphasize in considering whether to enter into a contract for a benefit plan. In September 2007, the Board further defined those criteria to serve as a guide in carrying out its charge.

- **Employee choice among high quality plans**

The OEEBB will offer employees a range of affordable benefit plan designs that pro-

vide high-quality care and services.

- **Encouragement of a competitive marketplace**

The OEEBB will encourage competition in the marketplace in the areas of quality, outcomes, service and cost.

- **Plan performance and information**

The OEEBB will consider plan performance in the areas of quality, administrative processes, costs and outcomes in making its

See 'Principles', page 3

## WE'RE ON OUR WAY NOW: LETTER FROM THE OEEBB CHAIR

Last month I wrote that much had been accomplished in the short time including developing strategies for moving forward and putting action plans in place.

Still, the OEEBB has been assigned a monumental task: provide benefit plans to thousands of Oregon educators and school district employees by October 1, 2008. Less than a year from now.

Are we going to make it? Yes! Is there still much to be done? Absolutely.

The Board and staff continue to work hard. A vision statement and guiding principles have been developed to lead us forward, and a set of phase-in scenarios provide examples of how districts will come into the OEEBB based on administrative rules. (See page 2.) We are now taking the

Board meetings on the road, and will continue throughout 2008, so future members of the program can learn more about the OEEBB and take an active role in the formation of programs, policy and be an important part of the decision-making processes.

Additionally, plan designs have been posted to our Web site offering a high-level view of what OEEBB will offer once carriers are selected. Please, take a look and let us know your thoughts. As always, we will value your input.

Sincerely,

Steve McNammy,  
Chair,

Oregon Educators Benefit Board

Visit the Plan Design page on the OEEBB Web site at <http://oas/oebb>.

Go to the Oregon Educators Benefit Board. Receive information on the plan designs, the schedule and other information. Find out the Listserve at <http://oas/oebb>.

## PHASE-IN SCENARIOS FOR DISTRICTS

Since the formation of the Oregon Educators Benefit Board (OEBB) under 2007 Senate Bill 426, many of the most frequently asked questions have related to the coordination of effective dates of collective bargaining agreements (CBAs) and mandated entry into the OEBB.

The OEBB temporary administrative rules were developed to clarify the required phase-in related to the expiration of CBAs, as presented during legislative discussions on the bill. (Drafting errors in SB 426 did not correctly reflect that intent, therefore technical corrections to support the intent will be made during the Legislature's Special Session in February 2008.)

The scenarios presented below provide examples of how employee groups will come into the OEBB based on the OEBB administrative rules.

1. CBA contract end date is July 1, 2007, through June 30, 2008.

*Employee group will be required to move to the OEBB plans on October 1, 2008.*

2. CBA contract end date is July 1, 2008, through June 30, 2009.

*Employee group will be required to move to the OEBB plans on October 1, 2009.*

3. CBA contract end date is on or after July 1, 2009.

*Employee group will be required to move to the OEBB plans on October 1, 2010.*

4. CBA contract end date is June 30, 2009, but the district and bargaining unit plan to reopen the contract in June 2008 to negotiate the annual salary and benefit language.

*A star falls over Portland's downtown skyline.*

*Employee group will be required to move to the OEBB plans on October 1, 2009.*

5. CBA contract end date June 30, 2008, but the district and bargaining unit reopened the contract in August 2007 to negotiate the annual salary and benefit language, OR the district and bargaining unit reach a new agreement prior to June 30, 2008.

*Employee group will be required to move to the OEBB plans on October 1, 2008.*

6. A district has three different employee groups: classified, licensed and administrative (aka non-represented). The classified CBA ends on June 30, 2009 and the licensed CBA ends on June 30, 2010.

*The classified and administrative employee group will be required to move to the OEBB plans on October 1, 2009.*

*The licensed employees will be required to move to the OEBB plans on October 1, 2010.*

7. A district has three different

*employee groups: classified, licensed and administrative (aka non-represented). The classified CBA ends on June 30, 2009 and the licensed CBA ends on June 30, 2008.*

*The licensed and administrative employee groups will be required to move to the OEBB plans on October 1, 2008.*

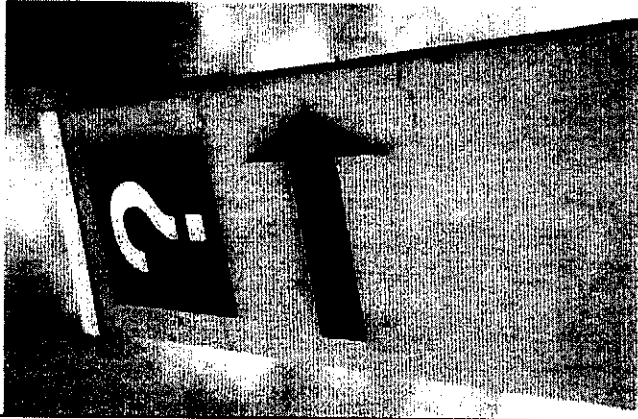
*The classified employees will be required to move to the OEBB plans on October 1, 2009.*

8. CBA contract end date was June 30, 2007, and a new agreement was/is reached prior to June 30, 2008. the new contract end date is June 30, 2009.

*Employee group will be required to move to the OEBB plans on October 1, 2009.*

For a complete  
Phase-in Scenario  
visit our Web site  
[www.oregon.gov](http://www.oregon.gov)

# FREQUENTLY ASKED QUESTIONS



## Who makes up the Board?

The Board is made up of 10 members, all appointed by the Governor. Two members represent district boards; two members represent district management; two members represent non-management district employees from the largest labor union; one member represents non-management district employees from the second-largest labor

union; one member represents non-management district employees not represented by labor organizations; and two members have expertise in health policy or risk management.

Board members typically will serve four-year terms.

Additionally, an administrative staff manages the daily operations of the OEBC carrying out the responsibilities and tasks in support of

the Board.

The Board became an official, acting body on July 2, 2007, and has held twice monthly Board meetings since that time.

## Who managed the benefit plans prior to the creation of the OEBC?

Oregon's school employees currently receive medical benefits primarily through one of three entities sponsoring benefit plans: the Oregon Education Association (OEA) Choice Trust, the Oregon School Boards Association (OSBA) Health Trust and the Oregon School Employees Association (OSEA).

Some school districts contract directly with insurance companies, while other are self-insured or offer coverage to their employees through individual health trusts.

## 'PRINCIPLES' FROM PAGE 1

decisions. It will promote system-wide transparency that provides members with comprehensive information on these issues.

### District flexibility in plan design and contracting

The OEBC will offer a range of affordable benefit plan designs that provide districts with the flexibility to choose options that meet their and their employees' financial and health needs.

### Quality customer service

The OEBC will demand that benefit plans and providers offer members consistent access to care and services, integrated care systems that provide effective treatment and personal and prompt service that meets customers' needs.

### Creativity and innovation

The OEBC will seek out plans and providers that use creative and innovative methods and practices that are evidence-based and/or have measurable outcomes.

### Plan benefits as part of total compensation

The OEBC will recognize the impact of its decisions on employees' total compensation.

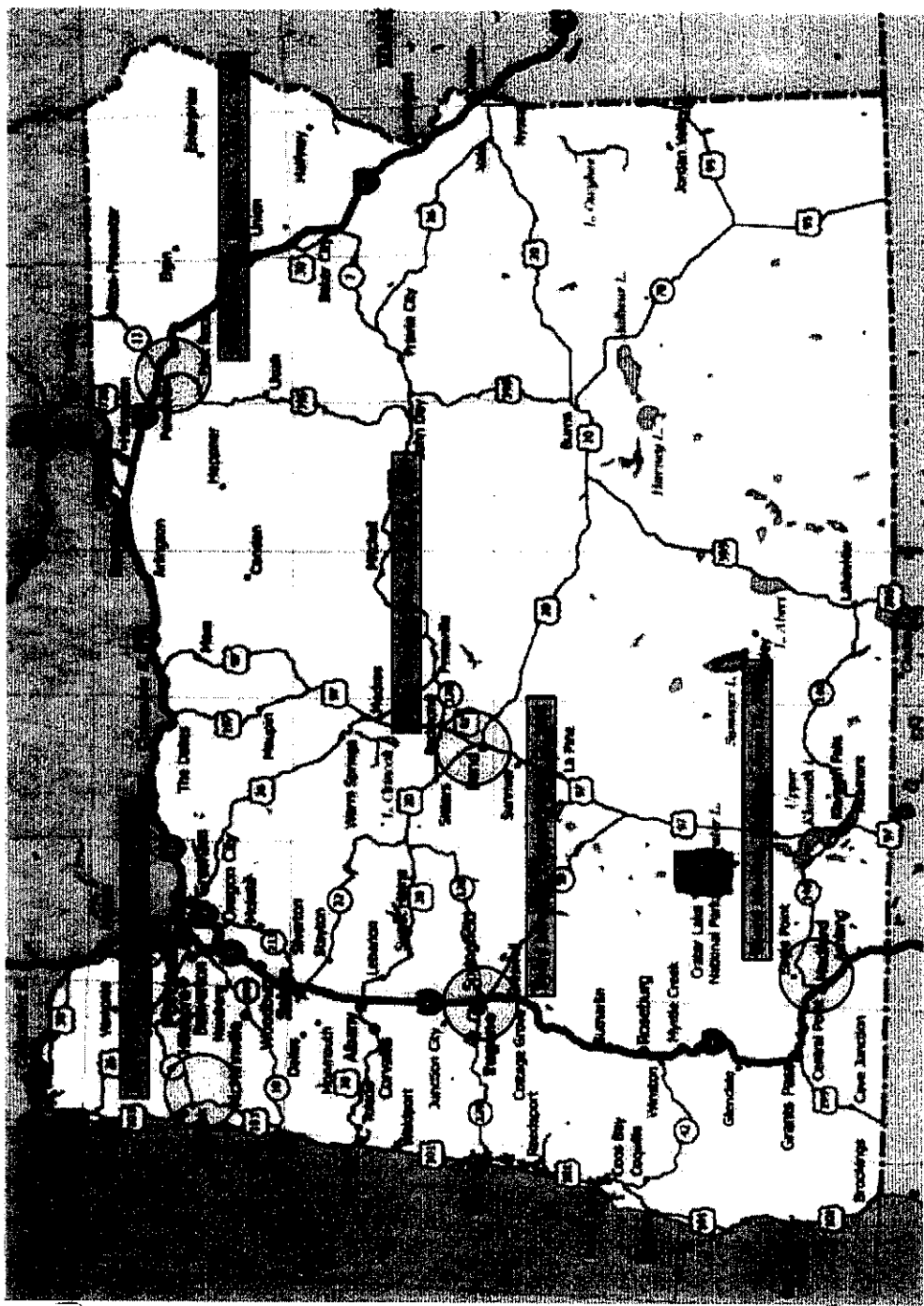
### Improvement of employee health

The OEBC will promote employee health and wellness through a variety of means, including, but not limited to, plan design components, disease and case management and consumer education.

### Cost Affordable to the districts, employees and taxpayers

The OEBC will take into account the present and future costs of benefit plans (premiums, deductibles, copayments, etc.) in offering a range of affordable, high-quality benefit plan designs.

# OEBB TO TRAVEL STATE DURING 2008



Beginning with its November 8 meeting in Portland, the Board kicked off a year-long venture that will have the members traveling to various locations across the state throughout the next year. In an effort to reach members, hear them and seek their participation, the OEBB will be holding its Board meetings in community hubs. Some of the locations proposed will be Bend, Medford, Eugene, Pendleton and Tillamook. The map, and table to the left, provide proposed dates and cities for the Board's planned stops. And when not on the road, they can be easily reached in Salem!

Official Newsletter of the  
Oregon Educators Benefit Board

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Check us out on the Web:

[www.oregon.gov/das/oebb](http://www.oregon.gov/das/oebb)

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