



## Summary of 2014 – 2015 Renewal Options

Medical/Pharmacy, Dental, Vision and Optional Benefits

A presentation to OEBB Board  
Exhibit A

May 6, 2014

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# Agenda

- **Overview of OEBB Goals for the 2014 – 2015 Renewal**
- **Oregon Trend Survey Results**
- **Medical/Pharmacy Renewals**
  - Status quo renewals
  - Programs implemented during 2013 – 2014 plan year
  - State legislated changes for the 2014 – 2015 plan year
  - Federal legislated changes for the 2014 – 2015 plan year
  - New programs and changes for consideration for the 2014 – 2015 plan year
    - Moda Health
    - Kaiser Permanente
  - Staff and Consultant Recommendations

# Agenda

- **Dental Renewals**

- Status quo renewals
- State/Federal required changes
- New programs and changes for consideration
  - ODS
  - Kaiser Permanente
  - Willamette Dental
- Staff and Consultant Recommendations

- **Vision Renewals**

- Status quo renewals
- Staff and Consultants Recommendations

- **Life/Disability Review**

## OEBB Goals for 2014 – 2015 Renewals

**Sustainability:** Maintain sustainable plan options and program costs

**Choice:** Offer a variety of plans to meet entity and member needs

**Organized Systems of Care:** Promote programs that deliver the right care at the right time in an efficient manner

**Partnership:** Advance OEBB program goals and healthcare efficiency in partnership with vendors

# Oregon Trend Survey Results

## January 2014

**Average trend assumptions used by carriers in projecting Oregon book of business renewals for October 1, 2014**

Line of Coverage	Trend
Medical HMO	8.0%
Medical PPO	9.4%
Pharmacy	9.0%
Dental	5.6%
Vision	2.6%

# Medical/Pharmacy Renewals

## Plan Year 2014 – 2015 Status Quo Renewals

- **Medical/Pharmacy “Status Quo” Renewals**
  - Moda Health: +9.5%
  - Kaiser Permanente: + 6.9%
  
- **“Status Quo” Renewals include:**
  - Mandated changes under the Affordable Care Act (ACA)
  - Increased fees required by the ACA
    - 1.0% for Moda Health
    - 0.5% for Kaiser Permanente
  - Conclusion of Early Retiree Reinsurance Program and elimination of rate subsidy
    - 1.4% for Moda Health

## Medical/Pharmacy Plan Renewals

### *Programs implemented during 2013 – 2014 plan year*

- **New programs were implemented during the 2013 – 2014 plan year, each designed to improve member health and plan efficiency — results are just starting to be realized**
  - New plan offerings (Moda Health Plans A – H and Kaiser Plans 1 and 2)
  - Addition of Moda Health Medical Home enhanced benefit level
  - Healthy Futures plan design incentive
  - Comprehensive Care Coordination program
  - Informed Enrollment enhancements for better consumer decision-making
  - Dependent eligibility reviews

## Medical/Pharmacy Plans

### *State legislated changes for the 2014 – 2015 plan year*

- **State legislated changes impacting rates or plan design**
  - Cities/Counties option to join OEBC (effective January 1, 2014)
  - Diabetic services for pregnant women
  - Applied Behavioral Analysis services for members with autism
    - SB365 can be interpreted to implement ABA coverage for plan years beginning on or after January 1, 2015 which would allow implementation to occur October 1, 2015

## Medical/Pharmacy Plans

### *Federal legislated changes for the 2014 – 2015 plan year*

- Costs attributable to Oregon insurance taxes & Affordable Care Act fees**

Moda Health (medical)	2012 – 2013	2013 – 2014	2014 – 2015
Oregon Medical Insurance Pool (ended in 2014)	\$19.28	\$3.71	N/A
Oregon Insurer Tax (ended in 2012)	\$10.25	N/A	N/A
Oregon supplemental reinsurance fee (new in 2013)	N/A	\$7.41	\$9.69
Patient Centered Outcomes Research Institute (new in 2012)	\$0.22	\$0.19	\$0.43
Federal Reinsurance Fee (new in 2013)	N/A	\$9.73	\$12.34
Annual Insurer Fee (new in 2013)	N/A	\$15.12	\$22.78
<b>Total</b>	<b>\$29.75</b>	<b>\$36.16</b>	<b>\$45.24</b>

Fees are illustrated as Per Employee Per Month amounts for Moda Health medical plans. All OEGB plans experienced an increase in ACA fees for 2014 – 2015 plan year.

## Medical/Pharmacy Plans

### *Federal legislated changes for the 2014 – 2015 plan year*

- Under the Affordable Care Act, deductibles, copayments and coinsurance for in-network services must accrue toward the plan's OOPM limit which are subject to the following annual maximums:

	October 1, 2014	October 1, 2015	October 1, 2016
Individual	\$6,350 Individual	\$6,600 Individual	TBD
Family	\$12,700 Family	\$13,200 Family	TBD

- Currently, deductibles and medical copayments for OEGB plans are not accruing toward the OOPM (except Moda Health Plan H and Kaiser Plan 1)
- NOTE: Currently pharmacy copayments and coinsurance are not accruing to the OOPM (except Moda Health Plan H). For the 2015 – 2016 OEGB renewal, all pharmacy copayments and coinsurance will also need to accrue to the OOPM.

## Medical/Pharmacy Plans

### Federal legislated changes for the 2014 – 2015 plan year

- **Proposed out-of-pocket maximums for Moda Health plans**

- Since medical copayments and deductibles must accrue toward the OOPM for the 2014 – 2015 plan year, these proposed OOPM's are cost/benefit neutral; maintaining current OOPM's would be a benefit enhancement

	Moda Health							
	A	B	C	D	E	F	G	H
Deductible								
• Individual	\$200	\$350	\$500	\$750	\$1,000	\$1,250	\$1,500	\$1,500
• Family	\$600	\$1,050	\$1,500	\$2,250	\$3,000	\$3,750	\$4,500	\$3,000
Current OOPM (Deductible and medical copayments are <u>not</u> included in the OOPM except Plan H)								
• Individual	\$2,000	\$2,400	\$2,600	\$2,800	\$3,000	\$4,000	\$5,000	\$5,000
• Family	\$6,000	\$7,200	\$7,800	\$8,400	\$9,000	\$12,000	\$15,000	\$10,000
Proposed OOPM (Deductible and medical copayments are included for all plans)								
• Individual	\$2,400	\$2,950	\$3,300	\$3,800	\$4,250	\$5,500	\$6,350	\$5,000
• Family	\$7,200	\$8,850	\$9,900	\$11,400	\$12,700	\$12,700	\$12,700	\$10,000

## Medical/Pharmacy Plans

### *Federal legislated changes for the 2014 – 2015 plan year*

- **Proposed out-of-pocket maximums for Kaiser plans**

- Since medical copayments and deductibles must accrue toward the OOPM for the 2014 – 2015 plan year, the proposed change to the OOPM for Kaiser Plan 2 is cost/benefit neutral; maintaining current OOPM for Plan 2 would be a benefit enhancement

	Kaiser	
	Plan 1	Plan 2
Deductible		
• Individual	N/A	\$200
• Family		\$600
Current OOPM	Medical copayments are included in OOPM	Deductible and medical copayments <u>not</u> included in OOPM
• Individual	\$1,500	\$2,200
• Family	\$3,000	\$4,400
Proposed OOPM	Copayments are included in OOPM	Deductible and copayments are included in OOPM
• Individual	\$1,500	\$3,400
• Family	\$3,000	\$6,800

## Medical/Pharmacy Plans

### *Federal legislated changes for the 2014 – 2015 plan year*

- **Additional preventive care services per guidance from the United States Preventive Services Task Force (USPSTF) require coverage at 100% when seeing a network provider for:**
  - Lung cancer screening test
  - Hepatitis C screening test
  - Medications for risk reduction of primary breast cancer in women
- **Other benefit changes including:**
  - Coverage of certain clinical trials
  - Non-discrimination of healthcare provider
  - Removal of annual limits on hearing aids for children
  - Removal of per episode limit on donor costs for transplants

## Medical/Pharmacy Plan Renewal

### *New programs and changes for consideration for 2014 – 2015*

#### Moda Health

- **Synergy & Summit Network Options — New network options with a focus on more integrated care and primary care medical homes.**
- **Services to add to the Additional Cost Tier**
  - Tonsillectomies (\$100 ACT)
  - Herniorraphies (\$500 ACT)
- **Expansion of reference-based pricing to include:**
  - Oral Appliances
  - Hip/knee replacements
- **End Stage Renal Disease Dialysis Management Program**
- **Maternity benefit enhancements**
  - Reimbursement of materials for group pre-natal visits

## **Medical/Pharmacy Plan Renewal**

### ***New programs and changes for consideration for 2014 – 2015***

#### **Kaiser Permanente**

- **Introduce High Deductible Health Plan (HDHP) Option**
  - HSA-compliant benefits for use with or without an HSA

## Medical/Pharmacy Plan Renewal

### *New programs and changes for consideration for 2014 – 2015*

#### Moda & Kaiser Permanente

- **Bariatric surgery coverage for spouses and dependents**
  - Decision point for OEBB Board, cost impact noted in renewal specifics
  
- **Maternity benefit enhancements**
  - Coverage for doulas
    - Pending adoption of licensing criteria for doulas and development of appropriate plan design and reimbursement criteria

## Medical/Pharmacy Plan Renewal

### *Moda Health plan change cost impacts for 2014 – 2015*

Option	Rate Impact
Synergy/Summit Options	Synergy/Summit plans are priced at 8% below corresponding A– H plans
End Stage Renal Disease Dialysis Management program	-1.05%
Reference Based Pricing: Hip/knee replacement (Option D)	-0.41%
ACT: Tonsillectomies	-0.02%
ACT: Herniorraphies	-0.03%
Reference Based Pricing: Oral Appliances	-0.015%
Cities/Counties — with Board’s proposed rule amendments, or very similar	Cost Neutral
Healthy Futures plan design incentives	Cost Neutral
Group maternity visit materials	Cost Neutral
Change in Kaiser plan offerings	Cost Neutral
Bariatric Surgery for Spouse/Dependents	0.64%
Applied Behavioral Analysis services for members with autism	0.80%
Maintain current OOP Maximums (benefit enhancement)	1.1% – 2.4% Varies by plan

# Medical/Pharmacy Plan Renewal

## Moda Health Renewal Options — Before Synergy/Summit

Option 1 — Plans A – H	
Renewal Status Quo	+9.5%
Applied Behavioral Analysis eff. 1/1/15	+0.8%
Recommended Plan Changes:	
<ul style="list-style-type: none"> <li>ESRD Management program</li> <li>Reference Based Pricing: Hip/knee, oral appliances</li> <li>ACT: Tonsillectomies &amp; Herniorraphies</li> </ul>	-1.5%
Final Renewal	+8.8%

Option 2 — Plans A – H	
Renewal Status Quo	+9.5%
Applied Behavioral Analysis eff. 1/1/15	+0.8%
Recommended Plan Changes:	
<ul style="list-style-type: none"> <li>ESRD Management program</li> <li>Reference Based Pricing: Hip/knee, oral appliances</li> <li>ACT: Tonsillectomies &amp; Herniorraphies</li> </ul>	-1.5%
Bariatric Surgery for Spouse/Dependents	+0.64%
Final Renewal	+9.4%

# Medical/Pharmacy Plan Renewal

## Moda Health Renewal Options — With New Synergy/Summit Plans

Option 1 — Statewide Plans A – H	
Renewal Status Quo	+9.5%
Applied Behavioral Analysis eff. 1/1/15	+0.8%
Recommended Plan Changes: <ul style="list-style-type: none"> <li>• ESRD Management program</li> <li>• Reference Based Pricing: Hip/knee, oral appliances</li> <li>• ACT: Tonsillectomies &amp; Herniorraphies</li> <li>• Reimbursement of group maternity materials</li> </ul>	-1.5%
Final Renewal	+8.8%

Option 1 — Synergy/Summit Plans A – H	
Renewal Status Quo	+9.5%
Applied Behavioral Analysis eff. 1/1/15	+0.8%
Recommended Plan Changes: <ul style="list-style-type: none"> <li>• ESRD Management program</li> <li>• Reference Based Pricing: Hip/knee, oral appliances</li> <li>• ACT: Tonsillectomies &amp; Herniorraphies</li> <li>• Reimbursement of group maternity materials</li> </ul>	-1.5%
Synergy/Summit Network Adjustment	-8.0%
Final Renewal	+0.8%

Option 2 — Statewide Plans A – H	
Renewal Status Quo	+9.5%
Applied Behavioral Analysis eff. 1/1/15	+0.8%
Recommended Plan Changes: <ul style="list-style-type: none"> <li>• ESRD Management program</li> <li>• Reference Based Pricing: Hip/knee, oral appliances</li> <li>• ACT: Tonsillectomies &amp; Herniorraphies</li> <li>• Reimbursement of group maternity materials</li> </ul>	-1.5%
Bariatric Surgery for Spouse/Dependents	+0.64%
Final Renewal	+9.4%

Option 2 — Synergy/Summit Plans A – H	
Renewal Status Quo	+9.5%
Applied Behavioral Analysis eff. 1/1/15	+0.8%
Recommended Plan Changes: <ul style="list-style-type: none"> <li>• ESRD Management program</li> <li>• Reference Based Pricing: Hip/knee, oral appliances</li> <li>• ACT: Tonsillectomies &amp; Herniorraphies</li> <li>• Reimbursement of group maternity materials</li> </ul>	-1.5%
Bariatric Surgery for Spouse/Dependents	+0.64%
Synergy/Summit Network Adjustment	-8.0%
Final Renewal	+1.4%

## Medical/Pharmacy Plan Renewal

### *Kaiser Permanente plan change cost impacts for 2014 – 2015*

Option	Rate Impact
Kaiser HDHP Plan	-0.67% (Reduction to Plans 1 & 2)
Healthy Futures plan design incentives	Cost Neutral
Bariatric Surgery for Spouse/Dependents	0.06%
Maintain current OOP Maximums (benefit enhancement)	+0.26% overall (+1.6% to Plan 2)
Cities/Counties- with Board's proposed rule amendments, or very similar	Cost Neutral
Moda Health plan offering change	Cost Neutral

# Medical/Pharmacy Plan Renewal

## *Kaiser Permanente Renewal Options*

Option 1	
Status Quo Renewal	+6.9%

Option 2 — with bariatric surgery	
Status Quo Renewal	+6.9%
Bariatric Surgery for Spouse/Dependents	+0.06%
Final Renewal	+6.96%

Option 3 — with HDHP	
Status Quo Renewal	+6.9%
Implement HDHP Plan Option	-0.67%
Final Renewal	+6.23%

Option 4 — with HDHP & bariatric surgery	
Status Quo Renewal	+6.9%
Bariatric Surgery for Spouse/Dependents	+0.06%
Implement HDHP Plan	-0.67%
Final Renewal	+6.29%

## Medical/Pharmacy Plan Renewal *Staff & Consultant Recommendations*

- **We recommend acceptance of the renewal offer with the following changes for the Moda Health plans:**
  - Implementation of Synergy/Summit Network, focused on more integrated care and primary care medical homes, as an option alongside existing Moda Health Plans A – H
  - Implementation of the End Stage Renal Disease Dialysis Management Program for all Moda Health plans including the new Synergy/Summit offerings
  - Implementation of Reference-Based Pricing for Hip and Knee replacements and oral appliances for all Moda Health plans including the new Synergy/Summit offerings
  - Implementation of other program changes including ACTs for Tonsillectomies and Herniorraphies, Applied Behavioral Analysis benefit effective 1/1/15, and reimbursement of group visit materials for all Moda Health plans including the new Synergy/Summit offerings
  - Monitor licensure of doulas and develop benefit and reimbursement strategies
- **We recommend acceptance of the renewal offer with the following change for the Kaiser plans:**
  - Implementation of the Kaiser HDHP
  - Monitor licensure of doulas and develop benefit and reimbursement strategies

# Medical/Pharmacy Plan Renewal Staff & Consultant Recommendations

## Moda Health

Statewide Plans A – H		Synergy/Summit Plans A – H	
Renewal Status Quo	+9.5%	Renewal Status Quo	+9.5%
Applied Behavioral Analysis eff. 1/1/15	+0.8%	Applied Behavioral Analysis eff. 1/1/15	+0.8%
Recommended Plan Changes: <ul style="list-style-type: none"> <li>• ESRD Management program</li> <li>• Reference Based Pricing: Hip/knee, oral appliances</li> <li>• ACT: Tonsillectomies &amp; Herniorraphies</li> <li>• Reimbursement of group maternity materials</li> </ul>	-1.5%	Recommended Plan Changes: <ul style="list-style-type: none"> <li>• ESRD Management program</li> <li>• Reference Based Pricing: Hip/knee, oral appliances</li> <li>• ACT: Tonsillectomies &amp; Herniorraphies</li> <li>• Reimbursement of group maternity materials</li> </ul>	-1.5%
		Synergy/Summit Network Adjustment	-8.0%
<b>Final Renewal</b>	<b>+8.8%</b>	<b>Final Renewal</b>	<b>+0.8%</b>

## Kaiser Permanente

Option 3 — with HDHP	
Status Quo Renewal	+6.9%
Implement HDHP Plan Option	-0.67%
<b>Final Renewal</b>	<b>+6.23%</b>

# Dental Renewals

## Plan Year 2014 – 2015 Status Quo Renewals

- **Dental “Status Quo” Renewals**
  - ODS : +4.45%
  - Kaiser Permanente: +5.5%
  - Willamette Dental Group: 0%

## Dental Plans

### *Federal and State legislated changes for the 2014 – 2015 plan year*

- **Federal Accountable Care Act changes**
  - Increased costs attributable to Affordable Care Act fees
  - Expansion of pediatric services to age 19
- **State legislated changes**
  - Cities/Counties option to join OEBC

## Dental Plan Renewal

### *ODS program change considerations for 2014 – 2015*

- Replacement of implant-supported crowns, bridges, or abutments is limited to dental necessity
- Coverage of space maintainers for children to age 19 (expanded from age 14)
- Addition of Cities and Counties to the OEGB dental plans

### Rating Impact

- None of the program changes being considered have a rate impact for the 2014 – 2015 renewal

## Dental Plan Renewal

### *Kaiser Permanente program change considerations for 2014 – 2015*

- No program changes were considered

## Dental Plan Renewal

### *Willamette Dental program consideration for 2014 – 2015*

- **Addition of a Chronic Condition Dental Management Program**

Option	Rate Impact
Chronic Condition Dental Management Program	3.2%

- **Willamette Dental continues to hold funds in reserve as a rate stabilization fund. These funds can be used to offset the cost of implementing the Chronic Condition Dental Management Program.**

# Dental Plan Renewal

## Staff & Consultant Recommendations

- We recommend acceptance of the dental plan renewals offered by Kaiser Permanente, ODS and Willamette Dental

Dental	
Kaiser Permanente	+5.5%
ODS	+4.45%
Willamette Dental	0.0%

# Vision Renewals

## Plan Year 2014 – 2015 Status Quo Renewals

- **Vision “Status Quo” Renewals**
  - Moda Health: +6.92%
  - Kaiser Permanente: 0%
- **No plan design changes for vision were considered**

# Vision Renewal

## Staff & Consultant Recommendations

- We recommend acceptance of the vision plan renewals offered by Moda Health and Kaiser Permanente

Vision	
Moda Health	+6.92%
Kaiser Permanente	0.0%

# Life/Disability Review

## Optional Benefits: Life, AD&D, STD and LTD

- **OEBB renewed the contract with The Standard in 2013 for a two-year period**
  - Tobacco/Non-Tobacco rates will be implemented for the 2014 – 2015 renewal
  - No other rate change for 2014 – 2015

# Appendix

# Moda Health

## 2014 – 2015 Composite Renewal Rates by Plan

Statewide Plan	% Increase	Synergy/Summit Plan	% Increase*
<b>Medical/Rx — with recommended changes</b>			
Plan A	8.8%	Plan A	0.8%
Plan B	8.8%	Plan B	0.8%
Plan C	8.8%	Plan C	0.8%
Plan D	8.8%	Plan D	0.8%
Plan E	8.8%	Plan E	0.8%
Plan F	9.3%	Plan F	1.2%
Plan G	9.5%	Plan G	1.4%
Plan H	8.8%	Plan H	0.8%

\*Compared with 2013 – 2014 Plan A-H rates

## Moda Health/ODS

### 2014 – 2015 Composite Renewal Rates by Plan

Plan	% Increase
<b>Dental</b>	
Plan 1 (w/ ortho.)	4.5%
Plan 2 (w/ ortho.)	4.5%
Plan 3 (w/ ortho.)	4.5%
Plan 4 (w/ ortho.)	4.5%
Plan 6 (w/out ortho.)	4.5%
<b>Vision</b>	
Plan 1	6.9%
Plan 2	6.9%
Plan 3	6.9%
Plan 4	6.9%

## Kaiser Permanente

### 2014 – 2015 Composite Renewal Rates by Plan

Plan	% Increase
<b>Medical/Rx — with recommended changes</b>	
Plan 1	6.1%
Plan 2	7.0%
Plan 3	-28.3%*
<b>Dental</b>	
Plan 8	5.5%
<b>Vision</b>	
Plan 5	0.0%

\*Compared to 2013/2014 Kaiser Plan 2 rates

## Willamette Dental

### 2014 – 2015 Composite Renewal Rates

Plan	% Increase
<b>Dental</b>	
Plan 8	0.0%