

**Minutes of the Board of Commissioners  
Multnomah Building, Board Room 100  
501 SE Hawthorne Blvd., Portland, Oregon  
Tuesday, July 8, 2014**

**BOARD BRIEFING**

Chair Deborah Kafoury called the meeting to order at 11:06 a.m. with Vice-Chair Diane McKeel and Commissioners Jules Bailey, Loretta Smith and Judy Shiprack present.

Also attending were Jenny M. Madkour, County Attorney, and Marina Baker, Assistant Board Clerk.

**B.1 Board Briefing on Central Human Resources' Employee Benefits Strategy. Presenters: Travis Graves, Central HR Director; Steve Herron, Labor Relations Director; Mark Campbell, Chief Financial Officer; & Abbey Hendricks, Benefits & Wellness.**

**Chair Kafoury:** GOOD MORNING. WELCOME TO THE BOARD BRIEFING, TUESDAY JULY 8th. WELCOME.

**Mr. Graves:** GOOD MORNING. TRAVIS GRAVES, MULTNOMAH COUNTY HUMAN RESOURCES DIRECTOR, AND TO MY RIGHT, ABBEY HENDRICKS, OUR FORMER BENEFITS MANAGER AND NOW CO-MANAGER OF WELLNESS. I WILL SAY IN THE BACK HERE IS OUR NEW BENEFITS MANAGER, KAREN DALEY. SHE IS SO NEW THAT ABBEY WAS GRACIOUS ENOUGH TO SAY SHE WOULD HELP WITH THE PRESENTATION.

**Chair Kafoury:** WELCOME.

**Mr. Graves:** WAVE YOUR ARMS, KAREN. WE ALSO HAVE STEVE HERRON, LABOR RELATIONS DIRECTOR, AND MARK CAMPBELL, OUR CFO. SO, WITH THAT, I WILL GO AHEAD AND START OFF. I WANT TO THANK YOU FOR ALLOWING US TO COME CHAT WITH YOU ABOUT OUR EMPLOYEE BENEFITS. OUR PLAN IS TO GIVE YOU A REALLY HIGH-LEVEL OVERVIEW OF OUR CURRENT OFFERINGS, THE STATE OF WHERE WE'RE AT IN BENEFITS, HOW THE AFFORDABLE CARE ACT HAS AFFECTED OUR ABILITY TO CONTINUE MANAGING THE BENEFITS. WE WILL TALK TO YOU ABOUT THE COSTS AND WHAT WE HAVE DONE TO MAINTAIN COSTS AND END WITH WHAT OUR FUTURE LOOKS LIKE AND KIND OF GO OVER ALL OF THE DIFFERENT THINGS WE'RE CONSIDERING IN ORDER TO CONTINUE TO MANAGE THE EMPLOYEE BENEFITS FOR THE COUNTY. I THINK, AS YOU GUYS KNOW, BENEFITS OF ONE OF THE BIGGEST COSTS THAT WE HAVE AT THE COUNTY. OUR EMPLOYEES ARE NUMBER ONE, BUT THE COST OF BENEFITS, JUST LIKE EVERYBODY ELSE IS EXPERIENCING NOT JUST HERE, IS ALMOST UNSUSTAINABLE. WE HAVE BEEN LUCKY TO HAVE A FEW GOOD YEARS OF EXPERIENCE, BUT I DO THINK

THAT IS MORE LUCK THAN ANYTHING ELSE. SO, WHAT WE WILL TALK TO YOU ABOUT IS THE BIG PICTURE TO TALK TO YOU HOW WE WILL CONTINUE TO MANAGE THAT FOR THE FUTURE.

OUR STRUCTURE, WE HAVE VERY RICH BENEFITS, JUST LIKE ALL OF OUR PEER ORGANIZATIONS. BUT IN THE PUBLIC SECTOR, THE EMPLOYEE COST SHARE IS RELATIVELY SMALL. BUT THE COST TO THE COUNTY, AS YOU KNOW, IT RELATIVELY LARGE. JUST LIKE YOU'VE HEARD MANY, MANY TIMES FROM THE HEALTH DEPARTMENT AND THE MENTAL HEALTH DIVISION, WHO ARE MANAGING THE CHANGES BECAUSE OF HEALTH CARE REFORM, WE'RE DOING THE EXACT SAME THINGS TO MANAGE THE AFFORDABLE CARE ACT AND THE CHANGES OF WHAT THAT WILL MEAN AND WE WILL GO OVER THAT IN DETAIL. FEEL FREE TO ASK US ANY QUESTIONS AS WE GO THROUGH THIS DISCUSSION. OUR HOPE IS THAT WE GIVE YOU ENOUGH DETAIL TO ANSWER MOST OF YOUR QUESTIONS, BUT WE DON'T GET TOO FAR INTO THE WEEDS SO THAT WE START SPEAKING BENEFIT SPEAK. IF WE DO, PLEASE LET US KNOW. WHAT DID YOU MEAN BY THAT? WE'RE HAPPY TO GIVE YOU MORE INFORMATION. SO, I WANTED TO START -- OH, THANK YOU. SO, I WANTED TO START -- CLICK ON ONE MORE MAYBE. THERE WE GO.

I WANTED TO START BY GIVING YOU THE WHY, WHY DO WE OFFER THE BENEFITS THAT WE DO? ESSENTIALLY, OUR VALUES THAT WE HAVE HAD SINCE I'VE BEEN HERE AT THE COUNTY AND THAT WE CONTINUE TO USE TO MANAGE OUR BENEFIT PROGRAM AND OFFERINGS IS TO ENSURE THAT WE HAVE AFFORDABLE FAMILY COVERAGE FOR ALL OF OUR EMPLOYEES, THAT WE'RE GOOD STEWARDS OF THE COUNTY'S MONEY. WE WANT TO CONTINUE TO PROMOTE AND INTEGRATE OUR WELLNESS AND SHIFTING TOWARDS MORE OF A CULTURE OF HEALTH IN THE WORK THAT WE DO. WE ALSO WANT TO BE ABLE TO PROVIDE OUR EMPLOYEES WITH OPTIONS SO THAT THE EMPLOYEES IN DIFFERENT LIFE STAGES HAVE DIFFERENT NEEDS IN TERMS OF WHAT THE BENEFITS ARE. EQUITY FROM BEST TO BEST, SO WE DON'T HAVE SOME -- WE LIKE TO ENSURE WE ALL HAVE GOOD BENEFITS AND WE WANT TO PRESERVE THE ACCESSIBILITY TO FOLKS THAT ARE RETIREES. WE ALSO HAVE A REALLY GOOD RELATIONSHIP WORKING WITH OUR UNIONS, AS OUR PARTNERS IN HELPING US MAKE THESE DECISIONS. STEVE WILL TALK TO YOU A LITTLE MORE IN DEPTH ABOUT HOW WE'RE CONTINUING TO HELP GROW THOSE RELATIONSHIPS. BUT WE'RE ALSO KEEPING AN EYE TO THE FUTURE KNOWING THE CHANGES THAT WILL ARE GOING TO ACT WITH THE AFFORDABLE CARE ACT TO ENSURE THAT WE ARE MANAGING COSTS IN A WAY THAT WILL BE SUSTAINABLE FOR US IN MULTNOMAH COUNTY. WITH THAT, I WILL TURN IT OVER TO ABBEY.

**Ms. Hendricks:** GOOD MORNING CHAIR AND COMMISSIONERS. MY NAME IS ABBEY HENDRICKS. I SPENT THE PAST 2 1/2 YEARS AS THE BENEFITS MANAGER HERE AT THE COUNTY. THE DISCUSSION TODAY WILL FOCUS ON OUR HEALTH PLAN. I WILL GET US STARTED BY DOING A BRIEF BIT OF

DEMOGRAPHICS TO GET YOU UP TO DATE ABOUT WHAT THE HEALTH PLAN LOOKS LIKE. OUR COUNTY HEALTH PLANS PROVIDE MEDICAL COVERAGE TO JUST OVER 11,000 INDIVIDUALS. THAT TOTAL INCLUDES EMPLOYEES, RETIREES, AND THEIR DEPENDENTS. UNDER STATE LAW, LOCAL GOVERNMENTS THAT PROVIDE HEALTH INSURANCE ARE REQUIRED TO EXTEND THAT COVERAGE TO EARLY RETIREES AND ARE REQUIRED TO POOL THE TWO GROUPS TOGETHER. SO, THE TOTAL NUMBER COMPRISES EVERYTHING, VAST MAJORITY MADE UP OF ACTIVE EMPLOYEES AND THEIR DEPENDENTS. ABOUT 90% OR SO. ONLY ABOUT 10% OF OUR RETIREES. WE HAVE SEVEN PRIMARY MEDICAL PLANS. THREE HMO PLANS FULLY INSURED. THOSE ARE THROUGH KAISER PERMANENTE CURRENTLY. FOUR SELF-INSURED PPO PLANS, CURRENTLY ADMINISTERED BY MODA HEALTH. OUR ELECTION IS PRETTY EVEN OVER TIME. 60% OF OUR EMPLOYEES ELECT COVERAGE IN THE HMO AND 40% IN THE PPO. ON DEMOGRAPHICS, POPULATION IS EXPECTED TO BE MAYBE SLIGHTLY MORE EXPENSIVE THAN WE WOULD SEE IN OUR PEERS. WE HAVE HIGHER FEMALE ENROLLMENT ON OUR HEALTH PLAN COMPARED TO PUBLIC PEER COMPARISON, TWO TO FOUR PERCENT HIGHER. PPO MEMBERSHIP IS OLDER BY ABOUT FOUR YEARS ON AVERAGE. HMO POPULATION IS JUST ABOUT EVEN, MAYBE SLIGHTLY OLDER FROM YEAR TO YEAR. ALTHOUGH THAT IS TRENDING DOWN. OLDER INDIVIDUALS, AS WELL AS WOMEN, STATISTICALLY ASSOCIATED WITH HIGHER HEALTH CARE COSTS. THAT IS WHY WE WOULD EXPECT TO BE A LITTLE MORE EXPENSIVE MAYBE THAN SOME OF THE OTHER EMPLOYERS IN THE AREA. HOWEVER -- SIMILAR TO OTHER LARGE SECTOR GROUPS. I WILL PASS IT OFF TO MARK CAMPBELL TO TALK ABOUT COST TRENDS.

**Mr. Campbell:** THANK YOU. I WANT TO TALK BRIEFLY ABOUT WHAT COST TRENDS HAVE BEEN, AND GIVE YOU A LITTLE BIT OF BACKGROUND ON WHAT THAT LOOKS LIKE. AS TRAVIS MENTIONED, EMPLOYEE HEALTH CARE COSTS ARE A MAJOR COST DRIVER FOR THE COUNTY. AS YOU CAN SEE, THEY ARE -- THE MEDICAL DENTAL COSTS ALONE ACCOUNTS FOR 22% OF TOTAL PAYROLL COSTS. AND THAT AMOUNT HAS INCREASED WELL ABOVE THE RATE OF INFLATION SINCE 2001. AS YOU CAN SEE THERE, THE COST FOR MEDICAL, DENTAL EXPENSES HAS GROWN AT ROUGHLY FOUR TIMES THE RATE OF INFLATION SINCE THAT TIME, AND JUST AS KIND OF AN ANECDOTE. WHEN I FIRST CAME TO THE COUNTY IN 1989, WE DID A CHART, AND WHAT WE WANTED TO KNOW WAS WHAT IS THE ADDITIONAL COSTS ON PAYROLL OF ALL OF THE BENEFITS, WE CALL THEM ROLL-UPS IN THE BUDGET OFFICE THAT GET ASSOCIATED WITH PAYROLL COSTS? AND WHEN I FIRST CAME HERE, THAT NUMBER WAS IN THE LOW -- MID 30s. SO, SAY, 37 CENTS ADDED TO EVERY DOLLAR OF PAYROLL. TODAY THAT NUMBER IS CLOSER TO 70 CENTS, TO GIVE YOU A PERSPECTIVE ON HOW THAT HAS CHANGED OVER TIME. AND BECAUSE OF THE WAY WE'RE FUNDED, THE -- BECAUSE AS ABBEY POINTED OUT, FULLY-INSURED PLANS AND SELF-INSURED PLANS, AND THE KAISER PLANS WE PAY WHAT THE -- WHAT KAISER TELLS US THEY'RE GOING

TO CHARGE US, ESSENTIALLY. WE DO NEGOTIATE WITH THEM BUT THEY HAVE THEIR OWN TRENDS.

SELF-INSURED PLANS, BENEFIT CONSULTANTS TO PROVIDE US WITH DATA ON WHAT THEY BELIEVE THE ESTIMATED TREND IS GOING TO BE. WE HAVE A LITTLE MORE FLEXIBILITY IN SETTING THOSE RATES THAN WE DO FOR KAISER, FOR EXAMPLE, BECAUSE WE DO HAVE A RESERVE THAT WE CAN USE TO -- ANY ABERRATIONS, I GUESS WOULD BE THE BEST WAY TO PUT IT IN THE TREND DATA. AND THE WAY THAT THE COUNTY PAYS FOR ITS SHARE OF THESE COSTS IS WE DEVELOP A -- THAT WE CHARGE EQUALLY TO ALL DEPARTMENTS. FULL-TIME EMPLOYEES ARE CHARGED AT ONE RATE AND THE THREE-QUARTER TIME AND PART-TIME PEOPLE ARE CHARGED AT PRO RATA RATES. TODAY IS RATE IS AROUND \$1,180 PER MONTH PER FULL-TIME EMPLOYEE. AS TRAVIS ALLUDED TO, BECAUSE OF THE INCREASES AND THE FACT THAT THE COST HAS OUTSTRIPPED INFLATION OVER THE PAST 15 YEARS OR SO, WE BELIEVE THIS TREND ISN'T SUSTAINABLE. SO, THE COUNTY PAYS ON AVERAGE ABOUT 93% OF THE TOTAL COSTS OF MEDICAL AND DENTAL EXPENSES FOR EMPLOYEES.

SO, THE FULL-TIME AVERAGE SHARE BASED ON WHAT THE EMPLOYEE PAYS AS OUT-OF-POCKET COSTS IS ABOUT 7%. THAT VARIES DEPENDING ON THE PLAN YOU ELECT AND WHAT BARGAINING UNIT YOU'RE IN. AND, AGAIN, PART-TIME FOLKS ARE PRORATED FOR THEIR SHARE OF THE PREMIUMS AS CHARGED TO THEM. RETIREES, WE OFFER A SUBSIDY TO OUR RETIREES. AND IN GENERAL, THAT SUBSIDY IS ROUGHLY HALF OF THE COST OF THE PREMIUM FOR INSURANCE FOR THOSE FOLKS. WE DO HAVE SOME RETIREES WHO ARE IN SELF-PAY SITUATIONS BUT THE VAST MAJORITY OF THEM GET SOME LEVEL OF PREMIUM SUBSIDY. AND THEN ON THE CONTINUATION COVERAGE, THAT IS ALSO DONE ON A SELF-PAID BASIS FOR THE INDIVIDUALS. HERE IS THE CHART THAT SHOWS WHAT I TRIED TO DO HERE WAS TO KIND OF SHOW WHAT THE COST PER FTE HAS BEEN FROM FISCAL YEAR 2002 TO FISCAL YEAR 2014. YELLOW LINE GOING THROUGH THERE IS THE HISTORICAL TREND. IT'S TYPICALLY BEEN AROUND 8%. SOME YEARS HIGHER, SOME LOWER, BUT ON AVERAGE ABOUT 8%. YOU CAN SEE THAT THERE HAVE BEEN NUMEROUS YEARS AND DURING THIS TIME FRAME WHEN OUR COSTS HAVE ACTUALLY EXCEEDED THAT TREND. TO TRAVIS'S POINT EARLIER, IN FOUR OF THE LAST FIVE YEARS, WE HAVE HAD EXPERIENCE THAT HAS BEEN BELOW TREND, AND WE'RE NOT REALLY SURE ABOUT WHAT THE REASONS FOR THAT ARE. WE DO HAVE SOME THEORIES, BUT AS YOU CAN SEE, IT IS STARTING TO PICK BACK UP IF YOU LOOK AT WHAT HAS HAPPENED IN 2013-2014. AND I WILL END MY COMMENTS THERE.

**Ms. Hendricks:** I WANT TO TAKE A MOMENT TO FOCUS ON COST CONTAINMENT. THIS IS A VERY IMPORTANT ELEMENT IN OUR BENEFITS MANAGEMENT, AND MANY TIMES ELEMENTS SUCH AS THESE OCCUR BEHIND THE SCENES AND WE DON'T ALWAYS HAVE THE OPPORTUNITY TO TALK

ABOUT SOME OF THE STEPS THAT WE'RE TAKING TO CONTAIN OUR COSTS IN THE BENEFIT PROGRAM. SO, OVERALL, THESE INITIATIVES REALLY FALL INTO FOUR PRIMARY CATEGORIES. I WILL BRIEFLY TOUCH ON A COUPLE OF INITIATIVES WE HAVE TAKEN INTO ACCOUNT UNDER EACH OF THESE CATEGORIES. STARTING OFF WITH OUR COLLECTIVE PURCHASING AND VENDOR NEGOTIATIONS. THIS IS VERY IMPORTANT. IT CAN ALLOW FOR COST SAVINGS THAT ARE NOT TIED TO BENEFIT REDUCTIONS. OFTENTIMES THESE WILL BE COMPLETELY TRANSPARENT TO PLAN PARTICIPANTS. THEY WILL NOT KNOW THAT A CHANGE IN PARTICULAR HAS BEEN MADE. BUT THEY CAN SAVE A SUBSTANTIAL SUM OF MONEY TO THE COUNTY.

MOST RECENT EXAMPLE IN 2012, COUNTY ENDED OUR CONTRACT WITH OUR CURRENT PHARMACY BENEFITS MANAGER, AND WE JOINED THE NORTHWEST PRESCRIPTION DRUG CONSORTIUM. THIS CONSORTIUM LEVERAGES COLLECTIVE -- CONTRACT BASED ON PASS-THROUGH PRICING. THAT MEANS WE PAY A FLAT FEE TO THE PHARMACY MANAGER, RATHER THAN MARGIN PRICING. WE ARE GUARANTEED A CERTAIN DRUG COST AND THEN A FLAT ADMIN FEE. WE RECEIVE 100% PASS-THROUGH OF THE REBATES THAT ARE ASSOCIATED WITH THE DRUGS DISPENSED UNDER THE COUNTRY PLAN. OUR BENEFITS CONSULTANT ANALYZED OUR DRUG SPEND IN THE FIRST YEAR POST TRANSITION AND PROJECTS THAT WE SAVED APPROXIMATELY \$545,000 BY TRANSITIONING. THIS WAS AN EXCELLENT MOVE THAT THE COUNTY HAD MADE. ALSO MENTION THAT THE CHANGES AND MANY SAVINGS INCURRED UNDER DRUG COSTS, BOTH THE COUNTY AND THE PATIENT SAVED MONEY. PATIENTS WERE ALSO ABLE TO PAY LOWER COSTS FOR THEIR PRESCRIPTIONS. OTHER PROJECTS IN THIS CATEGORY WERE NEGOTIATIONS WITH OUR DISABILITY CARRIER. LAST YEAR 2013 WE WERE ABLE TO ENHANCE PLAN PROVISIONS FOR EMPLOYEES ON A LEAVE OF ABSENCE. FINALLY, WE WORK REGULARLY WITH OUR BENEFITS CONSULTANT. WE WERE ALSO ABLE TO NEGOTIATE A SAVINGS ON OUR LONG-TERM DISABILITY PREMIUMS, WHICH SAVED ABOUT \$300,000 OVER TWO YEARS. AND ALSO SIGNIFICANT REDUCTIONS IN OUR DENTAL RENEWAL FROM KAISER PERMANENTE WHICH HAS BEEN STEEP IN FREQUENT YEARS. BENEFIT CONSULTANT WAS ABLE TO WORK WITH KAISER TO HAVE THAT REDUCED.

THE NEXT CATEGORY, PLAN DESIGN. AS STEVE WILL ADDRESS LATER, ANY CHANGES TO OUR PLAN DESIGN REQUIRED BY LATERAL AGREEMENT. WE ARE ABLE TO USE IT SOMEWHAT AND WE WERE VERY SUCCESSFUL IN 2013 TO WORK THROUGH OUR EMPLOYEE BENEFITS ADVISORY TEAM, SPECIFICALLY PRIMARILY WITH AFSCME AND THE OREGON NURSES ASSOCIATION TO ADD VALUE-BASED PLAN DESIGN ELEMENTS INTO OUR PRESCRIPTION COVERAGE. THIS INCLUDED ADDING A LOW-COST VALUE TIER FOR PRESCRIPTIONS ON THE PLATINUM PLAN, REDUCING COSTS THAT THE PATIENT PAYS -- WE ADOPTED AN EVIDENCE-BASED FORMULARY, A FORMULARY SPECIFIES WHAT DRUGS ARE COVERED AT WHAT TIER IN THE BENEFIT PLAN. DRUGS THAT ARE SAFE AND EFFECTIVE BUT COST LESS,

LOWER TIER ONE OR TWO, WHICH HAVE LOWER COST SAVINGS FOR PLAN PARTICIPANTS. BRAND NAME DRUGS THOSE WITH LESS -- THIS BUILDS INCENTIVES INTO THE PLAN TO MAKE IT EASY FOR PLAN PARTICIPANTS TO CHOOSE THE LOWEST COST MOST EFFICACIOUS DRUG. WE WERE PARTICULARLY HAPPY TO SEE THAT 8% DROP BECAUSE OVER THE SAME TIME FRAME, WE HAD A 12% INCREASE IN THE NUMBER OF PRESCRIPTIONS DISPENSED. IT IS IMPRESSIVE THAT WE WERE ABLE TO ACTUALLY SAVE MONEY EVEN THOUGH MORE PRESCRIPTIONS WERE GOING OUT. OTHER PROJECTS UNDER THE UMBRELLA OF PLAN DESIGN WERE INTRODUCING A MANDATORY REVIEW FOR HIGH-END DIAGNOSTIC IMAGING. CT SCANS, MRI SCANS, THESE TYPES OF SCANS THAT ARE PRETTY EXPENSIVE TO PLAN PARTICIPANTS AND TO THE PLAN.

IN 2010, WE EXCLUDED ANY UNNECESSARILY IMAGING REQUIRING THEM TO GO THROUGH A PREAUTHORIZATION PROCEDURE UNDER THE SELF-FUNDED PLAN. BEGINNING JANUARY 2014, WE MADE A CHANGE TO THE SELF-FUNDED PLANS TO REQUIRE THAT ORGAN TRANSPLANTS TO BE PERFORMED AT EXCLUSIVE CENTER OF EXCELLENCE FACILITIES. WE WANTED TO BE SURE THAT OUR MEMBERS WERE ACHIEVING SUCCESSFUL HEALTH OUTCOMES AND MINIMIZING COSTLY -- MOVING ON TO ADMINISTRATIVE TOOLS. THESE INCLUDE AUDITS AND CONTROLS TO MAKE SURE THAT OUR PLANS ARE OPERATING SUFFICIENTLY UNDER THE STRUCTURE WE PROVIDED. TYPES OF TOOLS AVAILABLE ARE DIFFERENT BETWEEN THE TWO METHOD OF SERVICE DELIVERY. ON THE KAISER SIDE, KAISER PROVIDES MANY SERVICES INCLUDED IN THE PREMIUM THAT WE PAY. THEY HAVE INTEGRATED DELIVERY SYSTEM, A STRONG SYSTEM OF CARE REMINDERS AND HIGH LEVEL OF COORDINATION BETWEEN DOCTORS AND SPECIALISTS. THERE ARE ALSO A PLETHORA OF MEMBER SUPPORT TOOLS, COACHING, DISEASE MANAGEMENT, SO MEMBERS THAT ARE IN THE KAISER SYSTEM BENEFIT FROM THAT INTEGRATION.

KAISER ESTIMATES THAT THE COUNTY SAVES APPROXIMATELY \$1.7 MILLION IN HEALTH CARE COSTS PER YEAR THROUGH PROVIDING THE RIGHT CARE AT THE RIGHT TIME OR NOT PROVIDING UNNECESSARY CARE TO PATIENTS. UNDER THE PPO STRUCTURE, SERVICE MODELS VERY DIFFERENT. OPEN PPO, WHICH MENTION PATIENTS CAN GO ANYWHERE FOR CARE AT ANY TIME. SAVINGS WE ARE ABLE TO LEVERAGE FROM THIS PLAN ARE ASSOCIATED WITH PROVIDER DISCOUNTS, PROTECTING FROM OVERBILLING PPA. MODA HEALTH NEGOTIATES THOSE ON OUR BEHALF AND OPERATES OUR CLAIMS PROCESS. AND FINALLY, MODA OFFERS PATIENT-FOCUSED TOOLS, CONDUCTING MEDICAL NECESSITY REVIEWS, CASE MANAGEMENT, BEHAVIOR HEALTH. MODA HEALTH RECORDED A SAVINGS OVER THE PAST 12 MONTHS OF APPROXIMATELY \$300,000 IN ACTUAL CLAIMS DOLLARS SAVED, CALCULATED FROM ACTUAL CLAIMS ASSOCIATED WITH THE TOOLS THAT THEY OFFER.

OTHER PRODUCTS UNDER ADMINISTRATIVE TOOLS, REALIGNING THE STRUCTURE IN 2013, FOLLOWING RECOMMENDATION FROM MARK CAMPBELL TO INCLUDE PRESCRIPTION COVERAGE AND EXPANDED OUR COVERAGE TERMS. THIS REDUCED THE RISK TO THE COUNTY FOR HIGH-COST CLAIMS BY HAVING THIS COVERAGE IN PLACE TO OFFSET AND PROVIDE REINSURANCE FOR THOSE HIGH DOLLARS. ALSO, WE SELECTED A NEW CLAIMS AUDITOR THIS YEAR, ANNE HEWITT. WE RUN A CLAIMS AUDIT OF THE PPO PLAN EVERY THREE YEARS TO ENSURE THAT THE CLAIMS ARE BEING PROCESSED IN ACCORDANCE WITH OUR PLAN, THAT OUR TPA IS DOING WHAT THEY WERE CONTRACTED TO DO. PRELIMINARY RESULTS BACK FROM THE MEDICAL COMPONENT AND THE RESULTS ARE VERY POSITIVE. WE FOUND AN EXTREMELY LOW RATE OF ERROR AND THE REVIEW FOR THE PRESCRIPTION CLAIMS RIGHT NOW IS UNDERWAY.

**Commissioner Smith:** MADAM CHAIR, WHEN WILL THAT BE COMPLETED?

**Ms. Hendricks:** PRESCRIPTION COVERAGE I BELIEVE IS SLATED TO BE COMPLETE BY THE END OF SUMMER. WE GENERALLY WILL RECEIVE A FULL REPORT OF BOTH THE MEDICAL AND PRESCRIPTION AND SIT DOWN WITH OUR CONSULTANT AND TPA TO HAVE A PLAN OF ACTION FOR RESULTS UNCOVERED.

**Commissioner Smith:** WHEN THE RESULTS COME BACK, COULD YOU GIVE ME A COPY OF THE RESULTS?

**Ms. Hendricks:** YES.

**Mr. Graves:** I HAVE TO SAY THANK YOU, COMMISSIONER SMITH. IN DISCUSSIONS WITH YOU THAT HAS HELPED US TO MOVE TOWARDS THIS AUDIT THAT WE'RE DOING NOW.

**Ms. Hendricks:** IN THE FINAL CATEGORY – OH, PARDON, YES?

**Commissioner Shiprack:** I THINK I'VE ASKED THIS QUESTION BEFORE. MY MIND MUST BE A LITTLE BIT LIKE A COLANDER BECAUSE I CAN'T REMEMBER THE ANSWER. I KNOW SEVERAL OF US ARE INVOLVED WITH THE NATIONAL ASSOCIATION OF COUNTIES AND A PRESCRIPTION DRUG CARD PROGRAM THAT WE DO NOT PARTICIPATE IN, COULD YOU REMIND ME WHY WE DON'T?

**Mr. Graves:** I DON'T KNOW ENOUGH ABOUT THAT SPECIFIC PROGRAM. I WILL SAY THAT -- ABBEY YOU JUMP IN IF YOU NEED TO. WHEN WE WERE LOOKING AT THE PRESCRIPTION COVERAGE AND WHAT THE BEST WAY FOR US TO MANAGE IT, OUR MOVE TO THAT CONSORTIUM REALLY LOOKED LIKE THE PLACE WE WOULD SAVE ABSOLUTELY THE MOST MONEY. CAME TO FRUITION, SAVING HALF A MILLION IN THE FIRST YEAR AND CONTINUES TO SAVE MONEY

GOING FORWARD. SO, I DON'T KNOW ENOUGH ABOUT THAT SPECIFIC PROGRAM.

**Commissioner Shiprack:** I MEAN, OUR PROGRAM THAT, YOU KNOW, WE'RE HEARING ABOUT NOW HAS BEEN SO EFFECTIVE FOR US, AND, YOU KNOW, I'M BOMBARDED WITH THIS QUESTION FROM TIME TO TIME. COMMISSIONER McKEEL IS LAUGHING AT ME, BECAUSE WE WILL BE BOMBARDED WITH THIS AGAIN.

**Vice-Chair McKeel:** LOBBIED HEAVILY --

**Commissioner Shiprack:** LOBBIED PRETTY HEAVILY ABOUT THIS PROGRAM AND THAT IT IS NOT AN EITHER/OR PROGRAM, BUT IT IS A --

**Mr. Graves:** IN ADDITION TO.

**Commissioner Shiprack:** IN ADDITION TO PROGRAM. SO, JUST A QUESTION TO PUT OUT TO YOU AND ALL OF WITHIN THE SOUND OF MY VOICE SO THAT WE ARE ARMED WITH OUR REASONS OR WE MOVE IN TO AN ADDITIONAL AREA OF SAVINGS.

**Mr. Graves:** LET'S DEFINITELY FOLLOW UP WITH YOU TO GET MORE INFORMATION.

**Commissioner Smith:** MADAM CHAIR, THE OTHER ISSUE IS THIS IS ONLY DEALING WITH THE MODA PLAN. KAISER HAS THEIR OWN. THE ONLY WAY THAT WE COULD DO THE ALC PRESCRIPTION PLAN IS TO DO SOME --

**Mr. Graves:** I WOULD THINK THAT WOULD BE TRUE.

**Commissioner Shiprack:** WE WOULDN'T BE ABLE TO USE THE 60% OF THE FOLKS WHO ARE ON KAISER TO BENEFIT FROM THE ALC PLAN.

**Commissioner Shiprack:** LIKE I SAID, YOU KNOW, MIND LIKE A COLANDER. IF I HAD THE 25 WORD OR LESS EXPLANATION, I WILL PUT IT IN MY POCKET AND CARRY IT AROUND WITH ME.

**Mr. Graves:** WE WILL FOLLOW UP WITH YOU TO GET MORE INFORMATION.

**Commissioner Shiprack:** THANK YOU.

**Commissioner Bailey:** IT SOUNDS LIKE THE COALITION, PURCHASING COALITION THAT YOU JOINED HAS BEEN FAIRLY SUCCESSFUL. DOES THAT COALITION CONTRACT WITH A PRIVATE PVM OR OPERATE ITS OWN?

**Ms. Hendricks:** THE CONTRACT THROUGH MODA HEALTH IS THE TPA. PROGRAM PRIMARILY RUN BY THE OREGON PRESCRIPTION DRUG PROGRAM AT THE STATE. CONSORTIUM IS ALSO PARTNERING WITH WASHINGTON PRESCRIPTION DRUG CONSORTIUM AND DO THE PRIMARY ADMINISTRATION CONTRACT NEGOTIATIONS.

**Commissioner Bailey:** DO YOU KNOW IF THE TRANSPARENCY PROVISION IN THE OREGON PRESCRIPTION DRUG PROGRAM APPLIES THROUGH THIS COALITION, CONTRACTUAL TRANSPARENCY WITH THE PVM PROVIDER?

**Ms. Hendricks:** WE USE THE SAME BASE CONTRACT FOR THE OEGB PROGRAM SO I THINK THEY WOULD BE IDENTICAL.

**Commissioner Bailey:** GREAT, THANK YOU.

**Ms. Hendricks:** MOVING INTO WELLNESS INTEGRATION. WITH THE BOARD'S SUPPORT, 2013, REINVESTED INTO THE WELLNESS PROGRAM --

**Chair Kafoury:** LOVE WELLNESS!

**Mr. Graves:** SHOUT OUT TO TANYA IN THE BACK HERE.

**Ms. Hendricks:** SO, AS PART OF THAT INITIATIVE, BRINGING IN TANYA BARHAM TO JUMPSTART THE WELLNESS INITIATIVE HAS BEEN FANTASTIC. WE HAVE HAD SUCH GREAT SUPPORT FROM THE BOARD AND ALL LEVELS OF THE ORGANIZATION. TANYA HAS BEEN BEFORE THE BOARD, SO I WON'T SPEND TOO MUCH TIME TO ELABORATE. I KNOW THE BOARD ARE STRONG SUPPORTERS OF THE PROGRAM AND ARE ALREADY AWARE. I WANT TO HAVE A REMINDER, NOT ONLY WELLNESS PROGRAMS ENHANCE THE CULTURE, BUT THEY BUILD EMPLOYEE ENTHUSIASM, BUT THEY CAN IMPACT THE COUNTY'S MEDICAL TREND. CITIES HAVE SHOWN A REDUCTION OF 8 TO 25% OF A MEDICAL TREND IS POSSIBLE IN -- 2013, TANYA PARTICIPATED IN THE HERO SURVEY. IN 2012, WHEN WE TOOK THE SURVEY, 33 OUT OF 200. IN 2013, WE SCORED 117 OUT OF 200. A DRAMATIC INCREASE. THE TREND -- CLOSE TO THE 127 RANGE. WE ARE WITHIN STRIKING DISTANCE OF MAKING SURE THAT WE HAVE A WELLNESS PROGRAM THAT IS RUN ON BEST PRACTICES AND THAT WILL IMPACT OUR MEDICAL TREND IN TIME. WE'RE WELL ON OUR WAY. ALSO IN UNDER THIS UMBRELLA, STRATEGICALLY ADOPTING THE AFFORDABLE CARE ACT TO ENHANCE COVERAGE FOR PREVENTIVE SERVICES WHICH I WILL DISCUSS LATER AS WELL. STRUCTURING THE WELLNESS CAMPAIGNS DESIGNED TO ADDRESS OUR MOST SIGNIFICANT PREVENTIBLE HEALTH RISK. FIRST CAMPAIGN FOCUSING ON THE -- 50-MOVE CAMPAIGN, GETTING PEOPLE UP AND MOVING. SECOND CAMPAIGN FOCUSING ON HEART HEALTH. THESE ARE ELEMENTS THAT DRIVE OUR COSTS AND IMPACT THE HEALTH OF OUR EMPLOYEES.

NOW, WE WILL SHIFT INTO THE IMPACTS OF THE AFFORDABLE CARE ACT. THIS ACT PASSED IN 2010, AND IT PHASES IN COMPREHENSIVE REFORMS OVER SEVERAL YEARS. MOST SIGNIFICANT IMPACTS INCLUDE MANDATED CHANGES TO COVERAGE, MANDATED CHANGES TO ELIGIBILITY. INTRODUCTION OF NEW TAXES AND FEES WHICH DO INCREASE OUR COSTS AND NEW REPORTING AND NOTICE REQUIREMENTS, CREATED A NEED TO HAVE REALLY STRONG TEAM FOR STRUCTURE AND ADMINISTRATIVE SUPPORT. DIFFICULTY HAS BEEN WAITING FOR THE FEDERAL REGULATIONS TO BE RELEASED, INTERPRET REALLY WHAT THE LAW MEANS AND THEN ADJUSTING OUR STRATEGIC DIRECTION AS NECESSARY TO COMPLY. IT HAS TAKEN A SIGNIFICANT AMOUNT OF RESOURCES TO MANAGE THE IMPACT, TO CHANGE WHEN NECESSARY AND ENSURE THAT WE ARE IN LINE WITH OUR STRATEGIC DIRECTION.

SO, AFFORDABLE CARE ACT, AS I MENTIONED, HAS BEEN AROUND SINCE 2010. OVER TIME WE REALLY EXPECT IT WILL CHANGE OUR BUSINESS, IT WILL CHANGE THE WAY WE PROVIDE BENEFITS TO OUR EMPLOYEES. STARTING IN 2010, TAX CHANGES FOR DEPENDENT CHILDREN. THOSE CHANGES WENT INTO EFFECT ALMOST IMMEDIATELY AFTER THE LAW PASSED AND OVER THE PAST SEVERAL YEARS, WE HAVE BEEN GRADUALLY MAKING CHANGES TO THE PLAN. STARTING IN 2011, WE SAW THE FIRST MODIFICATIONS TO OUR PLAN DESIGN AND OUR ELIGIBILITY. WE EXPANDED THE DEPENDENT COVERAGE FOR ADULT CHILDREN UP TO AGE 26. ANNUAL AND LIFETIME LIMITS ON THE MEDICAL PLANS -- BOTH OF THOSE ITEMS DID ADD COST TO THE COUNTY PLANS. THEY WERE FAVORABLY RECEIVED BY THE PLAN PARTICIPANTS AND IN LINE WITH THE COUNTY'S VALUE OF PROVIDING COVERAGE FOR OUR EMPLOYEES. NOT EVERY PROVISION IN 2011 ADDED COST. EARLY RETIREE REINSURANCE PROGRAM, THROUGH THIS PROCESS, OUR APPLICATION WAS ACCEPTED AND WE RECOVERED NEARLY \$600,000 IN HEALTH CARE CLAIMS THAT WE HAD PAID FOR OUR EARLY RETIREES. THIS IS AN IMPORTANT BENEFIT TO THE COUNTY THAT WE WERE ABLE TO TAKE ADVANTAGE OF THIS PROGRAM AS IT WAS OFFERED.

MOVING TO 2012, NEW REPORTING REQUIREMENTS STARTING TO TAKE EFFECT. WE HAD TO MAKE CHANGES TO OUR W-2s TO REPORT THE VALUE OF EMPLOYEE HEALTH COVERAGE. NOW EMPLOYEES CAN SEE THE VALUE OF THE HEALTH COVERAGE THAT THEY ARE RECEIVING ON THEIR W-2 THAT THEY RECEIVE EVERY YEAR. THAT DID REQUIRE SOME PROGRAMMING AND I.T. SUPPORT. THE FIRST FEE STARTED TO BE PAID, P-COR FEES. THEY WERE NOMINAL TO START. \$1, I BELIEVE, 2012 PER MEMBER, ESCALATING TO \$2 AND INDEXED THERE AFTER IN FUTURE YEARS. WE BEGAN TO PAY THOSE FEES IN 2012. WE ALSO CREATED THE NEW SUMMARY OF BENEFITS AND COVERAGE WHICH DID REQUIRE WORKING CLOSELY WITH OUR VENDORS TO MAKE SURE THAT WE WERE IN COMPLIANCE WITH THE REQUIREMENTS AND GETTING THOSE POSTED TO THE WEB SITE. 2013, WE BEGAN THE PROCESS OF RELINQUISHING OUR GRANDFATHER STATUS FOR THE KAISER PLAN AND

EXPANDING THE PREVENTIVE CARE BENEFIT. THE PREVENTIVE CARE BENEFIT UNDER THE AFFORDABLE CARE ACT FOR NON-GRANDFATHERED PLANS PROVIDES THE PREVENTIVE BENEFITS AT NO-COST SHARING TO PLAN PARTICIPANTS. THAT PROCESS STARTED IN 2013, AND IT WILL BE A PROCESS THAT WE'RE MANAGING THROUGH WITH OUR UNION PARTNERS OVER THE COMING YEARS. ALSO IN 2013, WE UNFORTUNATELY HAD TO MODIFY OUR FSA, ANNUAL MAXIMUM ELECTION TO APPLY WITH THE IRS RULES. I WOULDN'T SAY THAT WAS A FAVORABLE CHANGE BY OUR MEMBERS BUT IT WAS ONE THAT WE HAD TO PUT INTO EFFECT FOR 2013.

THIS YEAR IN 2014, WE ARE CONTINUING THE RELINQUISHMENT OF OUR GRANDFATHERED STATUS AND ROLLING OUR UNIONS ON TO THE PLAN THAT PROVIDES THE EXPANDED PREVENTIVE CARE BENEFITS. ONE OF THE MOST SIGNIFICANT CHANGES THAT WE HAVE SEEN IN 2014, NEW PLAN DESIGNED FOR OUR -- MANY BARGAINING UNITS PARTICIPATE IN THE VEBA -- THESE CHANGES WENT INTO EFFECT JANUARY 1, REQUIRING STRUCTURAL CHANGES TO OUR ADMINISTRATION. WE HAD TO CREATE NEW COMMUNICATION TOOLS FOR OUR MEMBERS AND WE WORKED EXTENSIVELY WITH THE UNION PARTNERS LATTER PART OF 2013 TO MAKE SURE THAT THEY UNDERSTOOD WHY THE CHANGES WERE GOING INTO EFFECT AND WE WERE ABLE TO OFFER A VARIETY OF OPTIONS TO HAVE THEM CHOOSE WHAT WAS GOING TO BE THE MOST PREFERABLE FOR THEIR MEMBERSHIP. THE REINSURANCE FEES ARE THE MOST SIGNIFICANT FEE UPCOMING. THEY WILL BE PAID -- BEGINNING TO BE PAID IN THE LATTER PART OF 2014. THEY ARE EXPECTED TO BE A FAIRLY SIGNIFICANT EXPENDITURE FOR PLAN SPONSORS. THEY ARE DESIGNED TO HELP STABILIZE HEALTH INSURANCE PREMIUMS DURING THE FIRST FEW YEARS OF THE INDIVIDUAL INSURANCE EXCHANGES. HEALTH AND HUMAN SERVICES SETS A PER CAPITA RATE, FIRST YEAR, \$63 A MEMBER, A PRETTY HEFTY FEE. WE PROJECT THIS WILL COST THE COUNTY MORE THAN \$700,000 IN THE FIRST YEAR ALONE. THAT WILL BE PAYABLE EITHER DIRECTLY TO THE FEDERAL GOVERNMENT OR THROUGH HIGHER PREMIUMS ON OUR KAISER PLAN.

2015 WILL BRING THE NEXT SIGNIFICANT IMPLEMENTATION CHALLENGE FROM THE AFFORDABLE CARE ACT. THAT IS WHEN THE SHARED RESPONSIBILITY PROVISIONS TAKE EFFECT. THESE ARE ALSO SOMETIMES REFERRED TO AS THE EMPLOYER MANDATE OR THE PAYER PAY MANDATE. THIS IS A REQUIREMENT FOR EMPLOYERS TO OFFER HEALTH INSURANCE TO FULL-TIME EMPLOYEES, MINIMUM VALUE REQUIREMENTS AND AFFORDABILITY STANDARDS FOR WHAT EMPLOYEE -- WHAT THEY CAN CHARGE EMPLOYEES FOR THE PLAN. WE DO OFFER AT LEAST ONE PLAN TO EVERYBODY THAT NEEDS THE AFFORDABILITY STANDARD. EASILY MEET OR EXCEED THE MINIMAL VALUE REQUIREMENTS FOR ALL OF THE PLANS. WE ARE WAITING THE FINAL REGULATIONS TO EVALUATE THE IMPACT AND WHAT THOSE PROVISIONS WILL MEAN AND WHETHER WE WILL NEED TO CHANGE OUR WE HAVE OUR ELIGIBILITY STRUCTURE TO COMPLY. WE'RE CURRENTLY

ANALYZING GUIDANCE ON THE NEW DATA REPORTING REQUIREMENTS TO THE IRS. DATA REPORTING LIKELY TO START IN 2016 AND IT IS PRETTY SUBSTANTIAL. CHANGES TO THE SAP AND HRIS SYSTEM TO COMPLY.

**Mr. Herron:** SO, WE HAVE TALKED A LITTLE ABOUT THE PAST AND PRESENT AND LET'S TALK A LITTLE ABOUT THE FUTURE. AS MARK SHARED, OUR COST TRENDS WERE UNSUSTAINABLE OVER THE LAST TWO DECADES ON THEIR FACE. AS THINGS WERE TRENDING AT FOUR TIMES INFLATION, THERE WAS ALREADY ON THE TABLE THE NEED THAT WE ADDRESS THE ISSUE OF TRENDS. AN ELEMENT OF THE AFFORDABLE CARE ACT HAS SORT OF FORCED THAT FORWARD AND FORCED THAT THAT BE ADDRESSED SOONER RATHER THAN LATER.

AND, SO, FOLKS ARE BEGINNING TO GRAPPLE WITH THE, WHAT'S CALLED THE EXCISE TAX OR SOMETIMES KNOWN AS THE CADILLAC TAX IN 2018. WHAT THE EXCISE TAX SAYS WE ARE GOING TO ESTABLISH THE -- THE STATUTE WILL ESTABLISH A THRESHOLD OF VALUE THAT CAN BE DELIVERED WITHOUT A TAX CONSEQUENCE. IF THE VALUE OF BENEFIT DELIVERED IS ABOVE THAT, THERE IS A TAX CONSEQUENCE ON THE VALUE DIFFERENCE BETWEEN THE THRESHOLD AND THE ACTUAL VALUE OF WHAT'S DELIVERED. SO, AS YOU CAN IMAGINE, IT BECAME IMPORTANT FOR THE COUNTY TO BEGIN ANTICIPATING WHAT UNDER OUR TRENDS MIGHT THOSE COSTS LOOK LIKE IN 2018 RELATIVE TO THE THRESHOLD AND WHAT KIND OF TAX IMPLICATIONS MIGHT THAT HAVE. I THINK THAT IT IS FAIR TO SAY WITH THE INITIAL PASSAGE OF THE AFFORDABLE CARE ACT, FOLKS IN THE LABOR RELATIONS INDUSTRY BEGAN GRAPPLING WITH WHAT THE -- THE FIRST SET OF CONSIDERATIONS, WHO IS GOING TO PAY THE TAX. ACTUALLY PERHAPS INCURRING THE TAX IS NOT A GOOD IDEA.

I'M HAPPY TO REPORT I THINK BOTH SIDES OF THE TABLE LABOR AND MANAGEMENT HAVE ARRIVED THERE IN SAYING THIS IS NOT AN ARM WRESTLE OVER WHO GETS STUCK PAYING THE TAX. THIS IS HOW WE ARE GOING TO JOIN AND FIGURE OUT HOW TO AVOID INCURRING THE TAX. 2010 PROJECTIONS WERE THAT WE WOULD INCUR BETWEEN SIX AND \$12 MILLION IN TAX LIABILITY IN 2018. AS TRAVIS MENTIONED, BETWEEN 2010 AND 2013, WHEN THE PROJECTIONS WERE REFRESHED, WE HAVE HAD THREE YEARS OF VERY GOOD TREND DATA, WHICH OBVIOUSLY BENT THAT SET OF PROJECTIONS DOWN. NONE THE LESS, WITH THE PROJECTION SPENT DOWN BASED ON THREE YEARS OF GOOD EXPERIENCE, WE ARE STILL LOOKING AT POTENTIALLY \$3 MILLION TAX LIABILITY, WHICH IS ULTIMATELY NOT OUR -- OR OUR EMPLOYEES OR LABOR PARTNERS ADVANTAGE. ONE THING THAT BECOMES TRICKY, TAX CALCULATED ON AN INDIVIDUAL BASIS. YOU LOOK AT THE INDIVIDUAL EMPLOYEE AND THE VALUE OF THEIR BENEFIT RELATIVE TO THE THRESHOLD. WHEN WE DO THESE GENERALIZATIONS, THERE IS SOME AVERAGING THAT GOES ALONG WITH THAT. WHAT WE ARE CURRENTLY PROJECTING, 57% OF ACTIVE EMPLOYEES WILL BE AT OR ABOVE THE

THRESHOLD IN 2018. THIS ISN'T A THEORETICAL PROBLEM OR A MINOR PROBLEM.

**Commissioner Smith:** WHAT DETERMINES THAT NUMBER, IF THEY HAVE A SURGERY OR -- WHAT MAKES THAT NUMBER GO HIGHER?

**Mr. Herron:** IT DEPENDS ON WHICH BENEFIT PACKAGE, WHICH PLAN THEY HAVE ELECTED, HOW MUCH THEY ARE INDIVIDUALLY ELECTING TO CONTRIBUTE INTO THEIR FLEXIBLE SPENDING ACCOUNT AND WHETHER OR NOT THEY'RE IN A BARGAINING UNIT THAT RECEIVES A VEBA CONTRIBUTION. IN SOME INSTANCES, DENTAL PLAN IS ALSO COUNTED ALONG WITH THE MEDICAL PLAN. BUT REALLY IT IS WHAT PLAN THEY ELECTED, HOW MUCH THEY'RE PUTTING INTO FLEXIBLE SPENDING ACCOUNT AND HOW MUCH IF -- HOW MUCH THAT IS. AND THOSE NUMBERS TAKEN TOGETHER CONSTITUTE THE VALUE OF THE BENEFIT AND THAT IS COMPARED AGAINST THE THRESHOLD.

**Commissioner Smith:** SINCE WE'RE TRENDING DOWN OVER THE LAST THREE YEARS, I LOOKED AT THIS MONTHS AGO, IS THERE A WAY FOR US TO NEGOTIATE WITH OUR TWO MAJOR PROVIDERS TO GET OUR BASE DOWN BECAUSE WE ARE TRENDING DOWN? AND SO THAT WOULD HELP US WITH THIS LUXURY TAX.

**Mr. Herron:** LET ME TALK ABOUT WHAT WE'RE DOING WITH THE EMPLOYEE BENEFITS ADVISORY TEAM IN A MOMENT. SOME OF THOSE CONVERSATIONS BETWEEN EMPLOYEES, LABOR, AND US AND OUR PROVIDERS ARE EXACTLY WHAT IS THE WORK OF THAT COMMITTEE. I WANT TO NEXT TALK ABOUT THE LABOR RELATIONS PERSPECTIVE AND TAKE A MOMENT AND REFRESH ON THE LABOR RELATIONS LANDSCAPE. WE HAVE 11 UNIONS, PLUS WE HAVE NON-REPRESENTED EMPLOYEES IN THE COUNTY. OF THOSE 11 UNIONS, FIVE ARE STRIKE PROHIBITIVE UNITS AND SIX ARE STRIKE PERMITTED UNITS. PROCESS FOR NEGOTIATION IS DIFFERENT FOR EACH. IT MAKES MOVING THESE GROUPS TOGETHER, FORWARD TOGETHER, CHALLENGING. MEDICAL BENEFITS HAS OBVIOUSLY BEEN HISTORICALLY A BACKBONE ISSUE FOR LABOR, MANDATORY SUBJECT FOR BARGAINING AND AN AREA THAT PEOPLE ARE SENSITIVE AROUND. WE'RE APPROACHING THIS AT THIS STAGE WITH THE THRESHOLD EXPECTATION THAT WHAT WE TRY TO ACCOMPLISH WILL BE COST NEUTRAL. WE ARE NOT TRYING TO CREATE SAVINGS FOR THE COUNTY AT THE EXPENSE OF EMPLOYEES. TRYING TO FIGURE OUT HOW TO ADDRESS THE EXCISE TAX AND TREND IN A WAY THAT IS COST NEUTRAL. COLLECTIVE BARGAINING AGREEMENTS THAT WE HAVE TO WORK OUR WAY THROUGH IN TERMS OF WHAT THE UNILATERAL AND BILATERAL RIGHTS AND OBLIGATIONS ARE. SOME RESPONSIBILITY AROUND SELECTION OF PLANS AND PROVIDERS, MAINTENANCE OF A CERTAIN LEVEL OF BENEFITS, AND WE DO HAVE RE -- I WILL TALK ABOUT THAT IN A MOMENT WHEN I TALK ABOUT THE COLLECTIVE BARGAINING AGREEMENTS. ONE ADDITIONAL FACTOR THAT IS A LITTLE BIT

PECULIAR IS THAT THERE ARE SOME VESTED RIGHTS FOR RETIREES. ONE HAS TO BE CAREFUL WHEN MAKING CHANGES THAT IMPACT RETIREES. THERE ARE CERTAIN WAYS IN WHICH INVESTMENT CAN EITHER ACT AS A BARRIER OR HAVE TO BE TAKEN INTO ACCOUNT AS YOU WORK YOUR WAY THROUGH THAT.

IN RELATION TO THE COLLECTIVE BARGAINING AGREEMENTS, THERE ARE A COUPLE OF AREAS WHERE WE HAVE SPECIFIC UNILATERAL POWER AS MANAGEMENT MAKE CHANGES -- WE DO HAVE THE POWER UNDER THE CONTRACTS TO MAKE A CHANGE TO CARRIER PLAN, BUT WE HAVE TO MAINTAIN THAT BENEFIT LEVEL AT A SET SELF. AND THEN WE ARE ALSO PRESENTLY BARGAINING INTO OUR CONTRACT SOME LANGUAGE AROUND OUR ABILITY TO MOVE INTO STATE INSURANCE POOLS. AGAIN, WHAT WE WOULD LIKE TO BE ABLE TO DO IS MOVE EVERYONE TOGETHER, WHICH WE MAINTAIN WOULD BE BEST DONE IF WE HAD THE UNILATERAL POWER TO DO IT. NONETHELESS, WE THINK HAVING LABOR PARTNERS IN AGREEMENT THAT THAT IS THE RIGHT THING TO DO WOULD BE A THRESHOLD TO THAT BEING SUCCESSFUL. WE DO HAVE AND ARE BARGAINING INTO CONTRACTS AS THEY OPEN THE ABILITY TO HAVE REOPENER FOR DIALOGUE ON HOW TO ADDRESS EVOLVING ISSUES OF THE HEALTH CARE REFORM AND AFFORDABLE CARE ACT LANDSCAPE. COMMISSIONER SHIPRACK, YOU LOOK LIKE YOU MIGHT HAVE A QUESTION. NO? OKAY.

**Commissioner Shiprack:** BUT I DO TELEGRAPH. YOU REALLY WANT TO PLAY POKER WITH ME. [LAUGHTER]

**Mr. Herron:** I WAS GOING TO SAY, TUESDAY NIGHT, \$10 BUY-IN. I'M KIDDING. [LAUGHTER] SO, ONE OF THE QUESTIONS, WHAT ARE THE OTHER EMPLOYERS DOING? THE SHORT ANSWER IS NOT MUCH YET. I THINK THAT THE COMBINATION OF THE PENDING ELECTION A FEW YEARS AGO AND THEN THE LITIGATION CHALLENGING THE AFFORDABLE CARE ACT WERE REASONS WHY FOLKS KIND OF SAT TIGHT TO WAIT AND SEE WHAT HAPPENED. BECAUSE THE ELECTION CAME OUT AS IT DID AND THE CURRENT POLITICAL LANDSCAPE IS AS IT IS IN WASHINGTON, D.C., AND BECAUSE THE LITIGATION ULTIMATELY SUSTAINED THE ULTIMATE CONSTITUTIONALITY OF THE AFFORDABLE CARE ACT, FOLKS ARE NOW HAVING TO GRAPPLE WITH WHERE ARE WE GOING WITH THIS? WHAT ARE WE GOING TO DO? WE'RE HAVING TO DO IT NOW BECAUSE IN ORDER TO WORK OUR WAY PARTICULARLY WITH UNITS THAT GO TO INTEREST ARBITRATION AS AN ULTIMATE RESOLUTION OF DISAGREEMENT, IN ORDER TO HAVE OURSELVES POSITIONED WHERE WE NEED TO BE TO IMPLEMENT IN 2018, HAVE TO BE THINGS SETTLED INTO 2017, AND IF IT IS GOING TO BE DISPUTED WE HAVE TO KNOW THAT IN 2016.

THERE IS SOME URGENCY TO OUR FIGURING OUT WHAT THE ROUTE IS FORWARD IN THE PRESENT. AS TO WHAT OTHER EMPLOYEES ARE DOING. COMMON PLAN CHANGES ARE BEING IMPLEMENTED AND PROBABLY THE

BIGGEST ONES TO THE -- HAS MORE TO DO WITH THE VALUE OF THE PLAN, NOT THE RELATIVE CONTRIBUTION. THERE IS SOME ELIGIBILITY CHANGES BEING MADE. SO, THE COUNTY'S PRIMARY APPROACH AND RESPONSE TO ADDRESSING THE TREND IN A GENERAL SENSE AND THE IMPACTS OF THE AFFORDABLE CARE ACT MAKING IT URGENT FOR RESOLUTION BY 2018, IS TO HAVE FORMED THE EMPLOYEE BENEFITS ADVISORY TEAM. THOSE THAT HAVE BEEN ON THE BOARD WILL RECALL THAT THERE ALREADY WAS AN EMPLOYEE BENEFITS BOARD PREVIOUSLY. THE MODEL WAS A BINDING BOARD MODEL. THAT WAS DISBANDED IN 2007-2008, BECAUSE OF ULTIMATELY SOME DIFFERENCES THAT AROSE AMONGST OUR LABOR PARTNERS OVER HOW TO PROCEED WITH SOME DIFFICULT CHALLENGING ISSUES. AND THE BOARD BECAME ESSENTIALLY PARALYZED AND WAS DISBANDED. WE DID CONTRACTUALLY MAINTAIN A BENEFITS COMMITTEE FORMAT WITH AFSCME AND WE ASKED THEM IN 2011 IF WE COULD BEGIN EXPANDING THAT AND INVITING OTHER FOLKS TO THE TABLE ONCE AGAIN. IN A JOINT LEARNING INDIVIDUAL BARGAINING MODEL, AS OPPOSED TO A BINDING, DECISION-MAKING MODEL. WE CURRENTLY HAVE NINE UNIONS, PLUS THE NON-REPRESENTED PRESENTLY AT THE TABLE. AND WE ANTICIPATE ADDING THE FINAL UNION THIS YEAR. YOU MIGHT SAY TO YOURSELF, WAIT A SECOND, THAT ADDS UP TO 10. YOU SAID THERE WAS 11. ONE UNION A UNION OF ONE INDIVIDUAL AND THEY HAVE A "ME TOO" WITH AFSCME. THEY WON'T ACTUALLY BE PRESENT BUT THEIR INTERESTS WILL BE REPRESENTED BY AFSCME --

**Chair Kafoury:** YOU USE "THEIR" IF IT'S JUST "HIS"? [LAUGHTER]

**Mr. Herron:** I WAS TRYING TO BE GENDER NEUTRAL. YES, HIS INTERESTS ARE REPRESENTED.

**Mr. Graves:** THAT IS OUR PAINTERS -- PAINTER.

**Mr. Herron:** SO, IT IS A CONSENSUS MODEL, COLLECTIVE LEARNING INDIVIDUAL BARGAINING. WORKLOAD 2014 HAS BEEN ALTERNATIVES AND PLANNING, FRAMING WHAT THE PROBLEM IS. TALKING THROUGH WHAT THE PROJECTIONS ARE, WHAT ARE THE ISSUES ARE, WHAT THE ALTERNATIVES ARE. IDENTIFYING THOSE ALTERNATIVES AND DEVELOPING SOME PHASED IMPLEMENTATION PLAN AND THEN OVER TIME BEGINNING TO LOOK AT WHAT IMPLEMENTATION OF THAT LOOKS LIKE. THAT WILL BE OUR WORK FOR THE BALANCE OF 2014 AND MOVING INTO 2015. AND I THINK OUR GOAL IS THAT WE WILL BE ON LINE FOR BEGINNING TO MAKE SIGNIFICANT CHANGES TO THE EXTEND THAT THAT IS WHAT IS DIRECTED BY THE EMPLOYEE BENEFITS ADVISORY TEAM BEGINNING WITH PLAN YEAR 2016.

SO, WHY THE EMPLOYEE BENEFITS ADVISORY TEAM AS THE VEHICLE. ULTIMATELY WE CONCLUDED THAT THERE IS TWO WAYS YOU CAN APPROACH LABOR RELATIONS AND YOU CAN APPROACH LABOR RELATIONS

AROUND THIS ISSUE. ONE YOU CAN COME TO THE TABLE WITH A CAKE AND SAY THIS IS THE CAKE. WE WOULD LIKE TO SHARE CAKE. THE OTHER IS YOU CAN COME TO THE TABLE AND SAY WE NEED TO BAKE A CAKE, FOLKS. AND HERE IS A COLLECTION OF INGREDIENTS AND WE WANT TO HAVE A CONVERSATION ABOUT WHAT YOUR NEEDS ARE AND WHAT OUR NEEDS ARE AND WHAT CAKE WOULD FIT THAT SET-UP NEEDS BEST.

SO, OUR INTEREST IN COMING TO THE EMPLOYEE BENEFITS ADVISORY TEAM IS THAT ULTIMATELY, WE HAVE CONFIDENCE, LABOR PARTNERS HAVE EXPRESSED THAT THEY RECOGNIZE BOTH THE GENERAL TREND THAT IS PROBLEMATIC AND THE NEED TO GET UNDER THE EXCISE TAX THRESHOLD IS PRESSING. AND WE BELIEVE THAT WE WILL GET THE BEST SOLUTIONS AND BUY-IN TO THOSE SOLUTIONS IF WE HAVE EVERYBODY AT THE TABLE TALKING ABOUT WHAT CAKE MAKES THE MOST SENSE. SO, FOR EXAMPLE, WHEN WE TALK ABOUT THE STATE INSURANCE POOLS, WE DON'T COME TO YOU AND SAY THIS IS OUR PLAN TO GO TO THEM OR NOT GO TO THEM. WE COME TO YOU AND SAY THIS IS WHAT WE ARE DOING TO LAY OUT THAT ALTERNATIVE TO THE EMPLOYEE BENEFIT ADVISORY TEAM AND WE WILL BE COMING BACK AND SHARING WITH YOU WHAT THE EMPLOYEE BENEFIT ADVISORY TEAM THINKS ABOUT THEM AS AN OPTION. SO, WE'RE REALLY AUTHENTICALLY STEPPING INTO A JOINT OWNERSHIP OF IDENTIFYING, FRAMING THE PROBLEM AND IDENTIFYING THE RIGHT SOLUTIONS TO MOVE OUR WAY THROUGH THE AFFORDABLE CARE ACT.

**Commissioner Shiprack:** I HAVE A QUESTION ABOUT THE INNER SANCTUM CONVERSATIONS AT THE TABLE. IS THE CRUX OF THE ISSUE AROUND THE TABLE, LOSS OF CONTROL, AUTONOMY, SORT OF PUSHING BACK UP TO THE SLIDE BEFORE WHERE YOU SPOKE ABOUT UNILATERAL DECISION-MAKING CAPACITY? IS THAT PRIMARY OBSTACLE OR JUST AN OBSTACLE? I

**Mr. Herron:** I WOULD SAY THAT LABOR IS INTERESTED IN ENTERING INTO THE CONVERSATION. FIGURING OUT HOW TO OPEN THE CONVERSATION WITHOUT EXPOSING THEMSELVES TO ALL OF THE DYNAMICS GETTING AWAY FROM THEM IS A LEGITIMATE INTEREST OF THEIRS. THAT IS WHAT WE ARE TRYING TO WORK OUR WAY THROUGH. HOW DO WE OPEN THE CONVERSATION BUT STILL GIVE TO THEM SUFFICIENT PROTECTION THAT THEY CAN UNDERSTAND THAT WE'RE NOT GOING TO BE LOOKING FOR DRAMATIC CHANGE AT THEIR AND THEIR MEMBER'S EXPENSE.

**Commissioner Shiprack:** VERY INTERESTING PUZZLE AND I WOULD BE HAPPY TO HEAR MORE ABOUT THE PROCESS AS IT GOES ON, BECAUSE I THINK THAT THERE IS A DELICATE BALANCE THAT YOU'RE AIMING TO STRIKE.

**Mr. Herron:** I THINK RIGHT NOW, THAT IS RESTING ON --

**Commissioner Shiprack:** POOR CHOICE OF WORDS.

**Mr. Herron:** I THINK RIGHT NOW THAT CONVERSATION AND THE PROGRESS WE'RE MAKING IS RESTING ON TRUST AND THE COUNTY'S RELATIONSHIP WITH THE UNIONS AND THE CREDITABILITY THE COUNTY HAS BECAUSE OF ITS HISTORIC FAIR TREATMENT OF LABOR IN OUR ATTEMPTS TO WORK THROUGH JOINTLY, MUTUALLY IMPORTANT ISSUES, AND THEN I THINK IT IS ALSO -- THE SECOND POINT FLEW RIGHT OUT OF MY HEAD.

**Commissioner Shiprack:** I KNOW WHAT THAT IS LIKE.

**Mr. Herron:** I DO THINK THAT WE ARE FORTUNATE IN HOW WE HAVE APPROACHED LABOR RELATIONS AND THE DIVIDEND IS RIGHT NOW THAT WE'RE HAVING A MEANINGFUL CONVERSATION.

**Commissioner Shiprack:** ABSOLUTELY. AND I JUST TOTALLY AGREE WITH THE VALUES THAT YOU'RE TALKING ABOUT PROTECTING ON EITHER SIDE OF THAT EQUATION.

**Mr. Herron:** I DO RECALL WHAT THE SECOND ONE WAS. SECOND POINT IS THAT WE HAVE MADE CLEAR THAT WE'RE NOT LOOKING AT THIS AS AN OPPORTUNITY TO EXPERIENCE A LOT OF SAVINGS FOR THE COUNTY. THAT OUR THRESHOLD STARTING POINT, DEPENDING ON HOW THE CONVERSATION EVOLVES, THRESHOLD, OUR DESIRE TO TALK OUR WAY THROUGH THE PROCESS IN A -- THAT IS GENERATING CONFIDENCE AS WE STEP INTO THE PROCESS. NOT A VEHICLE FOR THE COUNTY EXPERIENCING SAVINGS.

**Commissioner Shiprack:** WHILE I'M ON A ROLL HERE. GOING BACK TO THE DISCUSSION OF THE CADILLAC TAX, ONE OF THE QUESTION THAT COMMISSIONER SMITH RAISED THAT I WAS SORT OF HAVING SILENTLY READING YOUR DESCRIPTION, WHAT TRIGGERS THE CADILLAC TAX? AND IT IS REALLY THE PREMIUM COST THAT TRIGGERS THE TAX, NOT THE BENEFIT THAT IS COLLECTED? SO, YOU COULD HAVE \$200,000 SURGERY, AND THAT WOULDN'T TRIGGER THE \$10,000 LIMIT. IT IS THE PREMIUM COST THAT TRIGGERS --

**Mr. Herron:** RIGHT, IT IS NOT THE SERVICES THAT ARE INCURRED.

**Commissioner Shiprack:** THANK YOU FOR CLARIFYING THAT. THAT WAS MY QUESTION.

**Mr. Herron:** YOU BET. I APOLOGIZE FOR THE CONFUSION AROUND THAT IN THE FIRST PLACE. SO, FUTURE CONSIDERATIONS. THE STARTING POINT OF THE CONVERSATION IN THE EBAT IS AROUND PLAN DESIGN. WHAT ARE THE PLAN DESIGN ALTERNATIVES AND WHAT MIGHT THOSE ALTERNATIVES MEAN FOR US IN TERMS OF EXERCISE TAX MANAGEMENT. THERE ARE A COUPLE OF DIFFERENT APPROACHES. VALUE-BASED DESIGN HAS A VARIETY OF

DIFFERENT APPROACHES TO IT WHERE YOU CAN HAVE VALUE TIERS WHERE THERE IS CERTAIN SERVICES THAT ARE LOW COST OR NO COST. FOR EXAMPLE, THAT WOULD BE AROUND VACCINES THAT ARE INTENDED TO PAY DIVIDENDS IN SAVINGS DOWN THE ROAD, BY ENCOURAGING PARTICULAR BEHAVIORS OR PARTICULAR ACCESS TO SERVICES. WAIVING DEDUCTIBLES FOR PREVENTATIVE SERVICES, INCREASING COPAY FOR SERVICES THAT ARE NOT DEEMED AS MEDICALLY NECESSARY. COLLABORATIVE, COOPERATIVE MODELS. HEALTH DEPARTMENT IMPLICATED THE MEDICAL HOME MODEL AND IT IS ALSO BASED ON WHAT THE COORDINATED CARE DESIGN WAS FOR THE STATE IN ITS GENERAL DELIVERY. KAISER MEMBERS ALREADY BENEFIT BY THIS TYPE OF STRUCTURE BECAUSE OF IT BEING AN HMO STRUCTURE. THE IDEA IS TO EXPAND THAT TYPE OF COORDINATION AND COLLABORATIVE CARE DELIVERY MORE BROADLY.

THE PLANS WOULD SET UP INCENTIVES TO SEEK CARE THROUGH A MEDICAL HOME WHERE YOU HAVE THAT VALUE OF COORDINATION AND WOULD ADD CASE MANAGEMENT SUPPORT FOR PATIENTS WITH CHRONIC OR COMPLEX CONDITIONS. ANOTHER EXAMPLE OF PLAN DESIGN IS NARROW NETWORK -- WHERE YOU CAN ADD OR REPLACE STANDARD IN AND OUT OF NETWORK DESIGNATIONS WITH OTHER MODELS. OR APPLY -- WHAT ABBEY WAS SAYING WITH THE RESTRICTION OF OREGON TRANSPLANT TO THE CENTERS OF EXCELLENCE WHERE WE KNOW THERE WILL BE THE MOST EFFICACIOUS CARE. SO, IT IS A LARGE CONVERSATION, A COMPLEX CONVERSATION. BUT WE ARE ENTERING INTO THAT WITH EBAT, TALKING ABOUT WHAT THE DESIGN ALTERNATIVES, WHAT MAKES THE MOST SENSE FOR OUR ORGANIZATION AND OUR GROUP OF EMPLOYEES.

**Ms. Hendricks:** MOVING BACK INTO WELLNESS INTEGRATION. WE OF COURSE HAVE BEEN FOCUSING A LOT RECENTLY ON THE WELLNESS CAMPAIGNS. MANY FIND THE NEXT LOGICAL STEP, INTEGRATION OF THE WELLNESS AND BENEFIT PROGRAMS. WE SEE ONE OF THE WAYS THAT WE ARE BUILDING THIS IS TO PROMOTE EFFECTIVE HEALTH CARE UTILIZATION FROM OUR MEMBERS. THE CAMPAIGN -- CHOOSING WISELY, SAFER AND SMARTER MEDICAL CARE. EMPOWERING PEOPLE TO MAKE THE BEST DECISION, MOST INFORMED CHOICE FOR THEM AND THEIR CONDITION. WE WOULD LIKE TO PROMOTE DECISION SUPPORT TOOLS, IMPROVING ELECTRONIC FORMATS USING VENDOR PORTALS TO HELP PATIENTS MAKE DECISIONS ABOUT WHERE AND WHEN TO SEEK CARE. WE'RE ALSO EXPANDING OUR EDUCATION. THE MOST EXPENSIVE CARE ISN'T ALWAYS THE BEST CARE.

FOR EXAMPLE, A RECENT PRESENTATION THAT WE CONDUCTED FOR EBAT, ONE ITEM OF THE DIFFERENCE IN COST FOR KNEE SURGERY, FOR EXAMPLE. WE FOUND LOOKING AT THE STATE DATA BASES, \$12,000 DIFFERENCE FROM HOSPITAL TO HOSPITAL. WE WANT TO INCREASE THE TRANSPARENCY FOR THOSE TOOLS FOR THE PATIENTS IF YOU ARE CHOOSING TO HAVE OR YOU DO NEED TO HAVE A KNEE SURGERY, YOU CAN MAKE THE BEST USE OF

THOSE TOOLS TO MAKE SURE THAT YOU ARE GOING TO THE BEST CENTER AND YOU WILL GET A FAIR VALUE PRICE. CONSIDERING PARTICIPATION REQUIREMENTS. AS I MENTIONED THAT CAN BE ONE OF THE NEXT STEPS IN STRUCTURING THE WELLNESS PROGRAM. WE ARE LEARNING FROM OTHER NATIONAL MODELS ABOUT EFFECTIVE WAYS THAT WE CAN STRUCTURE INCENTIVES INTO OUR PARTICIPATION. FOR EXAMPLE, KING COUNTY, SEATTLE AREA, SUCCESSFULLY HAVE A MODEL IN PLACE ALLOWING EMPLOYEES TO QUALIFY FOR RICHER BENEFIT PLANS IF THEY PARTICIPATE IN WELLNESS. WITH THE HEALTH ENGAGEMENT MODEL, A SYSTEM THAT GIVES PREMIUM INCENTIVES FOR PARTICIPATION. WE ARE DISCUSSING THESE MODELS AND OTHERS WITH LABOR DEPARTMENTS TO DETERMINE WHAT FITS BEST FOR MULTNOMAH COUNTY. THIS IS THE DIRECTION WE WANT TO GO IN. ONE THING WE HAVE LEARNED IS THE VALUE IN SPENDING ENOUGH TIME ON EDUCATION IN ADVANCE OF PUTTING THESE INITIATIVES INTO PLACE. IT IS VERY IMPORTANT THAT THE INITIATIVES ARE UNDERSTOOD, PLAN PARTICIPANTS KNOW THE WHY AND CAN ACCEPT AND LEVERAGE THE MODEL TO THEIR BEST OUTCOMES. AND FINALLY, CONTINUING TO EMPHASIZE A CULTURE OF WELLNESS. MENTIONED BEFORE, INTEGRATION CAN BE MOST EFFECTIVE WHEN -- BUILT THE SUPPORT GRADUALLY. WE BEGAN OUR WELLNESS INITIATIVE BUILDING A STRONG LEADERSHIP SUPPORT. THE CAMPAIGN TEAMS AND WELLNESS TEAM STRENGTHENED THAT SUPPORT THROUGHOUT THE COUNTY. NEXT PHASE FROM THE WELLNESS PROGRAM WILL BE IMPLEMENTING -- INCREASING OUR RESOURCES FOR FIRST-LEVEL MANAGERS TO HELP THEM LEARN HOW THEY CAN INTEGRATE WELLNESS INTO THEIR WORK SITE ON A DAILY BASIS AND WE THINK THROUGH THIS WE WILL REALLY ACHIEVE DEEPER PROGRAM EXPANSION OF WELLNESS SO THAT IT BECOMES ENGRAINED AND THE COUNTY WAY OF DOING BUSINESS.

**Mr. Graves:** SO, TO USE STEVE'S ANALOGY, THE LAST INGREDIENT WE HAVE BEEN TALKING ABOUT TO BUILD THE CAKE IS AROUND COLLECTIVE PURCHASING AND VENDOR NEGOTIATIONS. WE HAVE LOOKED AT -- WE THOUGHT WE MIGHT BE ABLE TO CONSIDER IN THE FUTURE DOING THE OREGON STATE EXCHANGE, THE POOL, HOWEVER, RIGHT NOW IT IS NOW THE FEDERAL EXCHANGE FOR -- IN OREGON. WHO KNOWS WHAT THAT FUTURE WILL LOOK LIKE? ANOTHER THING TO CONSIDER, LARGE EMPLOYERS AS PRIVATE EXCHANGES. AON AND OTHERS HAVE PUT TOGETHER THEIR OWN PRIVATE EXCHANGES, PACKAGING BENEFITS IN A WAY THEY GET COLLECTIVE PURCHASING POWER FOR A CHEAPER RATE. WE GET EFFICIENCIES AND THINGS LIKE ONLINE ENROLLMENT AND BENEFIT ADMINISTRATION CHANGES, AND INTEGRATION WITH WELLNESS AND WHATNOT AND A LOT OF EMPLOYEE CHOICE. THAT IS SOMETHING FOR US TO LOOK AT IN THE FUTURE. THE OTHER COLLECTIVE PURCHASING DECISION THAT WE CAN MAKE IS LOOKING AT OUR OPTION OF THE PEBB AND OEBB, THE STATE POOLS THAT THEY HAVE.

THE LEGISLATURE, LAST YEAR, ALLOWED US TO JOIN THE POOLS. WE HAVE ONE HURDLE WITH THE PEBB IN THAT IT EXCLUDES PUBLIC SAFETY, SPECIFICALLY POLICE OFFICERS. THAT MIGHT BE A PLACE FOR US TO LOOK AT A LEGISLATIVE CHANGE BECAUSE IT WOULDN'T MAKE SENSE FOR US TO GO INTO COLLECTIVE PURCHASING, ONE BARGAINING UNIT THAT WE WOULD MANAGE BENEFITS FOR. IT DOESN'T FIT WITH OUR VALUES IN WANTING THE SAME BENEFITS FROM DESK TO DESK. WE WOULDN'T HAVE ANY OF THE SAVINGS THAT WE WOULD HOPE TO HAVE FOR ADMINISTRATION. SO, WE'RE GOING TO LOOK TO SEE IF THAT MIGHT BE A FUTURE OPTION. OEGB IS SOMETHING THAT IS ON THE TABLE THAT WE CAN LOOK AT TO SEE IF IT MEETS THE NEEDS. WE'RE HAVING THOSE CONVERSATIONS WITH OUR UNIONS TO SEE IF THIS IS AN OPTION THAT WE MIGHT CONSIDER. AND WHEN WE DID OUR INITIAL ANALYSIS FOR THIS, FROM A COST PERSPECTIVE, IT WASN'T A SLAM DUNK, WHERE A LARGE ENOUGH POOL, OURSELVES, MULTNOMAH COUNTY AND THE PORTLAND REGION, THAT OUR COSTS DIDN'T LOOK LIKE IT WOULD BE A HUGE DRIVER WHERE WE WOULD HAVE THIS HUGE COST SAVINGS. THAT COULD BE GETTING INTO A LARGER RISK POOL OVERALL. I LIKE THE FACT THAT THEY ALREADY HAVE INTEGRATED THE WELLNESS WITH THE HEALTH ENGAGEMENT MODEL, WHICH IS WHAT ABBEY TALKED ABOUT. IT IS SOMETHING THAT WE DESERVE TO HAVE MORE DISCUSSIONS ABOUT AND LOOK INTO MORE IN THE FUTURE. THOSE WERE ALL OF THE INGREDIENTS. WE HAVE TALKED TO YOU A LITTLE BIT ABOUT WHAT THE CURRENT STATE IS, WHAT WE HAVE BEEN DOING OVER THE PAST FEW YEARS IN TERMS OF MANAGING OUR COSTS, INFORMATION ABOUT THE TRENDS, OUR LABOR PARTNERSHIPS, AND THE FUTURE CONSIDERATIONS, BUT WE WANTED TO ALLOW YOU TO ASK ANY OTHER QUESTIONS.

**Commissioner Shiprack:** I HAVE ONE.

**Chair Kafoury:** GO AHEAD.

**Commissioner Shiprack:** I'M WONDERING IF IT IS STATE STATUTE OR FEDERAL LAW THAT KEEPS THOSE EMPLOYEE BENEFIT BOARD PROGRAMS FROM ACCEPTING MEDICARE RECIPIENTS OR MEDICARE-ELIGIBLE RECIPIENTS?

**Mr. Graves:** THE POST 65?

**Commissioner Shiprack:** YEAH.

**Mr. Graves:** ONE OF THE HURDLES WE HAVE TO PEBB AND OEGB, RIGHT NOW PEBB AND OEGB DO NOT ALLOW -- DON'T HAVE COVERAGE FOR FOLKS THAT ARE OVER 65. ANY PUBLIC EMPLOYEE CAN GO INTO THE PERS SYSTEM AND GO INTO THAT SYSTEM. WE DO ALLOW THAT. ONE OF THE FEW PUBLIC EMPLOYERS THAT ALLOW FOLKS POST 65 TO STAY ON THE BENEFITS. THAT IS A HURDLE FOR US TO FIGURE OUT. THE VESTING THAT HAPPENS WHEN SOMEBODY IS ACTUALLY RETIRED, IF YOU HAVE MADE ESSENTIALLY A

CONTRACT WITH THEM. WE ARE RESEARCHING WITH WHETHER WE BELIEVE WE CAN CHANGE THAT. I'M NOT SURE IT IS A LAW THAT SAYS PEBB OR OEGB DOESN'T DO IT. I THINK IT IS IN THEIR ADMINISTRATION POLICY.

**Ms. Hendricks:** I BELIEVE IT IS ADMINISTRATIVE POLICIES FOR PEBB AND OEGB.

**Mr. Graves:** THAT WAS ONE OF THE FIRST QUESTIONS DOING THE RESEARCH, IS PEBB OR OEGB A POSSIBILITY, ASKING THEM IF THAT IS SOMETHING THEY MIGHT CONSIDER. I THINK WE KIND OF GOT A NO, THAT IS NOT SOMETHING WE COULD CONSIDER OPENING THAT UP TO. SINCE THEN WE HAVE BEEN RESEARCHING DO WE HAVE ALTERNATIVES THEN.

**Commissioner Shiprack:** I'M CURIOUS ABOUT THE POLICY.

**Mr. Herron:** I DON'T THINK THERE IS A PROHIBITION, SHOULD THEY HAVE THE POLITICAL WILL TO OPEN IT UP TO THEM.

**Mr. Graves:** ONE THING THAT WE HAVE WITH THE RETIREES, REQUIRED TO OFFER BENEFITS TO RETIREES. I'M NOT SURE IF THAT JUST CHANGED IN THE LEGISLATURE OR NOT. IT MIGHT HAVE. WE HAVE TO RATE THE RETIREES WITH THE REST OF THE POOL, TOO. THAT COULD EFFECT THE COST. BECAUSE THEY'RE MEDICARE ELIGIBLE, THE THOUGHT WOULD BE THEY ARE NOT NECESSARILY THE FIRST PAYER, TOO, SO --

**Commissioner Shiprack:** I HAVE A PERSONAL INTEREST IN THE OUTCOME OF THIS DISCUSSION. I WILL STAY TUNED WITH YOU.

**Vice-Chair McKeel:** CHAIR? I DON'T HAVE A QUESTION, I JUST HAVE A COMMENT. I WANT TO THANK YOU FOR THIS PRESENTATION. VERY WELL DONE. A LOT OF INFORMATION, VERY WELL DONE. AND I REALLY APPRECIATE YOUR APPROACH WITH THE EBAT, BEING INCLUSIVE IN THAT. THAT SAYS TO OUR EMPLOYEES THAT WE VALUE YOUR INPUT AND WE RESPECT YOU AND WE WANT YOU SITTING AT THE TABLE WITH US MAKING THESE DIFFICULT DECISIONS THAT YOU HAVE TO MAKE REALLY. SO, THANK YOU VERY MUCH. APPRECIATE IT.

**Mr. Graves:** ONE THING I WANT TO SAY I APPRECIATE THE BOARD'S SUPPORT IN THAT. OUR JOB AS LABOR RELATIONS PROFESSIONALS IS TO WORK WITH OUR UNIONS. IT WORKS BETTER WITH COLLABORATIVE RELATIONSHIPS AND YOUR SUPPORT HAS REALLY HELPED US BUILD THAT.

**Chair Kafoury:** OTHER QUESTIONS OR COMMENTS?

**Commissioner Bailey:** A COMMENT THAT IT DOES SEEM LIKE WE'RE DEALING WITH A SITUATION WHERE WE HAVE LARGE COSTS IN THE FUTURE THAT WE CAN ANTICIPATE AND YOU'RE DOING A GOOD JOB OF TRYING TO STEER THE TITANIC BEFORE WE REACH THE ICEBERGS I GUESS. I AM SURE YOU'RE DOING A GREAT JOB MAKING THE CAKE. I WOULD REALLY NOT WANT TO EAT A CAKE BUILT BY CONSENSUS. I'M NOT A BAKER OR ANYTHING, BUT I DON'T THINK THAT TURNS OUT WELL, JUST FYI.

**Vice-Chair McKeel:** BUT IT HAS MADE ME REALLY HUNGRY.

### **ADJOURNMENT**

**Chair Kafoury:** AND ON THAT NOTE, UNLESS YOU HAVE ANYTHING FURTHER? WE'RE ADJOURNED. THANK YOU.

The meeting was adjourned at 12:09 p.m.

*This transcript was prepared by LNS Captioning and edited by the Board Clerk's office. For access to the video and/or board packet materials, please view at: [http://multnomah.granicus.com/ViewPublisher.php?view\\_id=3](http://multnomah.granicus.com/ViewPublisher.php?view_id=3)*

Submitted by:  
Lynda J. Grow, Board Clerk and  
Marina Baker, Assistant Board Clerk  
Board of County Commissioners  
Multnomah County, Oregon