



DAS General Services Building
1225 Ferry St SE, Ste B, Salem, OR

PUBLIC MEETING AGENDA

Tues., June 15, 2010; 10:30 a.m. – 4:00 p.m.

- 1. **Welcome and Approval of Minutes** (info/action: Bdattach.1)..... 10:30 – 10:45
Rich Peppers, Chair

The Board will review and approve the minutes from its May 18, 2010 Board meeting.

Overview of Meeting and Updates (info)

Joan Kapowich, Administrator

The Board will hear an overview of the meeting agenda topics and receive an update from the Administrator.

- 2. **Administrative Rules** (info/action: Bdattach.2)..... 10:45 – 11:00
Wendy Edwards, Director of Operations

Staff will review PEBB's OARs, scheduled for filing July 1, 2010.

- 3. **Public Comment**..... 11:00 – 12:00

During this time period, PEBB members and members of the public may address the Board with comments, suggestions, recommendations or concerns regarding PEBB benefits or other Board business. The Board may proceed with agenda items between public presentations.

BREAK 12:00 – 12:30

- 4. **Request from DAS** (info/action: Bdattach.3)..... 12:30 – 1:00
Paul McKenna

Mr. McKenna will present the DAS/SEIU request for disbursement of funds to pay the General Fund portion of premiums above 10% trend.

- 5. **Stabilization Fund, RBC & Plan Design** (info/action: Bdattach.4)..... 1:00 – 4:00
Wendy Edwards, PEBB
Sheree Swanson, Mercer

The Board will discuss the stabilization fund reserves, risk-based capital recommended reserve levels and a variety of plan design options, including the savings and impact to members and the desired reserve level. A decision will be made regarding 2011 plan designs. [NOTE: This Board attachment will be made available the day of the meeting.]

ADJOURN 4:00



DAS General Services Building
1225 Ferry St SE, Ste B, Salem

Public Meeting Minutes

Tues., May 18, 2010; 10:30 a.m. – 3:00 p.m.

DRAFT

NOTE: Time codes for the video stream (xx:xx:xx) are provided at the beginning of each section. Please refer to the recorded video stream of this meeting for additional details. Topics may be heard out of agenda order.

Board Members Present	
Rich Peppers, Chair (via conf. call)	Paul McKenna
Peter Callero	Fariborz Pakseresht
Rocky King	Jeanene Smith
Diane Lovell	Barney Speight
PEBB Staff Present	
Bobbie Barott	Kathy Loretz
Chelsea Hollingsworth	Ingrid Norberg
Joan Kapowich	Chérie Taylor
Guests Present	
Jeff Akers, Kaiser	David O'Guinn, PEBB Member
Donna Chastain, OSU	Cynthia Platonov, ODS
Thandi Clements, VSP	Jean Poling, Kaiser
Randy Cline, Willamette Dental	John C. Powell, John Powell & Assoc.
Lisa Dietz, Optumhealth	Ernie Pressman, UO
Elizabeth Enberg, Kaiser	Joanne Scharer, The Lund Report
Keith Forrester, Kaiser	Cash Singleton, Providence
Kelley Freels, BAM	Diane Skutack, BHS
Kristina Herron, Providence	John Thom, BHS
Shelia Jameson, Providence	Deborah Tremblay, OJD
Sally Kallianis, Willamette Dental	
Consultants Present	
Mikel Gray, Mercer	Hans Leitzinger, Mercer
Kari Johnson, Mercer	
Agenda	
[VIDEO STREAM: Screen 1] Welcome and Approval of Minutes Overview of Meeting and Updates Providence Letter PEBB Administrative Fee Operations Subcommittee Report CBA Petition Update Public Comment Information Request at April's Meeting	[VIDEO STREAM: Screen 2] Renewal Report / Proposed Rates / Design Options Follow-Up on Plan Design Coverage of 24 – 26 Year Olds Medical Homes

VIDEO STREAM: Screen 1 (00:00/01:22:07)		
1.	<p>Welcome and Approval of Minutes (info/discussion/<u>action</u>: Bdattach.1) Vice Chair Speight opened the meeting, announced that Chair Peppers was telephonically participating and called for a motion to approve minutes from the Board's previous two meetings.</p> <p>Action: Peter Callero moved to approve the Board's April 20, and May 4, 2010 minutes. Jeanene Smith seconded and the minutes were approved unanimously by the Board.</p>	00:35
	<p>Overview of Meeting and Updates Administrator Joan Kapowich updated the Board on general topics of interest and reviewed the agenda.</p>	00:55
2.	<p>Providence Letter (info/<u>action</u>) Administrator Joan Kapowich explained an offer from Providence Health Plans (PHP) to extend current contract terms through the end of 2012.</p> <p>Action: Rocky King moved that, although PEBB is appreciative of Providence's offer, given recent federal health reform, PEBB should take no action on PHP's offer, continuing on its path toward releasing a 2011 medical RFP. Diane Lovell seconded Mr. King's motion and the Board unanimously approved it.</p>	05:44
3.	<p>PEBB Administrative Fee (info/<u>action</u>: Bdattach.2) Wendy Edwards, Director of Operations, reported on PEBB's Administrative and Communications Fees, recommending, as one-time reductions, that the administrative fee should be reduced from 0.6 percent to 0.4 percent and that the communications fee be eliminated for Plan Year 2011.</p> <p>Action: Peter Callero moved to accept both of staff's recommendations, which Diane Lovell seconded. The Board carried the motion unanimously.</p>	28:43
4.	<p>Operations Subcommittee Report (info/discussion: Bdattach.3) Paul McKenna, Subcommittee Chair, updated the Board on the Subcommittee's May 11, 2010 meeting.</p>	29:38
5.	<p>CBA Petition Update (info/discussion) Paul McKenna, Board member, updated the Board on the status of the DAS/Union petition for payment of premium increases above 6 percent.</p>	32:18
6.	<p>Public Comment – None.</p>	38:12
11.	<p>Information Request at April's Meeting (info/discussion: Bdattachs.7A/7B/7C) Kathy Loretz, Deputy Administrator, presented the Board with additional information regarding the Council of Innovators (Bdattach.7A), PEBB's weight management program (Bdattach.7B) and certain birth outcomes (Bdattach.7C) that it requested at its April 20, 2010 meeting.</p>	40:25
	<p>Break</p>	01:22:06

VIDEO STREAM: Screen 2 (00:00/02:44:20)		
7.	<p>Renewal Report/Proposed Rates/Design Options (info/discussion: Bdattachs. 4/4A) Wendy Edwards, Director of Operations, and Kari Johnson, Mercer, summarized 2011 dental and vision renewals (Bdattach.4A) and staff/consultant recommendations for the Board.</p> <p>Action: Rocky King moved to accept recommendations as outlined, excluding ODS's bullet 4, pending receipt from the plan vendor of additional pricing data. Peter Callero seconded the motion, which the Board passed unanimously.</p> <p>Wendy Edwards, Director of Operations, and Hans Leitzinger, Mercer, summarized 2011 medical renewals (Bdattach.4) and staff/consultant recommendations for the Board.</p> <p>Action: Rocky King moved to accept staff/consultant's Kaiser recommendations as outlined, excluding bullet 4, pending receipt of further evidentiary data supporting cost and administrative issues. Diane Lovell seconded the motion, which passed 7 for, 1 against.</p> <p>Peter Callero moved to accept staff/consultant's Providence recommendations as outlined, excluding bullet 3, pending receipt of further evidentiary data supporting cost and administrative issues. Diane Lovell seconded the motion, which passed 7 for, 1 against.</p>	<p>37:24</p> <p>01:09:41</p> <p>01:26:58</p>
8.	<p>Follow-Up on Plan Design Discussion (info/discussion: Bdattach.5) Mikel Gray, Mercer, updated the Board regarding renewal increases and PEBB's stabilization fund, and followed up on plan design options.</p>	01:30:08
9.	<p>Coverage of 24 – 26 Year Olds (info/discussion/action: Bdattach.6) Bobbie Barott, Plan Design Manager, explained the federal health reform requirement of PEBB to cover children up to age 26 beginning Jan. 1, 2011, including implementation options.</p> <p>Action: Paul McKenna moved to accept staff's recommendations and discuss what, if any, fiscal management adjustments need to be made to finance bullet 3. Peter Callero seconded the motion. Diane Lovell and Fariborz Pakseresht are opposed to bullet 3 because of the cost to implement it, both to the plan and to state agencies.</p> <p>Paul McKenna amended his motion to accept staff's recommendation bullets 1-5, minus 3. Peter Callero re-seconded. The amended motion was carried unanimously.</p>	<p>02:11:42</p> <p>02:33:42</p> <p>02:41:13</p> <p>02:43:13</p>
10.	<p>Medical Homes (info/discussion) Jeanene Smith, Board member, presented the Board with a DRAFT overview of Patient-Centered Primary Care Home Pilot Development, from the Oregon Health Policy Board's April 13, 2010, meeting.</p>	02:43:51
	Adjourn	02:44:20



PEBB Oregon Administrative Rules
June 15, 2010
Wendy Edwards, Director of Operations

Executive Summary

This report provides an overview of changes to PEBB Oregon Administrative Rules (OARs) made by staff and the Department of Justice, with rationale. The Board's Operations Subcommittee approved the staff rules explicitly in its May 11, 2010, meeting and the DOJ rules implicitly earlier this month. With Board approval, staff will file the below rules with the Secretary of State by July 1, 2010 to meet the timelines and procedures required to promulgate these OARs by October 1, 2010.

OAR: Repeal/Amending/New – Overview of changes by PEBB staff

- **101-001-0010 Insurance Plan Implementation Procedures**
Repealed rule and moved language under 101-002-0015.
- **101-002-0010 Conduct of Meetings of the Board**
Rule updated to reflect current Board bylaws and delete reference to tobacco use.
- **101-002-0015 Public Employees' Benefit Board Appeal Procedure and Delegation – Repealed**
Rule required extensive updating, rewriting, and move of rule to relevant Chapter.
- **101-002-0020 Procedure to Appeal Determination of Coverage Issues by Insurance Carrier - Repealed**
PEBB does not receive appeal requests regarding claims and service issues with plans. Each plan provides an appeal process for members to follow.
- **101-020-0015 Opting out of Medical Insurance Coverage- Amended**
 1. Incorporates the Board's approval of TRICARE as an employer-sponsored medical plan in 2011.
 2. Add the opt-out choice of both medical and dental coverage when covered by another employer-sponsored plan in 2011.
 3. Clarify that retired employee returning to work and receiving an early retiree cash subsidy for PEBB retiree or COBRA may not opt out.
- **101-020-0066 PEBB Eligibility and Enrollment Appeals - New Rule**
Repealed OAR 101-002-0015 rewritten and renumbered. Clarified the employee appeal process to PEBB. Shortened PEBB administrative staff appeal work time.
- **101-050-0051 Eligibility for Medical and Dental Insurance coverage upon Retirement- Amended**
 1. Improves language and clarity and provides new title.
 2. Clarifies Medicare eligible consequences in terms of retiree eligibility.
 3. Clarifies family members' coverage.

- **101-050-0010 Enrollment (Retiree)– Amended**
 1. Improves clarity of enrollment requirements and provides new title.
 2. Provides clarity of coverage terminations and the effective dates of the termination.
- **101-050-0015 Retiree Returning to Work for a PEBB Participating Organization in a Benefit Eligible Status – Amended**
Improves clarity.
- **101-50-0020 Retiree Survivor Medical and Dental Insurance Coverage**
Improves clarity.
- **101-050-0025 Retirees Eligible for Medicare Coverage – Repealed**
The requirements of this OAR were incorporated as appropriate in amended retiree eligibility and enrollment OARs rather than as a separate OAR (eligibility and enrollment).

DOJ Rationale for Rule Modifications

DOJ provided rationale for rule change recommendations. Key points for the present purpose include:

- PEBB has independent contracting authority for benefits and for related consultant and vendor services.
- PEBB’s employee benefit procurements are exempt from the Public Contracting Code (“Code”).
- PEBB’s non-benefits procurements are subject to the Code even where PEBB has independent contracting authority, such as its Pebb.benefits (PDB) benefit management system.
- PEBB may adopt procurement and contracting rules where it has independent contracting authority.

The DOJ Model Public Contract Rules are the default where PEBB has independent contracting authority subject to the Code. The DOJ Model Rules are relatively straightforward, are revised regularly to reflect changes in law, have useful DOJ interpretive commentary, and are published in a usable manual format. The 2010 edition to the *Attorney General’s Public Contracts Manual* is expected to be published in June.

DOJ’s general recommendations for revisions to PEBB’s procurement and contracting rules are:

- For PEBB procurements that are subject to the Code, rely on the DOJ Model Rules and not promulgate its own procurement rules.
- For PEBB procurements for benefits, rely more heavily on definitions in the Code and on the DOJ Model Rules, except where procuring for benefits raises special issues.
- Eliminate redundant and contradictory provisions, particularly as to evaluative criteria. This will reduce opportunities for legal challenge.

- Combine PEBB’s statutory evaluative criteria with the Board’s Vision. This will provide PEBB’s Board and staff with a unified set of evaluative criteria.
- Clarify when proposals and evaluation processes will be exempt from public disclosure.

Note that DOJ did not attempt to anticipate the new issues that may arise as PEBB is integrated into the Oregon Health Authority. Further revisions can be expected in the future.

OARs – Repeal/Amending– Overview of Changes by DOJ

- **101-002-0005 - Powers and Duties of the Board**
Edits to include delegated authority and staff changes made before May meeting have been incorporated. This rule was first modified by staff and then sent to DOJ.
- **101-005-0010 – Renewal, Screening and Selection for Benefits and Consultants Contracts**
Amended to reflect DOJ model rules; change “consultants” to “vendor.”
- **101-005-0020 - Policy**
Amended to incorporate updated Board Vision elements and additional OAR reference. This rule was first modified by staff and then sent to DOJ.
- **101-005-0030 - Definitions**
Amended to update definitions, including transition to Oregon Health Authority.
- **101-005-0040 – Procurement and Renewal Process**
Amended to strike out redundant criteria; language incorporated from ORS 279 B.060 (6).
- **101-005-0050 - Mistakes**
Amended to reflect that PEBB’s rules don’t require an “opening” and DOJ does not recommend one.
- **101-005-0060- Records Maintenance**
Repealed.
- **101-005-0070 – Contract Amendments**
Amended to incorporate language from DOJ model rules. OAR 137-47-0800 expands grounds for amendment.
- **101-005-0090 – Addenda to an RFP**
Amended to incorporate housekeeping changes.
- **101-005-0105 – Submission of Proposals; Format; Timing**
Amended to incorporate housekeeping changes.
- **101-005-0110- Evaluation of Proposals**
Amended to include names of Selection Committee. With no change, exemption in ORS 192.502(1) won’t apply and providing the names will prohibit proposers from communicating with the Selection Committee.

- **101-005-0120 – Rejection of a Proposal**
Amended to incorporate DOJ model rules.
- **101-005-0130 – Responsible Proposer**
Amended to reflect the more detailed standards now found in ORS 279 B.110, as amended in 2009.
- **101-005-0140 – Protest of Contractor Selection, Contract Award**
Amended to reflect standard protest period of seven days.
- **Division 6 – Applicable Personal Service Contract Rules**
 - 101-006-0010 – Applicable Personal Service Contract Rules**
 - 101-006-0020 - Renewal Process for Consultant and Vendor Contracts**
 Repealed to rely on DOJ model rules for contracts other than benefit contracts.

Rationale:

- Unlike benefits contracts, these contracts aren't exempt from the Public Contracting Code.
- The Model Rules in their entirety provide a comprehensive set of rules that is more usable than DAS's rules.
- Adopting some procurement rules and not others is confusing.

Administrative Time Line

- Post permanent rule to Oregon Bulletin by July 11, 2010, for publication Aug. 1, 2010.
- Notice of permanent rule to Legislative Counsel – July 26, 2010.
- Notice of permanent rule to Interested Parties for Comment – Aug. 6, 2010.
(Note: The interested third-party administrator provided comment during draft.)
- Public Hearing, Sept. 9, 2010, 3:30-4:30 p.m., PEBB Board Room.
- Final date for comment - Sept. 9, 2010, 5:00 p.m.
- File permanent rule - Sept. 14, 2010, to be effective Oct. 1, 2010.
- File permanent rule with Legislative Counsel - Oct. 5, 2010.

Board Action

The Operations Subcommittee reviewed and approved the staff-modified rules in its May 11, 2010, meeting, prior to completion of DOJ review. Staff sent the rules as modified by DOJ to subcommittee members on June 1, 2010, and the members provided no comments. Staff recommends the Board approve filing of the rules listed here to become effective Oct. 1, 2010.

CLEAN RULES

**DEPARTMENT OF ADMINISTRATIVE SERVICES,
PUBLIC EMPLOYEES' BENEFIT BOARD
DIVISION 1
PROCEDURAL RULES**

101-001-0010 - Repeal

DIVISION 2

POWERS OF THE BOARD

101-002-0005 - Powers and Duties of the Board

(1) Pursuant to ORS 243.125, it will be within the powers and duties of the Board to study all matters connected with providing adequate benefit plan coverage for Eligible Employees on the best basis possible with relation both to the welfare of the employees and to the state.

(2) The Board will design benefit plans, devise specifications, invite proposals, analyze responses to requests for proposals, decide on the award of contracts for benefit plan coverage of Eligible Employees.

(3) The Board seeks optimal health for PEBB's members through a system of care that is patient-centered, focused on wellness, coordinated, efficient, effective, accessible, and affordable. The Board will place emphasis on:

- (a) Employee choice among high quality benefit plans;
- (b) A competitive marketplace;
- (c) Benefit plan performance and information;
- (d) Employer flexibility in benefit plan design and contracting;
- (e) Quality customer services;
- (f) Creativity and innovation;
- (g) Benefit plans as part of total employee compensation;
- (h) The improvement of employee health;
- (i) An innovative delivery system;
- (j) A focus on improving quality and outcomes;

(k) Promotion of health and wellness;

(l) Appropriate provider, health plan, and consumer incentives;

(m) Accessible and understandable information about costs, outcomes, and other health data; and

(n) Benefits that are affordable to the state and employees.

(4) The Board may retain consultants, brokers, or other advisory personnel as it determines necessary; and subject to the State Personnel Relations Law, will employ such personnel as are required to perform the functions of the Board.

(5) The Board may delegate authority to the Administrator and Staff to complete duties described in (2)-(4) above.

Stat. Auth.: ORS 243.061 - ORS 243.302 Stats. Implemented: ORS 183.310-550, 192.660, 243.061-302 & 292.051 Hist.: PEBB 1-1999, f. 12-8-99, cert. ef. 1-1-00; PEBB 1-2004, f. & cert. ef. 7-2-04

101-002-0010 - Conduct of Meetings of the Board

(1) The Board will select one of its appointed voting members as chairperson and another voting member as vice chairperson.

(2) Meetings will be conducted by and will be under the control of the chairperson of the Board. In the absence of the chairperson, the vice chairperson or other Board member designated by the chairperson in the absence of the vice chairperson will preside. All meetings of the Board will be conducted in the matter prescribed by and in accordance with the Oregon Public Meetings Law, ORS 192.610 to 192.690.

Stat. Auth.: ORS 243.061 - 243.302

Stats. Implemented: ORS 183.310-550, 192.660, 243.061-302 & 292.051

Hist.: PEBB 1-1999, f. 12-8-99, cert. ef. 1-1-00; PEBB 1-2004, f. & cert. ef. 7-2-04

101-002-0015 - Repeal

DIVISION 5**RENEWAL, SCREENING AND SELECTION FOR BENEFITS AND VENDOR CONTRACTS****101-005-0010****Renewal, Screening and Selection for Benefit, Vendor and Consultant Contracts**

(1) The Board is charged with the obligation of obtaining Benefit Plans to provide Benefits to Eligible Employees. OARs 101-005-0040 through 101-005-0140 set forth the screening, selection and renewal process to be used for all such Benefit Plan contracts. The Board has sole authority for procuring all benefits and services contemplated by ORS 243.061 through 243.302.

(2) Except as provided in OAR 101-005-0040 through 101-005-0140, the Board adopts the DOJ model public contract rules in OAR 137, division 46 (General Provisions Related to Public Contracting) and division 47 (Public Procurements for Goods or Services), effective January 1, 2010, as the contracting rules that shall apply to its procurements for Benefit Plan contracts.

(3) The Board adopts the DOJ model public contract rules in OAR 137, division 46 (General Provisions Related to Public Contracting) and division 47 (Public Procurements for Goods or Services), effective January 1, 2010, as the contracting rules that shall apply to its procurements for Vendor and consultant contracts within the Board's contracting authority.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.125 Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

101-005-0020 - Policy

The policy of the Board is to select Contractors in an expeditious and efficient a manner that is consistent with the goal of delivering high quality Benefits and other services at a cost that is affordable to both the employees and the state, consistent with the requirements of ORS242.135 and OAR 101-002-0005. The Board may enter into more than one contract for each type of Benefit Plan or other service sought.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.125 & 243.135(2) Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

101-005-0030 - Definitions

For the purposes of OARs 101-005-0010 through 101-005-0140 the following terms have the meanings indicated below.

(1) "Benefit Plan" includes, but is not limited to:

(a) Contracts for insurance or other benefit based on life; supplemental medical, supplemental dental, optical, accidental death or disability insurance; group medical, surgical, hospital, flexible spending account, or any other remedial care recognized by state law; and related services and supplies.

(b) Comparable benefits for employees who rely on spiritual means of healing;

(c) Self insurance programs managed by the Board; and

(d) Employee assistance programs.

(2) "Benefits" means those goods and services provided under Benefit Plans.

(3) "Board" means the ten-member Public Employees' Benefit Board. created by ORS 243.061.

(4) "Consultant" means consultants, brokers or other advisory personnel hired by the Board pursuant to ORS 243.125(5) to assist in acquiring adequate Benefit Plan coverage for eligible state employees; assist in the study of all matters connected with the provision of adequate Benefit Plan coverage for eligible state employees; assist in the development and implementation of decision-making processes; design and implement additional programs to review, monitor and assist in the improvement of Eligible Employees and their dependents' health; and provide other services as required by the Board.

(5) "Contractor" means an individual or firm selected to provide Benefits Plan services and other services with whom the Board contracts;

(6) "Eligible Employee" shall have the same definition as is described in ORS 243.105(4).

(7) "Emergency" means circumstances that:

(A) Could not have been reasonably foreseen;

(B) Create a substantial risk of loss, damage or interruption of Benefits or other services or a substantial threat to property, public health, welfare or safety; and

(C) Require prompt execution of a contract to remedy the condition.

(8) "PEBB" means the agency, overseen by the Board, that is within the Department of Administrative Services until the operational transfer to the Oregon Health Authority described in OAR 943-001-0015(2).

(9) "Person" means a natural person capable of being legally bound, a sole proprietorship, a corporation, a partnership, a limited liability company or partnership, a limited partnership, a for-profit or nonprofit unincorporated association, a business trust, two or more persons having a joint or common economic interest, any other person with legal capacity to contract or a public body.

(10) "Proposal" means a competitive Proposal, binding on the Proposer and submitted in response to a Request for Proposals.

(11) "Proposer" means a Person who submits a Proposal in response to a Request for Proposals.

(12) "Renewal Contractors" means those Contractors who provided the same or similar employee Benefit Plan or other services under a contract with the Board in the year immediately prior. An employee Benefit Plan or other services contract is similar if it is reasonably related to the scope of work described in the procurement under which such a contract was awarded.

(13) "Request for Proposals" or "RFP" means all documents, whether attached or incorporated by reference, used for soliciting Proposals.

(14) "Responsible Proposer" means a person who meets the standards of responsibility described in OAR 101-005-0130.

(15) "Responsive Proposal" means a Proposal that substantially complies with the request for proposals and all prescribed procurement procedures and requirements.

(16) "Single Source" means the only vendor of a particular product or service reasonably available. If the Board chooses to procure a particular Benefit or service that is only available from one vendor, documentation must be maintained to support the determination that the product or service is available only from that one seller.

(17) "Formal Selection Procedure" means the process described in OAR 101-005-0040(1).

(18) "Informal Selection Procedure" means the process described in OAR 101-005-0040(2).

(19) "ORPIN" means the Oregon Procurement Information Network, an online service operated by the Department of Administrative Services that displays procurements and contracts issued by the State of Oregon's agencies.

(20) "Selection Committee" means the group of individuals comprised of PEBB staff, Board members, constituents, or Consultants associated with PEBB who review, score,

and recommend an Apparent Successful Proposer (ASP selected as a result of a RFP issued by PEBB) to the Board for approval.

(21) "Vendor" means the contractors from which PEBB will secure services other than Benefits.

Stat. Auth.: ORS 243.125(1) Stats. Implemented: ORS 243.105(1), (2), & (4) & 243.125(5) Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05; PEBB 1-2009(Temp), f. & cert. ef. 2-24-09 thru 8-22-09; PEBB 2-2009, f. 7-29-09, cert. ef. 8-1-09

101-005-0040 – Procurement and Renewal Processes

(1) Formal Selection Procedure: This procedure will be used for the procurement of Benefits Exceptions to this procedure are specified in sections (2), (3), (4) and (5).

(a) Announcement: The Board will give notice of intent to contract for Benefits via the Oregon Procurement Information Network (ORPIN), The notice shall include a description of the Benefits or services sought the scope of the services required, and a description of special requirements, if any. The notice will invite qualified prospective contractors to apply. The notice will specify when and where the application may be obtained, to whom it must be returned, and the closing date.

(b) Proposal: The Proposal from the prospective contractors will consist of a statement that describes the prospective contractor's credentials, performance data and other information sufficient to establish contractor's qualifications for providing the Benefits or services sought, as well as any other information requested in the announcement.

(c) Evaluation: The Board or its designees will evaluate the qualifications of all applicants and select prospective contractors as set forth in OAR 101-005-0110.

(d) Award of Contracts: The Board will make final selections based on the criteria included in OAR 101-002-005(3).

(e) Confidentiality: Until after the notice of intent to award a contract is issued, Proposals are not required to be open for public inspection, and PEBB shall in good faith seek to protect Proposals from disclosure under ORS 192.502(4) as a confidential submission or under other applicable exemptions from disclosure. After the notice of intent to award a contract is issued, PEBB may withhold from disclosure to the public materials included in a Proposal that are exempt or conditionally exempt from disclosure under ORS 192.501 or 192.502.

(2)(a) Informal Selection Procedure: This procedure may be used at the Board's discretion, when the informal selection procedure will not interfere with competition among prospective contractors, reduce the quality of services, is an amount less than \$150,000 in contract costs, or will not increase costs. The Board will contact a minimum of three prospective contractors known to the Board to be qualified to propose the sought-after services. The selection will be made by the Board based upon the factors

described in paragraph (1) (d) of this rule. If three quotes are not received, the Board will make a written record of its efforts to obtain quotes.

(b) When informal selection procedure has been used, the cumulative amendment(s) to the contract shall not increase the total contract cost to sum that is greater than twenty-five percent (25%) of the original contract cost.

(3)(a) Sole Source Procedure: PEBB may award a contract for Benefits without competition when the Administrator of PEBB determines in writing that the services are available from only one source, or the contractor is defined as a Qualified Rehabilitation Facility as defined in Oregon's public contracting code.

(b) The determination of a sole source must be based on written findings that may include:

(A) That the efficient utilization of existing services requires the acquisition of compatible services;

(B) That the services required for the exchange of software or data with other public or private agencies are available from only one source;

(C) That the services are for use in a pilot or an experimental project; or

(D) Other findings that support the conclusion that the goods or services are available from only one source.

(c) To the extent reasonably practical, PEBB shall negotiate with the sole source to obtain contract terms advantageous to PEBB.

(4) Renewal Procedure: If the Board does not issue an RFP or Single Source procurements to solicit formal proposals from qualified potential Contractors or Vendors, the Board may directly negotiate and enter into renewal contracts each plan year with Renewal Contractors to provide Benefits and other services without following the procedures set forth in sections (1) and (2) above. The Board may renew contracts with Renewal Contractors for as many years as the Board determines is in the best interest of the state and employees. The Board may invite renewal Proposals from those Contractors or Vendors who provided the same or similar employee Benefit Plan or other services in the year immediately prior. An employee Benefit Plan or other services contract is similar if it is reasonable related to the scope of work described in the procurement under which such a contract was awarded. The Board will negotiate with Renewal Contractors and enter into contracts with them after giving full consideration to the factors listed in paragraph (1)(d) or to such of those factors as the Board determines shall be evaluated for the renewal.

(5) Emergency Appointment Procedure: The Board may select a Benefit Plan or other service Contractor without following any of the above procedures when Emergency conditions require. In such instance, the recommended appointment and a written description of the conditions requiring the use of this appointment procedure shall be

submitted to the Board. The Board will determine if an Emergency exists, declare the Emergency and negotiate a contract with the Contractor after giving full consideration to the factors listed in paragraph (1)(d).

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.135 Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05; PEBB 1-2009(Temp), f. & cert. ef. 2-24-09 thru 8-22-09; PEBB 2-2009, f. 7-29-09, cert. ef. 8-1-09

101-005-0050

Mistakes

(1) Treatment of Mistakes. If the Board discovers certain mistakes in a Proposal before award of the Contract, and the mistakes are not identified as those qualifying as non-responsive to the specifications of the procurement, the Board may take the following action:

(a) The Board may waive, or permit a Proposer to correct a minor informality. A minor informality is a matter of form(s) rather than substance that is evident on the face of the Proposal, or an insignificant mistake that can be waived or corrected without prejudice to other Proposers. Mistakes including, but not limited to, signatures not affixed to the proposal document, proposals sent to the incorrect address, insufficient number of proposals submitted, incorrect format, etc., will not be considered minor.

(b) The Board may correct a clerical error if the intended Proposal and the error are evident on the face of the Proposal, or other documents submitted with the Proposal, and the Proposer confirms the Board's correction in writing. A clerical error is a Proposer's error in transcribing its Proposal.

(2) Rejection for Mistakes. The Board may reject any Proposal in which a mistake is evident on the face of the Proposal and the intended correct Proposal is not evident or cannot be substantiated from documents accompanying the Proposal; i.e., documents submitted with the Proposal. In order to insure integrity of the competitive procurement process and to assure fair treatment of Proposers, mistakes discovered that are contrary to the specifications of the procurement will be carefully reviewed and will be determined, under the sole authority of the Board, to be waived or not be waived.

(3) If the Board discovers mistakes in the proposal after award, and the mistakes are not considered minor, the Board reserves the right to determine if the award will be revoked and then will re-evaluate proposals deemed to be in second, third, fourth, etc., in the standings.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.125(1) Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

OAR 101-005-0060- Repeal**101-005-0070****Contract Amendments**

PEBB may amend a contract without additional competition in any of the following circumstances:

(a) The amendment is within the scope of the procurement as described in RFP, the sole source determination, or special procurement (the "Procurement Document"). An amendment is not within the scope of the procurement if the Agency determines that if it had described the changes to be made by the amendment in the Procurement Document, it would likely have increased competition or affected award of the contract.

(b) These rules otherwise permit PEBB to award a contract without competition for the goods or services to be procured under the amendment.

(c) The amendment is necessary to comply with a change in law that affects performance of the contract.

(d) The amendment results from renegotiation of the terms and conditions, including the contract price, of a contract and the amendment is advantageous to PEBB, subject to all of the following conditions:

(A) The Services to be provided under the amended contract are the same as the Services to be provided under the unamended contract.

(B) PEBB determines that, with all things considered, the amended contract is at least as favorable to PEBB as the unamended contract.

(C) The amended contract does not have a total term greater than allowed in the Procurement Document after combining the initial and extended terms.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.135 & 243.125 Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05; PEBB 1-2009(Temp), f. & cert. ef. 2-24-09 thru 8-22-09; PEBB 2-2009, f. 7-29-09, cert. ef. 8-1-09

101-005-0075**Pre-Proposal Conference**

(1) Unless identified in the procurement as required, the Pre-Proposal Conference will:

(a) Include voluntary attendance;

(b) Will be held in Salem, Oregon; and

(c) Will identify attendees by name and company represented;

(2) If the Pre-Proposal Conference requires mandatory attendance by prospective proposers, no remuneration will be offered to prospective proposers for attendance, travel, document preparation, etc.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.135 & 243.125 Hist.:
PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

101-005-0080

RFP Protest; Request for Change; Request for Clarification

(1) Protest.

(a) Unless otherwise specified in the RFP, a Proposer must deliver a written protest to the Board not less than 10 (ten) calendar days prior to closing;

(b) Content of Protest. A Proposer's written protest shall include:

(A) A detailed statement of the legal and factual grounds for the protest;

(B) A description of the resulting prejudice to the Proposer; and

(C) A statement of the desired changes to the RFP.

(2) Request for Change.

(a) Unless otherwise specified in the RFP, a Proposer may request in writing a change to the Contract terms and conditions. If the RFP allows for a Proposer to make a request for changes, and unless otherwise specified in the RFP, a Proposer must deliver the written request for change to the Board not less than 10 (ten) calendar days prior to closing;

(b) A Proposer's written request for change shall include a statement of the requested changes to the Contract terms and conditions, including specifications together with the reason for the requested change.

(3) Board Response. The Board shall not consider a Proposer's request for change or protest after the deadline established for submitting such request or protest. The Board shall provide notice to the applicable entity if it entirely rejects a protest. If the Board agrees with the entity's request or protest, in whole or in part, the Board shall either issue an addendum reflecting its determination under OAR 137-047-0430 or cancel the solicitation under 137-047-0660.

(4) Extension of Closing. If the Board receives a written request for change or protest from a Proposer in accordance with this rule, the Board may extend closing if the Board

determines an extension is necessary to consider the request or protest and to issue an addendum, if any, to the RFP.

(5) Clarification. Prior to the deadline for submitting a written request for change or protest, a Proposer may request that the Board clarify any provision of the RFP. The Board's clarification to a Proposer, whether orally or in writing, does not change the RFP and is not binding on the Board unless the Board amends the RFP by addendum.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.135 & 243.125 Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05; PEBB 1-2009(Temp), f. & cert. ef. 2-24-09 thru 8-22-09; PEBB 2-2009, f. 7-29-09, cert. ef. 8-1-09

01-005-0090

Addenda to an RFP

(1) Issuance; Receipt. The Board may change an RFP only by written addenda.

(2) Notice and Distribution. The RFP shall specify how the Board will provide notice of addenda and how the Board will make the addenda available.

(3) Timelines; Extensions. The Board shall issue addenda within a reasonable time to allow prospective Proposers to consider the addenda in preparing their Proposals. The Board may extend the Closing if the Board determines prospective Proposers need additional time to review and respond to addenda. Except to the extent required by public interest, the Board shall not issue addenda less than 72 hours before the closing unless an addendum also extends the Closing.

(4) Request for Change or Protest. Unless a different deadline is set forth in an addendum, a Proposer may submit a written request for change or protest to the addendum by the close of the Board's next business day after issuance of the addendum.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.135 & 243.125 Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

101-005-0100

Extension of Time for Acceptance of Proposal

The Board may request, orally or in writing that Proposers extend, in writing, the time during which the Board may consider their Proposal. If a Proposer agrees to such extension, the Proposal shall continue as irrevocable, valid and binding on the Proposer for the agreed-upon extension period.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS.243.125(1) Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

101-005-0105

Submission of Proposals; Format; Timing

(1) All Proposals submitted as a result of a Formal Solicitation, Informal Solicitation, or Single Source Solicitation shall comply with the procurement's specifications. If portions of the Proposal to any solicitation are deemed unacceptable or non-responsive to the specifications of the solicitation, the Proposal will be deemed non-responsive and will not be given further evaluation or consideration. If a Proposal to any solicitation is delivered late, it will be deemed non-responsive to the specification of the solicitation and will be returned to the Proposer unopened.

(2) Submission of Proposals shall be in writing and shall be delivered in the written format, as required by the specifications of the solicitation. Proposals shall also be submitted electronically in any reasonable format specified in the RFP.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS.243.125(1) Hist.: PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

101-005-0110

Evaluation of Proposals

(1) Evaluation. The evaluation process described in this rule applies to the Formal Selection Procedure set forth in OAR 101-005-0040 (1). The Board and any assigned representatives, including but not limited to, PEBB stakeholders staff, or Consultants, hereinafter identified as the Selection Committee, shall evaluate Proposals only in accordance with criteria set forth in the RFP and applicable law. The Board shall evaluate Proposals to determine the Responsible Proposer or Proposers submitting the best responsive Proposal or Proposals.

(2) Competitive Range; Protest; Award.

(a) Determining Competitive Range. If the Board does not cancel the solicitation, the Board will evaluate all Proposals in accordance with the evaluation criteria set forth in the RFP. After evaluation of all Proposals in accordance with the criteria set forth in the RFP, the Board will determine the Proposers in the competitive range.

(b) Protesting Competitive Range. The Board shall provide written notice to all Proposers identifying Proposers in the competitive range. A Proposer that is not within the competitive range may protest the Board's evaluation and determination of the competitive range in not more than two (2) business days after the Board has sent written e-mail notice of the competitive range to all Proposers. open for public inspection

(c) Intent to Award; Discuss or Negotiate. After the protest period provided in accordance with paragraph (2) (b) expires, or after the Board has provided a final response to any protest, whichever date is later, the Board may engage in discussions and negotiations with Proposers in the competitive range.

(3) Discussions and Negotiations. If the Board chooses to enter into discussions and negotiations with the Proposers in the competitive range, the Board shall proceed as follows:

(a) Initiating Discussions. The Board shall initiate oral or written discussions and negotiations with all of the Proposers in the competitive range regarding their Proposals.

(b) Conducting Discussions. The Board may conduct discussions and negotiations with each Proposer in the competitive range necessary to fulfill the purposes of this section, but need not conduct the same amount of discussions or negotiations with each Proposer. The Board may terminate discussions and negotiations with any Proposer in the competitive range at any time. However, the Board shall offer all Proposers in the competitive range the opportunity to discuss their Proposals with the Board before the Board notifies Proposers of the award decisions.

(A) In conducting discussions, the Board and any designated representatives:

(i) Shall treat all Proposers fairly and shall not favor any Proposer over another;

(ii) Shall not discuss Proposers' Proposals with any other Proposers and shall maintain all Proposals as confidential documents to the extent permitted by the Public Records Law.

(iii) Shall not divulge the name(s) of the Proposers or the content of the Proposals until such time as cost negotiations are complete or an Apparent Successful Proposer has been announced.

(iv) Shall determine whether other factors, including but not limited to, Oregon residency of the primary business office and Proposer demonstration of services and products, will be used to determine the apparent successful Proposer, should a tie between Proposers occur.

(B) At any time during the time allowed for discussions and negotiations, the Board may:

(i) Continue discussions and negotiations with a particular Proposer or Proposers; or

(ii) Terminate discussions with a particular Proposer and continue discussions with other Proposers in the competitive range;

(C) The Board may continue discussions and negotiations with Proposers until the Board has determined which Proposer or Proposers shall be awarded contracts.

(c) Intent to Award; Protest. The Board shall provide written notice to all Proposers in the competitive range of the Board's intent to award the contracts. An unsuccessful Proposer may protest the Board's intent to award in accordance with OAR 101-005-0140. After the protest period provided in accordance with OAR 101-005-0140 expires, or after the Board has provided a final response to any protest, whichever date is later, the Board may commence final Contract execution with the successful Proposer or Proposers.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.135 & 243.125 Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

101-005-0120 – Rejection of Proposal

Rejection of Proposals.

(1) The Board may reject any Proposal upon PEBB's finding that the Proposal:

(a) Is contingent upon PEBB's acceptance of terms and conditions (including Specifications) that differ from the RFP;

(b) Takes exception to terms and conditions set forth in the RFP;

(c) Attempts to prevent public disclosure of matters in contravention of the terms and conditions of the RFP or in contravention of applicable law;

(d) Offers services that fail to meet the specifications of the RFP;

(e) Is late;

(f) Is not in substantial compliance with the RFP;

(g) Is not in substantial compliance with all prescribed procurement procedures;

(h) Has been debarred as set forth in ORS 279 B.130;

(i) Has failed to provide the certification of non-discrimination required under ORS 279A.110(4); or

(j) Is from a Proposer found non-responsible as described in OAR 101-005-0130.

(2) The Board may for good cause reject all Proposals in whole or in part or may cancel, delay or suspend the RFP upon the Board's written finding it is in the state's or employees' interest to do so. The Board shall notify all Proposers of the rejection of all Proposals, along with the good cause justification and finding. PEBB is not liable to any Proposer for any loss or expense caused by or resulting from the rejection, cancellation, delay or suspension.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.135 & 243.125 Hist.:
PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f.
7-26-05, cert. ef. 7-29-05

101-005-0130

Responsible Proposer

(1) Before awarding a Contract, the Board must have information that indicates the Proposer meets the applicable standards of responsibility. PEBB shall prepare a written determination of non responsibility for a Proposer if PEBB determines that the Proposer does not meet the standards of responsibility.

(2) In determining whether a Proposer has met the standards of responsibility, PEBB shall consider whether a Proposer:

(a) Has available the appropriate financial, material, equipment, facility and personnel resources and expertise, or has the ability to obtain the resources and expertise, necessary to meet all contractual responsibilities.

(b) Completed previous contracts of a similar nature with a satisfactory record of performance. For purposes of this paragraph, a satisfactory record of performance means that to the extent that the costs associated with and time available to perform a previous contract remained within the Proposer's control, the Proposer stayed within the time and budget allotted for the procurement and otherwise performed the contract in a satisfactory manner. PEBB shall document the Proposer's record of performance if PEBB finds under this paragraph that the Proposer is not responsible.

(c) Has a satisfactory record of integrity. PEBB in evaluating the Proposer's record of integrity may consider, among other things, whether the Proposer has previous criminal convictions for offenses related to obtaining or attempting to obtain a contract or subcontract or in connection with the Proposer's performance of a contract or subcontract. PEBB shall document the Proposer's record of integrity if PEBB finds under this paragraph that the Proposer is not responsible.

(d) Is legally qualified to contract with PEBB.

(e) Supplied all necessary information in connection with the inquiry concerning responsibility. If a Proposer fails to promptly supply information concerning responsibility that PEBB requests, PEBB shall determine the Proposer's responsibility based on available information or may find that the Proposer is not responsible.

(f) Was not debarred by PEBB in accordance with ORS 279B.130.

(3) PEBB may refuse to disclose outside of PEBB confidential information furnished by a Proposer under this section when the Proposer has clearly identified in writing the information the Proposer seeks to have treated as confidential and PEBB has authority under ORS 192.410 to 192.505 to withhold the identified information from disclosure.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.135 & 243.125 Hist.:
PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f.
7-26-05, cert. ef. 7-29-05

101-005-0140

Protest of Contractor Selection, Contract Award

(1) Purpose. An adversely affected or aggrieved Proposer must exhaust all avenues of administrative review and relief before seeking judicial review of the Board's Contractor selection or contract award decision.

(2) Notice of Intent to Award. Unless otherwise provided in the RFP, the Board shall provide written notice to all Proposers of the Board's intent to award the contract(s). The Board's award(s) shall not be final until the later of the following:

(a) Seven (7) days after the date of the notice, unless the RFP provided a different period for protest; or

(b) The Board provides a written response to all timely filed protests that denies the protests and affirms the award.

(3) Right to Protest Award. An adversely affected or aggrieved Proposer may submit to the Board a written protest of the Board's intent to award within seven (7) days after issuance of the notice of intent to award the contract, unless a different protest period is provided under the RFP.

(a) The Proposer's protest shall be in writing and must specify the grounds upon which the protest is based.

(b) A Proposer is adversely affected or aggrieved only if the Proposer would be eligible to be awarded the contract in the event that the protest were successful, and the reason for the protest is that:

(A) All higher ranked Proposals are nonresponsive;

(B) PEBB has failed to conduct the evaluation of Proposals in accordance with the criteria or processes described in the RFP;

(C) PEBB has abused its discretion in rejecting the protestor's Proposal as nonresponsive; or

(D) PEBB's evaluation of Proposals or PEBB's subsequent determination of award is otherwise in violation of PEBB's rules or ORS 243.105 to 243.285.

(c) The Board shall not consider a protest submitted after the time period established in this rule or such different period as may be provided in the RFP.

(4) Authority to Resolve Protests. The chairperson of the Board, or his or her designee, has the authority to settle or resolve a written protest submitted in accordance with the requirements of this rule.

(5) Decision. If a protest is not settled, the chairperson of the Board, or his or her designee, shall promptly issue a written decision on the protest. Judicial review of this decision will be available if provided by statute.

(6) Award. The successful Proposer shall promptly execute the contract after the award is final and all contractual terms and conditions have been negotiated and agreed upon. The Board shall execute the contract only after it has obtained all applicable required documents and approvals.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.135 & 243.125 Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

DIVISION 6

APPLICABLE PERSONAL SERVICE CONTRACT RULES

OAR 101-006-0010 – Repealed

OAR 101-006-0020 – Repealed

DIVISION 20

ENROLLMENT RULES

101-020-0015 - Opting Out of Medical Insurance Coverage

(1) Opting out is a medical insurance plan election. An eligible employee opting out of medical coverage may receive cash, as determined by PEBB, in lieu of medical insurance coverage. To opt out an eligible employee must have medical insurance through another employer-sponsored group medical plan. Benefit eligible employees may opt out of PEBB-sponsored:

(a) Medical insurance only; or

(b) Beginning in plan year 2011, both medical and dental insurance. An employee may not opt out of dental coverage only.

(2) The eligible employee must provide documentation to their agency of current employer group medical or medical and dental coverage within five business days of the employee's electronic enrollment or the date the agency receives the enrollment forms. Examples of documentation, include but is not limited to, plan identification cards or an employer letter of coverage. If documentation is not received, the employee's medical opt out must end retroactive to the effective date. When the agency or PEBB terminates

the opt out due to lack of documentation, the employee (only) will be enrolled in the PEBB medical plan that provides coverage state wide and as necessary the dental plan with state wide coverage. All other employee insurance elections will continue.

(3) Mandatory enrollment in other PEBB plans such as dental insurance may be required of eligible employees electing to opt out.

(4) A PEBB plan retiree receiving a state premium subsidy (e.g., early retirement premium subsidy) that returns to active employee status as benefit eligible but chooses to continue coverage under a PEBB retiree or COBRA plan is not eligible to opt out and receive cash in lieu of active employee medical benefits.

(5) An eligible employee enrolled in Medicare, Medicaid, Veterans' Administration Health Benefit Programs, or Student Health Insurance may not opt out in lieu of enrollment in a PEBB medical insurance plan. Beginning in plan year 2011, eligible employees may opt out of PEBB medical if their employer sponsored group medical plan is TRICARE.

Stat. Auth.: ORS 243.061 - 302

Stats. Implemented: ORS 243.061 - 302

Hist.: PEBB 1-1999, f. 12-8-99, cert. ef. 1-1-00; PEBB 1-2000, f. 11-15-00, cert. ef. 1-1-01; PEBB 1- 9 2002, f. 7-30-02, cert. ef. 8-1-02; PEBB 1-2003, f. & cert. ef 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 3-2004, f. & cert. ef. 10-7-04; PEBB 2-2007, f. 9-28-07, cert. ef. 10-1-07; PEBB 3-2009, f. 9-29-

11 09 cert. ef. 10-1-09

101-020-0066

Public Employees' Benefit Board Appeal Procedure

(1) Eligible employees may submit appeal requests to PEBB concerning PEBB policy, eligibility, or plan enrollments. PEBB staff, the Operations Subcommittee, and the Board use relevant state and federal regulations, policy, PEBB's documented Internal Revenue Code (IRC) 125 Cafeteria plan, and Oregon Administrative Rules to provide appeal decisions.

(2) PEBB does not accept appeals related to any contracted plans or plan administrators, such as but not limited to medical, dental, life, disability, COBRA, and long term care, services, decisions, or claims.

(3) Eligible Employees have four levels of PEBB appeal.

(a) Level One: An eligible employee that believes they received an incorrect or unfair decision from PEBB, an employing agency, or retiree plan administrator may appeal the decision to PEBB within 30 days of that decision.

- (A) The employee must submit the appeal to PEBB using the correct forms and provide any supporting documentation.
- (B) A PEBB Benefit Analyst will review the appeal documents and may request additional information from the employee or the employer. PEBB must receive requested information within 10 business days or the appeal is closed.
- (C) The analyst will complete review of the appeal within 30 days of the date PEBB receives all the necessary appeal documentation or notify the employee if a decision will require longer than 30 days.
- (D) When complete, the analyst will provide a written explanation and determination to the employee.
- (b) Level Two: An eligible employee who is dissatisfied with a Level One appeal determination may within 30 days of the determination letter request a Level Two review from the PEBB Plan Design Manager.
- (A) The employee must submit the request to the Plan Design Manager in writing and provide any new supporting documentation that would support the request. The manager may request additional information from the employee or the employer. Requested information must be received within 10 business days or the appeal is closed.
- B) The Plan Design Manager will review the request and determine whether to provide a determination to the employee or move the request directly to Level Three. The Plan Design Manager may request the Administrator or the Administrator's designee assist in the appeal review and determination.
- (C) When the Plan Design Manager completes a review, the employee will receive a written explanation and determination within 30 days of PEBB receiving all the necessary appeal documentation. When the Plan Design Manager sends the appeal to Level Three without providing a determination, the employee will receive a notice.
- (c) Level Three: An eligible employee receiving both a first and second level denial may request that the Operations Subcommittee review the appeal. The Subcommittee may review appeals submitted directly by the Plan Design Manager.
- (A) An employee requesting review, must submit the request in writing to the Plan Design Manager within 30 days of the Level Two determination letter date.
- (B) The Operations Subcommittee may recommend a review and determination of the appeal by the I Board without providing a decision to the employee; the employee will receive notice of the recommendation.
- (C) When the Subcommittee completes a review; the employee will receive a written explanation and determination within 30 days after the next regularly scheduled meeting.

(d) Level Four: An eligible employee dissatisfied with a determination by Operations Subcommittee may request a review and determination of the appeal by the Board. The Board may review appeals submitted directly by the Operations Subcommittee.

(A) An employee requesting a review must submit the request in writing to the Plan Design Manager within 30 days of the Operations Subcommittee determination letter date.

(B) When the board completes a review, the employee will receive a written explanation and determination within 30 days after the next regularly scheduled meeting. Should the decision require longer than 30 days the Board will send notice to the employee.

(4) An individual may appeal the Board's decision as provided under the Oregon Administrative Procedures Act, ORS Chapter 183.

DIVISION 50

RETIREE RULES

101-050-0005

PEBB Retiree Health Plan Eligibility

(1) An active employee enrolled in PEBB plans immediately prior to retirement and who meets PEBB retiree plan eligibility may continue participation in PEBB health plans upon retiring.

(2) To be eligible a retiring employee must not be eligible for Medicare and be:

(a) Receiving a service or disability retirement allowance under the Public Employees Retirement System (PERS) or under any other retirement or disability benefit plan or system offered by the State of Oregon for its officers and employees;

(b) Eligible to receive a service retirement allowance under PERS and have reached earliest retirement age under ORS Chapter 238; or

(c) Eligible to receive a service retirement allowance or pension under another retirement benefit plan or system offered by the State of Oregon and has reached earliest retirement age under the plan or system.

(3) Retiree plan eligibility for other individuals: A spouse, domestic partner, dependent child, and domestic partner's dependent child who each meet PEBB eligibility, are not Medicare eligible, and received coverage through the employee's active PEBB plans immediately prior to retirement are eligible for retiree plan coverage. When the retiring employee is Medicare eligible and not eligible for PEBB retiree plans, individuals receiving active coverage through the employee immediately prior to the retirement are eligible for retiree plan enrollment.

(4) If an individual covered by a PEBB retiree plan becomes Medicare eligible or loses PEBB eligibility while receiving retiree plan coverage, the individual must terminate from the plan. The exception is for Medicare eligibility because of end-stage renal disease. Individuals on the retiree plan who are not Medicare eligible and continue to meet PEBB eligibility may remain on the plan. .

(5) A former eligible employee who first elects COBRA and later becomes eligible as a retired employee may enroll in PEBB retiree health plans at any time during or immediately following COBRA.

Stat. Auth.: ORS 243.061 - 302

Stats. Implemented: ORS 243.061-302 & 659A.060-069

Hist.: PEBB 1-1999, f. 12-8-99, cert. ef. 1-1-00; PEBB 1-2001, f. & cert. ef. 9-6-01; PEBB 1-2002, f. 7-30-02, cert. ef. 8-1-02; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 3-2004, f. & cert. ef. 10-7-04; PEBB 3-2005, f. 8-31-05, cert. ef. 9-1-05; PEBB 2-2007, f. 9-28-07, cert. ef. 10-1-07

101-050-0010

Retiree Plan Enrollment and Termination

(1) An active employee meeting PEBB retiree eligibility may enroll themselves and other eligible individuals in PEBB retiree health plans.

(2) Retiree plan coverage must be continuous with active or COBRA PEBB plan enrollments. Employees that retire and receive PEBB plan coverage through another active employee may move to PEBB retiree coverage when the other employee coverage ends.

(3) An active employee meeting PEBB retiree eligibility must submit retiree enrollment forms within 60 days of the date the active employee insurance terminates. Enrollments submitted within this 60-day window are retroactive to the date of active coverage termination.

(4) A Retiree may elect any PEBB full time or part-time health plan. A Retiree may elect medical only, dental only, or medical and dental insurance coverage. If the retiree does not initially enroll in both medical and dental insurance plans, they may not add the other plan later.

(5) PEBB may offer a plan change period for retiree insurance plan participants. The plan change period allows the retiree to change benefit plans. The plan change period does not allow the retiree to add dependents or coverage not already in place.

(6) A retired eligible employee electing to continue PEBB health plans under COBRA can transfer to a PEBB retiree health plan at any time during or immediately following COBRA.

(7) A retired eligible employee and their eligible individuals must terminate from PEBB retiree plans when they:

- (a) Fail to self-pay the premiums; or
- (b) Fail to continue to meet PEBB eligibility; or
- (c) Become Medicare eligible; or
- (d) PEBB no longer offers retiree health plan coverage.

(8) Retiree plan coverage termination dates due to loss of eligibility:

(a) Coverage terminates the last day of the month before the month of Medicare eligibility.

Example: Joe becomes Medicare eligible May 1st because his 65th birthday will be May 15th. Joe's retiree health coverage will terminate April 30.

(b) Failure to meet PEBB eligibility requirements (e.g. a dependent ages out of coverage), coverage terminates the last day of the month that the eligibility is lost.

(8) Division 20 Enrollment Rules apply to retirees in the following situations:

(a) Midyear benefit plan changes such as those resulting in the addition of a family member, domestic partner, or domestic partner's dependent child to the retiree's insurance coverage. See OAR 101-020-0050.

(b) Adding a newborn or adopted child to the retiree's insurance coverage. See OAR 101-020-0020.

(c) Removing an ineligible individual from the retiree's insurance coverage. See OAR 101-020-0025.

(d) Enrollment or processing errors. See OAR 101-020-0037.

Stat. Auth.: ORS 243.061 - 302

Stats. Implemented: ORS 243.061 - 302

Hist.: PEBB 1-1999, f. 12-8-99, cert. ef. 1-1-00; PEBB 1-2000, f. 11-15-00, cert. ef. 1-1-01; PEBB 1-2001, f. & cert. ef. 9-6-01; PEBB 1-2002, f. 7-30-02, cert. ef. 8-1-02; PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 3-2004, f. & cert. ef. 10-7-04; PEBB 2-2007, f. 9-28-07, cert. ef. 10-1-07

101-050-0015**Retiree Returning to Work for a PEBB Participating Organization in a Benefit Eligible Status**

(1) A retiree returning to work within a PEBB participating organization in a benefit eligible position is eligible for active employee PEBB benefit plans. Insurance coverage must be continuous between active employee benefit plans and retiree plans.

(a) A retiree returning to paid regular status within 12 months will have their previous enrollment for medical, dental, life and disability insurance reinstated the first of the month following their return to work.

(b) A retiree returning to paid regular status 12 months after an active insurance coverage end date must enroll as a newly eligible employee. There is no second guarantee issue of long-term care insurance.

(c) A retiree either enrolling as a new hire or being reinstated to active employee optional life insurance must cancel retiree life that was ported from PEBB when the employee retired.

(2) A retiree enrolled in a PEBB retiree insurance plan may suspend the retiree insurance coverage when enrolled as an active employee in PEBB benefit plans. . The employee must notify and request the retiree plan administrator to suspend the retiree coverage.

(3) A retiree receiving a state premium subsidy (e.g., early retirement premium subsidy) that returns to active employee status as benefit eligible but chooses to continue coverage under a PEBB retiree or COBRA plan is not eligible to opt out and receive cash in lieu of active employee medical benefits.

Stat. Auth.: ORS 243.061 - 302

Stats. Implemented: ORS 243.061-302

Hist.: PEBB 1-1999, f. 12-8-99, cert. ef. 1-1-00; PEBB 1-2001, f. & cert. ef. 9-6-01; PEBB 1-2002, f. 7-30-02, cert. ef. 8-1-02; PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 3-2004, f. & cert. ef. 10-7-04; PEBB 1-2005, f. & cert. ef. 4-14-05; PEBB 2-2007, f. 9-28-07, cert. ef. 10-1-07

101-050-0020**Retiree Survivor Medical and Dental Insurance Coverage**

(1) An eligible spouse, domestic partner, dependent child, and dependent child of a domestic partner enrolled in PEBB retiree health plans at the time of a retiree's death (or subscriber's death) may elect to continue the retiree insurance coverage. The individual electing to continue the coverage becomes the subscriber. Subscribers must self-pay the premiums and maintain continuous coverage. It is the responsibility of the

subscriber to notify the retiree plan administrator if they do not want continued coverage.

(2) The retiree plan coverage terminates for a surviving spouse or domestic partner when they:

- (a) Remarry or form a domestic partnership; or
- (b) Fail to make premium payments; or
- (c) PEBB no longer offers retiree insurance plans

(3) The retiree plan coverage terminates for the surviving dependent children of the retiree, spouse, or domestic partner when they:

- (a) No longer meet PEBB dependent eligibility requirements (OAR 101-015-0011); or
- (b) Fail to make premium payments; or
- (c) PEBB no longer offers retiree insurance plans

Stat. Auth.: ORS 243.061 - 243.302

Stats. Implemented: ORS 243.061-302 & 659A.060-069

Hist.: PEBB 1-1999, f. 12-8-99, cert. ef. 1-1-00; PEBB 1-2001, f. & cert. ef. 9-6-01; PEBB 1-2002, f. 7-30-02, cert. ef. 8-1-02; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 3-2004, f. & cert. ef. 10-7-04; PEBB 2-2007, f. 9-28-07, cert. ef. 10-1-07

101-050-0025 – Repeal

MARKED-UP RULES

**DEPARTMENT OF ADMINISTRATIVE SERVICES,
PUBLIC EMPLOYEES' BENEFIT BOARD**

DIVISION 1

PROCEDURAL RULES

101-001-0010 - ~~Insurance Plan Implementation Procedures~~

~~(1) The Plan Year will be determined by the Board. Certain benefit plans and insurance policies may deviate from the Plan Year with Board approval.~~

~~(2) PEBB may conduct Open Enrollment Periods and require re-enrollment in insurance policies.~~

Stat. Auth.: ORS 243.061 - 243.302

Stats. Implemented: ORS 183.310 - 550, 192.660, 243.061 - 243.302 & 292.05

Hist.: PEBB 1-1999, f. 12-8-99, cert. ef. 1-1-00; PEBB 1-2004, f. & cert. ef. 7-2-04

DIVISION 2

POWERS OF THE BOARD

101-002-0005

Powers and Duties of the Board

(1) Pursuant to ORS 243.125, it will be within the powers and duties of the Board to study all matters connected with providing adequate benefit plan coverage for Eligible Employees on the best basis possible with relation both to the welfare of the employees and to the state.

(2) The Board will design benefit plans, devise specifications, **invite proposals**, analyze **carrier** responses to **advertisements** requests for **bids and proposals**, decide on the award of contracts **for benefit plan coverage of Eligible Employees**.

(3) **The Board seeks optimal health for PEBB's members through a system of care that is patient-centered, focused on wellness, coordinated, efficient, effective, accessible, and affordable.** The Board will place emphasis on:

(a) ~~(a)~~ Employee choice among high quality benefit plans;

(b) ~~(b)~~ A competitive marketplace;

- (c) ~~(e)~~ Benefit plan performance and information;
- (d) ~~(d)~~ Employer flexibility in benefit plan design and contracting;
- (e) ~~(e)~~ Quality customer services;
- (f) ~~(f)~~ Creativity and innovation;
- (g) ~~(g)~~ Benefit plans as part of total employee compensation; ~~and~~
- (h) (h) The improvement of employee health.;

(3) The Board will prepare specifications, invite bids, and do acts necessary to award contracts for benefit plan coverage of Eligible Employees.

- (i) An innovative delivery system;
- (j) A focus on improving quality and outcomes;
- (k) Promotion of health and wellness;
- (l) Appropriate provider, health plan, and consumer incentives;
- (m) Accessible and understandable information about costs, outcomes, and other health data; and
- (n) Benefits that are affordable to the state and employees.

(4) The Board may retain consultants, brokers, or other advisory personnel as it determines necessary; and subject to the State Personnel Relations Law, will employ such personnel as are required to perform the functions of the Board.

(5) The Board may delegate authority to the Administrator and Staff to complete duties described in (2)-(4) above.

Stat. Auth.: ORS 243.061 - ORS 243.302 Stats. Implemented: ORS 183.310-550, 192.660, 243.061-302 & 292.051 Hist.: PEBB 1-1999, f. 12-8-99, cert. ef. 1-1-00; PEBB 1-2004, f. & cert. ef. 7-2-04

101-002-0010 - Conduct of Meetings of the Board

- (1) The Board will select one of its appointed voting members as chairperson and another voting member as vice chairperson.
- (2) Meetings will be conducted by and will be under the control of the chairperson of the Board. In the absence of the chairperson, the vice chairperson or other Board member designated by the chairperson in the absence of the vice chairperson will preside. All meetings of the Board will be conducted in the matter prescribed by and in accordance with the Oregon Public Meetings Law, ORS 192.610 to 192.690.

~~(3) No person will smoke any cigar or cigarette, or use tobacco in any form in meetings of the Board.~~

Stat. Auth.: ORS 243.061 - 243.302

Stats. Implemented: ORS 183.310-550, 192.660, 243.061-302 & 292.051

Hist.: PEBB 1-1999, f. 12-8-99, cert. ef. 1-1-00; PEBB 1-2004, f. & cert. ef. 7-2-04

101-002-0015 (Repeal 10/1/2010) -Public Employees' Benefit Board Appeal Procedure and Delegation

~~(1) Appeal of Administrative and Eligibility Issues to PEBB. The following procedure will be used by individuals to request review with respect to administrative or eligibility issues:~~

~~(a) To a Benefits Analyst. If an individual requesting insurance coverage through PEBB receives what the individual considers an incorrect or unfair denial from the employing agency or insurance carrier, the individual may seek consideration by a Benefits Analyst. The request for consideration may be in writing or by telephone. The Benefits Analyst will review the request and make a determination within 45 days of the date of receipt of the request. If a determination cannot be made within 45 days, the individual will be notified.~~

~~(b) To Benefits Manager. If an individual receives a written denial of a request for consideration from the PEBB Benefits Analyst and the individual is dissatisfied with the denial, the individual may seek reconsideration of the denial by the PEBB Benefits Manager. The request for reconsideration must be made in writing and received by the Benefits Manager within 45 days of the date of the determination letter. Upon receipt of the request for reconsideration, the Benefits Manager will review the request and~~

~~determine whether to deny or grant the request. The Benefits Manager will send a written notice and explanation to the individual of the Benefits Manager's decision within 30 days after receipt by the Benefits Manager of the request for reconsideration.~~

~~(c) To Administrator or Designee.~~

~~(A) The Benefits Manager may forward, with the consent of the Administrator or designee, a request for reconsideration from the individual to the Administrator or designee for a determination. If a request for reconsideration is forwarded from the Benefits Manager, the Administrator or designee will send a written notice and explanation to the individual of the decision within 30 days after receipt by the Benefits Manager of the request for reconsideration.~~

~~(B) If the individual is dissatisfied with the determination of the Benefits Manager, the individual may request further reconsideration by the PEBB Administrator or designee. A request for reconsideration must be made in writing and received within 60 days of the date of the determination letter by the Benefits Manager. If PEBB receives a timely written request for reconsideration of a prior determination by the Benefits Manager, the Administrator or designee will review the request and determine whether to deny or grant the request. The Administrator or~~

~~designee will send a written notice and explanation to the individual of the decision within 30 days after receipt of the request for reconsideration from the individual.~~

~~(d) To Operations Subcommittee. The Administrator or designee may forward a request for reconsideration from the individual or the Benefits Manager to the PEBB Operations Subcommittee or the Board for review and determination. If the individual is dissatisfied with a determination of the Administrator or designee, the individual may request further reconsideration by the PEBB Operations Subcommittee. A request for reconsideration must be made in writing and received by the Operations Subcommittee within 30 days of the date of the determination letter by the Administrator or designee. If a request is forwarded to the Operations Subcommittee, or the Operations Subcommittee receives a timely request for reconsideration, the Subcommittee will review the request and determine whether to deny or grant the request. The Subcommittee will send a written notice and explanation to the individual of the Subcommittee's determination within 30 days after the next regularly scheduled meeting of the Subcommittee.~~

~~(e) To the Board. If an individual is dissatisfied with a determination of the Operations Subcommittee, the individual may request further reconsideration by the Board. A request for reconsideration must be made in writing and received by the Board within 30 days of the date of the determination letter by the Operations Subcommittee. A request for reconsideration may be forwarded, with the consent of the Board, by the Operations Subcommittee to the Board for review and a determination. If a request is forwarded to the Board by the Administrator or the Subcommittee, or the Board receives a timely request for reconsideration, the Board will review the request and determine whether to deny or grant the request. The Board will send a written notice and explanation to the individual of the Board's determination within 30 days after the next regularly scheduled meeting of the Board.~~

~~(f) An individual may appeal the Board's decision as provided under the Oregon Administrative Procedures Act, ORS Chapter 183.~~

~~(g) An individual will be notified of the status of his or her request for reconsideration within 15 days of receipt of the request for reconsideration by the applicable reviewing entity.~~

~~(2) Delegation to Administrator and Staff.~~

~~(a) The Administrator is hereby authorized to take all action necessary, desirable or convenient to administer the benefit plans of the Public Employees' Benefit Board, including but not limited to:~~

~~(A) Acting on any applications for insurance coverage or for refund of premiums.~~

~~(B) Reviewing, granting or denying requests for benefit plan coverage or other requests related to providing the benefit plans through PEBB.~~

~~(b) The Administrator may, in his or her discretion, refer for a final determination any matter to the Board or to the Operations Subcommittee.~~

~~(c) The Administrator is authorized to delegate to subordinates the authority to take any action on the Administrator's behalf.~~

~~(3) Appeal of Contract Coverage Issues To the Insurance Carrier. The following procedure will be used~~

~~to request review of an action or determination by an insurance carrier with respect to the insurance coverage provided by the insurance carrier:~~

~~(a) If an eligible individual receives a claim denial from an insurance carrier, the eligible individual may appeal directly to the insurance carrier as described in OAR 101-002-0020. The procedure to appeal to~~

~~the insurance carrier is outlined in the benefit plan's member handbook; or~~

~~(b) If the eligible individual receives a claim denial from an insurance carrier, the eligible individual may seek assistance from PEBB with his or her appeal to the insurance carrier. Upon request from the eligible individual, PEBB will verify that the insurance carrier is acting within the scope of the insurance contract. This may require that the eligible individual's request be reviewed through the insurance~~

~~carrier's internal review process. Within 45 days after receipt of the request for assistance by PEBB, or such later date as may be allowed by any contractual provisions set forth between PEBB and the applicable insurance carrier, the insurance carrier will issue its determination to the Benefits Manager. The Benefits Manager will notify the eligible individual of the insurance carrier's decision within 15 days~~

~~of receipt of the determination by the Benefits Manager.~~

~~(c) The Benefits Manager will review the insurance carrier's determination with the Administrator.~~

~~(d) If PEBB agrees with the insurance carrier's determination and so notifies the eligible individual, the eligible individual may appeal the insurance carrier's determination through mediation or binding~~

~~arbitration.~~

~~(e) Information about mediation or binding arbitration can be obtained from the Public Employees'~~

~~Benefit Board.~~

~~Stat. Auth.: ORS 243.061-243.302, 659A.060-659A.069 & 743.600-743.602~~

~~25 Stats. Implemented: ORS 183.310-550, 243.061-302, 192.660 & 292.051~~

~~26 Hist.: PEBB 1-1999, f. 12-8-99, cert. ef. 1-1-00; PEBB 1-2000, f. 11-15-00, cert. ef. 1-1-01; PEBB 1-~~

~~27-2002, f. 7-30-02, cert. ef. 8-1-02; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 3-2005, f. 8-31-05, cert. ef.~~

~~28-9-1-05~~

~~101-002-0020 (Repeal 10/1/2010)–Procedure to Appeal Determination of Coverage Issues by Insurance Carrier~~

~~(1) If an eligible individual receives a claim denial from an insurance carrier, the eligible individual may appeal directly to the insurance carrier. The procedure to appeal to the insurance carrier is outlined in the benefit plan's member handbook.~~

~~(2) If the eligible individual is dissatisfied with the result of the insurance carrier's determination as set forth in OAR 101-002-0015 above, the eligible individual may:~~

~~(a) Enter into mediation if mutually agreed to by the eligible individual and the insurance carrier;~~

~~(b) Appeal through the process of mutually binding arbitration; or~~

~~(c) Seek a remedy in the courts.~~

~~(3) If the eligible individual chooses mediation, the procedure would include the following:~~

~~(a) Mediation is not required unless both parties agree to use it.~~

~~(b) The insurance carrier and PEBB would pre-select the mediators for the period of the contract.~~

~~(c) The mediator fee will be paid by the insurance carrier, the eligible individual or both as agreed between the eligible individual and the insurance carrier.~~

~~(d) The parties will mutually agree and establish a written time deadline by which an agreement must be~~

~~reached through mediation or the mediation efforts will terminate on the deadline.~~

~~(e) The mediation process is optional. There is no requirement that it precede the other dispute resolution procedures provided for in the applicable insurance contract between PEBB and the insurance carrier.~~

~~(f) The eligible individual must request mediation no later than 60 days after the appeal has been denied by the insurance carrier. If the result of the mediation process is not satisfactory to the eligible individual, the eligible individual may request to enter into binding arbitration no later than 60 days after the deadline established under the above subsection (d).~~

~~(4) If an agreement is not reached through mediation, the eligible individual may choose to appeal through the process of mutually binding arbitration or seek remedy through the court. If the eligible~~

~~individual requests binding arbitration, the procedure would include the following elements:~~

- ~~(a) Arbitration is not required unless both parties agree to use it.~~
- ~~(b) The insurance carrier and PEBB will agree in advance on a panel of experienced arbitrators, the amount to be charged for the arbitration service, and whether the cost of the arbitration service is paid for by the insurance carrier, the eligible individual or both.~~
- ~~(c) The eligible individual chooses the arbitrator from the pre-selected panel of arbitrators for claims amounts up to \$5,000. For claims amounts over \$5,000, three arbitrators will be chosen from the preselected panel. The method of selection of the three is as follows: the eligible individual chooses one arbitrator, the insurance carrier chooses one, and both select the third.~~
- ~~(d) The costs of representation and witnesses are paid for by the insurance carrier, the eligible individual or both.~~
- ~~(e) The rules of evidence are broad -- generally any information that would be allowed in an administrative hearing may be used in arbitration.~~
- ~~(f) The result would be binding on both the insurance carrier and the eligible individual. There would be no appeal to the courts.~~
- ~~(g) The arbitrators agree to provide expedited hearing and ruling.~~

~~Stat. Auth.: ORS 243.061 – 243.302, 659A.060 – 659A.069 & 743.600 – 743.602~~

~~Stats. Implemented: ORS 243.061 – 243.302~~

DIVISION 5

RENEWAL, SCREENING AND SELECTION FOR BENEFITS AND CONSULTANTS VENDOR CONTRACTS

101-005-0010

Renewal, Screening and Selection for Benefit, Vendor and Consultant Contracts

(1) The Board is charged with the obligation of obtaining Benefit Plans to provide Benefits to Eligible Employees. OARs 101-005-0040 through 101-005-0140 set forth the screening, selection and renewal process to be used for all such Benefit Plan contracts. **OAR 101-006-0010 sets forth the screening and selection process to be used for retaining Consultants and other Vendors.** The Board has sole authority for procuring all benefits and services contemplated by ORS 243.061 through 243.302.

(2) Except as provided in OAR 101-005-0040 through 101-005-0140, the Board adopts the DOJ model public contract rules in OAR 137, division 46 (General Provisions Related to Public Contracting) and division 47 (Public Procurements for Goods or Services), effective January 1, 2010, as the contracting rules that shall apply to its procurements for Benefit Plan contracts.

(3) The Board adopts the DOJ model public contract rules in OAR 137, division 46 (General Provisions Related to Public Contracting) and division 47 (Public Procurements for Goods or Services), effective January 1, 2010, as the contracting rules that shall apply to its procurements for Vendor and consultant contracts within the Board's contracting authority.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.125 Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

101-005-0020 - Policy

The policy of the Board is to select Contractors in an expeditious and efficient a manner that is consistent with the goal of delivering high quality Benefits and other services at a cost that is affordable to both the employees and the state, consistent with the requirements of ORS **242.135.242.135** and OAR 101-002-0005. The Board may enter into more than one contract for each type of Benefit Plan or other service sought.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.125 & 243.135(2) Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

101-005-0030**Definitions**

For the purposes of OARs 101-005-0010 through 101-006-0020005-0140 the following terms have the meanings indicated below.

(1) (1) "Benefit Plan" includes, but is not limited to:

(a) Contracts for insurance or other benefit based on life; supplemental medical, supplemental dental, optical, accidental death or disability insurance; group medical, surgical, hospital, flexible spending account, or any other remedial care recognized by state law; and related services and supplies. "Benefit plan" includes comparable benefits for employees who rely on spiritual means of healing;

(b) Comparable benefits for employees who rely on spiritual means of healing;

(c) Self insurance programs managed by the Board; and

(d) Employee assistance programs.

(2) (2) "Benefits" means those goods and services provided under Benefit Plans.

(3) (3) "Board" means the ten-member Public Employees' Benefit Board. created by ORS 243.061.

(4) (4) "Consultant" means consultants, brokers or other advisory personnel hired by the Board pursuant to ORS 243.125(5) to assist in acquiring adequate Benefit Plan coverage for eligible state employees; assist in the study of all matters connected with the provision of adequate Benefit Plan coverage for eligible state employees; assist in the development and implementation of decision-making processes; design and implement additional programs to review, monitor and assist in the improvement of Eligible Employees and their dependents' health; and provide other services as required by the Board.

(5) (5) "Contractor" means an individual or firm selected to provide Benefits Plan services and other services with whom the Board contracts;

(6) (6) "Eligible Employee" shall have the same definition as is described in ORS 243.105(4).

(7) "Emergency" means circumstances that:

(A) Could not have been reasonably foreseen;

(7) "Emergency" means an unusual circumstance that createsB) Create a substantial risk of loss, damage or interruption of Benefit services which would that requiresBenefits or other services or a substantial threat to property, public health, welfare or safety; and

(C) Require prompt execution of a contract to remedy the condition.

(8) "PEBB" means the agency, overseen by the Board, that is within the Department of Administrative Services until the operational transfer to the Oregon Health Authority described in OAR 943-001-0015(2).

(9) "Person" means a natural person capable of being legally bound, a sole proprietorship, a corporation, a partnership, a limited liability company or partnership, a limited partnership, a for-profit or nonprofit unincorporated association, a business trust, two or more persons having a joint or common economic interest, any other person with legal capacity to contract or a public body.

(10) (8) "Proposal" means a competitive Proposal, binding on the Proposer and submitted in response to a Request for Proposals, where Proposal evaluation and contract award are based on criteria such as Proposer qualifications and experience, product features and characteristics, service quality and efficiency and conformance with the specifications and requirements of the solicitation. Price may be an evaluation criterion for Proposals, but will not necessarily be the predominant basis for contract award. .

(11) (9) "Proposer" means a person or entity Person who submits a Proposal in response to a Request for Proposals.

(12) (10) "Renewal Contractors" and "Renewal Vendors" means those Contractors and Vendors who provided the same or similar employee Benefit Plan or other services under a contract with the Board in the year immediately prior. An employee Benefit Plan or other services contract is similar if it is reasonably related to the scope of work described in the procurement under which such a contract was awarded.

(13) (11) "Request for Proposals" or "RFP" means the written document soliciting competitive written Proposals and setting forth the criteria and method to be used by the Board to determine the Responsible Proposers offering the best Responsive all documents, whether attached or incorporated by reference, used for soliciting Proposals.

(14) (12) "Responsible Proposer" shall have the meaning means a person who meets the standards of responsibility described in OAR 101-005-0130.

(13) "Responsive (Non-Responsive) Proposer" shall have the meaning described in OAR 101-005-0120.

(15) "Responsive Proposal" means a Proposal that substantially complies with the request for proposals and all prescribed procurement procedures and requirements.

(16) (14) "Single Source" means the only vendor of a particular product or service reasonably available. If the Board chooses to procure a particular Benefit or service that is only available from one vendor, documentation must be maintained to support the determination that the product or service is available only from that one seller.

(17) (15) "Formal Selection Procedure" means the process described in OAR 101-005-0040(1).

(18) (16) "Informal Selection Procedure" means the process described in OAR 101-005-0040(2).

(19) (17) "ORPIN" means the Oregon Procurement Information Network, an online service operated by the Department of Administrative Services that displays procurements and contracts issued by the State of Oregon's agencies.

(20) (18) "Selection Committee" means the group of individuals comprised of PEBB staff, Board members, and/or constituents, or Consultants associated with PEBB who review, score, and recommend an Apparent Successful Proposer (ASP selected as a result of a RFP issued by PEBB) to the Board for approval.

(21) (19) "Vendor" means the contractors withfrom which PEBB will secure services that includes but is not limited to, printing and distributing Open Enrollment packets each year, newsletter construction and distribution each month, and online health information accessed by members other than Benefits.

Stat. Auth.: ORS 243.125(1) Stats. Implemented: ORS 243.105(1), (2), & (4) & 243.125(5)
Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05; PEBB 1-2009(Temp), f. & cert. ef. 2-24-09 thru 8-22-09; PEBB 2-2009, f. 7-29-09, cert. ef. 8-1-09

101-005-0040 – Procurement and Renewal Processes

(1) Formal Selection Procedure: This procedure will be used for the procurement of Benefits and may be used for the procurement of other services. Exceptions to this procedure are specified in sections (2), (3), (4) and (5).

(a) Announcement: The Board will give notice of intent to contract for Benefits via the Vendor Information Program (VIP) System Oregon Procurement and Information Network (ORPIN), the Office of Minority, Women, and Small Emerging Business (OMWSEB), and in a trade periodical or newspaper of general circulation. The notice shall include a description of the Benefits or services sought, the scope of the services required, and a description of special requirements, if any. The notice will invite qualified prospective contractors to apply. The notice will specify when and where the application may be obtained, to whom it must be returned, and the closing date.

(b) Proposal: The Proposal from the prospective contractors will consist of a statement that describes the prospective contractor's credentials, performance data and other information sufficient to establish contractor's qualifications for providing the Benefits or services sought, as well as any other information requested in the announcement.

(c) Evaluation: The Board or its designees will evaluate the qualifications of all applicants and select prospective contractors as set forth in OAR 101-005-0110.

(d) Award of Contracts: The Board will make final selections based on the evaluation criteria including, but not limited to, applicant capability, experience, approach, compensation

requirements, previous litigation and remedy applied, customer service history with PEBB, members, and clients; debarment status; and references, and will place emphasis on employee choice among high quality plans; plan performance and information; a competitive marketplace; employer flexibility in plan design and contracting; quality customer service; creativity and innovation; plan benefits as part of total employee compensation; the improvement of employee health; and applicable vendor services benefiting PEBB.

(d) Award of Contracts: The Board will make final selections based on the criteria included in OAR 101-002-005(3).

(e) Confidentiality: Until after the notice of intent to award a contract is issued, Proposals are not required to be open for public inspection, and PEBB shall in good faith seek to protect Proposals from disclosure under ORS 192.502(4) as a confidential submission or under other applicable exemptions from disclosure. After the notice of intent to award a contract is issued, PEBB may withhold from disclosure to the public materials included in a Proposal that are exempt or conditionally exempt from disclosure under ORS 192.501 or 192.502.

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(2)(a) Informal Selection Procedure: This procedure may be used at the Board's discretion, when the informal selection procedure will not interfere with competition among prospective contractors, reduce the quality of services, is an amount less than \$150,000 in contract costs, or will not increase costs. The Board will contact a minimum of three prospective contractors known to the Board to be qualified to propose the sought-after services. The selection will be made by the Board based upon the factors described in paragraph (1)(d) of this rule. If three quotes are not received, the Board will make a written record of its efforts to obtain quotes.

(b) An Amendment(s) may be issued to the contract, but When informal selection procedure has been used, the cumulative Amendment(s) amendment(s) to the contract shall not increase the total Contract contract cost to sum that is greater than twenty-five percent (25%) of the original Contract contract cost.

(3)(a) Single Sole Source Procedure: PEBB may negotiate with a single source provider of Benefits if award a contract for Benefits without competition when the Administrator of PEBB determines in writing that the services are available only from only one contractor, or the prospective contractor has special skills uniquely required for the adequate performance of source, or the contractor is defined as a Qualified Rehabilitation Facility as defined in Oregon's public contracting code.

(b) The determination of a sole source must be based on written findings that may include:

(A) That the efficient utilization of existing services requires the acquisition of compatible services;

(B) That the services required for the exchange of software or data with other public or private agencies are available from only one source;

(C) That the services are for use in a pilot or an experimental project; or

(D) Other findings that support the conclusion that the goods or services are available from only one source.

(b) An Amendment(s) may be issued to the contract, but the cumulative Amendment(s) shall not increase the total Contract cost to greater than twenty-five percent (25%) of the original Contract cost.

(c) To the extent reasonably practical, PEBB shall negotiate with the sole source to obtain contract terms advantageous to PEBB.

(4) Renewal Procedure: If the Board does not issue an RFP or Single Source procurements to solicit formal proposals from qualified potential Contractors or Vendors, the Board may directly negotiate and enter into renewal contracts each Plan Yearplan year with Renewal Contractors or Renewal Vendors to provide Benefits and other services without following the procedures set forth in sections (1) and (2) above. The Board may renew contracts with Renewal Contractors or Renewal Vendors for as many years as the Board determines is in the best interest of the state and employees. The Board may invite renewal Proposals from those Contractors or Vendors who provided the same or similar employee Benefit Plan or other services in the year immediately prior. An employee Benefit Plan or other services contract is similar if it is reasonable related to the scope of work described in the procurement under which such a contract was awarded. The Board will negotiate with Renewal Contractors or Renewal Vendors and enter into contracts with them after giving full consideration to the factors listed in paragraph (1)(d) or to such of those factors as the Board determines shall be evaluated for the renewal.

(5) Emergency Appointment Procedure: The Board may select a Benefit Plan or other service Contractor without following any of the above procedures when Emergency conditions require. In such instance, the recommended appointment and a written description of the conditions requiring the use of this appointment procedure shall be submitted to the Board. The Board will determine if an Emergency exists, declare the Emergency and negotiate a contract with the Contractor after giving full consideration to the factors listed in paragraph (1)(d).

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.135 Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05; PEBB 1-2009(Temp), f. & cert. ef. 2-24-09 thru 8-22-09; PEBB 2-2009, f. 7-29-09, cert. ef. 8-1-09

101-005-0050**Mistakes**

(1) Treatment of Mistakes. If the Board discovers certain mistakes in a Proposal **after opening, but** before award of the Contract, and the mistakes are not identified as those qualifying as non-responsive to the specifications of the procurement, the Board may take the following action:

(a) The Board may waive, or permit a Proposer to correct a minor informality. A minor informality is a matter of form(s) rather than substance that is evident on the face of the Proposal, or an insignificant mistake that can be waived or corrected without prejudice to other Proposers. Mistakes including, but not limited to, signatures not affixed to the proposal document, proposals sent to the incorrect address, insufficient number of proposals submitted, incorrect format, etc., will not be considered minor.

(b) The Board may correct a clerical error if the intended Proposal and the error are evident on the face of the Proposal, or other documents submitted with the Proposal, and the Proposer confirms the Board's correction in writing. A clerical error is a Proposer's error in transcribing its Proposal.

(2) Rejection for Mistakes. The Board may reject any Proposal in which a mistake is evident on the face of the Proposal and the intended correct Proposal is not evident or cannot be substantiated from documents accompanying the Proposal; i.e., documents submitted with the Proposal. In order to insure integrity of the competitive procurement process and to assure fair treatment of Proposers, mistakes discovered that are contrary to the specifications of the procurement will be carefully reviewed and will be determined, under the sole authority of the Board, to be waived or not be waived.

(3) If the Board discovers mistakes in the proposal after award, and the mistakes are not considered minor, the Board reserves the right to determine if the award will be revoked and then will re-evaluate proposals deemed to be in second, third, fourth, etc., in the standings.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.125(1) Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

Delete OAR 101-005-0060060, Records Maintenance

PEBB will maintain a file for seven (7) years on the selection process for all Benefits' and other services' Contracts entered on behalf of the state that will include, but will not be limited to:

- (1) The method and copy of announcement;**
- (2) The names of firms or individuals and cost estimates considered;**
- (3) The basis for selection;**

(4) A copy of the resulting contract and any subsequent amendments.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.135 & 243.125 Stats. Implemented: Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

101-005-0070

Contract Amendments (Including Supplemental Work)

PEBB may amend a contract without additional competition in any of the following circumstances:

(a) The amendment is within the scope of the procurement as described in RFP, the sole source determination, or special procurement (the "Procurement Document"). An amendment is not within the scope of the procurement if the Agency determines that if it had described the changes to be made by the amendment in the Procurement Document, it would likely have increased competition or affected award of the contract.

(b) These rules otherwise permit PEBB to award a contract without competition for the goods or services to be procured under the amendment.

(c) The amendment is necessary to comply with a change in law that affects performance of the contract.

(d) The amendment results from renegotiation of the terms and conditions, including the contract price, of a contract and the amendment is advantageous to PEBB, subject to all of the following conditions:

(A) The Services to be provided under the amended contract are the same as the Services to be provided under the unamended contract.

(B) PEBB determines that, with all things considered, the amended contract is at least as favorable to PEBB as the unamended contract.

An amendment for additional services that are reasonably related to the scope of work under the original Benefits Plan or other services' contract, including extra work, or change that increases the original contract price or length of time, may be made with the Contractor without re-entering the formal procurement process provided that the amendment is reasonably related to the scope of work described in the procurement under which such a contract was awarded. (C) The amended contract does not have a total term greater than allowed in the Procurement Document after combining the initial and extended terms.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.135 & 243.125 Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05; PEBB 1-2009(Temp), f. & cert. ef. 2-24-09 thru 8-22-09; PEBB 2-2009, f. 7-29-09, cert. ef. 8-1-09

101-005-0075**Pre-Proposal Conference**

(1) Unless identified in the procurement as required, the Pre-Proposal Conference will:

- (a) Include voluntary attendance;
- (b) Will be held in Salem, Oregon; and
- (c) Will identify attendees by name and company represented;

(2) If the Pre-Proposal Conference requires mandatory attendance by prospective proposers, no remuneration will be offered to prospective proposers for attendance, travel, document preparation, etc.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.135 & 243.125 Hist.:
PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

101-005-0080**RFP Protest; Request for Change; Request for Clarification**

(1) Protest.

(a) Unless otherwise specified in the RFP, a Proposer must deliver a written protest to the Board not less than 10 (ten) calendar days prior to closing;

(b) Content of Protest. A Proposer's written protest shall include:

- (A) A detailed statement of the legal and factual grounds for the protest;
- (B) A description of the resulting prejudice to the Proposer; and
- (C) A statement of the desired changes to the RFP.

(2) Request for Change.

(a) Unless otherwise specified in the RFP, a Proposer may request in writing a change to the Contract terms and conditions. If the RFP allows for a Proposer to make a request for changes, and unless otherwise specified in the RFP, a Proposer must deliver the written request for change to the Board not less than 10 (ten) calendar days prior to closing;

(b) A Proposer's written request for change shall include a statement of the requested changes to the Contract terms and conditions, including specifications together with the reason for the requested change.

(3) Board Response. The Board shall not consider a Proposer's request for change or protest after the deadline established for submitting such request or protest. The Board shall provide notice to the applicable entity if it entirely rejects a protest. If the Board agrees

with the entity's request or protest, in whole or in part, the Board shall either issue an addendum reflecting its determination under OAR 137-047-0430 or cancel the solicitation under 137-047-0660.

(4) Extension of Closing. If the Board receives a written request for change or protest from a Proposer in accordance with this rule, the Board may extend closing if the Board determines an extension is necessary to consider the request or protest and to issue an addendum, if any, to the RFP.

(5) Clarification. Prior to the deadline for submitting a written request for change or protest, a Proposer may request that the Board clarify any provision of the RFP. The Board's clarification to a Proposer, whether orally or in writing, does not change the RFP and is not binding on the Board unless the Board amends the RFP by addendum.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.135 & 243.125 Hist.:
PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05; PEBB 1-2009(Temp), f. & cert. ef. 2-24-09 thru 8-22-09; PEBB 2-2009, f. 7-29-09, cert. ef. 8-1-09

01-005-0090

Addenda to an RFP

(1) Issuance; Receipt. The Board may change an RFP only by written **addenda**. **A Proposer shall provide written acknowledgement of receipt of all issued addenda with its Proposal, unless the Board otherwise specifies in the addenda.**

(2) Notice and Distribution. The RFP shall specify how the Board will provide notice of addenda and how the Board will make the addenda available.

(3) Timelines; Extensions. The Board shall issue addenda within a reasonable time to allow prospective Proposers to consider the addenda in preparing their Proposals. The Board **should may** extend the Closing if the Board determines prospective Proposers need additional time to review and respond to addenda. Except to the extent required by public interest, the Board shall not issue addenda less than 72 hours before the closing unless an addendum also extends the Closing.

(4) Request for Change or Protest. Unless a different deadline is set forth in an addendum, a Proposer may submit a written request for change or protest to the addendum by the close of the Board's next business day after issuance of the addendum.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.135 & 243.125 Hist.:
PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

101-005-0100**Extension of Time for Acceptance of Proposal**

The Board may request, orally or in writing that Proposers extend, in writing, the time during which the Board may consider their Proposal. If a Proposer agrees to such extension, the Proposal shall continue as irrevocable, valid and binding on the Proposer for the agreed-upon extension period.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS.243.125(1) Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

101-005-0105**Submission of Proposals; Format; Timing**

(1) All Proposals submitted as a result of a Formal Solicitation, Informal Solicitation, or Single Source Solicitation shall comply with the procurement's specifications. If portions of the Proposal to any solicitation are deemed unacceptable or non-responsive to the specifications of the solicitation, the Proposal will be deemed non-responsive and will not be given further evaluation or consideration. If a Proposal to any solicitation is delivered late, it will be deemed non-responsive to the specification of the solicitation and will be returned to the Proposer unopened.

(2) Submission of Proposals shall be in writing and shall be delivered in the written format, as required by the specifications of the solicitation. Proposals shall also be submitted electronically **with the written Proposals and will be considered as a supplemental and not the sole** in any reasonable format **specified in the RFP**.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS.243.125(1) Hist.: PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

101-005-0110**Evaluation of Proposals**

(1) Evaluation. The evaluation process described in this rule applies to the Formal Selection Procedure set forth in OAR 101-005-0040 (1). The Board and any assigned representatives, including but not limited to, PEBB stakeholders **and staff, or Consultants**, hereinafter identified as the Selection Committee, shall evaluate Proposals only in accordance with criteria set forth in the RFP and applicable law. **The Board shall not divulge the names of the Selection Committee until such time as the Board has completed the cost negotiations or the Apparent Successful Proposer has been announced.** The Board shall evaluate Proposals to determine the Responsible Proposer or Proposers submitting the best responsive Proposal or Proposals.

(2) Competitive Range; Protest; Award.

(a) Determining Competitive Range. If the Board does not cancel the solicitation, **after the opening** the Board will evaluate all Proposals in accordance with the evaluation criteria set forth in the **Request for ProposalsRFP** . After evaluation of all Proposals in accordance with the criteria set forth in the **Request for ProposalsRFP** , the Board will determine the Proposers in the competitive **Rangerange**.

(b) Protesting Competitive Range. The Board shall provide written notice to all Proposers identifying Proposers in the competitive range. A Proposer that is not within the competitive range may protest the Board's evaluation and determination of the competitive range in not more than two (2) business days after the Board has sent written e-mail notice of the competitive range to all Proposers. **After opening, all Proposals are open for public inspection subject to the Oregon Public Records Law.**

(c) Intent to Award; Discuss or Negotiate. After the protest period provided in accordance with paragraph (2)(b) expires, or after the Board has provided a final response to any protest, whichever date is later, the Board may engage in discussions and negotiations with Proposers in the competitive range.

(3) Discussions and Negotiations. If the Board chooses to enter into discussions and negotiations with the Proposers in the competitive range, the Board shall proceed as follows:

(a) Initiating Discussions. The Board shall initiate oral or written discussions and negotiations with all of the Proposers in the competitive range regarding their Proposals.

(b) Conducting Discussions. The Board may conduct discussions and negotiations with each Proposer in the competitive range necessary to fulfill the purposes of this section, but need not conduct the same amount of discussions or negotiations with each Proposer. The Board may terminate discussions and negotiations with any Proposer in the competitive range at any time. However, the Board shall offer all Proposers in the competitive range the opportunity to discuss their Proposals with the Board before the Board notifies Proposers of the award decisions.

(A) In conducting discussions, the Board and any designated representatives:

(i) Shall treat all Proposers fairly and shall not favor any Proposer over another;

(ii) Shall not discuss Proposers' Proposals with any other Proposers and shall maintain all Proposals as confidential documents **to the extent permitted by the Public Records Law.**

(iii) Shall not divulge the name(s) of the Proposers or the content of the Proposals until such time as cost negotiations are complete or an Apparent Successful Proposer has been announced.

(iv) Shall determine whether other factors, including but not limited to, Oregon residency of the primary business office and Proposer demonstration of services and products, will be

used to determine the **Apparent Successful** apparent successful Proposer, should a tie between Proposers occur.

(B) At any time during the time allowed for discussions and negotiations, the Board may:

- (i) Continue discussions and negotiations with a particular Proposer or Proposers; or
- (ii) Terminate discussions with a particular Proposer and continue discussions with other Proposers in the competitive range;

(C) The Board may continue discussions and negotiations with Proposers until the Board has determined which Proposer or Proposers shall be awarded contracts.

(c) Intent to Award; Protest. The Board shall provide written notice to all Proposers in the competitive range of the Board's intent to award the contracts. An unsuccessful Proposer may protest the Board's intent to award in accordance with OAR 101-005-0140. After the protest period provided in accordance with OAR 101-005-0140 expires, or after the Board has provided a final response to any protest, whichever date is later, the Board may commence final Contract execution with the successful Proposer or Proposers.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.135 & 243.125 Hist.:
PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

101-005-0120

Rejection of a Proposal

Rejection of Proposals.

(1) The Board may reject any Proposal **for Benefit Plan, Consulting or Vendor services and deem the Proposal as non-responsive** upon **PEBB's** finding that **include, but is not limited to:the Proposal:**

- (a) **To accept the Proposal may impair the integrity of the procurement process;**
- (b) **Rejecting the Proposal is in the state's or employees' interest;**
- (c) **The Proposer failed to provide information as required in the specification of by the RFP;**
- (a) **Is contingent upon PEBB's acceptance of terms and conditions (including Specifications) that differ from the RFP;**
- (b) **(d) The Proposer takesTakes** exception to **the** terms and conditions **set forth** in the **proposed contractRFP;**
- (c) **Attempts to prevent public disclosure of matters in contravention of the terms and conditions of the RFP or in contravention of applicable law;**

(d) (e) The Proposer offers goods and Offers services that fail to meet the specifications of the procurement RFP;

(f) The Proposal is late or arrives at other than the location announced in the

(e) Is late;

(f) Is not in substantial compliance with the RFP;

(g) Is not in substantial compliance with all prescribed procurement procedures;

(h) (g) The Proposer has Has been debarred as set forth in ORS 279 B.130;

(h) The Proposer is not licensed to do business in Oregon;

(i) The Proposer has not attained licensure necessary to conduct business;

(j) The Proposer has not kept in good standing any licensure required to complete the contract;

(k) The Proposer providing Consulting services cannot attain nor keep in good standing the ability to receive payment commissions from insurance carriers;

(i) (l) The Proposer will not Has failed to provide nor adhere to the certification of non-discrimination required under ORS 279A.110(4); or

(j) (m) The Is from a Proposer is found non-responsible as described in ORS 279B.110 and OAR 101-005-0130.

(2) The Board may for good cause reject all Proposals for good cause in whole or in part or may cancel, delay or suspend the RFP upon the Board's written finding it is in the state's or employees' interest to do so. The Board shall notify all Proposers of the rejection of all Proposals, along with the good cause justification and finding. PEBB is not liable to any Proposer for any loss or expense caused by or resulting from the rejection, cancellation, delay or suspension.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.135 & 243.125 Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

101-005-0130

Responsible Proposer

(1) Before awarding a Contract, the Board must have information that indicates the Proposer meets the applicable standards of responsibility. To be a Responsible Proposer, the Board must determine that the Proposer: PEBB shall prepare a written determination of nonresponsibility for a Proposer if PEBB determines that the Proposer does not meet the standards of responsibility.

- (1) Is qualified legally to contract with the Board;
- (2) Has supplied all necessary information in connection with the inquiry concerning responsibility. If the Proposer fails to promptly supply information requested by the Board concerning responsibility, the Board may base the determination of responsibility upon any available information, or may find the Proposer non-responsible;
- (3) Is authorized to do business in Oregon;
- (4) Has not been debarred as provided for in ORS 279B.130;

(2) In determining whether a Proposer has met the standards of responsibility, PEBB shall consider whether a Proposer:

(5a) Has available the appropriate financial, material, equipment, facility and personnel resources and expertise, or has the ability to obtain the resources and expertise, necessary to indicate the capability of the Proposer to meet all contractual responsibilities; .

(6) Has a satisfactory record of contract performance, including no current materially deficiencies in contract performance, unless the deficiencies have been corrected or expressly excused;

(7) Has a satisfactory record of business integrity, including no convictions for violations of confidentiality, monetary fraud, collusion, or the like.

(8) Form(s) of Business Entity. For purposes of this rule, the Board may investigate any entity submitting a Proposal. The investigation may include that entity's officers, directors, owners, affiliates, or any other entity acquiring ownership of the entity within the last three (3) years to determine application of this rule.

(b) Completed previous contracts of a similar nature with a satisfactory record of performance. For purposes of this paragraph, a satisfactory record of performance means that to the extent that the costs associated with and time available to perform a previous contract remained within the Proposer's control, the Proposer stayed within the time and budget allotted for the procurement and otherwise performed the contract in a satisfactory manner. PEBB shall document the Proposer's record of performance if PEBB finds under this paragraph that the Proposer is not responsible.

(c) Has a satisfactory record of integrity. PEBB in evaluating the Proposer's record of integrity may consider, among other things, whether the Proposer has previous criminal convictions for offenses related to obtaining or attempting to obtain a contract or subcontract or in connection with the Proposer's performance of a contract or subcontract. PEBB shall document the Proposer's record of integrity if PEBB finds under this paragraph that the Proposer is not responsible.

(d) Is legally qualified to contract with PEBB.

(e) Supplied all necessary information in connection with the inquiry concerning responsibility. If a Proposer fails to promptly supply information concerning responsibility that PEBB requests, PEBB shall determine the Proposer's responsibility based on available information or may find that the Proposer is not responsible.

(f) Was not debarred by PEBB in accordance with ORS 279B.130.

(3) PEBB may refuse to disclose outside of PEBB confidential information furnished by a Proposer under this section when the Proposer has clearly identified in writing the information the Proposer seeks to have treated as confidential and PEBB has authority under ORS 192.410 to 192.505 to withhold the identified information from disclosure.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.135 & 243.125 Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

101-005-0140

Protest of Contractor Selection, Contract Award

(1) Purpose. An adversely affected or aggrieved Proposer must exhaust all avenues of administrative review and relief before seeking judicial review of the Board's Contractor selection or contract award decision.

(2) Notice of Intent to Award. Unless otherwise provided in the RFP, the Board shall provide written notice to all Proposers of the Board's intent to award the contract(s). The Board's award(s) shall not be final until the later of the following:

(a) Seven (7) days after the date of the notice, unless the RFP provided a different period for protest; or

(b) The Board provides a written response to all timely filed protests that denies the protests and affirms the award.

(3) Right to Protest Award. An adversely affected or aggrieved Proposer may submit to the Board a written protest of the Board's intent to award within **fourteenseven (147)** days after issuance of the notice of intent to award the contract, unless a different protest period is provided under the RFP.

(a) The Proposer's protest shall be in writing and must specify the grounds upon which the protest is based.

(b) A Proposer is adversely affected or aggrieved only if the Proposer **is would be eligible for award of to be awarded** the contract **as a Responsible Proposer and the Board committed a substantial violation of a provision in the RFP or of an applicable procurement statute or administrative rule, and the protesting Proposer was unfairly evaluated. in the event that the protest were successful, and the reason for the protest is that:**

(A) All higher ranked Proposals are nonresponsive;

(B) PEBB has failed to conduct the evaluation of Proposals in accordance with the criteria or processes described in the RFP;

(C) PEBB has abused its discretion in rejecting the protestor's Proposal as nonresponsive; or

(D) PEBB's evaluation of Proposals or PEBB's subsequent determination of award is otherwise in violation of PEBB's rules or ORS 243.105 to 243.285.

(c) The Board shall not consider a protest submitted after the time period established in this rule or such different period as may be provided in the RFP.

(4) Authority to Resolve Protests. The chairperson of the Board, or his or her designee, has the authority to settle or resolve a written protest submitted in accordance with the requirements of this rule.

(5) Decision. If a protest is not settled, the chairperson of the Board, or his or her designee, shall promptly issue a written decision on the protest. Judicial review of this decision will be available if provided by statute.

(6) Award. The successful Proposer shall promptly execute the contract after the award is final [and all contractual terms and conditions have been negotiated and agreed upon](#). The Board shall execute the contract only after it has obtained all applicable required documents and approvals.

Stat. Auth.: ORS 243.061 - 243.302 Stats. Implemented: ORS 243.135 & 243.125 Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

DIVISION 6

APPLICABLE PERSONAL SERVICE CONTRACT RULES

Delete OAR 101-006-00100010, Applicable Personal Service Contract Rules

The following provisions of the Department of Administrative Services' Personal Service Contracts rules listed below shall be applicable to PEBB's procurement contracts for services from Consultants or other Vendors, as that those terms are is defined in OAR 101-005-0030(4) and (18). Where the following rules refer to the "Contracting Agency" or "Agency", it shall mean the Board. Where the following rules refer to "Contractors" performing Personal Services Contracts, it shall mean Consultants and Vendors. Where the following rules refer to approval by the Division or DAS, such requirement for approval is not incorporated in these rules, nor is such approval required for the Board to obtain, renew or amend contracts with Consultants and Vendors. Where the following rules indicate that an Agency shall provide notice to DAS or provide DAS with access to its records, such provisions are not incorporated in these rules and such obligations shall not apply to the Board. Applicable rules include OAR 125-020-0210 -- Contract Form(s); 125-020-0300(2) and (3) -- Introduction to Screening and Selection Procedures; 125-020-0310 -- Solicitation Requirements; 125-020-0320 -- Formal Selection Procedures; 125-020-0330 -- Informal Selection Procedures; 125-020-0335 -- Selection by Negotiation; 125-020-0340 -- Emergencies; 125-020-0350(1) and (3) -- Sole Source; 125-020-0360 -- Protest Procedures; 125-020-0400 -- Contract Requirements; 125-020-0410 -- Independent Contractor Status; 125-020-0440 -- Tax compliance; 125-020-0510 -- Contract Files; and 125-020-0520(1), (2), (4), (5), (7)(a)(A) and (7)(a)(B) -- Contract Amendments.

Stat. Auth.: ORS 243.061 - 243.301 Stats. Implemented: ORS 243.125(1) & (5) Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

101-006-0020

Renewal process for Consultant and Vendor Contracts

(1) Renewal Procedure: If the Board does not issue a procurement to solicit formal proposals from Consultants and Vendors, the Board may directly negotiate and enter into renewal contracts with Renewal Contractors and Vendors to provide Consultant and other Vendor services without following the procedures set forth in OAR 101-006-0010. The Board may renew contracts with Renewal Contractors and Vendors for as many years as the Board determines is in the best interest of the state. The Board may invite renewal Proposals from those contractors who provided the same or similar Consultant and other Vendor services in the year immediately prior.

(2) The Board will negotiate with Renewal Contractors and Vendors and enter into contracts with them after giving full consideration to the following factors which include, but are not limited to: applicant capability, experience, approach, compensation requirements and references.

Stat. Auth.: ORS 243.061 - 242.301 Stats. Implemented: ORS 242.125(1) & (5) Hist.: PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 2-2005, f. 7-26-05, cert. ef. 7-29-05

Delete OAR 101-006-0020, Renewal Process for Consultant and Vendor Contracts

DIVISION 20

ENROLLMENT RULES

101-020-0015 - Opting Out of Medical Insurance Coverage

(1) Opting out is a medical insurance plan election. ~~The~~ An eligible employee opting out of medical coverage may receive a cash ~~portion~~, as determined by PEBB, ~~of the benefit amount as cash~~ in lieu of medical insurance coverage. ~~as determined by PEBB.~~ To opt out ~~A~~ an eligible employee must have medical insurance ~~covered through by~~ another employer-sponsored group medical plan. ~~Benefit eligible~~ ~~may~~ employees may opt out of PEBB-sponsored:

(a) Medical insurance only; or

(b) Beginning in plan year 2011, both medical and dental insurance.

An employee may not opt out of dental coverage only.

~~medical insurance coverage. Opting out is a medical insurance plan election and applies only to the medical insurance benefit. The eligible employee may receive a portion of the benefit amount as cash in lieu of medical insurance coverage as determined by PEBB.~~

(2) ~~The eligible employee must provide proof of current coverage under another employer-sponsored~~

~~group medical insurance plan.~~ The eligible employee must provide documentation to their agency ~~documentation~~ of current employer group ~~medical~~ medical or medical and dental coverage within five business days of the employee's electronic enrollment or the date the agency receives the enrollment forms. ~~When opting out of both medical and dental the employee must provide documentation of current employer group coverage for each.~~ Examples of documentation, include but is not limited to, plan

identification cards or an employer letter of coverage. If documentation is not received, the employee's medical opt out ~~must end~~ ~~terminates~~ retroactive to the effective date..

~~PEBB will enroll only~~ When the agency or PEBB terminates the opt out due to lack of documentation, the employee (only) will be

~~enrolled in the~~ ~~he employee in the~~ PEBB medical plan that provides coverage state wide ~~medical plan~~ and

as necessary the dental plan with state wide coverage. All ~~continue all~~ other employee insurance

~~s~~elections will continue.

(3) Mandatory enrollment in other PEBB plans such as dental insurance may be required of eligible employees electing to opt out.

(4) A PEBB plan retiree receiving a state premium subsidy (e.g., early retirement premium subsidy) that

returns to active employee status as benefit eligible but chooses to continue coverage under a PEBB retiree or COBRA plan is not eligible to opt out and receive cash in lieu of active employee medical benefits.

(45) An eligible employee enrolled in Medicare, Medicaid, Veterans' Administration Health Benefit

Programs, TRICARE or Student Health Insurance may not opt out in lieu of enrollment in a PEBB medical insurance plan. Beginning in plan year 2011, eligible employees may opt out of PEBB medical if their employer sponsored group medical plan is TRICARE.

Stat. Auth.: ORS 243.061 - 302

Stats. Implemented: ORS 243.061 - 302

Hist.: PEBB 1-1999, f. 12-8-99, cert. ef. 1-1-00; PEBB 1-2000, f. 11-15-00, cert. ef. 1-1-01; PEBB 1- 9 2002, f. 7-30-02, cert. ef. 8-1-02; PEBB 1-2003, f. & cert. ef 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 3-2004, f. & cert. ef. 10-7-04; PEBB 2-2007, f. 9-28-07, cert. ef. 10-1-07; PEBB 3-2009, f. 9-29-

11 09 cert. ef. 10-1-09

101-020-0066

Public Employees' Benefit Board Appeal Procedure

(1) Eligible employees may submit appeal requests to PEBB concerning PEBB policy, eligibility, or plan enrollments. PEBB staff, the Operations Subcommittee, and the Board use relevant state and federal regulations, policy, PEBB's documented Internal Revenue Code (IRC) 125 Cafeteria plan, and Oregon Administrative Rules to provide appeal decisions.

(2) PEBB does not accept appeals related to any contracted plans or plan administrators, such as but not limited to medical, dental, life, disability, COBRA, and long term care, services, decisions, or claims.

(3) Eligible Employees have four levels of PEBB appeal.

(a) Level One: An eligible employee that believes they received an incorrect or unfair decision from PEBB, an employing agency, or retiree plan administrator may appeal the decision to PEBB within 30 days of that decision.

(A) The employee must submit the appeal to PEBB using the correct forms and provide any supporting documentation.

(B) A PEBB Benefit Analyst will review the appeal documents and may request additional information from the employee or the employer. PEBB must receive requested information within 10 business days or the appeal is closed.

(C) The analyst will complete review of the appeal within 30 days of the date PEBB receives all the necessary appeal documentation or notify the employee if a decision will require longer than 30 days.

(D) When complete, the analyst will provide a written explanation and determination to the employee.

(b) Level Two: An eligible employee who is dissatisfied with a Level One appeal determination may within 30 days of the determination letter request a Level Two review from the PEBB Plan Design Manager.

(A) The employee must submit the request to the Plan Design Manager in writing and provide any new supporting documentation that would support the request. The manager may request additional information from the employee or the employer. Requested information must be received with 10 business days or the appeal is closed.

B) The Plan Design Manager will review the request and determine whether to provide a determination to the employee or move the request directly to Level Three. The Plan Design Manager may request the Administrator or the Administrator's designee assist in the appeal review and determination.

(C) When the Plan Design Manager completes a review, the employee will receive a written explanation and determination within 30 days of PEBB receiving all the necessary appeal documentation. When the Plan Design Manager sends the appeal to Level Three without providing a determination, the employee will receive a notice.

(c) Level Three: An eligible employee receiving both a first and second level denial may request that the Operations Subcommittee review the appeal. The Subcommittee may review appeals submitted directly by the Plan Design Manager.

(A) An employee requesting review, must submit the request in writing to the Plan Design Manager within 30 days of the Level Two determination letter date.

(B) The Operations Subcommittee may recommend a review and determination of the appeal by the I Board without providing a decision to the employee; the employee will receive notice of the recommendation.

(C) When the Subcommittee completes a review, the employee will receive a written explanation and determination within 30 days after the next regularly scheduled meeting.

(d) Level Four: An eligible employee dissatisfied with a determination by Operations Subcommittee may request a review and determination of the appeal by the Board. The Board may review appeals submitted directly by the Operations Subcommittee.

(A) An employee requesting a review must submit the request in writing to the Plan Design Manager within 30 days of the Operations Subcommittee determination letter date.

(B) When the board completes a review, the employee will receive a written explanation and determination within 30 days after the next regularly scheduled meeting. Should the decision require longer than 30 days the Board will send notice to the employee.

(4) An individual may appeal the Board's decision as provided under the Oregon Administrative Procedures Act, ORS Chapter 183.

DIVISION 50

RETIREE RULES

101-050-0005

Eligibility for PEBB Retiree Health Plan Eligibility Medical and Dental Insurance Coverage upon Retirement

~~(1) An active eligible employee ~~and their eligible individuals~~ enrolled in PEBB plans ~~for active employees~~ immediately prior to retirement and who meets PEBB retiree plan eligibility may continue participation in ~~any~~ PEBB ~~retiree medical or dental insurance health plans~~ upon retiring. ~~until becoming Medicare eligible. Insurance coverage under the PEBB active and retiree health plans must be continuous.~~~~

~~(42) To be eligible A retiring ed employee must not be eligible before Medicare and be:~~

(a) Receiving a service or disability retirement allowance under the Public Employees Retirement System (PERS) or under any other retirement or disability benefit plan or system offered by the State of Oregon for its officers and employees;

(b) Eligible to receive a service retirement allowance under PERS and have reached earliest retirement age under ORS Chapter 238; or

(c) Eligible to receive a service retirement allowance or pension under another retirement benefit plan or system offered by the State of Oregon and ~~have~~has reached earliest retirement age under the plan or system.

~~(23) Retiree plan eligibility for other individuals: A retired eligible employee may elect insurance coverage for themselves. A family member spouse, domestic partner, dependent child, and domestic partner's dependent child who each meet PEBB eligibility, are not Medicare eligible, and must be received coverageed through by the employee's active PEBB plans immediately prior to the retirement are eligible for retiree plan coverage. When the retiring employee is Medicare eligible and not eligible for PEBB retiree plans, individuals receiving active coverage through the employee immediately prior to the retirement remainare eligible for retiree plan enrollment.~~

~~(34) If an individual covered by a PEBB retiree plan becomes Medicare eligible or loses PEBB eligibility while receiving retiree plan coverage, the individual must terminate from the plan. The exception is for Medicare eligibility because of end-stage renal disease. Individuals on the retiree plan who are not Medicare eligible and continue to meet PEBB eligibility may remain on the plan.~~

~~to qualify for coverage under the PEBB retiree health insurance plans.~~

~~(53) A former eligible employee who first elects COBRA and later becomes eligible as a retired employee may enroll in will have the right to transfer the COBRA medical or dental insurance coverage to the PEBB retiree health plans at any time during or immediately following COBRA. Insurance coverage under the PEBB active, COBRA, and retiree health plans must be continuous.~~

Stat. Auth.: ORS 243.061 - 302

Stats. Implemented: ORS 243.061-302 & 659A.060-069

Hist.: PEBB 1-1999, f. 12-8-99, cert. ef. 1-1-00; PEBB 1-2001, f. & cert. ef. 9-6-01; PEBB 1-2002, f. 7-30-02, cert. ef. 8-1-02; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 3-2004, f. & cert. ef. 10-7-04; PEBB 3-2005, f. 8-31-05, cert. ef. 9-1-05; PEBB 2-2007, f. 9-28-07, cert. ef. 10-1-07

101-050-0010

Retiree Plan Enrollment Enrollment and Termination

~~(1) A retired eligible employee may continue insurance coverage for themselves, a family member, a domestic partner, and a domestic partner's dependent child under the PEBB retiree health insurance plans. An active employee meeting PEBB retiree eligibility may enroll themselves and other eligible individuals in PEBB retiree health insurance plans.~~

(2) Retiree plan coverage must be continuous with active or COBRA PEBB plan enrollments. Employees that retire and receive PEBB plan coverage through another active employee may move to PEBB retiree coverage when the other employee coverage ends.

(3) An active employee meeting PEBB retiree eligibility must submit retiree enrollment forms within 60 days of the date the active employee insurance terminates. Enrollments submitted within this 60-day window are retroactive to the date of insurance active coverage termination. Employees that retire and receive PEBB plan coverage through another employee instead of enrolling in retiree coverage may move to PEBB retiree coverage when the other employee coverage ends.

(34) The rA Retiree may elect choose between any PEBB full time or part-time health and retiree plans. A Retiree may -elect and may select medical only, dental only, or medical and dental insurance coverage. If the retiree does not initially enroll in both medical and dental insurance plans, they may not add the other plan at a later date. Completed enrollment forms must be submitted within 60 days of the date active employee insurance coverage is lost. Enrollment in the PEBB retiree health plans must be continuous from active employee insurance coverage to retiree plan coverage and may be continued until any enrolled individual becomes Medicare eligible.

(325) PEBB may offer a plan change period for retiree insurance plan participants. The plan change period provides the opportunity for allows the retiree to only change benefit plans. During tThe plan change period does not allow the , the retiree may not to add dependents or coverage they did not already have in place.

(436) A retired eligible employee electing to continue PEBB health plans under COBRA will have the right can may to transfer to a PEBB retiree health plan the insurance coverage in place to the PEBB retiree health plans at any time during or immediately following COBRA.

(547) A retired eligible employee and their eligible individuals must terminate from PEBB retiree plans when they: may continue participating in PEBB retiree medical or dental insurance plans as long as:

- (a) They Fail to self-pay the premiums timely; or
- (b) They Fail to continue to meet PEBB eligibility; or and
- (c) Become Medicare eligible; or

(d) PEBB no longer continues to offers retiree insurance health plan coverage.

(58) Retiree plan coverage termination dates due to loss of eligibility:

(a) Coverage terminates the last day of the month before the month of Medicare eligibility.

Example: Joe becomes Medicare eligible May 15st because his 65th birthday will be when he celebrates his 65th birthday May 15th. Joe's retiree health coverage will terminate April 30.

(b) Failure to meet PEBB eligibility requirements (e.g. a dependent ages out of coverage), or marries), coverage terminates the last day of the month that the eligibility is lost.

Example: Joe's daughter Ann marries on August 14. Ann's health coverage under Joe's retiree plans will terminate August 31.

(658) Division 20 Enrollment Rules apply to retirees in the following situations:

(a) Midyear benefit plan changes such as those resulting in the addition of a family member, domestic partner, or domestic partner's dependent child to the retiree's insurance coverage. See OAR 101-020-0050.

(b) Adding a newborn or adopted child to the retiree's insurance coverage. See OAR 101-020-0020.

(c) Removing an ineligible individual from the retiree's insurance coverage. See OAR 101-020-0025.

(d) Enrollment or processing errors. See OAR 101-020-0037.

Stat. Auth.: ORS 243.061 - 302

Stats. Implemented: ORS 243.061 - 302

Hist.: PEBB 1-1999, f. 12-8-99, cert. ef. 1-1-00; PEBB 1-2000, f. 11-15-00, cert. ef. 1-1-01; PEBB 1-2001, f. & cert. ef. 9-6-01; PEBB 1-2002, f. 7-30-02, cert. ef. 8-1-02; PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 3-2004, f. & cert. ef. 10-7-04; PEBB 2-2007, f. 9-28-07, cert. ef. 10-1-07

101-050-0015

Retiree Returning to Work for a PEBB Participating Organization in a Benefit Eligible Status

(1) A retiree returning to work within a PEBB participating organization in a benefit eligible position ~~full-time, half-time, or job share classification~~ is eligible for active employee PEBB ~~active employee~~ benefit plans. Insurance coverage must be continuous between active employee benefit plans and retiree plans.

(a) A retiree returning to paid regular status within 12 months will have their previous enrollment for medical, dental, life and disability insurance reinstated the first of the month following their return to work. ~~Guarantee issue options for life insurance coverage continue if the retiree did not use portability provisions in their life insurance plans upon separation from state service.~~

~~(b) A retiree returning to active or paid regular status after 12 months after from the previously an active insurance coverage end date is treated as a must enroll as a newly hired eligible employee. There is no second guarantee issue of long-term care insurance.~~

~~(c) A retiree either enrolling as a new hire or being reinstated to active employee optional life insurance must cancel retiree life that was ported from PEBB when the employee retired.~~

~~(2) A retiree enrolled in a PEBB non-Medicare retiree insurance plan may suspend the retiree insurance coverage when enrolled as an active employee in PEBB sponsored benefit plans, as an eligible employee. The employee must notify and request the by notifying the retiree plan administrator to suspend the retiree coverage.~~

~~(3) A retiree participating in active employee health plans who has A retiree with a spouse, family member, domestic partner, dependent child, or domestic partner's dependent child enrolled in Medicare must enroll that individual in the active employee health plans. employee's PEBB benefit plans.~~

~~(4) Insurance coverage must be continuous between active employee benefit plans and PEBB non-Medicare retiree insurance plans.~~

~~(435) A retiree receiving a state premium subsidy (e.g., early retirement premium subsidy) that returns to active employee status as benefit eligible but chooses to continue coverage under a PEBB retiree or COBRA plan is not eligible to opt out and receive cash in lieu of active employee medical benefits. A retiree who returns to eligible employee status, continues coverage under PEBB retiree or COBRA insurance plans, and is receiving a state premium subsidy is not eligible to opt out of benefits.~~

~~(6) A retiree returning to eligible employee status 12 months from the previously active insurance coverage end date will have guarantee issue options for life insurance coverage as long as they did not use the portability provisions in their life insurance plans upon separation from state service.~~

~~(7) A retiree returning to eligible employee status beyond 12 months of the previously active insurance coverage end date is not eligible for a second guarantee issue of long term care insurance.~~

Stat. Auth.: ORS 243.061 - 302

Stats. Implemented: ORS 243.061-302

Hist.: PEBB 1-1999, f. 12-8-99, cert. ef. 1-1-00; PEBB 1-2001, f. & cert. ef. 9-6-01; PEBB 1-2002, f. 7-30-02, cert. ef. 8-1-02; PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 3-2004, f. & cert. ef. 10-7-04; PEBB 1-2005, f. & cert. ef. 4-14-05; PEBB 2-2007, f. 9-28-07, cert. ef. 10-1-07

101-050-0020

Retiree Survivor Medical and Dental Insurance Coverage

(1) An eligible spouse, domestic partner, dependent child, and dependent child of a domestic partner individual enrolled in PEBB retiree medical or dental insurance health plans at the time of a retiree's death (or subscriber's death) may elect to continue the retiree survivor insurance coverage, available through the PEBB plans. The individual electing to continue the coverage becomes the subscriber, as a subscriber. The Subscribers eligible individual must self-pay the premiums and maintain continuous coverage.

~~(1) It is the responsibility of the subscriber to notify the retiree plan administrator if they do not want continued coverage.~~

(2) The retiree plan coverage terminates for a The surviving spouse or domestic partner of the retiree when they: may continue the medical or dental

(a) Remarry or form a domestic partnership; or

(b) Fail to make timely premium payments; or

(c) PEBB no longer offers retiree insurance plans

~~retiree survivor insurance coverage as long as they remain unmarried, do not form a domestic partnership, and PEBB continues to offer the insurance plans.~~

(3) The retiree plan coverage terminates for The surviving dependent children of the retiree, spouse, or domestic partner when they:

(a) No longer meet PEBB dependent eligibility requirements (OAR 101-015-0011); or

(b) Fail to make timely premium payments; or

(c) PEBB no longer offers retiree insurance plans

~~may continue the medical or dental retiree survivor insurance coverage if they continue to meet eligibility requirements, are not adopted by a new parent, and PEBB continues to offer the insurance plans.~~

Stat. Auth.: ORS 243.061 - 243.302

Stats. Implemented: ORS 243.061-302 & 659A.060-069

Hist.: PEBB 1-1999, f. 12-8-99, cert. ef. 1-1-00; PEBB 1-2001, f. & cert. ef. 9-6-01;

PEBB 1-2002, f. 7-30-02, cert. ef. 8-1-02; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 3-

2004, f. & cert. ef. 10-7-04; PEBB 2-2007, f. 9-28-07, cert. ef. 10-1-07

101-050-0025

Retirees Eligible for Medicare Coverage

~~(1) A retiree and eligible individuals enrolled in PEBB retiree insurance plans who become eligible for Medicare coverage may not continue a PEBB retiree insurance plan. The exception is for Medicare eligibility as a result of end-stage renal disease. Insurance coverage ends the last day of the month that eligibility is lost.~~

~~(2) If a retiree becomes eligible for Medicare coverage, but their currently enrolled family members, domestic partner and domestic partner's dependent children are not, these eligible individuals may continue PEBB insurance coverage as subscribers. It is the responsibility of the subscribers to notify the retiree plan administrator if they do not want continued coverage.~~

~~Stat. Auth.: ORS 243.061 - 302~~

~~Stats. Implemented: ORS 243.061 - 302~~

~~Hist.: PEBB 1-1999, f. 12-8-99, cert. ef. 1-1-00; PEBB 1-2001, f. & cert. ef. 9-6-01; PEBB 1-2002, f. 7-30-02, cert. ef. 8-1-02; PEBB 1-2003, f. & cert. ef. 12-4-03; PEBB 1-2004, f. & cert. ef. 7-2-04; PEBB 3-2004, f. & cert. ef. 10-7-04; PEBB 3-2005, f. 8-31-05, cert. ef. 9-1-05; PEBB 2-2007, f. 9-28-07, cert. ef. 10-1-07~~



June 15, 2010

Oregon Public Employees' Benefit Board

Renewal Increases, Stabilization Fund Update and Follow-up on Plan Design Options

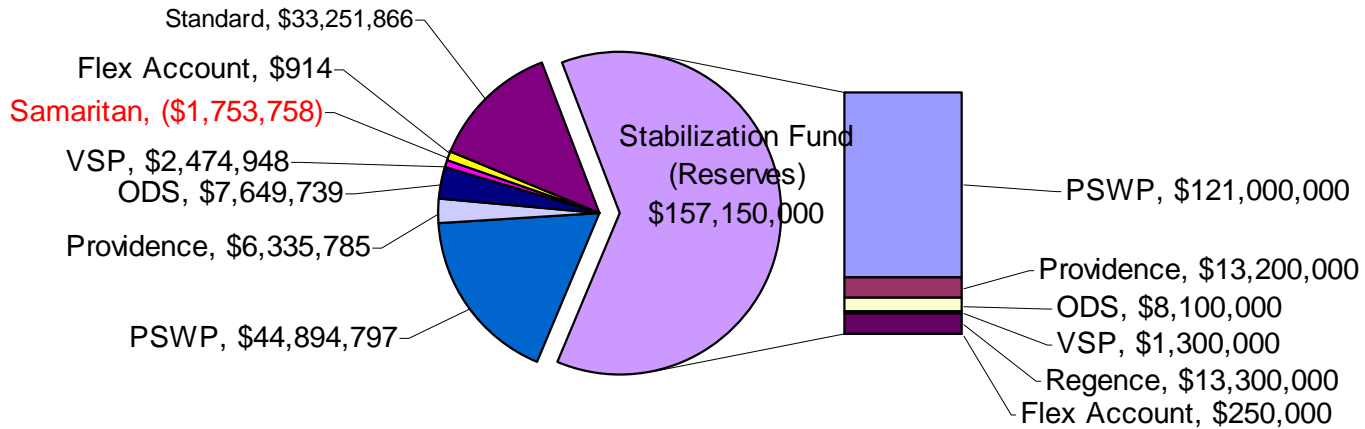
Plan for Today

- Identify starting point
 - Stabilization account balance 2009-11 and projections for PY 2011
 - Risk Based Capital recommended reserves 2011-2013
 - Reserve standards at 5% and 10% trend
 - Composite rate based on status quo plan design
- Gap scenarios
- Options to fill the gap in funds
 - Plan-design changes
 - Benefit changes
 - Spend funds as agreed in Collective Bargaining Agreements
- Next Steps

Current Stabilization Account Balance

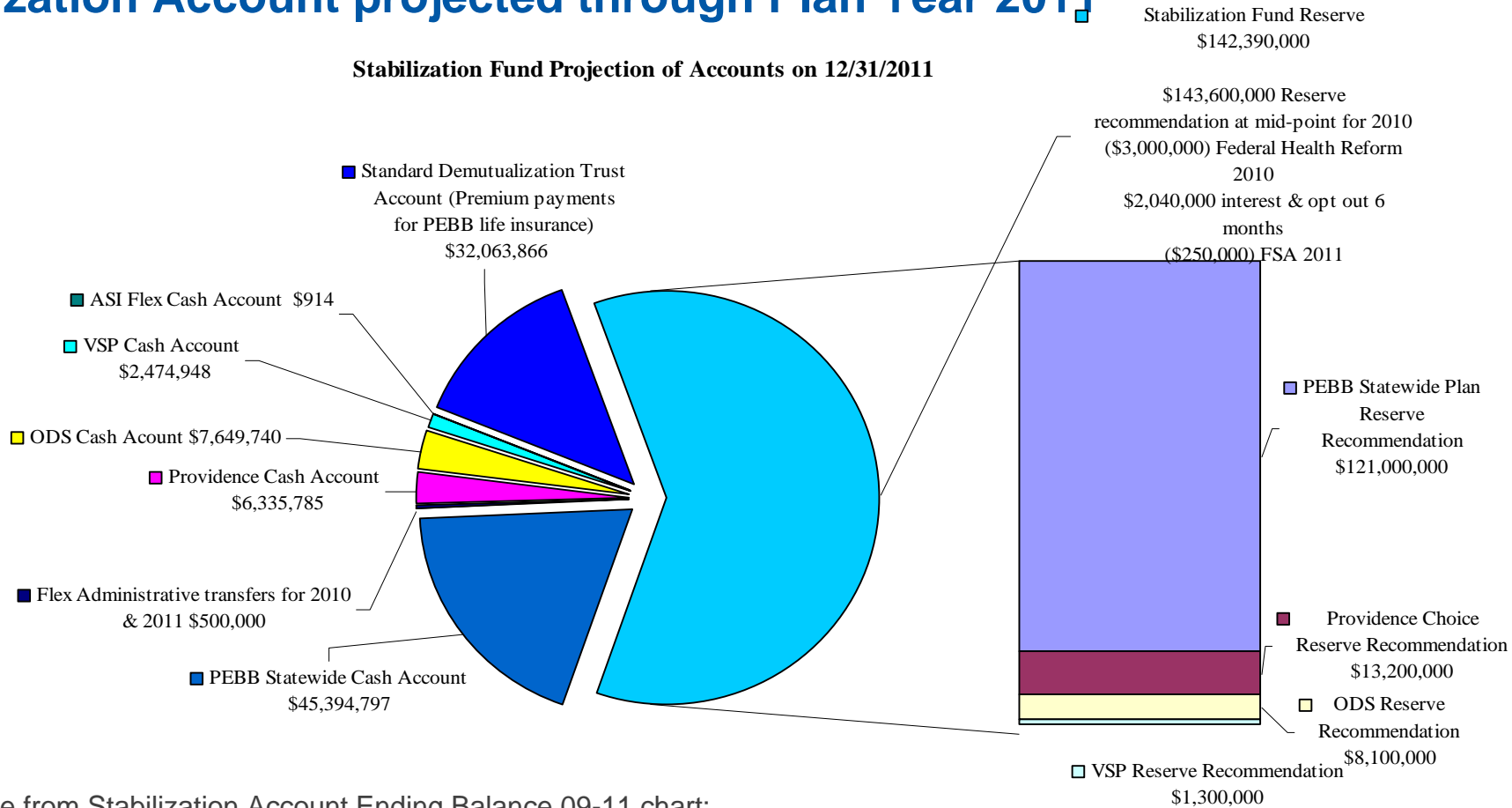
Stabilization Account Ending Balance 09-11 (June 30, 2011)

Does not include Reserve requirements to be paid:
 Federal health reform in 2010 ~\$3 million
 Flexible Spending Account administration 2011 ~\$250,000
 Increase to reserve levels at % RBC 2011 ~TBD



Stabilization Account projected through Plan Year 2011

Stabilization Fund Projection of Accounts on 12/31/2011



- Variance from Stabilization Account Ending Balance 09-11 chart:
 - Decrease in stabilization reserve fund balance: moved allocation to flexible spending account administration for 2010 (\$250,000) from Reserve fund to cash flow and added an additional expenditure \$250,000 for 2011
 - Zero impact: Samaritan account zeroed out and deleted from PEBB fund
 - Zero impact: Close out Regence settlement account (final settlement in late 2011)
 - Decrease in Standard Demutualization account: Pay additional premium for PEBB life insurance for 6 months (\$1.19 million)
 - Decrease in stabilization reserve fund balance: federal health reform impact on PY 2010 (\$3.0 million)
 - Increase in stabilization reserve fund balance: Interest payments for 6 months and opt-out for 6 months (\$2.04 million)

Stabilization Fund Variance PY 2011

▪ Reserve Fund balance for PY 2011 based on 2010 reserves (includes interest and opt-out)		\$142,390,000
▪ Current Reserve for PY 2010*	-	<u>\$143,600,000</u>
Fund variance:		(\$1,210,000)

* Current reserve is the mid-point of Mercer's recommended range.

Mercer Recommended Self-funded Plan Reserves

- Mercer strongly recommends maintaining rate stabilization reserves related to PEBB's self-funded medical, dental, and vision programs (in addition to IBNR)
- Mercer's recommended reserve ranges are based on the National Association of Insurance Commissioners (NAIC) Risk Based Capital (RBC) requirements for Underwriting Risk (insufficient premiums relative to expense)
 - Rate Stabilization Reserve recommendation is based on percentage ranges of RBC depending on type of coverage (e.g., medical, dental)
 - Stabilization fund should not be reduced below the low end of the recommended range
- Appropriateness of reserve ranges should be reviewed periodically
 - Timing depends on ongoing monitoring of PEBB's actual funding experience, and if and when significant plan design, population, vendor, or health insurance market changes occur
- The following pages show current recommended reserve ranges by type of coverage, year, and assuming current best estimate trend versus increases limited to 5% GRB level.

Mercer recommended reserve requirements for PEBB self-insured plans for 2011 - 2013

- Best estimate based on 10% medical, 5% dental, and 4% vision increases

Stabilization Fund for Self-Insured Plans	Recommended Rate Stabilization Reserve Range								
	1/1/2011 - 12/31/2011			1/1/2012 - 12/31/2012			1/1/2013 - 12/31/2013		
	Mid-Point	Low	High	Mid-Point	Low	High	Mid-Point	Low	High
Statewide plan	\$137,000,000	\$124,000,000	\$149,000,000	\$149,500,000	\$136,000,000	\$163,000,000	\$164,000,000	\$149,000,000	\$179,000,000
% of RBC	275%	250%	300%	275%	250%	300%	275%	250%	300%
Providence	\$14,500,000	\$13,000,000	\$16,000,000	\$15,500,000	\$14,000,000	\$17,000,000	\$16,500,000	\$15,000,000	\$18,000,000
% of RBC	275%	250%	300%	275%	250%	300%	275%	250%	300%
ODS	\$8,750,000	\$7,000,000	\$10,500,000	\$9,000,000	\$7,000,000	\$11,000,000	\$9,500,000	\$7,500,000	\$11,500,000
% of RBC	250%	200%	300%	250%	200%	300%	250%	200%	300%
VSP	\$1,300,000	\$1,100,000	\$1,500,000	\$1,400,000	\$1,200,000	\$1,600,000	\$1,400,000	\$1,200,000	\$1,600,000
% of RBC	175%	150%	200%	175%	150%	200%	175%	150%	200%
Total	\$161,550,000	\$145,100,000	\$177,000,000	\$175,400,000	\$158,200,000	\$192,600,000	\$191,400,000	\$172,700,000	\$210,100,000

Mercer recommended reserve requirements for PEBB self-insured plans for 2011 - 2013

- Estimate based on 5% medical, 5% dental, and 4% vision increases
- Reducing below medical trend requires some changes in medical program.

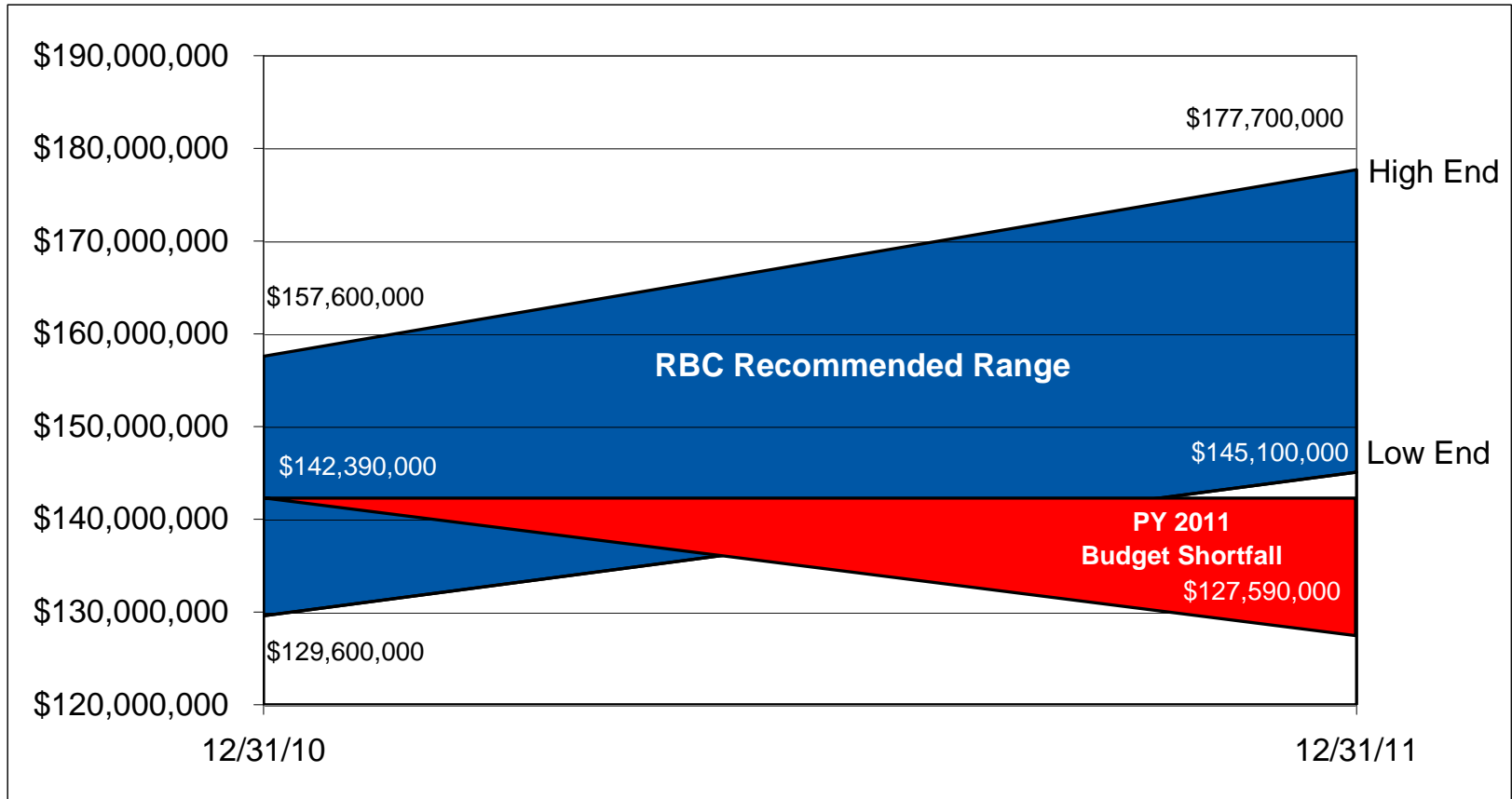
Stabilization Fund for Self-Insured Plans		Recommended Rate Stabilization Reserve Range								
		1/1/2011 - 12/31/2011			1/1/2012 - 12/31/2012			1/1/2013 - 12/31/2013		
		Mid-Point	Low	High	Mid-Point	Low	High	Mid-Point	Low	High
Statewide plan	\$130,000,000	\$118,000,000	\$142,000,000	\$136,500,000	\$124,000,000	\$149,000,000	\$143,000,000	\$130,000,000	\$156,000,000	
% of RBC	275%	250%	300%	275%	250%	300%	275%	250%	300%	
Providence	\$13,800,000	\$12,500,000	\$15,000,000	\$14,500,000	\$13,000,000	\$16,000,000	\$15,000,000	\$13,500,000	\$16,500,000	
% of RBC	275%	250%	300%	275%	250%	300%	275%	250%	300%	
ODS	\$8,800,000	\$7,000,000	\$10,500,000	\$9,000,000	\$7,000,000	\$11,000,000	\$9,500,000	\$7,500,000	\$11,500,000	
% of RBC	250%	200%	300%	250%	200%	300%	250%	200%	300%	
VSP	\$1,300,000	\$1,100,000	\$1,500,000	\$1,400,000	\$1,200,000	\$1,600,000	\$1,400,000	\$1,200,000	\$1,600,000	
% of RBC	175%	150%	200%	175%	150%	200%	175%	150%	200%	
Total	\$153,900,000	\$138,600,000	\$169,000,000	\$161,400,000	\$145,200,000	\$177,600,000	\$168,900,000	\$152,200,000	\$185,600,000	

Stabilization Reserve Variance Based on RBC Recommended Reserve Standard

		Current (PY 2011 based on 2010 reserve levels)	2011 at 10% trend	2011 at 5% trend
Uncommitted Stabilization Fund Reserve Balance		\$142,390,000	\$142,390,000	\$142,390,000
Midpoint of Reserve Standard		143,600,000	161,550,000	153,900,000
Low End of Reserve Standard		129,600,000	145,100,000	138,600,000
Variance	From Midpoint	(1,210,000)	(19,160,000)	(11,510,000)
	From Low End	12,790,000	(2,710,000)	3,790,000

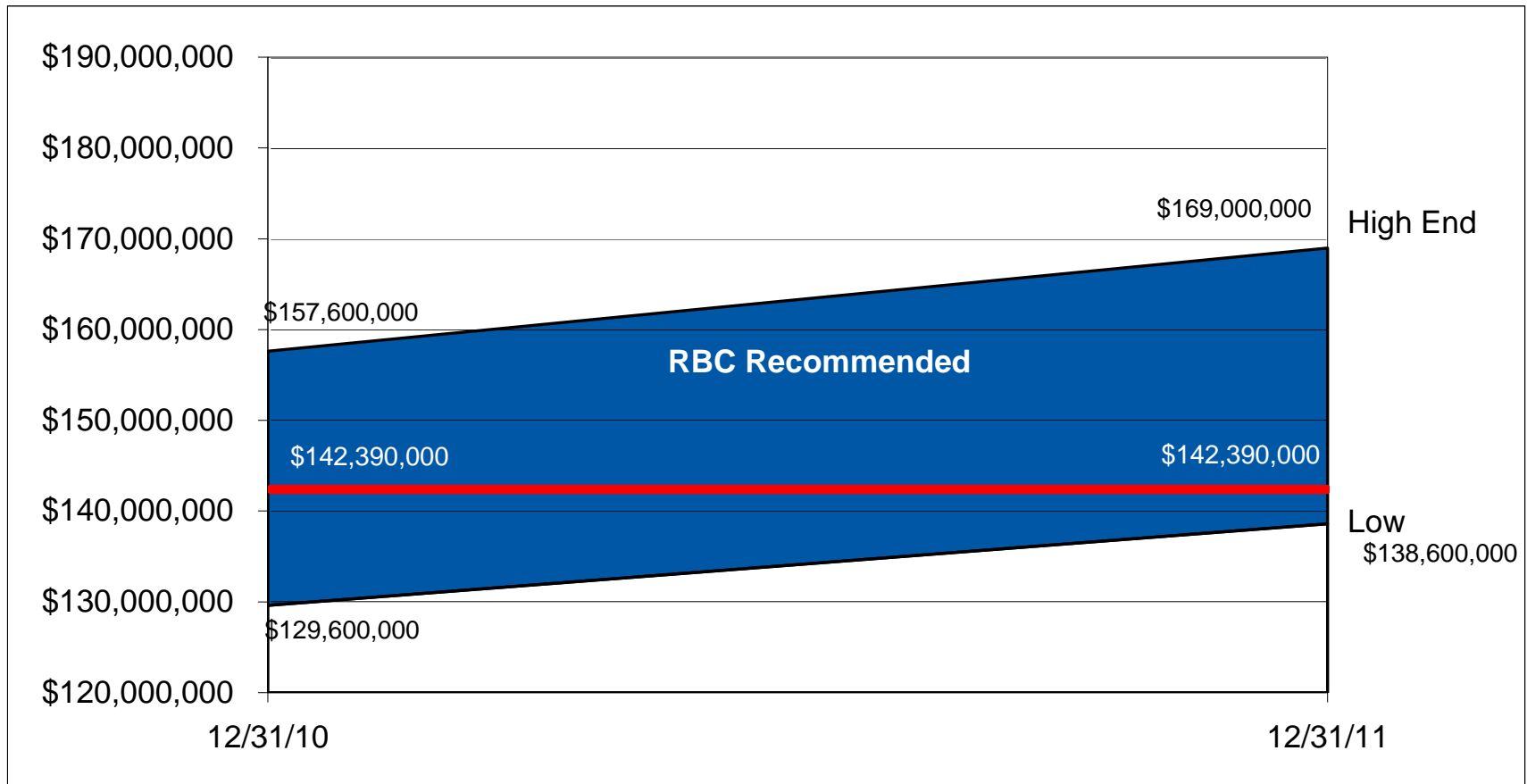
Fund Balance Versus RBC Recommended Range

10% Medical, 5% Dental, and 4% Vision Trend



Fund Balance Versus RBC Recommended Range

5% Medical, 5% Dental, and 4% Vision Trend



Renewal Increases & The Governor's Recommended Budget

- **For all plans combined, the 2011 projected rate increase over 2010 actual is currently 10.4%**
- The 2011 projected rate increase is \$37.0 million above the 5% GRB increase based on the 2010 actual composite rate.
 - Costs incorporate previously approved dental plan changes, vision renewal, reduced PEBB administration, and elimination of communications fees.
- 5.4% above GRB includes provider tax assessment
 - 1% tax included in premiums
- \$37.0 million is Total Funds (TF)
 - General Fund (GF) split is roughly 40% and used for calculation purposes

Gap Scenario 1

Plan design changes reduce overall composite rate to 10%.

- PEBB pick-up difference between 10% and 5% GRB.

- Stabilization reserve fund balance: **\$142,390,000**
- Fund impact on picking up difference (GF only): - \$14,800,000
- Restates Stabilization reserve fund balance: \$127,590,000
- 2011 RBC reserve low end of standard at 10% trend: \$145,100,000
- Shortfall (Stabilization fund- reserve standard) = **(\$17,510,000)**

- Stabilization fund balance would be below recommended “low” end of standard. Funds would have to come from Standard Demutualization Account balance to make up shortfall
 - Impacts on PEBB life insurance benefit going forward
 - Short-term fix for rate increases

Gap Scenario 2

Plan design changes to reduce overall composite rate from 10.4% to 5%

- Stabilization reserve fund balance: **\$142,390,000**
 - Fund impact on picking up difference: **\$0**
 - 2011 RBC reserve low end of standard at 5% trend: **\$138,600,000**
 - Margin (Stabilization fund- reserve standard)= **\$3,790,000**
-
- Stabilization fund balance would be above recommended “low” reserves.
No action required in 2011.

Options to fill gap

- Scenario 1 and Scenario 2 require plan design action
- Options to fill the gap include:
 - Benefit changes
 - Cost-sharing
 - Plan design changes
 - Evidence-based plan design
 - Other options
 - Spend funds as agreed in CBA
 - Demutualization funds to buy-down rates from 10% to 5%
 - Requires
 - E-Board approval
 - Determine accurate GF number (using 40% for calculation purposes only)

Evidence-based Plan Design Options

- Evidence-based plan design benefit tier
 - Providence estimates 1.3% savings for \$500 copay on certain Specialty Shared Services, which is approximately \$7.3 million.
- Sleep study benefit modifications
 - Requiring flat co-payment amount (e.g., \$100) would save \$300,000, which is approximately 0.1% savings. Does not apply to maximum OOP.
 - Prior Authorization would result in additional savings
- Imaging benefit modifications (CT, MRI & PET)
 - Requiring flat co-payment amount (e.g., \$100) would save around \$2.5 million, which is approximately 0.5% savings. Does not apply to maximum OOP.
- Require Health Risk Assessments (HRAs) for all members* (cost TBD)
- Include WW for dependents*
 - If dependents** age 18+ are eligible for Weight Watchers (cost \$100,000)

*Cost initially with long-term benefits

**Dependents include tax-dependents and domestic partners

Plan Design Options

PEBB Statewide PPO

Description of Option for Savings	Estimated Savings	% of Premium	Member Impact	Difficulty to Implement	Benchmark - Government *
\$100 In-Network/\$200 Out-of-Network Deductible	(\$6,600,000)	-1.2%	Low	Low	\$400 In/\$500 Out
\$250 In-Network/\$500 Out-of-Network Deductible	(\$15,900,000)	-2.8%	Medium	Low	\$400 In/\$500 Out
\$500 In-Network/\$1,000 Out-of-Network Deductible	(\$29,500,000)	-5.2%	Medium	Low	\$400 In/\$500 Out
\$100/\$200 Deductible, 4 Office Visits not subject to Deductible	(\$5,600,000)	-1.0%	Low	Low	\$400 In/\$500 Out
\$250/\$500 Deductible, 4 Office Visits not subject to Deductible	(\$14,000,000)	-2.5%	Medium	Low	\$400 In/\$500 Out
\$500/\$1,000 Deductible, 4 Office Visits not subject to Deductible	(\$25,700,000)	-4.5%	Medium	Low	\$400 In/\$500 Out
\$1,250 Out-of-Pocket Max	(\$3,700,000)	-0.7%	Low	Low	\$2000 OOP Max
\$1,500 Out-of-Pocket Max	(\$7,000,000)	-1.2%	Low	Low	\$2000 OOP Max
\$2,000 Out-of-Pocket Max	(\$11,700,000)	-2.1%	Medium	Low	\$2000 OOP Max
20% Emergency Room Coinsurance	(\$500,000)	-0.1%	Low	Low	\$50 Copay
\$100 Emergency Room Copay	(\$2,300,000)	-0.5%	Low	Low	\$50 Copay
20% PCP, 35% Specialist Office Visit Coinsurance	(\$4,700,000)	-0.8%	Low	Medium	\$20 PCP, \$30 Sp.
25% Medically Necessary, 50% Elective Surgery Coinsurance	(\$500,000)	-0.1%	Low	Medium	N/A
\$50 Deductible for Rx only	(\$1,900,000)	-0.3%	Low	Low	No Rx Deductible
Retail: \$10 Generic, \$30 Brand, Higher of 50% or \$60 Brand non-Formulary Mail Order: 2.5x Retail	(\$12,200,000)	-2.1%	Medium	Low	\$8/\$20/\$34 Retail \$14/\$37/\$61 Mail
4th Rx Tier for Specialty Drugs - \$100 Copay	(\$500,000)	-0.1%	Low	Medium	No 4th Tier
Bariatric Surgery Copay of \$1,000	(\$250,000)	-0.1%	Low	Low	N/A
Alternative Care Limit of 60 Visits	(\$600,000)	-0.1%	Low	Low	N/A
Discontinue Rural Subsidy	(\$4,000,000)	-0.7%	Medium	Medium	N/A
Rate Retirees and Actives Separately	(\$8,500,000)	-1.5%	Medium	Medium	N/A

* Government benchmark represents median plan designs from the 2009 Mercer National Survey of Employer-Sponsored Health Plans

Plan Design Options

Kaiser and Providence Choice

Kaiser Permanente HMO

Description of Option for Savings	Estimated Savings	% of Premium	Member Impact	Difficulty to Implement	Benchmark - Government *
\$1,000 Out-of-Pocket Max	(\$20,000)	0.0%	Low	Low	\$400 In/\$500 Out
\$10 PCP, \$10 Specialist, \$5 X-Ray/Lab Copay	(\$1,500,000)	-1.6%	Low	Low	\$10 PCP, \$30 Sp.
\$10 PCP, \$10 Specialist, \$5 X-Ray/Lab Copay, \$1,000 Out-of-Pocket Max	(\$1,500,000)	-1.6%	Low	Low	\$10 PCP, \$30 Sp.
Rate Retirees and Actives Separately	(\$1,400,000)	-1.5%	Medium	Medium	N/A

Providence Choice

Description of Option for Savings	Estimated Savings	% of Premium	Member Impact	Difficulty to Implement	Benchmark - Government *
\$10 PCP, \$10 Specialist, \$5 X-Ray/Lab Copay	(\$200,000)	-0.5%	Low	Low	\$20 PCP, \$30 Sp.
Rate Retirees and Actives Separately	(\$700,000)	-1.5%	Medium	Medium	N/A

ODS

Description of Option for Savings	Estimated Savings	% of Premium	Member Impact	Difficulty to Implement	Benchmark - Government *
50% Crown Benefit	(\$1,800,000)	-4.4%	Low	Low	50%

* Government benchmark represents median plan designs from the 2009 Mercer National Survey of Employer-Sponsored Health Plans

Recommended Next Steps

- Board action to finalize plan design options and determine final rate components for PY 2011
- Meeting to vote on composite rate based on Board actions
 - Schedule additional Board meetings as needed
 - Original deadline was June 15, 2010
 - Readjust 2012 RFP time line as needed
- July 20, 2010 draft meeting agenda currently includes following topic for discussion:
 - Plan design elements for 2012 RFP
 - Examples include:
 - Benefit changes
 - Plan design changes
 - Rural subsidy

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