

Non-Medicare retirees will have new health insurance providers in 2017



EWEB has completed a review of insurance carrier proposals for employee/retiree benefits, including health, dental and vision insurance, and a change in providers has been recommended.

Human Resources in April 2016 began an RFP (Request for Proposals) process as a proactive measure in response to concerns around Moda's financial stability stemming from the State Insurance Commission's decision in late January to place Moda under its supervision as a result of Moda's failure to maintain required financial thresholds.

Deductibles and other major plan design components will stay the same

Ten proposals were received, including a submission from Moda. The RFP required proposals to comport with EWEB's existing plan design (deductibles, out-of-pocket expenses, co-insurance, etc.) for medical/Rx, dental and vision plans. Sticking with the current plan designs enables us to change providers with limited disruption to employees and retirees.

In 2017, separate providers for each line of coverage

The reviewing panel included representatives from HR, Finance and EWEB's Employee Health Insurance Committee, as well as representatives from USI, EWEB's Insurance Broker. The panel narrowed the respondents down to four finalists. The panel interviewed those finalists, conducted further proposal review and, issued their recommendation to change benefits providers in late June.

The panel determined that EWEB would derive more value by contracting with separate providers for each line of coverage. These benefits will continue to be offered as a package but will be provided as follows:

- Pacific Source Health Plans for Medical/Rx
- Vision Service Plan (VSP) for vision
- Delta (Moda) for dental

Expect some enhancements in 2017

The change will yield some additional benefits to employees/retirees including expanded provider networks for medical (the Pacific Source plan, for example, includes both Sacred Heart and McKenzie Willamette hospitals), a higher level of vision coverage eliminating the need for EWEB's current vision "buy-up" option, and a better dental benefit in that preventative dental services will not be deducted from the annual maximum benefit.

Financial impacts are positive

In short, if EWEB had remained with Moda, the projected annual rate increase for 2017 is expected to have been 8.6 percent for a total increase of approximately \$960K. Adopting the new plans, including the recommended benefits enhancements, yields a 2017 increase of only 2.2 percent, totaling approximately \$250K, representing avoided costs of over \$700K.

What's next?

Coverage through the new providers will take effect January 1, 2017. Look for more information this fall.

It's important to note that Moda has been paying and will continue to pay benefits claims submitted by EWEB's active employees and also its covered retirees through the end of the year, when the plan change will take effect.