

Hello. My name is Ken Allen. I am the Executive Director of Oregon AFSCME Council 75. We represent about 25,000 workers throughout Oregon, with about 6,000 state worker members. I have been the Executive Director of AFSCME for 16 years. This is the first time I have felt compelled to come before PEBB.

About ten months ago I learned that officials in state government and PEBB were looking at the results from a program that AFSCME Council 31 in Illinois put in place for the employees of the Union. Oregon officials had learned of this program at various health care conferences.

The Union had started a Health Improvement Plan (HIP) in 2006. Since that time they had virtually no cost increases, no reduction in plan design, improved health care and a high degree of employee satisfaction with the plan. Because the state of Oregon was interested in pursuing this type of plan we invited officials responsible for the plan to Oregon to explain it to our state bargaining teams. Our bargaining team members looked favorably at this type of plan to help hold down long term costs and improve the health of state workers.

After the discussions of the HIP in Illinois, we concentrated bargaining around the state's contribution level, and as you know, we ended up with a 5% premium share for the first time.

Because of funding issues, PEBB also made decisions to implement deductibles for the first time and tobacco and spousal surcharges. PEBB also decided to begin the Health Engagement Model (HEM). All these firsts have created a perfect storm for our members. Much of their anger about the changes is aimed at the HEM. Much of this anger is because of a poor roll-out of the program. We expected PEBB and the state of Oregon to work much more closely with unions to communicate the issues around the health care crisis and the reasons for these changes. We need now to see much better communications about the crisis we are in, the reasons for a Health Engagement Model, changes in the Model and a commitment that it will not get worse in the future.

First, I will address the surcharges and then HEM issues. Our members and leaders feel the HEM surcharges and tobacco surcharge should have been incentives, rather than a surcharge. A premium rate for the insurance should have been set higher with reduced payments for non-tobacco users and HEM participants. A major flaw exists in the tobacco surcharge. It must go away immediately when a person quits tobacco use. As it currently exists, an employee that quits tobacco use in February must still pay the surcharge until open enrollment. That is not an incentive to quit.

The spousal surcharge also continues on until open enrollment even if a spouse begins to take the insurance where they work. This should have been approached with a long lead-up with plenty of notice so members and their spouses could make a good financial decision without application of the surcharge.

Although our preference is to change the HEM design prior to January 1, 2012, if PEBB cannot currently change the HEM and tobacco surcharges to an incentive based system, PEBB should set that as a goal for the future.

Now to the HEM. The Health Engagement Model (HEM in Illinois) was clearly supposed to be about effort, not meeting some standard. The communications around this has our members in a state of confusion. We have members that are tobacco users, overweight or that have chronic illnesses that believe they cannot participate in the HEM. Others believe if they aren't successful at getting below a certain waist measurement or quitting tobacco they will be punished by being forced out of the HEM, have to pay the surcharge and it will be retroactive.

Improved health should be the long-term goal of the HEM. This requires employees that want to improve their health and participate, not be punished into submission. State employees need to be educated around the positive impacts of weight loss, stopping tobacco use, reducing their blood pressure and other health issues. The HEM was supposed to be about effort and we will not support it if that is not the primary focus.

PEBB needs to be very clear about privacy issues and the security of any information collected by the provider. Employees must be told the information gathered from the HEM questionnaire will stay with Kaiser or Providence or their own servers and no information will be shared with the Employer or physicians or other health care providers unless authorization is given by the employee.

PEBB and DAS need to be very clear that neither PEBB nor any agency personnel will be policing whether members are using tobacco or engaged in any aspect of the HEM. No discipline can result from HEM issues.

PEBB, the state of Oregon and our Union leadership must be involved in future planning around health care issues and communication. Reducing health care costs through improved health has to be a cooperative effort. We need a commitment from PEBB that HEM requirements for next year will not become more restrictive or punitive and that the HEM is truly about effort.

PEBB needs to be more creative in their communications strategy. Employees and their spouses must have opportunities to educate themselves on these issues that are not solely reliant on written communications.

By example, PEBB and OEBC could sponsor a union activist's health care conference to communicate with union leaders and members about health care issues facing us.

PEBB needs to change the paradigm from the organization always making negative impacts on insurance to an advocate for improved health for our members. We are willing to work together if you will commit to the changes we need.