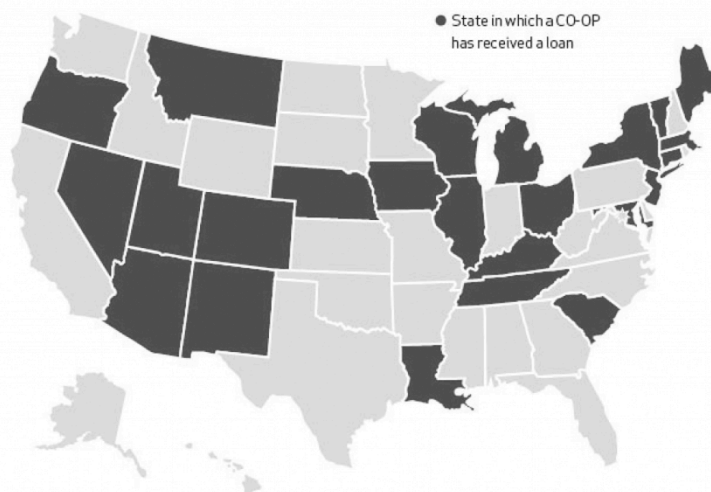


Oregon's Health Care CO-OPs: Different, or More of the Same?  
June 18, 2013



**EXHIBIT 1**

**States with Organizations That Have Received Federal Loans to Establish a CO-OP**



**SOURCE** Department of Health and Human Services, "New Loan Program Helps Create Customer-Driven Non-Profit Health Insurers," Updated December 21, 2012. **NOTE** One CO-OP has applied to operate in Iowa and Nebraska, while two CO-OPs have applied to operate in Oregon.

The doctor of the future will give no medicine, but will interest her or his patients in the care of the human frame, in a proper diet, and in the cause and prevention of disease.

--Thomas Alva Edison



# Oregon's CO-OP Movement

Dawn Bonder, JD, President and CEO  
Health Republic Insurance  
Ralph Prows, MD, President and CEO  
Oregon's Health CO-OP

## Overview

- ▶ Origins of Today's CO-OP's (Ralph)
- ▶ Status of America's CO-OP Movement 2013 (Ralph)
- ▶ CO-OP's defined (Dawn)
- ▶ Why CO-OP's? (Dawn)
- ▶ How CO-OP's differ from the other health plans
  - ▶ Ralph - Oregon's Health CO-OP
  - ▶ Dawn - Health Republic
- ▶ Q & A

## Origins of CO-OPs

- ▶ 2009 – year of debate
  - Health care reform vs. insurance reform
  - Single payer (“public option”) vs. current system
  - Sen. Kent Conrad (Dem, N. Dakota, 1986–2012) – “Why not a hybrid?”
- ▶ March 23, 2010 – Patient Protection and Affordable Care Act (PPACA) – Sec 1322
- ▶ October 2011 – Funding Opportunity Announcement from Center for Consumer Information and Insurance Oversight (CCIIO)
- ▶ 2012 – NASHCO

## Status of the CO-OP Movement 2013

- ▶ 24 Funded CO-OP’s
- ▶ January 2013 – Fiscal Cliff
  - No New CO-OP’s
  - Status Quo for existing CO-OP’s
  - Existing CO-OP’s encouraged to expand to other states
- ▶ Oregon is the only state with 2 CO-OP’s

## Consumer Operated and Oriented Plans – CO-OPs

- ▶ New, qualified, non-profit health insurance issuer, directed by its customers
  - 51% of the Board of Directors must be plan members, elected by plan members
- ▶ Must use profits for customers' benefit
  - Lower Premiums
  - Improve Benefits
  - Improve the Quality of Care
- ▶ Offer individuals and small businesses affordable, customer-friendly, and high-quality health insurance options.

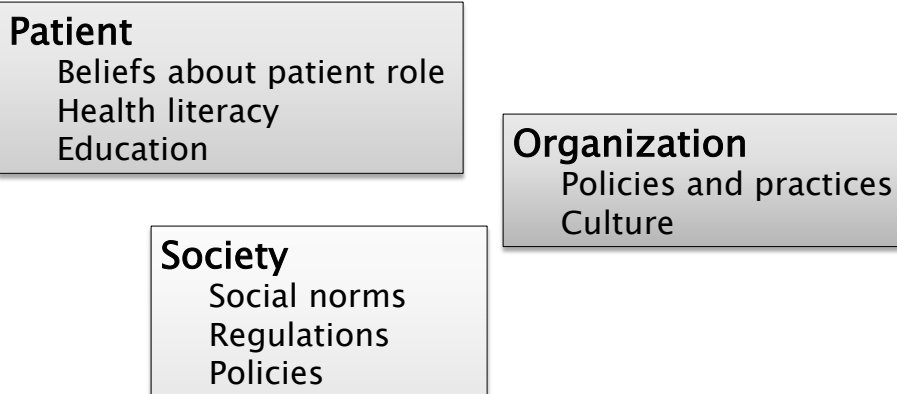
## Why CO-OPs?

- ▶ Offered a compromise in the ACA
- ▶ Ensure a carrier offers options on the Exchange
- ▶ Provide a disruption to the commercial health insurance marketplace
- ▶ Drive health insurance innovation
- ▶ **Provide the ultimate in patient/consumer engagement strategies**

## Why Does Patient Engagement Matter?



## Factors Influencing Level of Engagement



## Overcoming Engagement Challenges

- ▶ Health Literacy
- ▶ Diverse Backgrounds
- ▶ Cognitive Issues
- ▶ Patient Aversion to Considering Costs
- ▶ Provider Factors
- ▶ Payer Factors



## Health Literacy

- ▶ Health Literacy involves more than reading, but understanding medical information
- ▶ A study of over 2500 patients found that close to one-third had inadequate health literacy\*
  - 42% misunderstood directions for taking meds on an empty stomach
  - 25% misunderstood the scheduling of their next appointment
  - 60% were unable to understand an informed consent document
- ▶ Risk of not adhering to medical instructions is very high when patients cannot read and understand basic written medical instructions

\* Inadequate functional health literacy among patients at two public hospitals. Williams MV; Parker RM, Baker DW, Parikh NS, Pitkin K, Coates WC, Nurss JR. JAMA. 1995 Dec 6; 274(21): 1677-82

## Diverse Backgrounds

- ▶ Language and cultural barriers account for almost 40% of health care access problems in the U.S.\*
- ▶ A patient's degree of engagement may be affected by such factors as:
  - cultural differences
  - sex
  - age
  - education



As a result, specific competencies, such as language skills or an awareness and understanding of religious beliefs, may be required on the part of clinicians and delivery systems to effectively engage patients with diverse cultural backgrounds

\*Language Barriers to Health Care in the United States, New England Journal of Medicine, Glenn Flores, 2006, 355: 229- 231 <http://www.somoshernanos.org/>

## Cognitive Issues

- ▶ There are well-known limitations to human decision-making skills and the ability to maintain attention that serve as barriers to engagement
  - ADD/ADHD
  - Mental Health Issues
  - Alzheimer's/Dementia
  - Insomnia
  - Menopause



## Aversion to Considering Costs

- Patients' preference for care they perceive to be the best, regardless of expense
- An inclination to equate cost with quality
- Inexperience in considering trade-offs among cost and quality
- Disregard for costs borne by insurers or society as a whole
- The impulse to act in one's own self-interest even though resources are limited.

## Provider Factors

- ▶ Studies have shown three main Provider barriers to engagement
  - Overworked physicians
  - Insufficient provider training
  - Clinical information systems that failed to track patients throughout the process

Payment reforms and incentives will be needed for shared decision making to take hold.

## Insurer/Payer Factors

- ▶ Payers will be a key factor in payment models of the future
  - Payment for more patient-focused and patient engaged services
  - More attention to assisting with the foundational barriers to patient engagement
  - Flexibility regarding services that work for members

## CO-OPs are Designed to Overcome Barriers

- Incorporate consumer input and governance by requiring a majority of the Board of Directors be members, elected by members
- Build provider relationships that support patient engagement through provider support, training and payment models
- Assist members with programs for increased health literacy and education
- Creating new norms for what a health plan can and should be
- Bringing members together to advocate for better health care for all



  
Oregon's Health  
CO-OP

**My Voice  
My Health  
My Plan**

**We Can Do Better**  
June 2013

## Overview

- **Oregon's Health CO-OP**
  - Who we are and what we are about
- **Translating your voice into health care**
  - Oregonians innovate new products v 1.0 – What we've accomplished for 2014.

## Administration/Coverage

### Highly experienced Board and Management Team

### CareOregon partnership for administrative services

- Expertise in support of Medicaid Transitional population
- Excellent medical and Rx cost management

### Broad service area

- 18 counties, covering 88% of Oregonians in 2014
- All of Oregon in 2015
- National wrap-around network



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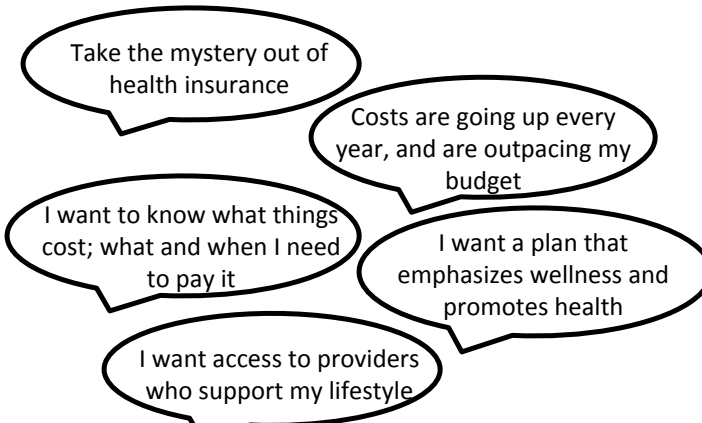
If you had the power to design your own health plan, what would it look like?

1,300+ Oregonians, English and Spanish focus groups

800+ responses to web survey

A culturally diverse staff in daily contact with community leaders

## The Power of Consumer's Voice





Take the mystery out of health insurance

Costs are going up every year, and are outpacing my budget

I want to know what things cost; what and when I need to pay it


I want a plan that emphasizes wellness and promotes health

I want access to providers who support my lifestyle



## Salient Themes

- 1 "Make costs simple to understand so we can take a more active role in our decisions."
- 2 "Balance your emphasis between medical claims and promoting our health."
- 3 "Make health care access easier, and include providers who support my lifestyle."



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## Our Translation: SiMPLE plan Benefit Design

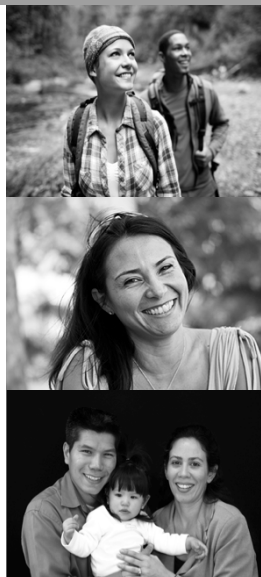
	Copayment Levels		
	Gold	Silver	Bronze
Actuarial Value	80%	70%	60%
Deductible	\$1,500	\$3,500	\$4,000
OOP Max	\$6,250	\$6,250	\$6,250
Preventive	0	0	0
ER Visit, no admit	\$250	\$500	\$750
Outpatient Surgery, ASC*	\$500	\$750	\$1,500
Outpatient Surgery, hospital*	\$1,000	\$1,500	\$2,000
Inpatient admit*	\$1,500	\$2,000	\$2,400
Email, phone, Skype Office Visit	\$15	\$15	\$20
Inperson Office Visit, PCP	\$30	\$35	\$40
Inperson Office Visit, non-PCP	\$60	\$70	\$80
Urgent Care Visit	\$60	\$70	\$80
PT/OT/ST Visit	\$30	\$35	\$40
Radiology, Lab, Path	0	0	\$100
DME	\$50	\$75	\$80

\*Deductible Applies



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## For all Oregonians



### Any Individual, family or employer

- Self-employed
- Nonprofits and membership organizations
- Employers offering group insurance
- Individuals transitioning off Medicaid
- You!

## What We've Done and Why

### **"My Voice"**

We listened and we translated. That's what a CO-OP does – continually.

### **"My Health"**

We added naturopaths and expanded access by phone and email. We will support health promotion programs built by the communities we serve.

### **"My Plan"**

We redefined primary care, simplified payment of care, and expanded access to care. All because that's what Oregonians said they wanted.



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Oregon's Health  
CO-OP


Ralph Prows, MD

[ralphp@ohcoop.org](mailto:ralphp@ohcoop.org)

[www..ohcoop.org](http://www..ohcoop.org)

Question



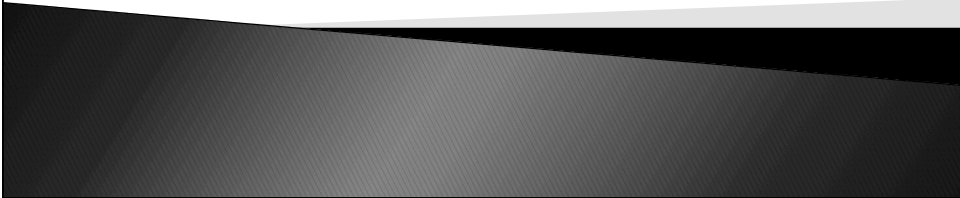


**HEALTH REPUBLIC**  
INSURANCE

# **HEALTH REPUBLIC INSURANCE**

**An Oregon CO-OP**


Dawn Bonder, President and CEO




## **WHO WE ARE**

Health Republic believes in the  
life-changing effect and benefits  
of healthcare

Our members will get the  
healthcare they need, when  
they need it, where they



**HEALTH REPUBLIC**  
INSURANCE





## OUR DNA

# FREELANCERS UNION

- ▶ Advocating for the rights of independent workers and underrepresented Americans since 1995
- ▶ Providing insurance for more than 24,000 members in the New York City metropolitan area
- ▶ A voice for independence



## WHAT WE ARE DOING

**BUILDING MORE THAN JUST ANOTHER  
INSURANCE COMPANY**

**HEALTH REPUBLIC is building a community of those who value their independence both in and out of the workplace and making sure our collective voices are heard.**

**Working Together for the  
Greater Good**



# OUR FOCUS PEOPLE. NOT PROFIT.

We have no private  
shareholders.

We do not distribute  
profits to any investors

Every decision we make, benefit we offer, and solution we develop is focused on helping members stay healthy.



## HEALTHCARE OUR MEMBERS NEED INDIVIDUAL AND SMALL GROUP

- ▶ Offering plans in all metal tiers including catastrophic
- ▶ State Standard Plans in Bronze, Silver, Gold and Catastrophic Tiers
- ▶ PrimaryCare Plans in Bronze, Silver, Gold
  - Full Providence EPO Network
  - NO Co-pay
  - 4 Free Primary Care Visits (illness or injury)
  - Alternative Care Package – massage, acupuncture, chiropractic and naturopathy – 40 cumulative visits at \$25 Co-pay (ASH Network)
  - Adult Vision – exam and hardware
- ▶ FoundationCare in Silver, Gold and Platinum
  - Providence ProvChoice Medical Home Network
  - ASH Alternative Care Package
  - Adult Vision – exam and hardware



## WHEN THEY NEED IT

MEMBERS CHOOSE THE TYPE OF CARE THEY NEED

- ▶ Preventative Care
- ▶ Alternative Care
- ▶ Primary Care
- ▶ Specialty Care



## WHERE THEY NEED IT

- ▶ Providence EPO Network
  - 2604 Primary Care Providers
  - 468 Pediatricians
- ▶ ProvChoice Network
  - 78 Groups at 158 Locations
  - 2073 Primary Care Providers
  - 319 Pediatricians
- ▶ American Specialty Health Network
- ▶ Vision Services Provider Network

THOUSANDS OF PROVIDERS STATE-WIDE



## **A FOUNDATION TO BUILD UPON**

- ▶ SIMPLE, STRAIGHT-FORWARD PLANS WITH ROBUST PROVIDER NETWORKS
- ▶ A COMMITMENT AND DEDICATION TO CUSTOMER SERVICE
- ▶ ORGANIZATIONAL CULTURE GEARED TO INNOVATE AND ENGAGE CONSUMERS
- ▶ EXPERIENCED STAFF AND BOARD MEMBERS



## **HEALTH REPUBLIC NEXT STEPS**

Continue to build infrastructure

Outreach to Oregonians

OCTOBER 2013 – EXCHANGE OPENS –  
ENROLLMENT BEGINS

JANUARY 1, 2014 – COVERAGE BEGINS

Spring 2014 – Begin process for electing board  
members

Fall 2014 – New Member-Governed Board seated

# **2015**