

SPECIAL HEALTH BENEFITS EDITION

American Association of University Professors

Unit Ties

October 2001

Published by
PSU-AAUP

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An Analysis of 2002 PEBB Health Plan Changes

Tamara Hammack-Ryan, MPH: Health Administration

As you may already be aware, the health benefit package available through the Public Employee's Benefit Board (PEBB) for 2002 will differ quite a bit from last year's benefits package. By the end of the open enrollment period on November 9, 2001, PSU faculty must decide whether they will enroll in Kaiser HMO or Regence BlueCross/Blue Shield Oregon PPO, or Opt-Out under another group plan (proof is required and must be provided within 60 days to the PEBB administrator). AAUP has decided to publish this special edition of Unities as a service to PSU faculty to help you determine the most appropriate plan, given your personal circumstances.

Due to the new PEBB benefits package, all faculty are required to re-enroll for health and dental insurance. There will be two health insurance options this year—Kaiser and Regence PPO. Faculty previously covered by ODS Health Plan or Providence HMO will need to switch to either the Regence PPO or the Kaiser plan. It is expected that faculty currently covered by ODS or Providence may experience some inconvenience switching their care over (especially if their "preferred" providers are not listed in the network). However, for those remaining in Kaiser or Regence plans benefits and coverage levels remain the same or have improved slightly in certain areas. Stop-loss or out-of-pocket maximums remain unchanged. Vision services remain unchanged except that Basic PPO members will receive up to \$200.00 per year in coverage that they did not have available last year. Depending on number and type of prescriptions filled, prescriptions may be more costly to fill in the PPO plan compared to the Basic and Plus plans of 2001 (this is in line with the national increase in prescription drug rates).

Review of PPO and HMO Plan Advantages & Idiosyncrasies

PPOs have some advantages for individuals & families with more serious health concerns. Because PPOs are less likely to coordinate care, fast, efficient billing and reimbursement for services can be a real issue. An all too common complaint reported in an online *Consumer Reports* analysis was that PPO members were annoyed by repeated billings for services actually covered by the PPO or from participating doctors who chose to attempt to "balance bill" because they knew some patients would give in.

Going out of the network or seeing doctors not on the preferred list can also come at considerable expense to the member. The upside to increased expense is enhanced access to care. According to findings from a *Consumer Report* survey, "respondents in PPOs who had serious health problems also indicated they had an easier time seeing doctors. For example, they did not have to wait as long to get appointments. People in poor health may find these differences significant enough to choose a PPO over an HMO."

To better manage costs, PPO members should find out the status of their provider (preferred, non-preferred/participating, not participating) prior to receiving service. The 2002 PEBB health plan handbook illustrates a hypothetical billing situation with preferred,

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Collective Bargaining Update

Martha Hickey,
VP of Collective Bargaining

Key points:

- Update on AAUP Article 25 (Salary) counterproposal: two mid-year cost of living increases; one 2002-03 compression raise; a subsidy over 2002 to buffer cash back losses
- No PSU counter-proposal
- Update on Article 26 (Health & Dental Insurance)

Negotiations between the AAUP and PSU will continue through October. We are seeking a workable, responsible compromise that will not abandon our commitments to stemming salary and benefits erosion, addressing compression, and enabling members to make fully informed benefits choices. Faculty who work at PSU deserve respectable compensation. This must remain a priority if we wish to be competitive as we grow as an institution.

After extensive deliberation following last week's negotiation session, and recognizing that any step towards PSU's "non-negotiable" position was going to translate into a larger pay cut for many members, AAUP decided to try to explore the middle ground in the form of a counterproposal on Articles 25 and 26 (Salary and Health & Dental Insurance). PSU's response was that it was not prepared to discuss our offer at this time but that it would return with a counter in ten days. In order to keep the negotiating process moving forward should it prove difficult to reach an agreement, the AAUP may file soon with the State Mediation Service to schedule time with the mediators in November.

Update on Article 25 (Salary): In our counterproposal, AAUP offered to reduce and defer a portion of this year's salary increase until next year, in order to allow the University to offer a one-time but more significant compression increase. At the same time we adapted the University's earlier proposal for a partial subsidy to buffer cash back loss. We believe that surplus or "unused" funds in the PSU benefits allocation should support this subsidy. (See September issues of *Unities*). PSU has formally requested of OUS that it be allowed to manage its own benefits pool.

Using the example of a 9-month faculty member with a \$42,003 salary with \$200 cash back again, here is a snapshot of the impact of yesterday's new proposal (AAUP/2) over the next biennium:

| Offer | Today | December 2001 | February 2002 | September 2002 | February 2003 |
|--------|---------|---------------|---------------|----------------|-------------------------|
| PSU | \$4,867 | \$4,844 | \$4,844 | \$4,844 | \$4,978 |
| AAUP/1 | 4,867 | 4,807 | 4,903 | 5,026 | 5,126 |
| AAUP/2 | 4,867 | 4,817 | 4,875 | 5,003 | 5,062 (without subsidy) |

The February "raise" will simply keep this individual even; the second and third raises will eventually translate into a 4% increase. For someone making \$35,760 on 12 months with \$200 cash back, the increases may only add up to 1.9% over the same period. Because cash back has represented a larger proportion of the salary of those making under \$40,000, the subsidy is an essential bridge for these individuals.*

DETAILS of the AAUP 10/11/01 Proposal:

- Cost of living increase of 2.75% in Jan./Feb. 2002 (except 2% for Academic Professionals, see below)*
- Cost of living increase of 2% in Jan./Feb. 2003 for all continuing bargaining unit members
- Compression raise of 3.5% for research assistants and associates, instructors, assistant professors, 3.75% for associate professors, 4% for professors in July/September 2002
- In-range adjustments in July 2002 and 2003 for Academic Professionals of 2% and 2%
- One year phased subsidy for cash back loss at 75% (December & January), then 40%, then 25%

*Throughout negotiations, the University has maintained that Academic Professionals should not be awarded a cost of living increase this year because of 2-2.5% distributions from their in-range advancement pool in July 2001. AAUP is insisting on at least a 2% cost of living increase for APs, in the light of the loss of cash back and the fact that next July APs will only be eligible for in-range advancements from a 2% pool.

Update on Article 26 (Health and Dental Insurance): The AAUP and the University have not yet been able to

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non-preferred, and non-participating providers (see page 40 of the handbook). To summarize the example provided, members whose services are provided by a non-participating provider may be balance-billed. They may not only pay the 30% co-insurance amount but also any difference between the maximum amount paid by the health plan and what the provider charged.

HMOs have some advantages for young families with less available cash. Although Kaiser HMO is ahead of other health plans (especially with their electronic data systems), there can be inconveniences. Obtaining coverage for an emergency that is outside your plan area can be problematic unless you have a “qualifying event” and understand how to push the qualifying event through the appropriate channels. Other problems with HMOs include limitation to the plan’s doctors and hospitals, needing approval from a “gatekeeper” or primary care doctor, and possibly being restricted by treatment options.

There are several benefits to enrolling with an HMO: certainty of fees, heavy emphasis on keeping members healthy for as long as possible, and continuity and coordination of care through an electronic records system. For young, healthy families, enrolling in Kaiser HMO may be a reasonable choice. Additional discussion to help you make the right choice for your particular set of circumstances is provided below.

Benefits In Moving to Regence PPO from the Basic PPO Plan

There are a number of differences between the 2001 Basic PPO Plan and the 2002 Regence PPO Plan. Members desiring more affordable, enhanced coverage may find some benefit under the new PPO plan. 2001 Basic Plan members paid a co-insurance rate of 30% for office visits with preferred providers. Under the new Regence PPO plan the co-insurance rate drops to 15% for office visits with preferred providers. At present, the average office visit in the Portland area is \$66.00 (preferred provider allowable charge). Under the 2001 Basic plan, a faculty member pays \$19.80 for the office visit (30% x \$66.00). The amount for the average office visit (preferred provider allowable charge) for 2002 is not yet available. Due to the increases in health care costs, it is assumed that the average office visit fee will be close to \$72.00. Under the 2002 Regence PPO plan, a faculty member will pay about \$10.80 for the office visit (15% x \$72.00).

Considerations In Choosing Your Health Plan

Are there specific services you or your family cannot live without? The range of services between the 2002 plans is narrower than in previous years. Your best bet is to write down exactly those things you must have included and then contact each plan for clarification.

What are you willing to give up in exchange for your health care needs/demands? Can you wait a little longer for an appointment, does preauthorization for services deter you, do you need freedom to choose providers, or are you more in favor of relative independence or case management? Generally, you won’t have to wait as long in a PPO to get an appointment and you’ll have the option of going out of the network or choosing from a list of participating and preferred providers. With an HMO you may actually receive better care coordination at lower personal cost than the PPO, but the level of intrusiveness is also greater.

How to manage your out-of-pocket expenses in a PPO: Make time to determine if the provider you will see is included on the preferred provider list. Be especially careful in specialty referral situations. For instance, in Radiology, patients receive two billings, one for the technical portion and one for the professional portion. You may need to ask for the provider status (preferred vs. non-preferred) for both the technical and professional portion. If you find out that the doctor is not preferred, but you still need to keep the appointment, call the provider’s billing office and ask what the typical charges are that are associated with your service.

The Healthcare Consumer’s Point Of View: Advice on Choosing a Health Benefits Plan

- A) The healthcare consumer looks at:
 1. Cost
 2. Services
- B) In general, less cost sharing=increased insurance plan coverage. More cost sharing=decreased insurance coverage.
- C) Consider Health Status: Your answer may make a difference in the plan you choose

Example:

| PLAN A If not healthy=good buy | PLAN B If healthy=good buy |
|--|---|
| \$3,000 deductible | \$1,500 deductible |
| Less Cost-sharing across spectrum of services, health plan more likely to honor intensive service needs=less paper and time hassle. (Again the lines are blurring between plan options; there is a “hassle factor” with all forms of coverage) | Increased Cost-sharing across spectrum of services; however beneficiary likely to stay out of doctors office due to good health, so will realize some savings over Plan A |
| <i>A lower income individual may choose PLAN B but it’s not necessarily a better choice</i> | |

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Plan Year 2002 Medical Benefits Highlights and Guidelines

For plan members of Kaiser HMO and Regence BCBSO PPO:

- PPO members' diabetes care supplies are covered 100%. Kaiser offers low-cost diabetes education at \$20.00 per visit.
- PEBB set up a limited benefit design for vision services. Members with Regence PPO are essentially responsible for expenses above \$160.00 while Kaiser HMO members are responsible for expenses above \$200.00
- Some preventive screenings (incl. Mammography) are completely covered under both plans—must be in network.

If you belong to REGENCE BCBSO PPO:

- Track your out-of-pocket payments carefully. If you reach the individual \$1,000 out-of-pocket maximum within the plan year, the PPO should cover all eligible expenses. You may need to notify them when you reach the “stop-loss” maximum. The stop-loss maximum is different for PPO and Non-PPO services.
- Whenever possible, call ahead to determine potential financial impact of a service that is not automatically covered, especially when you plan to see a non-preferred provider.
- Remember many specialty services have technical and professional components. This means you will often receive two bills for the same date-of-service. About 99% of the time the specialist available for the interpretation or reading is not a preferred or participating provider. This means you may be charged the 30% co-insurance for certain parts of the bill plus any amount above what the insurance company allows and what the provider has billed. It is very hard to control for this factor; it may help to call your doctor's office prior to the service and find out to whom your case was referred. Again, this is no guarantee you'll have access to a *preferred* specialist.

If you belong to Kaiser HMO:

- Services that do not apply to your stop-loss maximum include: prescription drugs, alternative care, infertility treatment, vision hardware, hearing aids, and charges exceeding the usual, customary, and reasonable rates.
- You can see some Kaiser HMO specialists without a referral: addictions, cancer counseling, contact lenses, obstetrics/gynecology, occupational health, mental health, optometry, and social services.
- If you are having difficulty getting an appointment scheduled in a timely matter for a serious health care issue or for other customer service issues, you may need to lodge a “customer complaint” with the central offices. Kaiser follows these issues very closely and will act quickly if you call Membership Services directly at 503-813-2000.

Welcome New Members

| | |
|--------------------|----------------------------|
| SUSAN CONRAD | APPLIED LINGUISTICS |
| JENNIFER DILL | URBAN STUDIES & PLANNING |
| MARIA DURYEA | CHILD WELFARE PARTNERSHIP |
| STEPHANIE FARQUHAR | SCHOOL OF COMMUNITY HEALTH |
| NONI GIBSON | CHILD WELFARE PARTNERSHIP |
| AMY GREENSTADT | ENGLISH |
| BRIAN LYNCH | APPLIED LINGUISTICS |

Want to Get Involved in Your Union? Read On!

Do you want to become more actively involved in our AAUP chapter but don't know where to begin? Consider serving on any of the following!

Unit Rep. Team

- Attend one unit rep. meeting per quarter
- Transmit information from AAUP office to unit members
- Transmit information from unit members to AAUP office
- Sign-up members in your unit

Time commitment: Not more than 5 hours/quarter

Membership Committee

- Identify and recruit unit reps in un-represented departments and units
- Develop and implement membership recruitment plans
- Work closely with unit reps to recruit members
- Work closely with unit reps to educate members about issues important to the AAUP and the University community as a whole

Time Commitment: Not more than 5 hours/quarter

Grievance Committee

- Attend grievance committee meetings and workshops
- Work with other committee members and AAUP staff on representing members in workplace grievances
- Work with other committee members and AAUP office staff on protecting members workplace rights

Time commitment: Not more than 8 hours/quarter

Legislative Committee

- Work with AAUP's lobbyist and other committee members on raising AAUP's visibility in Salem
- Work with other committee members on educating members about legislative issues and encouraging them to take an active role in the political process
- Build alliances with other state AAUP chapters

Time commitment: Not more than 5 hours/quarter

Phone Tree Team

- Phone list of 15-25 members with information about upcoming union events

Time commitment: Not more than 2 hours/quarter

Mailings Team

- Help office staff with preparing mailings (i.e., stuffing envelopes, sticking labels, etc.)

Time commitment: Not more than 2 hours/quarter

If you'd like to serve on any of the above committees, contact the AAUP office at 5-4414 or aaup@teleport.com.

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Final Thoughts

The key to maximizing your overall health and level of satisfaction with your health care plan is to understand the benefits and services you need and those consistently provided in a candidate plan. It's also important to fully consider available health plans in terms of frequency of critical health care errors versus troublesome yet less costly administrative inconveniences and their potential to impact your health. It may help to review accrediting body standards for health plans or insurance ratings (please see the following Annotated Bibliography). We are also including an insert which outlines average costs for typical procedures under both the Regence and the Kaiser plans. We hope that this report has enhanced your understanding of your health care needs. If you have any further questions about health insurance, please contact the AAUP office (725-4414).

COMMON QUESTIONS ANSWERED

What is Managed Care?

Any health care delivery system in which a party other than the physician/provider or the patient influences the type of medical care delivered. Management of financing and health care delivery through: provider contracts, provider selection standards, utilization and quality management, incentives to use contractual providers.

What does "capitated" mean?

A certain population is enrolled in a health care delivery system, there are fixed payments per member per month paid to the provider. The financial risk is transferred from the purchaser to the provider. Physicians are at risk for financial decisions; they live with a predetermined limit; payment can be denied for inappropriate care.

Am I required to carry dental insurance and life insurance through PEBB?

Yes, for more detail refer to your handbook and enrollment package.

How will I know whether the specialist treating me or conducting a diagnostic test is a preferred provider with the PPO?

This answer also applies to Radiology in which there are two billable components to any diagnostic service. You won't know unless you ask the referring physician or billing office in advance of the service. If you are at all unclear you may also call the health plan office for a list of preferred providers for your particular need.

COMMON DEFINITIONS

Health Maintenance Organization (HMO): There are many forms. In all HMO arrangements, providers take on a significant amount of financial risk (different than in PPOs).

Closed Panel HMO: In Oregon, one example of a closed

panel HMO is Kaiser Permanente. This organization does not allow free access to outside physicians.

Preferred Provider Organization (PPO): A provider panel is selected, payment rates are negotiated, the panel agrees to discount their fees. For "clean claims" payers pay rapidly (e.g., within 15 days to provider).

CONTINUUM OF MANAGED CARE

| Regence BCBS PPO | | | Kaiser HMO | | |
|-------------------|---------------|-----|------------------------|-----------------|-------------------|
| Managed Indemnity | Service Plans | PPO | Points of Service HMOs | Open Panel HMOs | Closed Panel HMOs |

INCREASING COST AND QUALITY CONTROL

ANNOTATED BIBLIOGRAPHY

1. Consumer Reports. "Ratings PPOs: The survey behind the ratings." (www.consumerreports.org) October 2001. This web-based article contains data on 10,000 survey responses from across the nation based on members' experiences in 1999 and 2000. A satisfaction score of 100 meant that respondents were completely satisfied with their plans in terms of: trouble getting needed care; billing problems; handling complaints; and satisfaction with access to, choice of, and care provided by doctors. Regence PPO of Utah, Oregon, Washington, and Idaho ranked 7th out of 16 plans, with an overall satisfaction score of 75. Respondents were "neutral" in their level of satisfaction across the board. According to the article, problems with billing, not access to care seem to be more prevalent in PPOs. This article offers useful information and suggestions for potential PPO members.
2. National Committee for Quality Assurance (NCQA). "Measuring the quality of America's health care." (www.ncqa.org) October 2001. This web site provides a listing of health plans accredited through NCQA. While NCQA accreditation is not required by law, nearly half of all US based HMOs are accredited. To receive accreditation status and mention in the NCQA health plan report card, health insurers must undergo an extensive evaluation of factors such as patient confidentiality, assurance of access to services, and satisfaction. In Oregon, there are four HMOs accredited by NCQA. Two of these HMOs include Kaiser Foundation Health Plan of the Northwest, Inc. and Regence HMO Oregon (no longer a health plan offered through PEBB). Kaiser HMO received an "excellent" rating, scoring four out of four stars across five report card areas: access and service; qualified providers; staying healthy; getting better; and living with illness.

PSU-AAUP Executive Council & Staff

The AAUP Executive Council is committed to being available to you. Please call or email a council member or the AAUP office with any concerns or questions.

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reach agreement on employer contribution levels for Article 26. The AAUP sees health and benefits and salary as linked, and it is our position that it will be difficult to reach agreement on Article 26 without reaching agreement on Article 25 (Salary). The AAUP has negotiated an extension to **November 9** on the Open Enrollment deadline. As soon as we are able to reach agreement with the University on benefits contributions, we will pass that information on to you. We advise you to defer filing your Open Enrollment form with PSU Human Resources until close to the **November 9** deadline. **In order to help faculty with the new health care choices, we are including an insert in this newsletter which includes a comparative analysis of the cost of coverage that may help you**

choose between Kaiser and Regence Blue Cross.

We welcome your feedback and your concerns. The next bargaining session has tentatively been scheduled for the afternoon of **October 22 at 4:00pm**. At this session, the University will be presenting their counterproposals on salary and benefits. We encourage you to attend this session to hear what the University is offering by way of salary increases and benefits contributions for the 2001-03 biennium. If you are interested in attending, please contact the AAUP office at 725-4414 or aaup@teleport.com.

American Association of University Professors

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We're on the Web!
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American Association
of University Professors

The American Association of University Professors (AAUP), established in 1915, is the only National Organization exclusively representing faculty of higher education. AAUP has pioneered the fights for tenure, academic freedom, and due process for all faculty.

The Portland State Chapter (PSU-AAUP) operates as both a professional association and as the exclusive collective bargaining agent for all PSU faculty employed at least .50 FTE.

Faculty Working Together for Superior Education.



**American Association of University Professors
Portland State University Chapter
Membership Application**

Name _____

Last

First

M.I.

**Campus
Mail Code** _____

**Home
Address** _____

Academic Field & Rank _____

Exten-

5- _____

Email _____

Automatic Deduction Authorization

As provided under ORS 292.043, I authorize the monthly deduction of my dues to the American Association of University Professors, Portland State University Chapter. The amount of the deduction is based on my salary and AAUP status, and is calculated by the AAUP office and the Payroll Office. The monthly deductions will continue until I provide written notification to the Payroll Office.

Print _____

Signature _____

Department _____

Date _____

SS# _____

Annual Dues

Normal Annual dues for PSU-AAUP members are 3/4 of one percent (.0075) of academic salary. Non-tenured Active Entrant dues (must be new to AAUP) are 3/8 of one percent (.00375, half of normal dues).

Send completed form via campus mail to mail code "AAUP"