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For immediate release:
April 23, 2009

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PacificSource offers to pick up Preferred Health Plan business

State will hold April 28 town hall meeting for policyholders

(Salem) - Eugene-based PacificSource Health Plans is offering to provide health coverage to policyholders now insured through Preferred Health Plan (PHP) Inc., a Klamath Falls insurer that is leaving the insurance market because of financial problems.

PacificSource has negotiated with certain large employer groups and will provide coverage at rates similar to what the groups have now, until the contract renewal date. Coverage in most cases will be effective June 1, 2009.

“We’re pleased to see PacificSource step up and ensure that PHP customers see no disruption in their health insurance coverage,” said Teresa Miller, acting administrator for the Insurance Division of the Oregon Department of Consumer and Business Services.

PHP policyholders, including small groups and individuals who don’t get insurance through work, may choose to purchase a PacificSource plan or buy a new policy from another insurance company. Eventually, all policyholders will have to change companies. PHP is no longer soliciting new business and won’t renew policies after May 15, 2009.

Other insurance companies that serve the Klamath Falls area are ODS, Lifewise, HealthNet, and Regence BlueCross BlueShield of Oregon.

For PHP policyholders, PacificSource has agreed to:

- Credit PHP policyholders for deductibles and other out-of-pocket costs they have paid during the current year.
- Allow people with individual policies to purchase insurance through PacificSource without the risk of being turned down for health reasons.

PacificSource already contracts with most of the same doctors and other medical providers that are with PHP and will work to fill any gaps.

The Insurance Division will hold a town hall meeting from 6-8 p.m. Tuesday, April 28 to answer questions from policyholders. The meeting will be at the Shilo Inn Suites Hotel, 2500 Almond St., Klamath Falls. Representatives of Preferred Health Plan and PacificSource also will be available to answer questions.

Preferred Health Plan covers about 3,600 people in Klamath and Lake counties, mostly through large and small group health plans. Sky Lakes Medical Center in Klamath Falls is the primary investor in the stockholder-owned company.

The company has been in business since late 2001. Despite infusions of capital since 2004, Preferred Health hasn't been able to generate enough revenue to cover costs. In late December, the company reported having less than the required minimum of \$2.5 million in capital and surplus. The Department of Consumer and Business Services has been monitoring PHP on a daily basis to ensure it meets its obligations to policyholders.

PacificSource is a not-for-profit company that started in Oregon in 1933 and offers insurance to businesses and individuals in Oregon and Idaho.

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For more information on PHP's withdrawal from the insurance market:

http://insurance.oregon.gov/insurer/financial_regulation/financial-withdrawals/php-withdrawal-faq-033109.html.

The Insurance Division, part of the Department of Consumer & Business Services, helps ensure the financial soundness of insurers, the fair treatment of consumers, and the affordability and availability of insurance products. For more information, visit www.insurance.oregon.gov.

The Department of Consumer and Business Services is Oregon's largest business regulatory and consumer protection agency. For more information, visit www.dcbs.oregon.gov.