



**Message from
Acting Oregon Insurance Division
Administrator**

March 2009

Legislature

Now that we are almost three months into session, I wanted to continue to update you on some of the division's legislative activities. Along with many of you, we continue to track discussions surrounding HB 2009 in the House Health Care Committee. As most of you know, we have provided testimony to the committee regarding several of the health insurance-related provisions of the bill. You can find this testimony at: http://www.oregoninsurance.org/legislature/2009_legislature/2009-ins_legislation-other_house.html#health.

Meanwhile, we testified in front of the House Consumer Protection Committee on the department's proposed changes to our health insurance rate review process contained in HB 2432 and HB 2433. These proposals would strengthen our health insurance rate review standards, increase the transparency of our rate review process and provide an opportunity for the public to participate in our process. During the three-hour hearing, the committee also heard testimony on HB 3145, another bill relating to our health insurance rate review process put forward by Rep. Chip Shields. We anticipate the committee will move forward with some version of these proposals in the coming weeks.

House Bill 2190, the department's legislation regarding automobile "total loss" claims, received a public hearing in the Senate Consumer Protection and Public Affairs Committee last week. As you may recall, HB 2190 requires insurers to provide vehicle owners written explanations of the methods used to determine the value of totaled vehicles, requires insurers to reimburse consumers for reasonable appraisal costs when the final appraisal decision is greater than the insurer's final offer, and requires insurers to pay the undisputed amount of the vehicle up front. The bill is scheduled for a work session in the Senate Consumer Protection and Public Affairs Committee next week.

Finally, House Bill 2433 (department's rate review standards bill) is scheduled for a public hearing and possible work session on Wednesday, March 25, 2009 in the House Consumer Protection Committee. This bill will be used to make changes to the state continuation plan to maximize the benefits provided under the federal stimulus package as we have been discussing with many of you. [This new language will replace the original contents of the bill.] Below you will find additional details related to this legislation.

Don't forget that you can track Insurance Division bills and testimony online at: <http://insurance.oregon.gov/orleg.html>.

Federal Stimulus Package

Since you received my last message, a tremendous amount of work has been done to provide direction and information about the federal government's economic stimulus package. Since health insurance subsidies available under the American Recovery and Reinvestment Act of 2009 also apply to Oregon state continuation coverage for businesses with fewer than 20 employees and other employers "not subject to COBRA," the division has worked with stakeholders, other state agencies, consumer groups and producers to determine how best to implement this program.

While this assistance is welcome in a state with one of the nation's highest unemployment rates, Oregon's current state continuation law prevents some individuals from taking full advantage of the federal subsidy program. The department is proposing emergency legislation to change that.

Length of state continuation: The federal government allows nine months of premium subsidy. But, Oregon state continuation allows a former employee to continue group coverage for only six months. Through legislation (HB 2433 will be the vehicle), the Insurance Division proposes to extend state continuation coverage to nine months so that qualified individuals can receive the additional three months of subsidy. This extension will apply to all persons eligible for state continuation coverage, even those who do not qualify for the subsidy. This legislation also provides that the department may adopt rules relating to election issues and notification requirements for the state continuation subsidy program.

Second election period: Through rulemaking, the Insurance Division proposes to implement a second chance for individuals who lost their jobs after September 1, 2008 and didn't continue their employer plans. Coverage for people who accept this offer would start on or after February 17, 2009.

Notification: Through rulemaking, the Insurance Division also proposes that insurers notify all employer groups and all individuals whose employment terminated between September 1, 2008 and December 31, 2009, of the possibility that they qualify for the subsidy. This includes those who qualify for a second chance at continuation coverage.

Consumer election period: Also through rulemaking, the Insurance Division proposes to give consumers 31 days from the date they receive the insurer's notification to decide if they want to continue group coverage.

It is difficult to predict how long it will take to pass this legislation. But, the Insurance Division is working closely with the legislature to fast-track the proposal and so far, legislators have expressed interest in moving forward with the legislation. We plan to begin emergency rulemaking immediately upon passage to implement the legislation.

From what we hear, most insurance companies are in the process of adapting their internal systems to administer the stimulus program. This means insurers are making

interim arrangements to accept the 35 percent share of the premium as full payment from individuals. The federal law does not authorize insurers to request 100 percent of the premium or otherwise delay coverage during this transition period. The division is updating its Web site as often as possible with the most up-to-date information about this new program: <http://insurance.oregon.gov/FAQs/federal-stimulus-cobra-faw.html>.

Should you have further questions/concerns, please contact the Insurance Division's consumer advocates at 503-947-7984 or toll-free at 1-888-877-4894.

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Insurance Division