



**Message from
Acting Oregon Insurance Division
Administrator**

April 2009

Federal Stimulus Package

On April 22, the Senate passed HB 2433, the division's bill to extend state continuation coverage. HB 2433 will ensure that all eligible Oregon workers can get nine months of federal subsidy to help pay for health insurance premiums during this downturn in the economy. This will hopefully help clear up some outstanding questions and allow the Insurance Division to distribute information about this help to consumers, health advocacy groups, employers, insurers, producers, other state agencies, labor, and others. We expect the Governor will be signing the bill in the next few days.

We will post all materials on our Web site (www.insurance.oregon.gov). The materials will include simple, one-page tip sheets for employers and consumers. A more detailed question/answer sheet for producers/insurers is also being developed as we finalize our emergency rules on how the subsidy program will apply to state continuation. I will also send you these materials as they are completed. We hope to distribute these widely so I apologize in advance if some of you receive information more than once. Please feel free to forward them or to suggest additional contacts for us! With Oregon's unemployment rate now exceeding 12 percent, we need to get this information to as many people as possible as quickly as possible!

State legislative update

Total Loss: HB 2190, the department's legislation regarding automobile "total loss" claims, was signed by the Governor April 9, 2009. As you may recall, HB 2190 requires insurers to provide vehicle owners any valuation or appraisal reports used to determine the value of totaled vehicles and additional information about total loss, vehicle valuation, and duties of the insurer; 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 will take effect January 1, 2010.

The Division will be developing rules following the legislative session. If you are interested in participating in the rulemaking process or would like to receive information about the rulemaking related to this bill, please provide your contact information to Joyce Patton at joyce.e.patton@state.or.us.

Health Insurance Rate Review: We continue to work with advocates, legislators and insurers on legislation to strengthen our health insurance rate review process. As you may recall, the division put forward two proposals (HB 2432 and HB 2433) aimed at strengthening our rate review standards, increasing the transparency of our rate review process and providing an opportunity for meaningful public input into our process. Additionally, Rep. Chip Shields introduced HB 3145, also aimed at strengthening our rate review process. Following the public hearing on all of these bills, I was asked by the Chair of the House Consumer Protection Committee to work with the proponents of HB 3145 as well as industry to see if we could come up with a single proposal that accomplishes the goals stated above, but does so in a way that is workable for industry. These conversations resulted in a single proposal that has been drafted as an amendment to HB 3145 (-5 amendment). Some of the key differences between the original bills and the -5 amendment include:

- The new proposal includes a provision directing the division to create rules that specify information carriers must submit as part of a rate filing and identify the information that will be exempt from disclosure because it constitutes a trade secret and would, if disclosed, harm competition. These changes will allow the division to standardize our rate review process and to address the confidentiality issue once, rather than having to make individual decisions on every rate filing.
- We established that rate changes must meet an 8 percent threshold before triggering a public hearing. Thus, rate increases or decreases in excess of 8 percent trigger a rate filing hearing if 10 or more policyholders affected by the proposed rate filing (or an organization representing 10 or more affected policyholders) request a public hearing.
- Portability coverage has been removed from the public hearing and rate review standards provisions of the proposal.
- We clarified that filings must be approved or disapproved within 90 days after the proposed rates are filed.
- We included some of the factors from the original HB 3145 in addition to the factors included in the original HB 2433. We did make some changes to some of these factors to address concerns raised by insurers.

On April 22, the House Consumer Protection Committee adopted the -5 amendment to HB 3145, but did not move the bill out of committee. We expect to see the bill move out of committee in the next week.

Investment limitation: Meanwhile, we decided not to move forward with proposed legislation limiting insurer investments in common stock after it became apparent we needed to have more conversations with stakeholders before moving forward. We may continue these conversations post session.

Community-based health care coverage

I provided testimony recently on Senate Bill 862, which allows creation of new community health care programs that are exempt from the Insurance Code. I discussed

the fact that while we certainly applaud the proponents' efforts to increase access to health care, these programs fall under the definition of insurance and would be subject to the Insurance Code absent an exemption from such regulation. I pointed out that the legislature has, over time, shaped the Insurance Code into a cohesive and comprehensive series of consumer protections. While the legislature can exempt entities from the Code, we wanted to make sure the committee was familiar with the consumer protections provided by the Code. I also discussed the fact that the bill does not currently limit the number of initiatives that may be created, leaving the door open to some to circumvent the requirements and safeguards of the Insurance Code by forming their own community-based health initiatives.

Before the bill passed to the Floor in a unanimous vote of the Senate Health Care and Veterans' Affairs Committee, proponents of the bill agreed to work with the division to limit the number of initiatives to one per community and essentially make the program a pilot program during the first few biennia (allowing only a few programs to be developed). These changes will allow us to better determine the effects of such programs and to strike the right balance between providing greater access to health care and ensuring that those taking advantage of such access are adequately protected. We are expecting the bill will be amended on the House side with such limitations.

Insurance Division Rulemaking

Following the legislative session, the Insurance Division will be posting a list of issues/bills for rulemaking, including proposed timelines for each. The best way to be alerted to division rulemaking activity is to go to our Web site (www.insurance.oregon.gov) and sign up for *e-mail notification* in the left column. You can then mark boxes to receive an e-mail about both "proposed" and "recently adopted" rules.

As always, if you have questions/concerns, please do not hesitate to contact me.

Teresa Miller
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Insurance Division