



**Message from
Acting Oregon Insurance Division
Administrator**

June 2009

National Health Care Reform

Given the Congressional debate around health care reform, I thought I would share what I learned about the multiple proposals at the summer National Association of Insurance Commissioners (NAIC) meeting in Minneapolis.

Two Senate committees and three House committees are discussing draft plans. Below is an outline of the key proposals:

- Health Insurance Market Reforms
 - Guaranteed issue and guaranteed renewability would be required in all states in the individual and group health insurance markets.
 - Medical underwriting and pre-existing condition exclusions would be prohibited in all individual and group employer markets.
 - Rates within a given market would only be allowed to vary based on family composition, geographic region, the value of the benefits package and age (and potentially wellness or tobacco use, as well).
- Health Insurance Affordability
 - Subsidies would be available in the individual and small group markets.
- Health Insurance Exchange
 - This entity would facilitate the purchase of insurance and administer subsidies.
 - Proposals vary with respect to whether the exchange would be state based, national or some combination of the two.
- Public Health Insurance Option
 - This is a topic of intense discussion and the subject of much controversy at this point.
- Individual and Employer Responsibility
 - Individuals would be required to have health coverage.
 - An employer mandate is a topic of much discussion. Proposals under consideration include a variety of options providing for shared responsibility for employers.
- Grandfather Clause
 - All existing policies would be grandfathered in so those who like their existing coverage would be able to keep it.

The briefing from the NAIC staff identified three key issues that will need to be resolved before legislation will move forward:

- Public plan
- Employer mandate
- How will Congress pay for it?

Oregon Health Insurance Reform

HB 2009, the bill that implements many of the recommendations of the Oregon Health Fund Board aimed at controlling the costs of health care, passed the House and Senate and is awaiting the Governor's signature. With respect to health insurance, HB 2009 directs the new Oregon Health Authority to do the following, in many cases in consultation with DCBS:

- Make recommendations regarding reforms to the health insurance market, including how to implement an "individual mandate";
- Develop and submit to the legislature a detailed business plan for a Health Insurance Exchange;
- Establish a health benefit plan which is to be the baseline for all health insurance;
- Develop insurance products designed to provide more affordable options for the small group market;
- Establish uniform administrative standards for health insurers (to be developed by the Office of Health Policy & Research, and implemented by DCBS through rulemaking);
- Establish an "all payer, all claims" database and collect other data relevant to the insurance market;
- Make periodic recommendations regarding review of insurer administrative expenses and regulation of insurance rates.

HB 2009 also contains provisions improving DCBS' authority with respect to review of health insurance rates. The bill adds a public comment period to the rate filing process, requires insurers to separately report and justify increases in administrative expenses, provides that the department create rules that 1) establish all information a carrier must submit as part of a rate filing and 2) identify the information that constitutes a trade secret that would be harmful to competition if released and is thus exempt from disclosure, allows consideration of an insurance company's cost containment and quality improvement efforts, and gives DCBS greater ability to consider an insurer's overall profitability, investment earnings, and surplus in determining whether a rate should be approved. The department will be establishing an advisory committee and proceeding with rulemaking associated with the rate review provisions of HB 2009 immediately following session.

STOLI legislation

SB 973, which prohibits stranger-originated life insurance (STOLI) but allows other legitimate life settlement transactions, passed out of a conference committee this week following adoption of consensus amendments. The amendments adopted by the conference committee require the department to make information available to the public relating to a consumer's rights as an owner of a life insurance policy and require life insurers to provide a notice to the owner of a life

policy under certain circumstances. The bill now goes to the House and Senate floors for approval.

Consumers to get health insurance cost estimates

Starting July 1, many Oregonians will be able to visit their health insurance company Web site to find out in advance what they might pay for their next office visit, diagnostic test, or surgery. A 2007 law requires insurance companies to provide their members with out-of-pocket cost estimates for common medical procedures. Estimates must be available July 1 through an interactive Web site and toll-free phone number.

This information will help consumers make informed decisions and better plan for their expenses. Estimates, for example, must include whether the member has met his or her deductible for the year and the member's share of other costs such as co-pays or coinsurance. They must explain the difference in costs if a consumer uses out-of-network doctors and facilities instead of in-network providers.

Insurer Web sites will vary and many will be up and running shortly before or as of the July 1 deadline. To find out how to use this tool, consumers should call their insurance company's customer service phone number or check the insurer's Web site. We will be putting out a news release before July, reminding the public of this new tool.

Insurance Division budget

Some of you may recall my February discussion of the economic downturn and its effects on our parent agency, the Department of Consumer and Business Services (DCBS).

The last state revenue forecast was released May 15, 2009. The basic messages were two: On the one hand, our economic and budget picture is down significantly; and on the other hand, it could have been worse. As I mentioned before, the state revenue forecast and the current budget discussions with regards to general funds do not affect DCBS directly. Our revenue comes from fees and assessments. Nonetheless, the economic factors that drive the state budget impact us as well.

The bottom line: DCBS continues to address the decline in revenue in several program areas. Although the Insurance Division's workload and revenue remain stable, we will continue to hold positions vacant whenever we can, and to look for every opportunity to save in areas such as travel, training, and supplies in support of the agency as a whole. We also continue to expect some furlough days (for state government as a whole) through the next biennium. As we continue to look for opportunities to save and recognize the impact this has on the division, we will strive to continue to carry out our mission and meet our customers' needs.

Five-year Accreditation Review

Every five years the Insurance Division undergoes an on-site financial regulation accreditation review. An accreditation team will visit Oregon the week of August 17, 2009, to determine

whether the division meets requirements in three areas: laws and regulations, regulatory practices and procedures, and organization and personnel practices. The regulatory practices and procedures section includes financial analysis, financial examinations, and information sharing and procedures for troubled companies.

The accreditation team ensures the state has the authority to enforce financial regulation accreditation standards and that its analysis and examinations are properly conducted and documented.

The team will report its findings to the Financial Regulation Standard and Accreditation Committee during the September 2009 national meeting of the National Association of Insurance Commissioners (NAIC). This committee will then vote on whether the division is reaccredited.

As always, please do not hesitate to contact me with any questions, concerns or suggestions.

Teresa Miller
Acting Administrator
Insurance Division