

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	5 - 0 - 0
Yeas:	Carter, Gordly, Kruse, Courtney, Monnes Anderson
Nays:	0
Exc.:	0
Prepared By:	Shannon Strumpfer, Administrator
Meeting Dates:	2/26, 4/25, 4/30

WHAT THE MEASURE DOES: Expands small group insurance market from 2-50 employees. Expands the rate band for small employer insurance carriers from 2.5:1 to 3:1 from the geographic average rate. Allows flexibility in rating within insurance rate bands.

ISSUES DISCUSSED:

- Mandatory health insurance
- Attempt to lower cost for younger people without raising cost for older people

EFFECT OF COMMITTEE AMENDMENT: Replaces the measure.

BACKGROUND: The stability of the small group and individual insurance markets in Oregon continues to decline. In response to this development, stakeholders have offered several proposals to assist in stabilizing these markets.

SB 587 contains four components:

- *Increased small group insurance market-* This provision expands the small group market from the current 2-25 employees to 2-50 employees.
- *Increased rate bands from 2.5:1 to 3:1-* This provision applies to group coverage. Insurers base their group rates on a Geographic Average Rate (GAR) and specific group rates are limited to adjusting the group rates from the GAR by approximately 43 percent. The bill modifies the adjustment rate to go up or down from the GAR by approximately 50 percent.
- *Increased flexibility within rate bands –* This provision applies to group coverage. Insurers can use age, tobacco use, participation in wellness programs, group longevity with carrier, employer contribution rate and employee participation in determining rates.
- *Phased in changes –* The provisions of the measure will phase-in over three years beginning 1/1/08.

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This summary has not been adopted or officially endorsed by action of the committee.