

# House Bill 2440

Sponsored by Representative P SMITH (at the request of Jerry Petricko)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Modifies rates Oregon Medical Insurance Pool Board may charge for medical insurance coverage under Oregon Medical Insurance Pool.

Applies to rates charged on or after effective date of Act.

## A BILL FOR AN ACT

1  
2 Relating to rates for coverage under Oregon Medical Insurance Pool; creating new provisions; and  
3 amending ORS 735.625.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 735.625 is amended to read:

6 735.625. (1) Except as provided in subsection (3)(c) of this section, the Oregon Medical Insurance  
7 Pool Board shall offer major medical expense coverage to every eligible person.

8 (2) The coverage to be issued by the board, its schedule of benefits, exclusions and other limi-  
9 tations, shall be established through rules adopted by the board, taking into consideration the advice  
10 and recommendations of the pool members. In the absence of such rules, the pool shall adopt by rule  
11 the minimum benefits prescribed by section 6 (Alternative 1) of the Model Health Insurance Pooling  
12 Mechanism Act of the National Association of Insurance Commissioners (1984).

13 (3)(a) In establishing portability coverage under the pool, the board shall consider the levels of  
14 medical insurance provided in this state and medical economic factors identified by the board. The  
15 board may adopt rules to establish benefit levels, deductibles, coinsurance factors, exclusions and  
16 limitations that the board determines are equivalent to the portability health benefit plans estab-  
17 lished under ORS 743.760.

18 (b) In establishing medical insurance coverage under the pool, the board shall consider the lev-  
19 els of medical insurance provided in this state and medical economic factors identified by the board.  
20 The board may adopt rules to establish benefit levels, deductibles, coinsurance factors, exclusions  
21 and limitations that the board determines are equivalent to those found in the commercial group or  
22 employer-based medical insurance market.

23 (c) The board may provide a separate Medicare supplement policy for individuals under the age  
24 of 65 who are receiving Medicare disability benefits. The board shall adopt rules to establish bene-  
25 fits, deductibles, coinsurance, exclusions and limitations, premiums and eligibility requirements for  
26 the Medicare supplement policy.

27 (d) In establishing medical insurance coverage for persons eligible for coverage under ORS  
28 735.615 (1)(d), the board shall consider the levels of medical insurance provided in this state and  
29 medical economic factors identified by the board. The board may adopt rules to establish benefit  
30 levels, deductibles, coinsurance factors, exclusions and limitations to create benefit plans that  
31 qualify the person for the credit for health insurance costs under section 35 of the federal Internal

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 Revenue Code, as amended and in effect on December 31, 2004.

2 (4)(a) Premiums charged for coverages issued by the board may not be unreasonable in relation  
3 to the benefits provided, the risk experience and the reasonable expenses of providing the coverage.

4 (b) Separate schedules of premium rates based on age and geographical location may apply for  
5 individual risks.

6 (c) The board shall determine the applicable medical and portability risk rates either by calcu-  
7 lating the average rate charged by insurers offering coverages in the state comparable to the pool  
8 coverage or by using reasonable actuarial techniques. The risk rates shall reflect anticipated expe-  
9 rience and expenses for such coverage. Rates for pool coverage may not be more than [125] 100  
10 percent of rates established as applicable for medically eligible individuals or for persons eligible for  
11 pool coverage under ORS 735.615 (1)(d), or 100 percent of rates established as applicable for porta-  
12 bility eligible individuals.

13 (d) The board shall annually determine adjusted benefits and premiums. The adjustments shall  
14 be in keeping with the purposes of ORS 735.600 to 735.650, subject to a limitation of keeping pool  
15 losses under one percent of the total of all medical insurance premiums, subscriber contract charges  
16 and 110 percent of all benefits paid by member self-insurance arrangements. The board may deter-  
17 mine the total number of persons that may be enrolled for coverage at any time and may permit and  
18 prohibit enrollment in order to maintain the number authorized. Nothing in this paragraph author-  
19 izes the board to prohibit enrollment for any reason other than to control the number of persons in  
20 the pool.

21 (5)(a) The board may apply:

22 (A) A waiting period of not more than 90 days during which the person has no available cov-  
23 erage; or

24 (B) Except as provided in paragraph (c) of this subsection, a preexisting conditions provision of  
25 not more than six months from the effective date of coverage under the pool.

26 (b) In determining whether a preexisting conditions provision applies to an eligible enrollee,  
27 except as provided in this subsection, the board shall credit the time the eligible enrollee was cov-  
28 ered under a previous health benefit plan if the previous health benefit plan was continuous to a  
29 date not more than 63 days prior to the effective date of the new coverage under the Oregon Med-  
30 ical Insurance Pool, exclusive of any applicable waiting period. The Oregon Medical Insurance Pool  
31 Board need not credit the time for previous coverage to which the insured or dependent is otherwise  
32 entitled under this subsection with respect to benefits and services covered in the pool coverage  
33 that were not covered in the previous coverage.

34 (c) The board may adopt rules applying a preexisting conditions provision to a person who is  
35 eligible for coverage under ORS 735.615 (1)(d).

36 (d) For purposes of this subsection, a "preexisting conditions provision" means a provision that  
37 excludes coverage for services, charges or expenses incurred during a specified period not to exceed  
38 six months following the insured's effective date of coverage, for a condition for which medical ad-  
39 vice, diagnosis, care or treatment was recommended or received during the six-month period imme-  
40 diately preceding the insured's effective date of coverage.

41 (6)(a) Benefits otherwise payable under pool coverage shall be reduced by all amounts paid or  
42 payable through any other health insurance, or self-insurance arrangement, and by all hospital and  
43 medical expense benefits paid or payable under any workers' compensation coverage, automobile  
44 medical payment or liability insurance whether provided on the basis of fault or nonfault, and by  
45 any hospital or medical benefits paid or payable under or provided pursuant to any state or federal

1 law or program except the Medicaid portion of the Oregon Health Plan offering a level of health  
2 services described in ORS 414.707.

3 (b) The board shall have a cause of action against an eligible person for the recovery of the  
4 amount of benefits paid which are not for covered expenses. Benefits due from the pool may be re-  
5 duced or refused as a setoff against any amount recoverable under this paragraph.

6 (7) Except as provided in ORS 735.616, no mandated benefit statutes apply to pool coverage  
7 under ORS 735.600 to 735.650.

8 (8) Pool coverage may be furnished through a health care service contractor or such alternative  
9 delivery system as will contain costs while maintaining quality of care.

10 **SECTION 2. The amendments to ORS 735.625 by section 1 of this 2007 Act apply to rates**  
11 **charged for medical insurance coverage offered by the Oregon Medical Insurance Pool Board**  
12 **on or after the effective date of this 2007 Act.**

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