

# House Bill 3321

Sponsored by Representative ROSENBAUM

## 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**.

Establishes Health Insurance Rate Review Board in Department of Consumer and Business Services. Requires board review and approval for large group health insurance forms and rates. Declares emergency, effective July 1, 2007.

## A BILL FOR AN ACT

1  
2 Relating to health insurance; creating new provisions; amending ORS 742.003; and declaring an  
3 emergency.

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

5 **SECTION 1. Sections 2 to 8 of this 2007 Act are added to and made a part of the Insur-**  
6 **ance Code.**

7 **SECTION 2. (1) The Health Insurance Rate Review Board is established in the Depart-**  
8 **ment of Consumer and Business Services.**

9 **(2) The board shall consist of seven members appointed by the Governor. The member-**  
10 **ship of the board shall reflect the diversity of health care facilities, providers, insurers,**  
11 **health care purchasers and consumers that are involved in health care and group health in-**  
12 **surance.**

13 **(3) A member of the board may not be involved in the operation or management of a**  
14 **health insurer or have a pecuniary interest or a direct financial interest in a health insurer.**

15 **(4) The term of office of each member of the board is four years. Each member serves**  
16 **at the pleasure of the Governor. Before the expiration of the term of a member, the Gover-**  
17 **nor shall appoint a successor whose term begins on July 1 next following. A member is eli-**  
18 **gible for reappointment for one additional term. If there is a vacancy for any cause, the**  
19 **Governor shall make an appointment to become immediately effective for the unexpired**  
20 **term. The board shall nominate a slate of candidates whenever a vacancy occurs or is an-**  
21 **nounced and shall forward the names of the recommended candidates to the Governor for**  
22 **consideration.**

23 **(5) The board shall select one of its members as chairperson and another as vice chair-**  
24 **person for the terms and with the duties and powers the board considers necessary for the**  
25 **performance of the functions of those offices.**

26 **(6) The Governor may remove any member of the board at any time at the pleasure of**  
27 **the Governor. The board may remove a member as specified in the board bylaws.**

28 **(7) The board may appoint subcommittees and advisory groups as needed to assist the**  
29 **board.**

30 **(8) A majority of the members of the board then in office constitutes a quorum for the**  
31 **transaction of business.**

**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 (9) A member of the board is entitled to compensation and expenses as provided in ORS  
2 292.495.

3 **SECTION 3.** (1) The Health Insurance Rate Review Board shall appoint an administrator  
4 and employ other staff as necessary to carry out sections 2 to 8 of this 2007 Act.

5 (2) The board shall adopt rules to implement sections 2 to 8 of this 2007 Act.

6 **SECTION 4.** As used in sections 4 to 8 of this 2007 Act:

7 (1) "Enrollee" means an employee, dependent of the employee or an individual otherwise  
8 eligible for a group health benefit plan who has enrolled for coverage under the terms of the  
9 plan.

10 (2) "Health benefit plan" has the meaning given that term in ORS 743.730.

11 **SECTION 5.** (1) An insurer that offers a group health benefit plan in this state may not  
12 deliver or issue for delivery a group health benefit plan unless the insurer has filed with the  
13 Health Insurance Rate Review Board the information required under section 6 of this 2007  
14 Act and the board has approved the forms and rates under section 7 of this 2007 Act.

15 (2) A filing made under subsection (1) of this section shall be open to public inspection  
16 immediately upon submission to the board.

17 (3) This section does not apply to small employer health benefit plans approved under  
18 ORS 743.736 or portability health benefit plans approved under ORS 743.760.

19 **SECTION 6.** (1) An insurer making a filing under section 5 of this 2007 Act shall file with  
20 the Health Insurance Rate Review Board:

- 21 (a) The proposed health benefit plan forms and rates;
- 22 (b) If filing changes to a previously approved form or rate, an explanation of the changes;
- 23 (c) Financial information describing the basis for the proposed rates;
- 24 (d) The rate of return anticipated if the rates are approved;
- 25 (e) The average rate increase or decrease anticipated per enrollee;
- 26 (f) The medical loss ratio reserves and surpluses anticipated if the rates are approved;
- 27 (g) A summary of the insurer's nonmedical expenses for the most recent fiscal year; and
- 28 (h) Any other information required by the board by rule.

29 (2) Each filing shall be accompanied by the applicable fees established by the board by  
30 rule. The fees shall be based on the actual costs of the board in conducting the review pro-  
31 cess under section 7 of this 2007 Act.

32 **SECTION 7.** (1) The Health Insurance Rate Review Board shall hold a hearing on a filing  
33 made by an insurer under section 5 of this 2007 Act and approve or disapprove the forms and  
34 rates. The insurer has the burden of proving that the rate is reasonable and justified.

35 (2) The board shall approve the filing if the board determines that the health benefit plan  
36 provides for appropriate accessibility and affordability of needed health care services and the  
37 proposed rates are reasonable and justified.

38 (3) The board shall disapprove a filing if the board finds that:

- 39 (a) The benefits provided are unreasonable in relation to the rates charged; or
- 40 (b) The rates are unfair or excessive.

41 (4) When determining the reasonableness of a rate change and whether to approve or  
42 disapprove the filing, the board shall consider, but is not limited to considering, whether the  
43 insurer is:

- 44 (a) Eliminating or adding benefits covered under the health benefit plan;
- 45 (b) Increasing or decreasing benefits covered under the health benefit plan and whether

1 the increase or decrease in benefits is due to a change in the formulas, methodologies or  
 2 schedules that serve as the basis for making benefit determinations;

3 (c) Increasing or decreasing coinsurance, deductibles, copayments or other amounts to  
 4 be paid by enrollees; or

5 (d) Establishing new conditions or requirements, such as preauthorization requirements  
 6 to obtain benefits under the health benefit plan, or eliminating conditions or requirements.

7 **SECTION 8.** (1) The Health Insurance Rate Review Board shall hold a hearing pursuant  
 8 to section 7 of this 2007 Act at a place designated by the board within 30 days of receipt of  
 9 a filing.

10 (2) The board shall give written notice of the hearing to the insurer and to any person  
 11 that has requested notice under subsection (6) of this section.

12 (3) The board shall issue an order approving or disapproving the filing within 14 days of  
 13 the hearing.

14 (4) A filing approved by the board under this section shall be effective 14 days after the  
 15 board issues an order approving the filing and shall remain effective during any review of the  
 16 order.

17 (5) An order issued under subsection (3) of this section may be reviewed as provided in  
 18 ORS 183.480 to 183.540 for review of contested cases.

19 (6) Any person may request in writing that the board mail to the person copies of its  
 20 notices of hearings given under subsection (2) of this section. The board shall acknowledge  
 21 each request made under this subsection, establish a mailing list and maintain a record of  
 22 all notices mailed pursuant to this section. The board may by rule establish fees to be  
 23 charged to persons requesting notice under this subsection to defray the costs of mailings  
 24 and maintenance of the lists.

25 **SECTION 9.** ORS 742.003 is amended to read:

26 742.003. (1) Except where otherwise provided by law, [no] a basic policy form, or application  
 27 form where written application is required and is to be made a part of the policy, or rider, in-  
 28 dorsement or renewal certificate form [shall] **may not** be delivered or issued for delivery in this  
 29 state until the form has been filed with and approved by the Director of the Department of Con-  
 30 sumer and Business Services **or by the Health Insurance Rate Review Board as provided in**  
 31 **sections 4 to 8 of this 2007 Act.** This section does not apply to:

32 (a) Forms of unique character which are designed for and used with respect to insurance upon  
 33 a particular risk or subject;

34 (b) Forms issued at the request of a particular life or health insurance policy owner or certif-  
 35 icate holder and which relate to the manner of distribution of benefits or to the reservation of rights  
 36 and benefits thereunder;

37 (c) Forms of group life [or health] insurance policies[, or both,] that have been agreed upon as  
 38 a result of negotiations between the policyholder and the insurer; or

39 (d) Forms complying with specific requirements regarding delivery or issuance for delivery in  
 40 this state established by the director by rule.

41 (2) **Except as provided in subsection (3) of this section:**

42 (a) The director shall within 30 days after the filing of any such form approve or disapprove the  
 43 form. The director shall give written notice of [such] **the** action to the insurer proposing to deliver  
 44 [such] **the** form and when a form is disapproved the notice shall show [wherein such] **that the** form  
 45 does not comply with the law.

1        [(3)] (b) The 30-day period referred to in [subsection (2) of this section] **paragraph (a) of this**  
2 **subsection** may be extended by the director for an additional period not to exceed 30 days if the  
3 director gives written notice within the first 30-day period to the insurer proposing to deliver the  
4 form that the director needs [such] additional time [for the consideration of such] **to consider the**  
5 form.

6        [(4)] (c) The director may at any time request an insurer to furnish the director a copy of any  
7 form exempted under subsection (1) of this section.

8        **(3) The board shall approve forms for group health insurance policies filed with the board**  
9 **pursuant to sections 4 to 8 of this 2007 Act.**

10        **SECTION 10. Notwithstanding the term of office specified by section 2 of this 2007 Act,**  
11 **of the members first appointed to the Health Insurance Rate Review Board under section 2**  
12 **of this 2007 Act:**

13        (1) Two shall serve for terms ending July 1, 2009;

14        (2) Two shall serve for terms ending July 1, 2010; and

15        (3) Three shall serve for terms ending July 1, 2011.

16        **SECTION 11. Sections 4 to 8 of this 2007 Act and the amendments to ORS 742.003 by**  
17 **section 9 of this 2007 Act become operative on July 1, 2008.**

18        **SECTION 12. This 2007 Act being necessary for the immediate preservation of the public**  
19 **peace, health and safety, an emergency is declared to exist, and this 2007 Act takes effect**  
20 **July 1, 2007.**