

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass the A-Engrossed Measure
Vote:	4 - 1 - 0
Yeas:	Bates, Morrisette, Morse, Monnes Anderson
Nays:	Kruse
Exc.:	0
Prepared By:	Robert Shook, Administrator
Meeting Dates:	5/14

WHAT THE MEASURE DOES: Requires Department of Consumer and Business Services, in collaboration with Office of Health Policy and Research, to conduct a study of reinsurance alternatives and other mechanisms to spread risk for individual and small employer group health insurance markets. Requires Department to report on status of study to Legislative Assembly by December 1, 2010.

ISSUES DISCUSSED:

- Feasibility of single-state reinsurance plan
- Need for small employer group market
- Clarification of public reinsurance program vs. state subsidy
- Guaranteed issue market concept for buyers of insurance

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Reinsurance is a means by which an insurance company can protect itself against the risk of losses. Individuals and corporations obtain insurance policies to provide protection for various risks. Reinsurers, in turn, provide insurance to insurance companies and to self-insured entities. The main use of any insurer that might practice reinsurance is to allow the company to assume greater individual risks than its size would otherwise allow, and to protect a company against losses. Reinsurance allows an insurance company to offer higher limits of protection to a policyholder than its own assets would allow. In protecting insurance companies from the higher losses, reinsurance provides a means for insurance companies to keep their premiums lower.

The goal of studying a single-state reinsurance program or other mechanisms to spread the risk of the high-end health care costs is to reduce the overall costs of health insurance premiums in Oregon.