

**REVENUE: No revenue impact**

**FISCAL: Minimal fiscal impact, no statement issued**

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<b>Action:</b>	Without Recommendation as to Passage and Be Referred to the Committee on Rules
<b>Vote:</b>	9 - 0 - 1
<b>Yeas:</b>	Bruun, Cannon, Harker, Hoyle, Kotek, Maurer, Nathanson, Thompson, Greenlick
<b>Nays:</b>	0
<b>Exc.:</b>	Kennemer
<b>Prepared By:</b>	Sandy Thiele-Cirka, Administrator
<b>Meeting Dates:</b>	2/15, 2/17, 2/18

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**WHAT THE MEASURE DOES:** Allows Department of Consumer and Business Services (DCBS) to grant an exemption from 95 percent retention rate requirement for association health plan according to rules adopted by director. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- Background on House Bill 3321 (2007)
- Associations having difficulty maintaining 95 percent retention rate during economic downturn
- Association plans versus small employer plans
- Oregon Insurance Division review of association plans' loss ratio
- Review of association plans and small group plans

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** The passage of HB 3321 (2007) allowed group health insurers more flexibility in selling association and trust health benefit plans to small employer groups. The bill established protections to keep groups, insured under these plans, from losing coverage due to high claims, and made out-of-state association and trust health plans subject to the same requirements as Oregon-based associations. The bill also:

- Prohibits associations and insurers from denying membership or coverage to any small employer group based on health.
- Limits how much the initial premium rate may vary between groups of small employers.
- Require associations to maintain retention rates of 95 percent (or follow the more stringent regulations of small group health insurance laws).
- Requires DCBS to monitor association health plans, and sunsets the above provisions in 2014 to allow the Legislature to evaluate its impact on Oregon's health insurance market.

Some associations have reportedly been struggling to maintain a 95 percent retention rate, and some have failed altogether. SB 1003 allows associations to seek a waiver of the retention rate. DCBS would establish standards to review the requests.