

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass
Vote: 5 - 0 - 0
Yeas: Bates, Kruse, Morrisette, Morse, Monnes Anderson
Nays: 0
Exc.: 0
Prepared By: Rick Berkobien, Administrator
Meeting Dates: 2/2

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:

- Original intent of BH 3321 (2007)
- Economic downturn and impact on Oregon businesses providing health insurance
- Oregon Insurance Division examining loss ratio of participants in association health 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 these above provisions in 2014 to allow the Legislature to evaluate its impact on the health insurance market in Oregon.

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.