

**REVENUE:** No revenue impact  
**FISCAL:** Fiscal statement issued

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<b>Action:</b>	Without Recommendation as to Passage, but with Amendments, Be Printed Engrossed, and Be Referred to the Committee on Ways and Means
<b>Vote:</b>	3 - 2 - 0
<b>Yeas:</b>	Bonamici, Monroe, Shields
<b>Nays:</b>	Boquist, George
<b>Exc.:</b>	0
<b>Prepared By:</b>	Patrick Brennan, Administrator
<b>Meeting Dates:</b>	3/2, 4/11, 4/18

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**WHAT THE MEASURE DOES:** Authorizes the Director of the Department of Consumer and Business Services to conduct a hearing on requests by individual and small employer health benefit plan providers for approval of premium rates in cases where there is a request for an increase of at least seven percent that affects 1,000 or more policyholders. Provides for certification of intervening groups or individuals and access to certain information for such interveners, and provides for reimbursement of reasonable expenses for testimony presented at proceedings. Specifies that a rate filing not approved by the Director by the end of the period is considered disapproved. Specifies who must be notified of rate filing approvals, modifications or disapprovals.

**ISSUES DISCUSSED:**

- Potential impact of rate hearings on insurance rates
- Similar laws in other states
- Impact of increasing health insurance premiums on individuals and businesses
- Transparency of process

**EFFECT OF COMMITTEE AMENDMENT:** Adds whereas clause. Limits application to individual and small employer health benefit plans. Changes permissive to requiring language for Department to consider whether rates are reasonable and not excessive. Specifies a public meeting may be called in cases where rates increase by seven percent or more and affect 1,000 or more policyholders. Outlines purpose of hearing. Provides for certification of individuals or groups to intervene; specifies access to information and opportunity for request for public meeting by interveners. Changes date for approval or disapproval of rate filing from 10 days after close of public comment period to 90 days after beginning of public comment period if insurer has provided all necessary information. Specifies that if Director does not approve or modify rate filing by end of period, it is considered disapproved. Specifies who is to be provided notice of rate filing approvals, modifications or disapprovals. Provides for reimbursement of interveners for reasonable expenses related to expert testimony presented at proceedings. Removes reference to participation by Attorney General.

**BACKGROUND:** ORS 743.018 authorizes the Director of the Department of Consumer and Business Services (DCBS) to approve premium rates proposed by insurance companies for individual and small group health insurance policies, following an actuarial review of the rate filing. The approval is to be based on three criteria: whether the filing is actuarially sound; whether it is reasonable and not excessive, inadequate or unfairly discriminatory; and whether it is based on reasonable administrative expenses. To do so, DCBS may consider the insurer's financial position, historical and projected administrative costs, medical and hospital expenses, the historical and projected loss ratio between amounts spent and earned premiums, anticipated changes in the number of enrollees if the rate is approved, changes in health plan design, changes in cost containment and quality improvement efforts, and public comments received regarding the request.

Senate Bill 717-A outlines the process for DCBS to hold public rate hearings for proposed rate increases of at least seven percent that affect 1,000 or more policyholders.

4/27/2011 9:37:00 AM

*This summary has not been adopted or officially endorsed by action of the committee.*