

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass as Amended and Be Printed Engrossed

Vote: 4 - 1 - 0

Yeas: Bonamici, Boquist, Monroe, Shields

Nays: George

Exc.: 0

Prepared By: Patrick Brennan, Administrator

Meeting Dates: 3/2, 4/11, 4/20

WHAT THE MEASURE DOES: Requires individual and small employer health benefit insurers to notify all affected policyholders, and all persons who have requested notification in cases when the insurer files for approval of a rate request that increases rates by at least seven percent and affects 1,000 or more enrollees. Specifies information to be included in the notification. Requires posting to the Department’s website a detailed rationale following approval of any health insurance rate filing that increases rates. Stipulates that the Director shall consider, rather than may consider, specified factors when considering approval, modification or disapproval of rate increases.

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: Limits application to individual and small employer health benefit plans. Specifies that notice requirements apply in cases involving rate increases of at least seven percent and affecting 1,000 or more enrollees in the individual and small employer markets. Requires notice to be provided to all affected policyholders and all persons who have requested notification of a filing. Outlines required information for notification. Requires Director to post comments on Department website. Amends ORS 743.018 to stipulate that the Director *shall* consider, rather than *may* consider, certain factors when considering approval, modification or disapproval of rate increases.

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 718-A requires notice be given to affected policyholders and interested parties in cases where a rate increase is requested that would raise rates by seven percent or more and affect 1,000 or more policyholders. The measure also stipulates that in cases where DCBS approves a rate filing that results in increased premiums, it must post on the Department’s website a detailed explanation of how the increased rates meet the criteria outlined within ORS 743.018 and are not subject to disapproval under ORS 742.005; the latter includes noncompliance with law, unintelligibility or ambiguousness, being prejudicial to policyholders, and provisions that are unjust or inequitable.

4/27/2011 9:37:00 AM

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