

Written Testimony of Amy Johnson in Support of SB 684

March 19, 2013

My name is Amy Johnson. I am a private attorney in Portland. I provide this testimony in support of SB 684 because a rigorous and open health insurance rate review process will benefit insurance consumers, including particularly small businesses, and the health insurance market.

I present this testimony as someone with experience in insurance rate regulatory issues. I was appointed by Gov. Ann Richards to serve as the first Public Counsel for the Office of the Public Insurance Counsel (OPIC) in the State of Texas. OPIC is an independent state agency with a \$1 million annual budget. OPIC represents Texas insurance consumers in rate hearings, rule matters and litigation, saving millions of dollars for consumers. OPIC intervened in rate cases to represent consumers, and those efforts changed the rate hearings dramatically for the benefit of the consumer. OPIC has independent authority to litigate, including the authority to sue the Department of Insurance.

The State of Oregon has already established a public review process for health insurance rates. The Division of Insurance posts rate information on the internet so that the public can review rate increases and the bases for the requests. Already, persons affected by those rates can participate in commenting on rate increases.

SB 684 makes important improvements to the system. First, it clearly establishes the rate review proceedings as contested cases. A contested case proceeding will give those affected by rate increases the opportunity to ask questions of the insurance company (through discovery), as well as rights to fully participate in a hearing. Defining these cases as contested will grant clear rights to those affected by rate increases.

Second, SB 684 allows affected parties to see trade secrets that are used as the basis for a request for rate increase. The trade secrets

remain confidential, but those participating in a rate case can review all data used for a rate case.

Some may fear the use of contested cases for health insurance rate reviews. Be assured that these are highly technical proceedings, and only those with expertise will be able to actively participate. But those who take the initiative and time to intervene will likely bring creative questions and approaches to rate review. They will ask new questions and inject accountability into the ratemaking process.

SB 684 will allow insurance consumers to participate fully when their insurance company seeks to raise their rates. The appropriate checks of administrative law will apply, and the process should serve the public interest by leading to lower health insurance rates.

Thank you for the opportunity to present this testimony. I regret that I could not appear in person.