

## HB 3458 - Oregon Supplemental Reinsurance Program

### Background

Beginning in 2014, no individual may be denied health insurance because of a medical condition. Existing programs that provide coverage to individuals who are denied coverage because of a medical condition will go away, resulting in a “merger” of those populations with the individual market. Those programs are:

- Oregon Medical Insurance Pool (OMIP)
- Federal Medical Insurance Pool (FMIP)
- Portability
- Children’s Reinsurance Program

A report commissioned by the Insurance Division (the “Wakely” report) estimates that premiums in the individual market in 2014 will increase by 38% on average as these high risk populations merge with the individual market risk pool.

- **22% of that increase is attributable to high-risk individuals (primarily current OMIP enrollees) moving into the individual market.**

A mandatory new **federal reinsurance program** will help offset some costs associated with high-cost individuals. It is funded through a new \$5.25 per member per month assessment. Despite this program, double-digit premium increases are still expected in 2014.

### Oregon Solution: Temporary Supplemental Reinsurance Program

Oregon has developed a solution to help mitigate, but not eliminate, health insurance premium increases in 2014. Stakeholders explored options to best ease into market changes, protect consumers, and stabilize the individual market. The Governor’s Office, Oregon Insurance Division and health plan stakeholders have agreed to develop a supplemental state reinsurance program that:

- Will supplement the federal program and help pay for high claims costs associated with persons moving from existing programs (OMIP, FMIP, children’s reinsurance and portability) into the individual market.
- Will be funded by assessment similar to the current OMIP program (which is ending as these individuals move into the individual market pool).
- Estimated to mitigate premium increases in 2014 by -4.00%

### Key Aspects of the Oregon Solution:

- The assessment to fund the state reinsurance program will mirror the structure of the current OMIP assessment and will apply to the **same insured and reinsured lives**.
- **The program is limited in duration** (3 years). The assessment on premiums will be **reduced from current levels** and **phase out in 2016**.\*
- HB 3458 includes **caps on the program** - both on the amount assessed per insured per month (\$4 in 2014, \$3.50 in 2015, \$2.20 in 2016) and on total program costs (\$72 million in 2014, \$63 million in 2015, \$40 million in 2016).
- The insurer tax will expire as scheduled in September 2013.
- A business representative will be added to the OMIP board.

\* Not including the health insurance exchange administrative fee.

Kaiser  
Permanente

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PacificSource  
Health Plans

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SEIU

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Associated  
Oregon  
Industries

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OSPIRG

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ODS Health  
Plans, Inc.

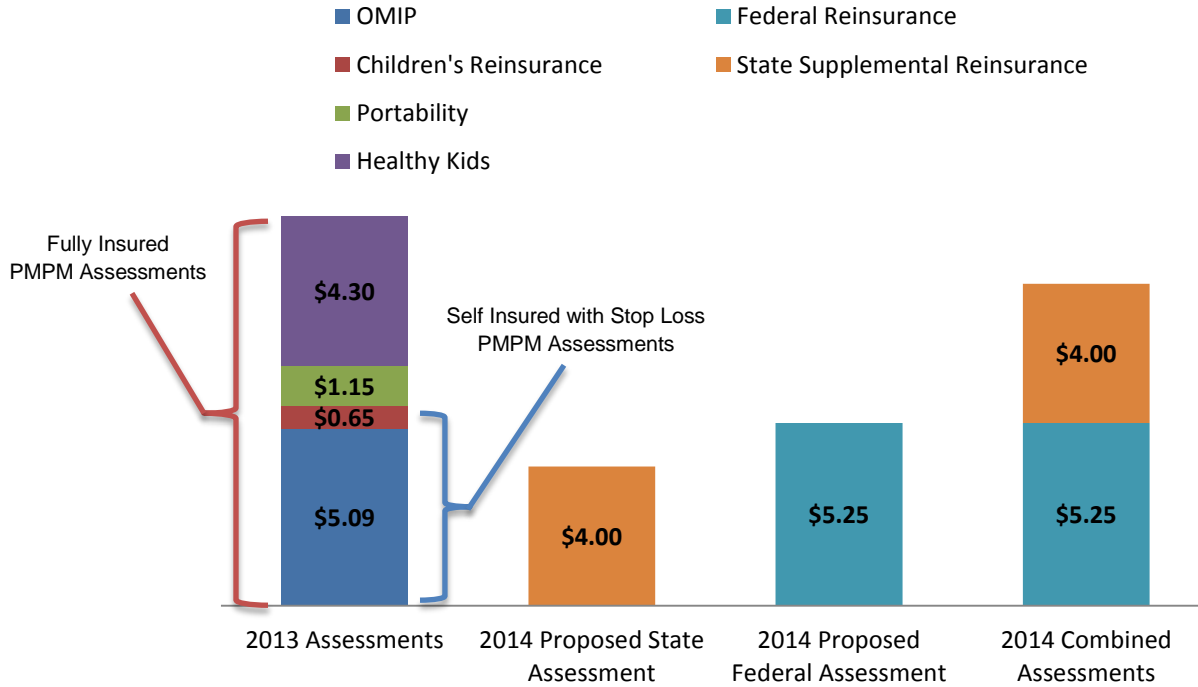
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Regence  
BlueCross  
BlueShield of  
Oregon

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Health Net  
Health Plan of  
Oregon, Inc.

## Comparison of 2013 and 2014 High-Risk Pool Assessments Fully Insured & Self Insured with Stop Loss



Adapted from presentation to House Health Care Committee by Barney Speight, March 6, 2013  
<https://olis.leg.state.or.us/liz/2013R1/Downloads/CommitteeMeetingDocument/6159>

Note: "Healthy Kids" is the current premium tax.