



**HEALTH PLAN RATE
REVIEW**
Oregon Insurance Division

Oregon's strong rate review process

- Oregon's rate review process among most robust and transparent in the country
- Rates must be **actuarially sound**: reasonable and not excessive, inadequate, or unfairly discriminatory
- Division actuaries thoroughly review each filing
 - » Rate review team includes three experienced, credentialed health actuaries
 - » Senior management, including the commissioner, sign off on each decision

How carriers develop rates

- Carriers set rates based on past experience and projected changes using actuarial methodologies
- Key ratemaking considerations in 2014:
 - » Historical claims costs
 - » Adjustments to historical claims costs
 - Changes in benefits and cost-sharing structure
 - Impact of guaranteed issue/individual mandate on individual market (i.e., relative cost of previously uninsured, high risk pool and portability enrollees)
 - Impact of rating factor restrictions
 - Impact of risk mitigation programs
 - » Trend
 - » Administrative costs

Rate review focus

- Cross-market comparisons
 - » Carriers must quantify and support key assumptions to justify rates
 - » Some assumptions may reasonably vary by carrier

Rate review process for 2014

- Rate filings submitted by April 30
- Division actuaries review for completeness
 - » Complete filings posted for review/comment within 10 days of receipt
 - » Comparison of key assumptions posted
- Division actuaries continue full review of filings and request additional support or revisions
 - » Correspondence posted for public review
- Public hearings held May 28 – June 7
 - » Opportunity for OSPIRG and consumer testimony at each hearing
- Final decisions in late June/early July
- Consumer-focused decision summaries posted early July

How will we know that rates are fair?

- Compare with current costs and project effect of federal reforms
- All companies in the market filing at the same time will show any outliers
- Filings will include new information such as impact of the entrance of high-risk and uninsured populations

Incentives to avoid overpricing

- Oregon has a highly competitive health insurance market
- Oregon's strong rate review process is effective at eliminating excessive overhead
- Consumers have more choices and a more transparent marketplace in which to shop via Cover Oregon
- Oregon will not approve rate filings that show expectation of paying rebates

Cost containment a key issue

- Carriers must explain significant **changes** in cost containment and/or quality improvement since prior rate filing
 - » Difficulty in isolating which efforts are truly new or different
 - » Challenges in quantifying impact and identifying effects on projected claims costs
- Ongoing discussion of how to evaluate measures that reflect provider contract features

QUESTIONS?



Oregon Insurance Division