

To: House Health Care Committee

From: Jesse Ellis O'Brien, OSPIRG Health Care Advocate

Date: May 15, 2013

Re: Testimony in Support of SB 413A with -6 and -7 amendments

Chair Greenlick and Members of the Committee,

SB 413 represents an important opportunity to take the next steps to build on Oregon's successful health insurance rate review program, and OSPIRG urges the committee to consider the package of amendments before you today in that light. I am here today to urge you to support the -6 and -7 amendments.

OSPIRG does not support 413A. As it stands, the bill does not do enough to ensure that Oregon consumers and small businesses are informed about health insurance rate increases that affect them and their ability to participate in the rate review process.

The Oregon Insurance Division's (OID) rate review program serves as a critical backstop to protect Oregon small businesses and families from unreasonable rate increases. Oregon's rate review program is widely considered a national model. The passage of House Bill 2009 in the 2009 Legislative Session empowered the OID to scrutinize rate increases more thoroughly. OSPIRG estimates that this heightened review has **cut over \$80 million** in waste and unjustified costs from premiums.

OSPIRG supports the -7 amendments

SB 413-7 represents a small but important step toward building on the successes of Oregon's health insurance rate review program by enabling more robust public involvement in the process.

Oregon's rate review process was designed to enable policyholders to have a say in rate decisions that affect them. But as things stand, most affected Oregonians are unlikely to hear about a pending rate hike until well after it is approved.

SB 413-7 will enhance the public's ability to participate in the process by taking the following steps:

- Enabling consumers to sign up when they enroll or renew a policy to receive notification through the OID when their insurer files for a rate increase.

- Requiring insurers to send an annual notice to policyholders explaining the Oregon rate review process and how policyholders can participate. This notice would be timed to coincide with the yearly review of Cover Oregon plan rates.
- Requiring insurers to include information about Oregon's rate review process in a range of other communications with policyholders, brokers and the public to maximize public awareness of policyholders' right to participate.

Making it easier for Oregon small businesses to receive notice of rate requests will not only enable greater participation, but will help **provide employers with important information** about trends in costs that will help them plan for the future.

In recent years, the OID's rate review policies have enabled unprecedented transparency, establishing public access to all filing documents and holding public hearings on all major rate increase requests. SB 413-7 is an important next step to ensure robust public participation in the rate review process.

OSPIRG supports the -6 amendments

Oregon has made important progress in containing the cost of health insurance through its rate review program, but the process has the potential to do more.

SB 413-6 will help Oregon take the next step toward realizing that potential by directing the OID and the Oregon Health Authority to work together to develop standards for evaluating insurers' cost containment efforts as part of the rate review process.

While Oregon's rate review process has proven its effectiveness at reducing unjustified costs and pushing back on unreasonable administrative expenses, it has yet to address effectively the biggest driver of increasing premium rates: rising medical costs.

Studies consistently show that a third or more of all health care spending is wasted on things that do not improve health.¹ This means that despite increased scrutiny in recent years, **Oregon consumers and small businesses are still being asked to foot the bill for waste in their insurance premium.**

Rate review has a critical role to play in protecting policyholders from these unnecessary, excessive costs. The OID already has the authority to consider an insurer's efforts to contain costs and cut waste from the health care delivery system as part of the rate review process, but this authority has not yet been used effectively. Developing rate review standards in collaboration with the OHA will enable coordination between rate review and Oregon's other trailblazing efforts to transform the health care delivery system.

Oregon has shown that a strong and transparent rate review program can make a difference in containing costs, and it is time to take the next step. **OSPIRG urges your support for SB 413-6.**

¹ See, e.g., Institute of Medicine, Best Care at Lower Cost: The Path to Continuously Learning Health Care in America (2012)