

To: House Health Care Committee

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

Date: March 8, 2013

Re: Testimony on ACA Implementation and State Supplemental Reinsurance

Chair Greenlick and Members of the Committee,

OSPIRG supports the package of bills you are considering today and the approach to implementing the Affordable Care Act (ACA) proposed by Governor Kitzhaber's administration. These bills will implement critical protections for Oregon families and small businesses. **These changes will make health care work better for all Oregonians**, and will make the ACA's health reforms work better for Oregon's unique health insurance market.

In particular, the state supplemental reinsurance program proposed in LC 3718 holds the potential to give Oregon policyholders some protection from large premium rate hikes.

By providing some temporary risk mitigation to ease the health insurance market's transition over the coming years, state supplemental reinsurance will also help ease the transition for Oregon consumers. **A well-designed and well-executed reinsurance program can help contain premium costs for Oregonians** – a sorely needed step in a market that has already seen health care costs nearly double in the past ten years.

These bills represent an important step forward for Oregon, but they should not be considered in a vacuum. Oregon's robust health insurance rate review program will be central to ensuring that consumers and small businesses reap the gains of reform by ensuring that the risk mitigation provided by supplemental reinsurance will be accurately reflected in premium rates.

By easing the market transition, reinsurance and other rate mitigation efforts will help buy our state and our health care system needed time to do the hard work necessary to address the underlying drivers of health care costs. This work will be best served by coordinating rate review, the efforts of Oregon's health insurance exchange, CCOs, PEBB, OEBB and other public payers to ensure that incentives are aligned throughout Oregon's health care system with our shared goals of improved care, improved health and reduced cost.

OSPIRG urges your support for the package of bills under consideration today. We additionally urge your support for efforts to take advantage of the present opportunity to further the hard work of bending the cost curve across the spectrum of health care in our state.