



PacificSource Health Plans

Affordable Care Act alignment Legislation: HB 2240, HB 2091, and the State Supplemental Reinsurance Program

Chair Greenlick, Vice Chairs Thompson and Keny-Guyer and members of the House Health Care Committee,

PacificSource Health Plans would like to signal our support for these pieces of priority legislation that serve to align Oregon with the federal Affordable Care Act (ACA) and propose policy direction that we believe is in the best interest of Oregonians. HB 2240, HB 2091, and the state supplemental reinsurance program, move Oregon into compliance with the ACA and create an important tool to help smooth out the anticipated market disruption upon full implementation in 2014. We do note there has not yet been an opportunity to review amended language or the state supplemental reinsurance bill. While we intend to convey our directional support for each of these bills, there remain a number of issues under-discussions. As such, we believe it is premature to provide detailed recommendations; however, we have a few comments relative to each bill.

State Supplemental Reinsurance Program

While the ACA will create a large pool of new winners, among them the lower income uninsured, there are others who stand to lose, specifically young and healthy individuals who are *currently* insured. In 2014, this group may choose to leave the market in response to steep increases in premiums resulting from the richer Essential Health Benefits, the age-band compression and the prohibition against medical underwriting. To complicate this scenario, the departure of these young and healthy Oregonians will have a negative impact on the overall risk pool - further driving up premiums. For this reason, we believe it is in everyone's interest to take steps toward stabilizing the market, where possible. The state supplemental reinsurance program, while not able to entirely eliminate the impact to the individual market, is none the less an important short-term mitigation strategy.

HB 2240

The proposed changes to the Insurance Code, as a result of ACA, have been anticipated and incorporated. While not all of the changes may be able to be incorporated at this time the meetings that we have participated in with the Insurance Division have been productive. We look forward to the amendments to be released and the continued work which will need to be completed in preparation for 2014.

HB 2091

Since the program's inception, PacificSource Health Plans has been and continues to be, the statewide carrier for the Healthy Kids Connect portion of the Healthy Kids Program. Healthy Kids Connect has allowed Oregon to bring more children into health insurance coverage whose families might otherwise be unable to afford it, and we believe it has been a win for both the state and for PacificSource. Nonetheless, while we are not eager for the potential loss of

members, we understand and generally support the state's proposed policy relative to this program and look forward to reviewing the amended language.

In closing, PacificSource, has collaborated actively with the Oregon Health Authority, Oregon Insurance Division and Cover Oregon to help realize the obligations and potential promise of federal health reform. It has been an extremely busy 18 months and we will continue to stay engaged to work through outstanding technical, operational and policy issues. We appreciate that Oregon is viewed as a leader in federal health reform and we value our relationship with our public and private partners. We do caution however, that being a leader is only as valuable as it results in quality execution. We urge our state and legislative leaders to be judicious regarding introduction of any further change or pressures that are unrelated to successful implementation of federal health reform in 2014.

About PacificSource Health Plans

PacificSource Health Plans is an independent, not-for-profit community health plan serving the Northwest. Founded in 1933, PacificSource is based in Eugene, Oregon, with local offices throughout Oregon and in Idaho and Montana. The PacificSource family of companies employs 700 people, serves more than 300,000 individuals, and has 6,200 employer clients throughout the Northwest. PacificSource Community Solutions, Inc. is a subsidiary of PacificSource Health Plans and is the Coordinated Care Organization in Central Oregon and the Gorge. You are welcome to contact **Ken Provencher**, President and CEO, at (541) 684-5286 or (800) 624-6052, ext. 2286, or by e-mail at kprovencher@pacificsource.com, or **Marian Blankenship**, Director of Government Relations/Executive Director of the Charitable Foundation at (541) 684-5221, or by e-mail at mblankenship@pacificsource.com.