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The Honorable Senator Chip Shields

Honorable members of Senate General Government, Consumer and Small Business Protection

My name is Ann Fisher. I am sorry that I could not be present to testify today in support of SB 413. I am, along with my husband, a small business owner. Between our two offices we employ eight to ten people. I have been doing the purchasing of health insurance for the last several years. My hope in obtaining such insurance is to meet the needs of our employees at a rate that makes sense from an economic viewpoint. It's not easy, and it's not easy because of the dearth of information available in purchasing insurance and the all too frequent rate jumps after the selection of companies is made. This bill would provide additional notice and information not available currently.

No one enjoys trying to make reasoned decisions about insurance coverage - it takes hours and hours to understand the policies and to understand the rates. The policies themselves tend to have secret or ill explained limitations and the implementation often results in high out of pocket expense. To illustrate: not too long ago I had an annual exam that included the standard blood test – you know the one where they check blood count, cholesterol, etc. The test cost (at the rates that the insurance company would pay, which is often different from the amount that the provider has charged) was approximately \$800, which translated to an out of pocket expense to me of approximately \$400 due to policy deductibles, internal limitations, and exclusions. That was a big ticket to me but I could pay it – On the other hand, I doubt very much that our employees could take a \$400 hit given their salaries, family situation, and other obligations. Because our employees are not numbers in a ledger as they are to the insurance company, but real people that we want to have as employees and we know as individuals, this was not acceptable. I started to look for alternatives. It turned out to be a difficult task, fraught with poor explanations and in some cases downright misleading information, and costs that were simply unacceptable.

We support SB 413 because it is a small step toward greater transparency in what an employer would be buying and more importantly, makes insurers accountable. However, it is only a first step. While this bill will give much needed advance notice and an opportunity to comment (a change from the current approach which requires an insured to monitor the rate filings just in case the insured's insurance provider has filed a rate case), it doesn't go far enough. The next step would be to not only make the criteria listed in 743.018 (5) mandatory considerations, as this legislation does, but also make it obligatory that the insurance provider explain the terms and conditions of coverage including internal deductibles and limitations as they relate to costs. It is only with this knowledge can one really determine whether the rates are sound and not over collect for the level of insurance provided.

While we believe this is only a first step, it is a significant improvement in the information available to the buyer and how the rates are determined. It allows a more informed comment on each of the mandatory criteria. While I may not have any comment about, say, past practices, I would be able to compare the amount of reserves relative to the revenue expected, future cost containment actions and whether they act to inappropriately to reduce the policy coverage, and compare this information with information provided in other rate proceedings.

I urge you to support and pass this bill for consideration by the full assembly.

Thank you for the opportunity to testify,

Sincerely,

/s/ Ann L. Fisher

Ann L. Fisher