

From the desk of
Representative Brian Clem

Brian Clem



Service Employees International Union, Local 503, OPEU

VOTE YES ON SB 413-B

While Oregon's rate review is heralded as one of the most transparent and most rigorous in the nation, additional scrutiny is needed—especially as we develop new health insurance markets under the Affordable Care Act with Oregon's Health Insurance Exchange.

SB 413-B enrolled will help to address that needed extra scrutiny when individuals, families and small businesses re-enroll or enroll for insurance for the first time and are faced with the realities of health care costs. Those consumers need to know that they have been provided with ample notice of increased rates and that the rates that they are forced to pay are justified. SB 413-B will accomplish just that.

Rate Filing Notice

The first step in this process is proper rate filing notification so consumers know that they will be faced with premium rate increases prior to the increases taking effect. This will give consumers ample time to comment on the increased rates or to start shopping around for better health plans. SB 413-B will do the following:

1. The notices from insurers will coincide annually with the rate filing deadline for Qualified Health Plans on the Oregon Health Insurance Exchange.
2. Each insurer offering plans must include information about Oregon's rate review process, DCBS' rate review website, policyholders' right to participate and an option to opt-in to receive email notification of rate filings for plans in all enrollment forms, renewal notices and explanation of benefit documents.
3. Insurers must include rate review information in all printed marketing material, newsletters, and communications with insurance brokers.

These measures will not take the place of insurers directly communicating with their customers and telling them that their rates will be but it should make the largest number of health insurance consumers aware of increasing rates.

Medical Trend

SEIU also believes now is the perfect time to strengthen the rate review process. We are transforming our health care delivery model, some insurers are asking for exorbitant rate increases and DCBS must scrutinize those requests.

All health insurance rate increase proposals require an estimate of the rate of medical care inflation (medical trend) from the current rate to the rate in the subject year. In the current situation each

insurance company creates their own estimate of medical trend and builds its rate for the upcoming year using that estimate and the utilization experience of the most recent year for which data is available.

We believe the Oregon Insurance Division should create an official rate for medical care inflation by March for the following year's rate calculation. That rate would be derived using the Division's actuaries, guided by an advisory committee of actuaries and other experts meeting in public and using public documents. The companies would then be required to use the official rate as their medical trend estimate unless they could present compelling evidence that, because of special factors, they should be allowed to use some other rate or apply the official rate in a unique manner.

This model would make the rate review process much less complicated and much less contentious.

Cost Containment

Finally, Oregon's rate review program should be a more effective check on costs by incorporating a thorough evaluation of insurers' cost containment and quality improvement efforts into decisions about premium rates.

SB 413-B asks DCBS and the Oregon Health Authority to jointly develop standards and metrics for evaluating a health insurers' cost containment strategies into the premium rate approval 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.

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.

SEIU believes health transformation is headed in the right direction in Oregon but it needs some serious checks so health care consumers aren't bilked in the process.

SEIU believes SB 413-B will put purchasing health insurance in Oregon on a positive path forward.

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