



Statement in Support of SB145

SB145 does one thing: It aligns Oregon's definition of "small employer" with federal law for insurance purposes, which would put Oregon in a better position to manage the coming changes in the small employer insurance market.

It no longer is necessary for Oregon to have its own, unique definition, because the Affordable Care Act created a national one. At the moment, Oregon and federal law are aligned. The small employer insurance market is scheduled to expand to include businesses with up to 100 employees in 2016, while the cap today is 50 employees.

But there is a very real possibility that the federal law could change, in which case Oregon would be out of alignment without legislative action. Operationally, that would pose significant challenges, as both consumers and the insurance industry experienced toward the end of 2013, when federal timelines changed for the Individual market with almost no notice.

If this bill were to pass, here is what would happen in practical terms: If the federal definition of small employer does not change, then expansion of the small group market proceeds exactly as now planned. However, if federal law does change, then Oregon would align with the rest of the country for purposes of small employer market regulation.

One nuance of difference between state and federal law is that federal law defines "small employer" as starting at one employee, while current state law starts at two employees. Pre-ACA, that was an important difference, because sole proprietors had to go through underwriting in the Individual market. Today, with ACA guaranteed issue requirements for Individual health insurance products, this is distinction without a difference; there is no risk pool or actuarial difference between one and two as a minimum group size.

Finally, it is quite possible that the federal government will change small group expansion implementation timelines without a change in law. If the Legislature wishes to take that possibility into account, then this bill may need to be amended to provide direction to DCBS in that regard.

Contact:
Tom Holt
Director, Government Affairs
Tom.Holt@cambiahealth.com