

HB 2605 – Changes To Insurance Division Rate Setting Process

Problem:

HB 2605 arose from a situation in which Oregon's Health Co-Op, a member owned health insurance company, had a disagreement with the Insurance Division over what rate they should be able to charge for their plans, with the Co-Op feeling they ought to be able to charge less than the Insurance Division felt was appropriate.

This started a conversation in which the Co-Op & other providers articulated what they felt are changes needed to the Insurance Division's rate setting process to assist with transparency & reflecting the realities of our current health care market, including the health insurance exchange. There was particular concern that if an insurer submitted their rates to the Insurance Division and had their rates disapproved they may have to functionally forgo offering plans in the exchange in order to pursue an appeal.

The Insurance Division & insurers have worked to find areas of consensus for alteration. These changes are good for consumers and will complement the tremendous work the Insurance Division has already done to bring more transparency to this process. HB 2605, thanks to the cooperation of all stakeholders, will further the Division's work in ensuring reliability, accuracy & openness in the rate setting process and encourage earlier discussion and collaboration among the Division and others.

Solution:

HB 2605 would put in place several changes, including:

1. If the Insurance Division disapproves or modifies a rate filing, the insurer would have the opportunity to meet with the division to discuss and respond to the preliminary decision.
2. HB 2605 would allow an insurer to pursue an appeal even if they accept the Division's initial rate. This is especially important because it allows companies to participate in the exchange while still continuing conversations with the Division, whereas currently a company which disagrees with their filing may be functionally unable to participate in the exchange.
3. HB 2605 will direct the Insurance Division to continue to meet with stakeholders around issues where conversation didn't create consensus and issue recommendations.
4. The proposed amendment would establish a process for an insurer to request reconsideration of the Division's decision by the Director of the Department of Business and Consumer Services. This would allow a second examination of the basis for the division's decision within the extremely tight timeline for the rate review process.

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