

Senate Committee on Business and Transportation
Paul Terdal, Portland, OR
Support Senate Bill 317 with -5 Amendment
April 13, 2015

Chair Beyer and members of the Committee,

Please support SB317 with the -5 Amendment.


This amendment makes clear that existing health insurance mandates (Chapter 743A) are enforceable by the Insurance Commissioner under the unfair claims settlement practices act (746.230), and imposes no new obligations on any insurance provider.

This was the original "-2" amendment discussed in the hearing on February 6th.

In addition, the -5 amendment removes the original language regarding discretionary clauses, in recognition of the Insurance Commissioner's recently finalized administrative rules prohibiting such clauses, which that fully satisfy the original intent.

I will be testifying by phone in today's Hearing and Work Session, and can answer any questions at that time.

Sincerely,

A handwritten signature in black ink that reads "Terdal". The signature is written in a cursive, slightly stylized font.

Paul Terdal

SB317 with -5 Amendment: Enforcement of Health Insurance Mandates

Overview of -5 Amendment

- Makes clear that existing health insurance mandates (Chapter 743A) are enforceable by the Insurance Commissioner under the unfair claims settlement practices act (746.230)
 - Imposes no new obligations on any insurance provider
 - This was the original “-2” amendment discuss in the February 6 hearing
- Removes original language regarding discretionary clauses
 - The Insurance Commissioner has finalized administrative rules prohibiting discretionary clauses that satisfy the original intent:
<http://www.oregon.gov/DCBS/insurance/legal/laws/Pages/recentrules.aspx#id022015>
- Removes original language requiring insurance contracts to declare compliance with the Oregon Insurance Code
 - U.S. District Court ruling in AF v Providence established that insurance contracts are to be interpreted as incorporating the insurance code, making this unnecessary

Key Elements of Legislation

- ORS Chapter 743A contains “Required Reimbursements” for Health Insurance plans; examples include:
 - Mental health parity
 - Pregnancy and childbirth expenses
 - Coverage of applied behavior analysis for autism
- ORS 746.230, “unfair claim settlement practices” is a key enforcement tool for the Insurance Division to protect consumers
 - Prohibits conduct such as “misrepresenting facts or policy provisions,” failing to promptly “settle claims in which liability has become reasonably clear”
- SB317 with -5 amendment would provide a specific enforcement clause for health insurance mandates in Chapter 743A