



19075 NW Tanasbourne Drive, Suite 201 Hillsboro, OR 97124

May 28, 2015

Chair Laurie Monnes Anderson
Senate Committee on Health Care
Salem, Oregon 97310

Dear Chair Monnes Anderson and Members of the Committee,

We are writing to express our concern with the issue of “cherry-picking” low-risk groups during the Oregon marketplace transition to the federal definition of small group. Zoom has worked with a number of groups that may be directly affected by the transition and held industry discussion regarding the transition. We have concluded that there are significant unintended consequences if HB 2466 is passed in its current form. These consequences include adverse selection, rate hikes, and significant modification to the risk pool.

The bill as proposed¹ would allow carriers offering transitional group health plans to continue to offer these plans to both small and large groups at the carrier’s discretion. If left to the carrier’s discretion, carriers may choose to renew low-risk group plans and discontinue plans offered to high-risk groups, indirectly releasing those high-risk groups into the market in search of new coverage. As a result, the small group market would be smaller and disproportionately high-risk.

Zoom requests the Oregon Insurance Division take the following actions to protect the Oregon marketplace from the negative and potentially severe impact of HB 2466 in regards to adverse selection:

- ❑ Revise the language in Sections 3 - 6 of HB 2466 to include language obligating all transitional group health plans to fully transition to the federal definition of small group by an appropriate deadline similar to what was done for the individual market.

Upon the passage of HB 2466, we recommend the OID release a bulletin detailing rules for implementation.

We appreciate your consideration and look forward to being effective members of the Oregon marketplace.

Sincerely,

Jessica Doonan
Zoom Health Plan, Inc.
Contract and Compliance Manager
jdoonan@zoomcare.com
503-858-7234

¹ The bill, as proposed under the -A2 amendment, reads: **Pg 2, Line 7 Section c(4):** “A transitional large employer health benefit plan is considered discontinued under ORS 743.737 when the carrier stops renewing the plan.”