

May 27, 2015

Chair Laurie Monnes Anderson
Senate Committee on Health Care

4th Floor, 900 Court Street
Salem, Oregon 97310

Dear Chair Monnes Anderson and Members of the Committee:

We are writing to express our serious concerns about some portions of HB2466.

This legislation was presented as a “Housekeeping” bill. However, in its current form, the bill would make a major policy decision that could have far reaching and negative impacts on consumers and small businesses in Oregon.

The bill as proposed under the A2 amendments would allow additional “transitional” group health plans to be offered in the newly expanded “small group” markets, decreasing the intended small group market size and allowing a few select low cost employer groups an enormous advantage at the expense of all small employer groups. As a result, the A2 amendments could thrust high cost employer groups into the small group market, leading to adverse selection and potentially higher costs for many Oregon small businesses and their employees. Experience in other states with transitional plans of this nature does not demonstrate a benefit for many small businesses and individuals.

This would undermine a key tenant of market principles – larger risk pools spread costs and keep rates lower for more consumers -- and could potentially leave tens of thousands of Oregonians and hundreds of small group plans facing dramatic rate hikes. What’s more, the proposed policy is not just a short term plan. It allows for the change to continue into the next decade. That could lock in almost a half-decade of adverse selection and potential cherry-picking that may have devastating effects on the small group insurance market.

This is a major policy decision, and deserves a full vetting by the Committee. We believe that many consumers and small businesses alike would oppose such a change, and we urge you to remove these sections from the bill so that we could support passage of the bill as amended.

Sincerely,

Health Republic Insurance Company
OSPIRG
Oregon’s Health Co-Op
Mainstreet Alliance