

Disability Insurance Definition

The Oregon Insurance Code uses the terms health insurance and health benefit plan to define a broad range of health insurance products. Our goal is to provide lawmakers with a definition of “disability insurance” and health benefit plan to appropriately limit the scope and applicability of a particular legislative proposal for the following reasons:

- Many legislative proposals should only apply to comprehensive/major medical coverage — true health insurance. Targeted definitions of health insurance can clarify the intent of a legislative proposal.
- Because of the broad definition of “health insurance” in the Oregon Insurance Code, insurance products that are not considered “true health insurance” are oftentimes swept into legislation without regard for the product.
- For example:
 - Disability insurance or Supplemental insurance provides payments to the insured (not the hospital, doctor, medical provider);
 - Other health insurance products that are considered to be secondary or supplemental in nature to major medical coverage, such as specified disease insurance (a cancer policy), dental or vision plans, or hospital indemnity insurance marketed as supplemental health insurance.
- When these type insurance products are included in legislation that should otherwise only apply to comprehensive/major medical coverage, the result can lead to unintended consequences. For example, accident only coverage provides for a direct payment to an insured to replace income lost by the insured due to sickness or injury. It makes little sense to apply a requirement to cover certain medical services (contraceptive drugs or devices, childhood immunization, hearing aids) to these policies. A requirement to cover podiatrist services also makes no sense in a dental or vision policy.
- Consumers purchase some policies for specific protection and would end up paying extra for unwanted coverage if a benefit requirement is inappropriately applied to insurance products that are not true health insurance products. For example, a consumer with coverage under a major medical policy may purchase a vision policy for benefits not provided under the major medical coverage. If vision policies were not exempted from a requirement to provide coverage for *in vitro* fertilization services, a consumer would pay twice for the coverage, once under the major medical policy and again under the vision policy—coverage the consumer may not even want or need. Including such coverage in a vision policy would likely make the policy unattractive and unaffordable for consumers who already pay for *in vitro* fertilization through their medical coverage and only want limited vision coverage.
- Additionally, the federal government made the distinction in the Federal Health Care Reform Act of 2010, acknowledged similar exceptions for the supplemental insurance market by referencing the exceptions in Section 2791(c) of the Public Health Service Act.

It would be beneficial if the differences in current law could make the distinction between comprehensive/major medical health insurance and other types of health insurance products. Defining disability insurance would provide policymakers with a clear direction and appropriately limit the scope of a particular legislative proposal so as not to lead to unintended or absurd consequences. This approach would go a long way to ensure that Oregonians do not pay extra for unwanted or inappropriate insurance coverage.