

HB 2340 A STAFF MEASURE SUMMARY

Carrier: Rep. Greenlick

House Committee On Health Care

Action Date: 03/17/17

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 8-0-1-0

Yeas: 8 - Alonso Leon, Buehler, Greenlick, Hack, Hayden, Keny-Guyer, Malstrom, Nosse

Exc: 1 - Kennemer

Fiscal: No fiscal impact

Revenue: No revenue impact

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WHAT THE MEASURE DOES:

Authorizes the Department of Consumer and Business Services to permit an insurer that discontinued offering a health benefit plan in a service area to reduce the mandatory five-year ban. Reorganizes and updates Health Care Service Contractors (HCSCs) and Multiple Employer Welfare Arrangements (MEWAs) references. Removes references to certain benefit mandates. Ensures that consumers who purchase insurance are protected. Clarifies that a policy contract provision that treats the written health care contract as the entire agreement, and that any information not delivered to a consumer by the insurer does not get incorporated into the contract.

ISSUES DISCUSSED:

- Current market-based health insurance environment
- Health Care Service Contractor (HCSC) and Multiple Employer Welfare Arrangement (MEWA)
- HCSC and MEWA clarification necessary for consumer protections
- Clarification and updates necessary for HCSCs and MEWAs
- Granting authority to Department of Consumer and Business Services to reduce the mandatory five-year ban on health benefit plan insurers to reenter the market
- Proposed amendment

EFFECT OF AMENDMENT:

Removes references to certain benefit mandates. Ensures that consumers who purchase insurance are protected. Clarifies that a policy contract provision that treats the written health care contract as the entire agreement and that any information not delivered to a consumer by the insurer does not get incorporated into the contract.

BACKGROUND:

Currently, the Insurance Code requires a five-year ban of market reentry for insurers who discontinue all of its products within an applicable Oregon market. The ban on reentry is intended for consumer protection, but there may be certain circumstances where a reduction in this ban, at the discretion of the Department of Consumer and Business Services (DCBS), would serve the public interest by maintaining a competitive market.

Over the years, health insurance corporate structures have evolved. For instance, over time, almost all Oregon health insurers became licensed as Health Care Service Contractors (HCSCs). At the same time, Oregon's Insurance Code has been modified; however a number of statutes have not clearly been applied to HCSCs. Similarly, state insurance laws applying to Multiple Employer Welfare Arrangements (MEWAs) require similar updating to reflect a clear application of the Insurance Code.

House Bill 2340-A makes several technical changes and clarifies the requirements for HCSCs and MEWAs, and grants authority to DCBS to reduce the mandatory five-year ban for health benefit plan insurers.