

SB 537 STAFF MEASURE SUMMARY

Senate Committee On Health Care

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Meeting Dates: 2/6

WHAT THE MEASURE DOES:

Requires rules adopted by the Director of the Department of Consumer and Business Services (DCBS) for coordination of benefits for individual and group health insurance to ensure that costs be reimbursed up to sum of coverages under all applicable policies or certificates. Prohibits insured from being responsible for any out-of-pocket expenses if sum of coverages exceeds reimbursable costs. Clarifies that coordination of benefit rules established by DCBS Director shall be considered requirements.

REVENUE: May have revenue impact, but no statement yet issued.

FISCAL: May have fiscal impact, but no statement yet issued.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Through its Division of Financial Regulation, the Department of Consumer and Business Services (DCBS) is the state's primary regulator of all types of insurance companies, including health insurance companies. In 2015, the division regulated health insurers covering approximately 1 million Oregonians in the individual, small group, large group, and associations and trusts markets. An estimated 710,000 Oregonians were covered by self-insured employers, which are regulated by the federal government under the 1974 Employee Retirement Income Security Act (ERISA). Coordination of benefits (COB) rules apply when a person is covered by two or more health insurance plans; the rules determine the order of benefit payments among the plans.

Senate Bill 537 requires the Director of DCBS to adopt COB rules that protect insureds from out-of-pockets expenses when sum of coverages exceeds reimbursable costs.