

February 26, 2019

The Honorable Andrea Salinas Chair, House Committee on Health Care  
900 Court St. NE  
Salem OR 97301

RE: Opposition to HB 2703

Dear Chair Salinas and members of the House Committee on Health Care,

Kaiser Permanente exists to provide high-quality, affordable health care services and to improve the health of our members and the communities we serve. We appreciate the opportunity to express concerns about House Bill 2703. As an early supporter of the Affordable Care Act, Kaiser Permanente is committed to ensuring that a stable individual health insurance market is available to Oregonians who need to purchase their own insurance. A well-functioning individual health insurance market requires broad-based enrollment and a stable regulatory environment that facilitates fair competition in order to provide affordable coverage options for all consumers, regardless of health status. We believe that the proposal in HB 2703 to extend short term and limited duration plans beyond the three months currently allowed creates a risk to the stability of the individual health insurance market in Oregon.

HB 2703 will allow the sale of short-term health plans of up to 12 months that lack consumer protections. These plans typically exclude coverage of people with pre-existing medical conditions, limit the dollar amount of benefits that a person can receive from the plan, and omit many of the essential health benefits that are currently required of plans on the individual market, including maternity care, prescription drugs, mental health treatment, and substance-use disorder services. Consumers who purchase short-term health plans and then develop chronic conditions can face financial hardships, as these plans provide much more limited coverage.

HB 2703 will lead to adverse selection and higher premiums in the individual health insurance market. Because short-term plans cover less care and exclude coverage for serious medical needs, they are cheaper and attract healthier people at the expense of ACA regulated markets. As these

cheaper, short-term health plans draw healthy people away from the individual market they destabilize that market, which leads to increases in health insurance premiums for comprehensive coverage. The destabilization of the health insurance market has a harmful impact on middle-class consumers seeking comprehensive coverage, especially Oregonians with pre-existing conditions who do not have the option of purchasing short-term plans.

For these reasons, Kaiser Permanente respectfully opposes HB 2703.

Sincerely,

Amy Fauver  
Director, Government and Community Relations  
Kaiser Permanente Northwest