



OFFICE OF THE DIRECTOR

Tina Kotek, Governor

Oregon
Health
Authority

500 Summer St. NE E-20
Salem, OR 97301
Voice: 503-947-2340
Fax: 503-947-2341
www.oregon.gov/oha

September 29, 2023

Senator Deb Patterson, Chair
Senate Committee on Health Care
900 Court St. NE
Salem, OR 97301

SUBJECT: Follow up from Sept. 27, 2023 Informational Hearing on Health Care Cost Impacts

Dear Chair Patterson:

Thank you for your interest in health care cost impacts on individuals and families in Oregon. Oregon Health Authority (OHA) has multiple programs focused on this important topic and we welcomed the opportunity to testify. Below you will find several clarifications on issues that were raised during the hearing.

OHA presented average Oregon single and family commercial health insurance premium data over time (slide 8). This data comes from AHRQ's [Medical Expenditures Panel Survey \(MEPS\) – Insurance Component](#) and reflects data for employees at private-sector establishments that offer health insurance. The MEPS survey asks about medical plans in general, but does have a question about whether the plan covers any routine dental or vision care (as well as chiropractic, mental health, substance use and telemedicine). The state results presented for Oregon were for all private-sector establishments that offer health insurance and not filtered based on routine dental or vision care. So, depending on the plan design, some dental and vision care is reflected in the premium data presented, but not standalone dental or vision plans.

On slide 10, OHA presented average Oregon single and family commercial health insurance deductible amounts over time. This data comes from AHRQ's [Medical Expenditures Panel Survey \(MEPS\) – Insurance Component](#). The increase in deductibles in 2016 for both single and family plans is likely due to several factors, including some ongoing market settling after the 2014 Affordable Care Act implementation.

1. Employers modified plan design to minimize impacts to employees (increasing deductibles to minimize monthly premium increases). One survey of employers for 2016 found that the median in-network deductible for an employer sponsored plan increased 50% in 2016. "By raising the deductible \$500, you avoid a premium increase of roughly 3-6%." [Source](#) and an [NPR article](#). It was not obvious on the premiums slide (#8), but there was a slight decrease in average family plan premiums in Oregon between 2015 and 2016.
2. New ACA regulations limiting maximum out of pocket spending went fully into effect in 2016. A health plan can't require any individual to pay a deductible that is higher than

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the federal limit for the out-of-pocket maximum for individual coverage, even if that person is covered under an aggregate family deductible. This [law firm's blog post further explains](#).

OEBB/PEBB Cumulative Premium Costs & Rate Increases

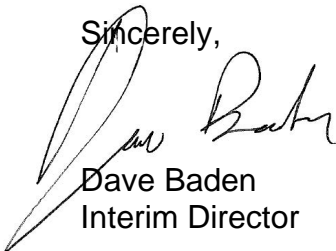
The 2022-23 Plan Year premium for medical, dental and vision plans is about \$1,400 per employee, which equates to \$17,000 per year. When looking at the range of historical premium increases going back to the 2017-18 plan year, the average annual medical, dental and vision plan premium increase was 3.1%. In the 2023 Plan Year total PEBB premium costs was an estimated \$1,692 which is an estimated \$20,304 per employee per year. This was a 1.9% cumulative premium increase from the previous plan year.

OEBB/PEBB Cost Containment

SB 1067 (2017 Session) requires that PEBB/OEBB use payment methodologies to limit the annual growth in per member and premium rates to 3.4% per year. PEBB/OEBB have used a wide variety of cost containment practices to meet the requirement from promoting the use of value-based payments by contracted carriers to the cap on hospital payments for in-patient and out-patient services. PEBB/OEBB have continuously met 3.4% growth cap on annual health plan premiums and expenditures. PEBB/OEBB have continuously met the 3.4% premium rate growth cap requirement, which is well below the average annual growth in health plan premiums for the Oregon commercial market.

Again, thank you for your interest in cost impacts. We look forward to working with you and your committee to continue to address this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Dave Baden", is written over the typed name and title.

Dave Baden
Interim Director