

Regence Testimony in Opposition to House Bill 4098

February 5, 2026

Chair Sosa and Members of the Committee,

Thank you for the opportunity to testify today in opposition to HB 4098. My name is Mary Anne Cooper, and I am the Director of Government Affairs at Regence BlueCross BlueShield of Oregon. As the state's largest health insurer, Regence is committed to addressing both persistent and emerging health needs for the nearly 1 million Oregonians we serve. In keeping with our values as a tax-paying nonprofit, 90% of every premium dollar pays for our members' medical claims and expenses. We are here today because we are deeply concerned about the negative impacts HB 4098 would have on Oregon families and businesses.

Why our current system works better for consumers

Most Oregonians don't realize that health insurance is one of the most heavily regulated industries in our state. When you buy a health insurance policy, the Department of Consumer and Business Services (DCBS) has already reviewed and approved the policy language, the rates, and the benefits. Additionally, there are statutory protections and administrative processes for members to appeal a health insurer's decision, both directly with the insurer and through an external review process facilitated by DCBS. This oversight exists to protect consumers and ensure timely decision-making.

If you ever have a problem with your health insurance company, DCBS provides a free service that helps resolve these issues quickly. They contract with independent review organizations, staffed by clinical experts, to review cases and make final, binding determinations with which insurance companies must comply.:

- External reviews are completed within 30 days
- In certain circumstances, claimants may be eligible for expedited review – those cases are determined in 72 hours

- In the first six months of 2025 alone, DCBS facilitated the review of 278 cases. In 2024, a total of 415 cases were reviewed¹.
- All this assistance comes at no cost to consumers

If an insurance company fails to comply with the determination made by the independent review organization, the member has the statutory right to sue the insurer.

This is just one of DCBS' many structures to resolve consumer complaints and appeals. From January – September of 2025, the Department's consumer advocates returned more than \$5.6 million to consumers across all of its regulated lines of business².

What HB 4098 would change

HB 4098 would allow class-action lawsuits against insurance companies for practices that are currently handled by state regulators and clinical experts. While this might sound like it gives consumers more power, it actually creates a more expensive, slower system that would ultimately hurt all Oregonians.

Here's why:

1. **Higher costs for everyone:** If insurance companies face more lawsuits, they have to raise premiums to cover these new legal expenses. This means everyone pays more for health insurance, even if you never file a claim.
2. **Slower resolution:** Lawsuits often take years to resolve. The current system through DCBS resolves problems within a month, with the option of 72-hour expedited review in certain cases.
3. **Less money to consumers:** In consumer cases, attorneys typically take a significant portion of any settlement. With DCBS, 100% of recoveries go directly to the impacted consumers.

¹*Division of Financial Regulation : IRO Case Detail Report : What does my health plan cover? : State of Oregon.* (n.d.). Oregon.gov; IRO Case Detail Report : Division of Financial Regulation. Retrieved January 29, 2026, from <https://dfr.oregon.gov/insure/health/understand/coverage/Pages/iro-decision-report.aspx>

²*Division of Financial Regulation : Oregon consumer advocates help recover nearly \$2 million for Oregonians in third quarter; over \$5.6 million for the year : 2025 News Releases : State of Oregon.* (2025). Oregon.gov; Consumer advocates helped Oregonians get more than \$1.2 million in second quarter 2025 : Division of Financial Regulation <https://apps.oregon.gov/oregon-newsroom/OR/DCBS/Posts/Post/nearly-2-million-dollars-recovered>

4. **Confusion about coverage:** Given that most commercially insured Oregonians are on federally regulated plans, consumers are likely to be promised remedies by attorneys that may not exist for their specific policy. DCBS has the appropriate expertise to ensure consumers receive accurate information about their rights.

The bill lacks evidence of need

Supporters of this bill haven't shown any evidence that class actions would actually help consumers more than our current system. What we do know is that it would make health insurance more expensive for Oregon families and businesses. Our estimates indicate that a family of four could end up paying an additional \$48 per year in premiums solely due to increased litigation costs were HB 4098 to pass.

HB 4098 also creates deviance from national best practices practice. The vast majority of states rely on administrative resolution processes for health insurance claims violations³. The National Alliance of Insurance Commissioners Unfair Claims Settlement Practices Act Model Law, which current Oregon statute follows, explicitly does not recommend class-action lawsuits for claims-related violations⁴.

Real world evidence

Florida's Assignment of Benefits (AOB) litigation phenomenon provides a case study of how broad private first and third party rights of action drive up insurance costs without enhancing consumer protections:

- After expanded private rights of action, AOB lawsuits skyrocketed 94%⁵.

³National Association of Insurance Commissioners. (2023). PRIVATE RIGHTS OF ACTION FOR UNFAIR CLAIMS SETTLEMENT PRACTICES [Review of PRIVATE RIGHTS OF ACTION FOR UNFAIR CLAIMS SETTLEMENT PRACTICES]. Retrieved January 28, 2026, from <https://content.naic.org/sites/default/files/model-law-chart-mc-55-private-rights-of-action-for-unfair-claims-settlement-practices.pdf>

⁴National Association of Insurance Commissioners. (1997, January). *NAIC Model Law #900: Unfair Claims Settlement Practices Act*. NAIC Model Laws, Regulations, Guidelines, and Other Resources. <https://content.naic.org/sites/default/files/model-law-900.pdf>

⁵Insurance Information Institute. (2019). Florida's assignment of benefits crisis: Runaway litigation is spreading, and consumers are paying the price. https://www.iii.org/sites/default/files/docs/pdf/aobfl_wp_031319.pdf

- Policyholders paid \$2.5 billion extra in legal costs alone (not including settlements costs).
- 11 property and casualty insurance companies liquidated, destabilizing Florida's insurance market⁶.
- In 2023, the Florida legislature backpedaled from the expanded rights of action, including eliminating AOBs for new property insurance policies.

A Milliman study conducted on behalf of the American Property and Casualty Insurance Association assessing impacts of passing last year's version of this bill (SB 174) estimated an average annual premium increase for property and casualty insurance policyholders of 7-16%⁷. Increases within specific lines of business were predicted to be much higher.

Conclusion

Our current consumer protection system for insurance works well. It provides quick, free help to Oregonians when they need it. HB 4098 would dismantle this efficient system with expensive, time-consuming litigation – raising costs for everyone, moving Oregon away from national best practices, burdening the court system, destabilizing the insurance market, and impeding consumer access to timely resolution.

I respectfully urge you to oppose House Bill 4098 and maintain Oregon's robust and effective consumer protection process.

Thank you for your consideration.

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⁶Is the Broken Florida Homeowners Insurance Market Finally Fixed? | JD Supra. (2022). JD Supra.
<https://www.jdsupra.com/legalnews/is-the-broken-florida-homeowners-7290485/>

⁷Jones, D., & Schaafe, D. (2025). Review of Oregon Bill SB 174. Milliman.
<https://olis.oregonlegislature.gov/liz/2025R1/Downloads/PublicTestimonyDocument/147029>