

Health Insurance Reform Advisory Committee (HIRAC)

Meeting Minutes

January 19, 2005

10:00 AM – 12:00 PM

Conference Room B

Labor & Industries Building

350 Winter Street NE

Salem, Oregon

I. ESTABLISHED QUORUM

Members Present: Dean Kortge, Steve Tagmyer, Marla Blagdon (for Ed Nieuburt) Steve Doty, Kim Wirtz (for Ruth Rogers-Bauman), Rocky King, Lisa Trussel, Lori Long, Nancy Nevins, and Laura Cooper.

Members Absent: Rick Rebel, Lynn-Marie Crider, Ellen Pinney, LoriAnn Sheridan, Angela Kimball, and Dr. Bruce Goldberg.

Insurance Division Staff Present: Joel Ario, Shelley Bain, Linh Nguyen, Gayle Woods, and Elizabeth McMahon.

Others Present: Muriel Dittler, Tom Jovick, Gwen Dayton, Pam Lally, and Sarah Reeder.

II. CALL TO ORDER

Administrator Joel Ario called the HIRAC meeting to order at 10:09 a.m. on January 19, 2005 at the Oregon Insurance Division in the Labor & Industries Building in Conference Room B.

III. APPROVAL OF MINUTES

The minutes of the November 17, 2004, HIRAC Meeting Minutes was motioned for approval by Joel Ario.

Dean Kortge asked for a change on page 2 under the Consumer Driven Health Care section from “employer’s responsibility” to “should be provided by the employer.” In addition, it was not made clear under this same section that healthcare provider fees was the subject under discussion and therefore, will need to be revised to highlight this fact. Dean moved to adopt the minutes as amended and Lori Long seconded the motion. The November 17, 2004 HIRAC Meeting Minutes were approved as amended.

IV. OLD BUSINESS

1. Update on COB – Muriel Dittler and Gwen Dayton

The working group met on January 6, 2005 and focused revisions to the coordination of benefits (COB) language. A proposal will be presented at the next HIRAC meeting scheduled in March 2005.

The changes affecting the COB language will be by administrative rule. Joel expressed a concern that a consensus on the final COB language become part of the final process. All carriers will be provided with an opportunity to discuss with HIRAC their opinions and concerns regarding the new COB language.

The next working group is scheduled at ODS on February 3, 2005 at 10:30 a.m. A red-lined copy of the proposal and comparison will be presented.

2. Quarterly Enrollment Reporting

a. Quarterly Enrollment Reporting Workshop – Shelley Bain and Linh Nguyen

Linh reported that the workshop was successful and focused on the quarterly data reporting by carriers and the common reporting problems identified by the Division. The Division made substantial changes to the Quarterly Enrollment Reporting form. Carriers will be required to resubmit data for all four quarters of 2004. The deadline for carriers to resubmit 2004 data is May 16, 2005.

The definition and categorizing of small employer groups for both Oregon SEHI and HIPAA is a problem identified by the Division. Carriers expressed some concern that the Insurance Division's laws concerning HIPAA groups may be in conflict with ERISA.

b. Trends in the Marketplace – Joel Ario

Joel asked carriers about the causes of current marketplace trends. Carriers noted that the trends observed during the past two years can be linked to the following:

Decrease in membership (rise in the number of uninsured)

- Individuals dropping from certain public programs.
- Dependents leaving (voluntarily and involuntarily) an insured employer group plan.
- Membership decline in Portability as a result of price increases.
- Large groups leaving coverage within Oregon to acquire coverage under a parent corporate group plan in the parent's home state. This may create a misconception of a rise in the number of uninsured.
- Large groups getting self-insured. This may create a decrease in membership of large groups.
- Enrolling new groups and individuals is difficult.
- Definition of employment/part-time status resulting in the exclusion of possible eligible employees for employer based coverage.
- Participation requirements set by carriers make it difficult for some small employer groups to meet.

c. Transparency – Joel Ario

The Committee discussed the need for more transparency in the healthcare market, both by providers and insurers.

There is concern that consumers are getting "sticker shock" from the prices of health care services and the lack of transparency in its costs to consumers which could lead to consumers delaying preventative services they may need but perceive as an unnecessary expense. Many consumers do not make the effort to become "informed decision-makers" with the current

information available to them, as they do not pay attention to the network and costs associated to certain medical services they obtain.

Transparency is also a concern for consumers with HSAs linked to a health plan. A question was raised whether consumers are being charged non-negotiated charges when they are being quoted a price that is a non-negotiated price.

d. Implementation of Health Care Reform – Pre-existing Condition Waivers – Joel Ario

ODS is the only carrier currently issuing plans with pre-existing condition waivers allowed under the 2003 health reform bills. HealthNet has no plans to issue such plans this yet. Regence has not made a final decision concerning the waivers. Kaiser is currently not issuing any plans with pre-existing condition waivers; however, it is reviewing the possibility of doing so in the future. Currently, all carriers are limiting the plan in which an individual may enroll in and are also using the 2.5 rate band. Laura Cooper questioned whether the waivers are not being utilized as a result the language of the statute and whether changes to the language are necessary.

3. Health Statement – Shelley Bain

The final version of the revised health statement is available on the Insurance Division's web-site at www.oregoninsurance.org. The change in the genetic statement made it on the final version of the health statement.

4. Portability Plans – Shelley Bain

Some carriers have questioned the minimum co-payments in the new portability plans and whether carriers can offer richer plans than the revised plans set forth. The Division has allowed carriers to offer lower minimum co-payments. Carriers could offer more generous benefits; however, the carrier would need to show that the richer benefits are being offered at the same rates as plans designed by HIRAC could be offered. The intent of portability is to "help" consumers obtain coverage at reasonable and affordable prices. Shelley will check enforcement and exceptions concerning this issue and the number of carriers that have been allowed to modify its benefit structures to be more richer than those set by HIRAC and if there are any complaints received by the Insurance Division as a result of it.

V. NEW BUSINESS

Oregon SEHI and HIPAA Small Groups – Shelley Bain, Linh Nguyen, and Nancy Nevins

A memo was distributed outlining the interpretation made by the Division regarding the administrative rules, statues, and federal code defining small employer groups for both Oregon SEHI and HIPAA. Nancy expressed a concern regarding the conflict between state and federal law concerning HIPAA small employer groups.

The Committee requested a review of the federal and state laws concerning small employer groups is necessary. Shelley Bain and Linh Nguyen will work with Kim Wirtz and Nancy Nevins to address the interpretation of small employer groups (Oregon SEHI and HIPAA) based on the state and federal definitions for them and the impact it creates on the small employer group marketplace. The issue will be brought back to HIRAC in March.

VI. OTHER ISSUES

1. *Bid-Rigging – Joel Ario*

There may be a need for administrative rules based on the NAIC model regarding producers that are receiving compensation from the purchaser. The administrative rule would be based on the NAIC model requiring producers to disclose their obligations if money will be received from both sides of the deal (the purchaser and the insurer).

2. *Fake Insurance– Joel Ario*

Douglas Beck, Market Analyst at (503) 947-7204 is handling the Division's "Fight Fake Insurance" campaign. All concerns and "tips" should be forwarded to Mr. Beck. Oregon has done some "Cease and Desist" orders related to this issue; however, Joel hasn't heard from consumers victimized from these scams yet. Joel will have Mr. Beck call Steve Tagmyer at 503-635-1477 or steve@clientfirstgroup.com and Laura Cooper at 541-302-6527 or laura@lauracooper.com regarding concerns they have on the subject.

VII. AGENDA ITEMS FOR NEXT MEETING

The following items will be brought to the next HIRAC meeting as a result of issues discussed during this one:

- Genetic Statement
- Portability
- Interpretation of HIPAA Small Employer Groups

VIII. DATE, TIME AND PLACE OF NEXT MEETING

The next HIRAC meeting is scheduled for March 16, 2005 at 10:00 AM in L&I Building Conference Room B.

IX. ADJOURNMENT

No further discussion was held and Joel Ario adjourned the meeting at 11:46 a.m.