

Health Insurance Reform Advisory Committee (HIRAC)

Meeting Minutes

May 18, 2005

10:00 AM – 12:00 PM

Conference Room B
Labor & Industries Building
350 Winter Street NE
Salem, Oregon

ESTABLISHED QUORUM

Members Present: Lisa Trussell, Nancy Nevins, Lori Long, Kim Wirtz, Dan Field, Steve Doty, and Rocky King.

Members Absent: Lynn-Marie Crider, Ellen Pinney, LoriAnn Sheridan, Angela Kimball, Steve Tagmyer, Marla Blagdon, Rick Rebel, Dr. Bruce Goldberg, Dean Kortge, and Laura Cooper.

Insurance Division Staff Present: Joel Ario, Shelley Bain, Rhonda Saunders-Ricks, Douglas Beck, Tamra Prevett and Elizabeth McMahon.

Others Present: Muriel Dittler, Tom Jovick, Jim Gravette, Grace Flux, Mark Jungvirt Kim Whitley, John McCulley, Betsy Earls, Lauren Sommers, Pam Lally, Ellen Landolf, and Kevin Earls.

CALL TO ORDER

OID Administrator Joel Ario called the HIRAC meeting to order at 10:13 a.m. on May 18, 2005 at the Oregon Insurance Division in the Labor & Industries Building in Conference Room B.

APPROVAL OF MINUTES

The minutes of the March 16, 2005, HIRAC Meeting Minutes were reviewed. Steve Doty moved to adopt the minutes. Kim Wirtz seconded Mr. Doty's motion. The March 16, 2005 HIRAC Meeting Minutes were approved and adopted.

DISCUSSION

Update on AHPs - Use of Health status in group health insurance plans

The Insurance Division is considering issuing a Bulletin on the use of health statements and rating practice for Oregon associations. The Division has received complaints and inquires that carriers are rating subgroups of associations independent of the association as a whole, and that some associations are using health statements to determine eligibility in an association health plan. Division staff are concerned that use of health status or

claims experience within an association could result in companies creaming off the best risk, leaving the bad risk in the small group market.

Shelley distributed a rough draft of a proposed bulletin that attempts to get at the fundamental issue that, "A group is a group." A group, whether its called an association, a MEWA, an employer group or something else – it is a group for purposes or the Insurance Code and all groups must be treated the same. The group or the association as a whole should be rated as a group and not individual subgroups.

Committee Discussion

Within a group or an association, health status or health statements should not be used to determine the actual expected health status of individuals within the group.

Mr. Ario asked the committee members if any carriers currently use claims experience for rating subgroups within an Association.

Carrier representatives indicated that they did not know the answer and would need to check with their underwriters.

Lori Long suggested that carriers take some time to research this issue and will get back to the Division before the next Committee meeting.

Mr. Ario asked the carriers to prepare a memo for the Insurance Division offering their concerns and arguments for or against the Bulletin.

Update on COB – Muriel Dittler

Muriel Dittler reported that the COB subcommittee met on April 19, 2005. The committee did not reach an agreement on payment obligations of the secondary payer when contracted rates with the provider are higher than the primary carrier's contracted rate.

The subcommittee intends to review the newly adopted NAIC COB model act regarding the intent of Act concerning secondary payers.

Committee is meeting on May 19, 2005. Ms. Dittler will then convene the full subcommittee to discuss the secondary payer issue. Ms. Dittler reported that the subcommittee is using the NAIC model as a guide but that the subcommittee's proposal will not follow NAIC model on all issues.

Kevin Earls of the OAHHS reported providers came into the discussion understanding that the updated rules were intended to reflect changes in the NAIC model, and that secondary payer issue is a critical issue.

Ms. Dittler suggested that when the subcommittee was formed, they were interested in updating Oregon's COB rules, not adopting the NAIC model. Pam Lally of Regence commented that the COB process was started about 5 years ago, long before the NAIC agreed to revise the model act.

Kevin Earls argued that Oregon has typically followed the NAIC model; however, carriers do not think that is the case. As far as following the NAIC model, Joel says the answer depends on the issue, in some cases Oregon does follow very closely to the NAIC (products) and in other cases Oregon does not.

SEHI Census Form Subcommittee Update

Shelley Bain reported that the SEHI Census Subcommittee has met twice. The subcommittee now has a draft census form which Shelley distributed. The subcommittee is meeting on May 19 to continue working on the form.

Legislative Update

Joel Ario gave an update on current legislation involving health insurance.

- Senate Bill 1 has passed the Senate and is currently in the House. The Division has not been heavily involved with this Bill.
- Senate Bill 501 also passed the Senate and is now in the House.
- Senate Bill 1040 passed the Senate and is now in the House.
 - Mr. Ario asked if the Committee members had seen the Insurance Division analysis of SB 1040 and SB 501. The analysis was sent to Senators, and it is posted on the Insurance Divisions website. Ms. Bain will see that all the HIRAC members get a copy of the analysis.
- House Bill 2772, the Guaranteed Associations Bill, is still in the House.

Rates and Forms Policy Review – Joel Ario

Joel Ario reported that the Division has received some inquiries as to the manner in which forms are being reviewed by the Rates and Forms Section. The concern is that analysts are reviewing form sections that have previously been approved and are now disapproving these forms. Mr. Ario stated that generally the Division does not go back and review forms that were previously approved when a carrier is only submitting a red-lined copy. However, if during the course of the review of the red-lined copy something seems to be in error or not in compliance, the analysts will review those items. Most commonly what triggers a review of a previously approved form is a consumer complaint.

The Division has two new health analysts and as part of their training, they are reviewing the entire forms, not just red-lined copy. If they see something in the form that is clearly wrong, they are going to bring it to the attention of the carrier.

Ellen Landolf argued that it is not carriers responsibility to provide education or training to the Insurance Division staff.

Mr. Ario stated that generally he agrees, but, there must be some flexibility if an analyst is asking a carrier for clarification. Often the analysts is only asking the carrier to explain how a particular provision complies with the Insurance Code.

Dan Field suggested that Shelley Bain, Market Conduct staff and the Rates and Forms health analysts maintain open communication within the Division to ensure that everyone is on the same page. Mr. Ario agreed that open communication is important.

Portability Plans

Shelley Bain reported that an issue has been identified with the revised Portability plans and that there is no longer a limitation on the number of days for skilled nursing facilities, and home health care. Ms. Bain stated that the Portability subcommittee never discussed doing away with the limitation matrix.

The Committee agreed to recommend that the Director approve reinstating the limitations that were in place prior to the revisions.

Shelley Bain also reported that some carriers are concerned that the preventive care benefit in the revised portability plans are not defined and that there is confusion on the low-cost drug benefit, (\$20 or 20%, whichever is less, or whichever is greater).

This issue will be placed on the agenda for the next meeting.

DATE, TIME AND PLACE OF NEXT MEETING

The next HIRAC meeting is scheduled for Wednesday, July 20, 2005 at 10:00 AM in L&I Building Conference Room B.

ADJOURNMENT

Joel Ario adjourned the meeting at 12:04 p.m.