

Health Insurance Reform Advisory Committee

June 10, 2004
9:00 AM
Conference Room C
Labor & Industries Building
350 Winter Street NE
Salem, Oregon

HIRAC Members Present: Joel Ario, Shelley Bain, Ruth Rogers Bauman, Lynn-Marie Crider, Steve Doty, Howard "Rocky" King, Dean Kortge, Nancy Nevins, Ed Nieubuurt.

Members Absent: Cory Streisinger, Laura Cooper, Barney Speight, Lisa Trussell, Angela Kimball, Lori Long, Rick Rebel, Ellen Pinney, LoriAnn Sheridan, Steve Tagmyer, Bruce Goldberg, MD.

Staff Present: Elizabeth McMahon

Call to Order

Joel Ario convened the June 10, 2004 HIRAC meeting at 10:10 a.m. in Conference Room C.

Approval of Minutes (April 29, 2004)

The April 29, 2004 minutes were approved with the following corrections: Change the word **recessions** to **rescissions** and include last names of "King" after Rocky and "Bain" after Shelley.

Health Reform Update (Rate Bands)

Joel gave an update on the Health Reform Bills and carriers' use of the 2.5 to 1 rate band. One health filing submitted to the Insurance Division requested increases above 50%. The Division is concerned about the effect of such increases on older groups.

Rocky voiced a concern that the reform bills were sold to the legislature as a means to attract younger groups, but are instead being used to push out older groups.

Ruth explained that the rates should be revenue neutral – offsetting increases to one side with decreases on the other side.

Shelley stated that the Division would evaluate the numbers every quarter. However, at this time the Division does not have enough data to give a substantive report.

SEHI Commission rate

Shelley reported that it has come to the attention of the Oregon Insurance Division that some carriers have implemented SEHI commission rate practices that are not in compliance with Oregon insurance laws. These carriers base commission rates for group health plans on the number of employees/enrollees in the group and/or paying a lower percentage of premium or amount per employee/enrollee on groups with less than 10 employees/enrollees than they pay on larger groups. The Division believes such practices are a violation of the Insurance Code.

Rocky asked if the Division would issue a bulletin.

Joel indicated that when a final decision is made the Division will put that information out.

Dean stated that Pacificare uses this type of commission scheme.

Joel stated that such practice is not allowable and that enforcement is the weapon to address this problem.

Health Statement Recommendation

Shelley reported that the Sub-Committee has finalized the Health Statement revisions and that the Sub-Committee is asking for the Committee's recommendation.

Shelley noted that at the last meeting there was a request for more time to evaluate the changes. No one has submitted additional comments. Shelley spoke to Lori Long and she recommends that HIRAC approve the revisions and recommend that the Division go forward with rulemaking.

There was a discussion of modifications to Oregon Health Statement. Joel asked if the Committee had a motion. Ruth moved that the Committee recommend that the revisions be approved and that the Division go forward with rule making. Rocky seconds. The motion carried with all members agreeing.

Update on House Bill 2537

Rocky King gave an update on HB 2567. IPGB is developing alternative plans for small employer groups that will be inexpensive with benefit reductions (fewer mandated benefits). The idea is to develop an inexpensive plan for children and a catastrophic plan for adults.

The Board has concerns with ERISA and currently has two ERISA attorneys looking at the plans.

Rocky stated that they plan to target businesses that have not offered health insurance since July 1, 2003.

The question was asked if these plans will threaten the small group market? They are not intended to undermine the current SEHI market.

Rocky indicated that currently no state has been successful with this type of alternative plan; however, the Board believes that a children's only health insurance plan might work.

Portability Subcommittee Update

Shelley reported that the Portability Subcommittee has had one meeting. The sub-committee is looking at moving away from indemnity to PPO-type plans.

The Committee discussed the inclusion of a HSA eligible plan in the low cost portability design. The concern is that this type of plan is not truly low cost.

The next meeting is June 23, 2004. The sub-committee's final recommendations will be brought to HIRAC for final approval.

Health Care Tax Credit

Shelley gave a report on the Health Care Tax Credit. Currently Oregon does not have a state approved plan. The Division is still working with carriers to get an eligible plan and also looking at other alternatives.

Other issues

Ed asked where the Division is on Coordination of Benefits. Shelley stated that the Division has no plans to go forward with a statutory change. Shelley will have a COB update for next meeting.

Next meetings date and time

The Committee would like a timeline on the portability plans from the subcommittee before scheduling another meeting.