

# **Health Insurance Reform Advisory Committee**

## **Minutes**

**August 4, 2004**

**2:00 PM – 4:00 PM**

**Conference Room B (Basement)**

**Labor & Industries Building**

**350 Winter Street NE**

**Salem, Oregon**

### Members Present:

Joel Ario, Shelley Bain, Rick Rebel, Dean Kortge, Steve Tagmyer, Ruth Rogers Bauman, Nancy Nevins, Rocky King, Laura Cooper, Ed Nieuuburt, Lori Long, Steve Doty, Jann Goodpaster,

Members Absent: Bruce Goldberg, Lynn-Marie Crider, Barney Speight, Lisa Trussell, Ellen Pinney, LoriAnn Sheridan, Angela Kimball

Others present: Kim Wirtz, Muriel Dittler, Kathleen Barrie, Kathi Kalk

### **Call to Order**

Joel Ario convened the August 4, 2004 HIRAC meeting at 10:10 a.m. in Conference Room B.

### **Approval of Minutes (April 29, 2004)**

Joel Ario asked for a motion to approve the June 10, 2004 minutes. Dean Kortge moved the minutes be approved, Ruth Rogers Bauman seconded the motion. The June 10, 2004 minutes were approved.

### **SEHI Agent Commission Update**

Shelley Bain distributed a draft bulletin the Division proposes to issue concerning SEHI premium rates and Producer commission rates.

Joel Ario explained the bulletin's content, explaining the premium rates charged for SEHI health benefit plans are allowed to vary only for certain specified reasons. Neither the number of employees nor the total number of enrollees is an allowable basis for varying premium rates. Since commissions are a component of premium, the commission rate is to be the same for all plans subject to small employer rating requirements. If the commission rate is a percentage of total premium, the percentage is to be the same regardless of the number of employees or enrollees in the group. If the commission rate is an amount per employee/enrollee, the amount per employee/enrollee is to be the same regardless of the number of employees/enrollees in the group.

The bulletin will go out on E-notify and the likely issuance date is the week of August 16<sup>th</sup>. Joel asked if anyone had substantive change recommendations to get in touch with Shelley by Friday, August 13, 2004.

### **Oregon Standard Health Statement Update**

Shelley Bain reported the Oregon Standard Health Statement Revisions, approved by HIRAC and sent to the Director for approval have been approved and the Division is moving forward with rulemaking. The rulemaking notice was filed on August 3, 2003. There will be a public hearing on September 9, 2004, and the last day for comment September the 16, 2004.

Members were asked to communicate any comments prior to the hearing to Shelley.

There was some discussion of the effective date and whether carriers could start using the new health statement prior to the effective date. Joel said this issue could be discussed at the hearing and asked for recommendations from carriers to be presented at the hearing.

### **Portability Subcommittee Report**

Shelley presented the Subcommittee's recommended changes to the portability plans (see attached matrix). Shelley also explained the subcommittee is seeking guidance from HIRAC on whether to explore the possibility of developing a low cost portability plan with a very high deductible plan (\$15,000-\$20,000).

Laura Cooper explained her recommendation for the high deductible plan and presented examples of plans currently in the market. The idea would be to get people who are not currently purchasing portability insurance by developing a true low cost plan. The idea is to develop a true low cost plan that has very good benefits once the deductible is met, to get people who do not currently purchase a portability plan to purchase this low cost option.

Joel noted this plan would be different from the high deductible health plans, which meet the requirements for a Health Savings Account under IRS rules.

A section of a US Life Excess Major Medical Benefits policy G-19001 MM-2(E) High Deductible Health Plan was distributed. The average person must wait 5 years to receive benefit from this plan; however the plan is guaranteed issue. Laura indicated consumers need high-quality benefits if someone becomes catastrophically ill. Laura asked the committee look for a plan that prevents bankruptcy.

Rocky indicated he believes the Portability Plans are intended for a shorter period of time, 6 months to a year. Joel asked how many on the committee thought the subcommittee should continue to look at creating a High Deductible, Low Cost, Portability Plan?

Comments from the committee included:

Laura stated a high deductible plan will keep a lot of people in the market that would otherwise go away.

Joel stated it is likely a narrow market segment will buy this type of plan.

Dean stated the plan is too expensive and the deductible is too high.

The committee members voiced concerns about cost and the market segment that would buy the plan.

Laura suggested getting some estimates from US Life.

Steve asked about the time frame for making changes.

Joel indicated the sooner the better for getting a portability plan that is more marketable; however there is no legislative time frame. Joel is concerned that this type of plan may not be the right market niche for this to work.

Ed asked how the proposed PPO would work, i.e. HMO and Indemnity design.

Shelley says she believes the committee has the authority to add PPO design.

Rocky made a motion to adopt the 2 portability low cost and prevailing benefit designs. Motion was seconded by Rick and followed by discussion. **No firm date was set for filing deadline.** Motion to adopt benefit design plans passed.

The Director may correct the plans if needed. Joel will move benefit designs to the Director's office as soon as possible. Benefit designs may be filed sometime in early September. Joel and Shelley asked the committee to get back to them if they have any concerns. Rocky stated the Director has the option of sending the plans back to the committee.

Next Meeting will be September 29<sup>th</sup> from 10 to 12 in Room B.

Items for next meeting's agenda:

Consumer Driven Healthcare and accountability.

Transparency, infrastructure (electronic RX)

Pay for performance (market incentive)

Cost shifting for provider taxes

Legislation impacting Small Group and Individual Market

HSA's – Joel asked carriers to report on what is happening with the various insurers. How is it going or not going? What are the insurers' strategies?

LC IPGB

Coordination of Benefits – Muriel Dittler