

Health Insurance Reform Advisory Committee

Minutes

September 28, 2005

1:30 PM – 3:30 PM

Conference Room B (Basement)

Labor & Industries Building

350 Winter Street NE

Salem, Oregon

ESTABLISHED QUORUM

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

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

Insurance Division Staff Present: Joel Ario, Shelley Bain, Kristin Persson, Michael Morter, and Elizabeth McMahon.

Others Present: Muriel Dittler, Jim Gravette, Grace Flux, Jessica Adamson, Jeff Dean, Patrick Hansen, Tina Kennedy, and Ellen Landolf.

CALL TO ORDER

Oregon Insurance Division Administrator Joel Ario called the HIRAC meeting to order and Joel had everyone introduce themselves.

APPROVAL OF MINUTES

The minutes of the August 3, 2005, HIRAC Meeting Minutes were reviewed. The August 3, 2005 HIRAC Meeting Minutes were approved and adopted.

DISCUSSION

Senate Bill 1 – Joel Ario

Mr. Ario reported that the Division has received a number of calls about Senate Bill 1. Questions that have been raised include: Does SB1 need rule making or not, and if it does, on what issues? What is a mental or nervous condition as this is not specifically defined in the statute? The Division may consider rulemaking to define the terms. The Division will likely begin forming

an advisory committee towards the end of the year with a timeline of doing rulemaking mid 2006.

Kim Wirtz reminded the Committee that the Portability plans should be on the radar screen. When the rules are adopted the plan will need to be revised.

Associations Bulletin – Joel Ario

Mr. Ario thanked the carriers for the information received concerning the proposed bulletin on association plans. The Division has received information about rating schemes that would conflict with the proposed bulletin. It is important that the Division have clear examples in the marketplace where there would be conflict between what the Division is proposing and current market practices. However, the Division continues to hear from the agents who have concerns about some of the current practices in the association market.

Steve Doty could not attend the meeting but asked that his strong arguments against not issuing the proposed bulletin that carriers may not use health status in groups that would otherwise be small groups under SEHI will harm the market. Steve believes that failure to hold the line on this will cause deterioration of the small group market.

The Division has heard from one carrier (Pacificare) in a very strongly worded letter that they do not use tier rating for associations. However, unless Oregon makes it clear that all carriers must rate that way, they will be forced to accommodate the market standard and they believe that such action would further cause deterioration in the small group market.

Mr. Ario presented the committee with a revised document proposing administrative rules for association plans.

Underwriting

- (1) A carrier offering a group health benefit plan to an association, trust, discretionary group, or fully insured multiple employer welfare arrangement, shall not use health statements or other information revealing the individual health status, the risk status, or claims experience of any eligible individual, or any eligible subgroup that is also an Oregon SEHI group, to determine acceptance or rejection of an individual or a subgroup, otherwise eligible for membership in the association, or to determine the premium rates of an individual or a subgroup, otherwise eligible for membership in the association, except:
 - (a) To determine the risk status or claims experience of the group as a whole;
 - (b)
 - (c) A carrier may use health statements to determine the application of a preexisting conditions provision for a late enrollee;

- (2) Permissible criteria for the declination of an association, trust, discretionary group, or fully insured multiple employer welfare arrangement, as a whole, include such factors as:

- (a) The risk status or claims experience of the group as a whole; and
- (b) The financial condition of the group as a whole.

These rules would confirm that there can be no use of health statement or proxy for health statement. He ask if there should be exceptions to number 1. Should there be exceptions based on the current practice?

Mr. Ario asked the committee if the Division should entertain what should or should not be allowed for rate tiering. Claims experience could be one possibility.

The Committee discussed whether or not associations would deteriorate the SEHI market. Mr. Ario asked if rate tiering is the main issue that people want. What kind of rate tiering should be allowed?

Mr. Ario asked the Committee if there is evidence that premium rates for a SEHI group in an association is greater, less, or the same as premium rates in the SEHI market. He would like carriers give specific examples and evidence to the Division.

Ms. Bain explained that the purpose of doing a bulletin was not to change the law or change the rules, but to clarify our interpretation of it. Mr. Ario explained that the issue, at least in part, conflicts with our statutes.

Nancy Nevins asked for clarification on what information the Insurance Division needs.

Ms. Bain explained that the Division would like to know how the sub-groups within an associations are rated, what factors are used, what small employers currently pay for their health coverage in an association vs. how much they would pay if they were in SEHI.

NEW BUSINESS

Pregnancy Exclusion Period – Joel Ario

Mr. Ario explained that carriers have health policies that continue to use exclusion language for pregnancy and childbirth expenses. The Division believes that such an exclusion is a violation of the statutory mandate for coverage of pregnancy and childbirth expenses. Carriers may impose a six-month preexisting conditions provision on pregnancy in the individual market; however, an exclusion period violates the mandate.

Subcommittee for Senate Bill 501 – Shelley Bain

Ms. Bain reported that the subcommittee has met and discussed several issues including how carriers can do the reporting for the requirements in 501. The first draft of a form was developed and there were changes recommended. Next meeting is Monday, October 3.

OLD-BUSINESS

COB Subcommittee Update – Muriel

Mr. Ario reported that there seems to be a consensus now with what the NAIC model says. The burden for moving away from the uniform standards will be on those who would like to move away from the model.

Muriel agreed that Joel is correct as far as consensus having been reached concerning what the NAIC model act says. However, there is disagreement on how different carriers actually apply COB.

SEHI Census Form Subcommittee Update – Shelley

No additional work has been done since the last HIRAC meeting. The next meeting is scheduled for Monday, October 3, but will be rescheduled because the SB 501 meeting has been scheduled for the same day.

Shelley hands out a letter to the Committee from Dr. Austin concerning clinical breast examinations.

DATE, TIME AND PLACE OF NEXT MEETING

The next HIRAC meeting scheduled for Wednesday, November 16, 2005 at 10 a.m. in L&I Building Conference Room B will be rescheduled.

ADJOURNMENT

Shelley Bain adjourned the meeting at 3:03 p.m.