

**Health Insurance Reform Advisory Committee  
Meeting Minutes  
December 17, 2001**

**Members Present:**

Mary Neidig, DCBS Director  
Rocky King, OMIP  
Dean Kortge, Pacific Benefits Consultants  
Nancy Nevins, LifeWise  
Barney Speight, Kaiser Foundation Health Plan of the Northwest  
Wendy Van Elverdinghe, Oregon Health Action Campaign  
Lisa Trussell, Associated Oregon Industries  
Ruth Rogers Bauman, The Regence Group  
Ed Niebuurt, Providence Health Plan (via phone)  
Vicki Brister, Brister Insurance Services  
Lynn-Marie Crider, Oregon AFL-CIO

**Members Not Present:**

Mike McCallum, Oregon Restaurant Association

**Staff Present:**

Joel Ario, DCBS Insurance Administrator  
Lori Long, Senior Policy Advisor  
Maxi McKibben, Rates & Forms Assistant Manager  
Marcy Meink, Administrative Specialist

**Others Present:**

Peggy Anet, HIAA  
Mark Jungvirt, IPGB  
Dave Fiskum, Providence, PacifiCare  
Beau Williams, Healthnet Oregon  
John Powell, Regence

**Welcome and Agenda Review**

Mary Neidig welcomed everyone and reviewed the agenda.

**Minutes of last meeting**

The minutes of the October 15, 2001 meeting were approved as drafted.

## **Portability Work Group Report and Discussion**

Exhibits outlining recommended changes to the prevailing and low cost portability plans were distributed.. Barney Speight summarized the deliberations of the work group and gave an overview of the proposed changes to both plans.

### **Prevailing Portability Plan**

The work group recommendations to the proposed prevailing benefit matrix are intended to echo Oregon statute. Statute requires the portability prevailing benefit plan reflect the benefit coverages that are prevalent in the group health insurance market.

Major recommended changes include:

- increasing the deductible and stop loss;
- deleting the accident waived provision;
- allowing insurers to include preventive services based on their current plans that have the most enrollees; and
- allowing insurers to design the prescription drug benefit based on their prior RX plan with the most enrollees.

Prescription drug benefit design was discussed at length. Ruth Bauman stated the benefit should be consistent among insurers to accurately reflect Oregon statute. Ruth recommended, a cap on cost share specific to prescription drugs. Carriers must demonstrate that prescription drug benefits has an actuarial value of at least 75%. This would be a combination base line. An insurer could use formulary, tiers or other methods but the consumer cost sharing would not exceed 25% in the aggregate.

The Committee members all agreed on the need to be more flexible on the prescription drug benefit design to more accurately reflect today's fluid market. Some members expressed concern about the use of an insurer's "most prevalent RX plan issued in the prior 12 months" as a standard. Members questioned whether using this standard complies with the intent of the law. In particular, will the reconfigured RX benefit reflect the most prevalent standard in the group health insurance market? The committee asked staff to seek an opinion from Lewis Littlehales.

Barney Speight reviewed the proposed changes to "Preventive Services." The recommendation of the work group is to itemize "Preventative Services" into four categories: Immunizations, Well Baby, Well Child and Women's Health Care Services. This will more clearly identify which preventive services are to be provided and more closely follows prevalent group health plans.

Medicaid transplant services were changed to more clearly identify what benefits are provided under this coverage.

Members requested staff provide clearer definitions under footnotes for stop-loss, out-of-pocket maximums. The staff will revise and resubmit language.

Rocky King asked how the proposed recommendations applied to OMIP. Maxi McKibben said that if the new matrix is adopted, OMIP would have to state its reasons for not utilizing or

following this matrix. OMIP may elect to offer two “cookie cutter” portability plans as well as other plan options for medical eligible enrollees. This would be a decision of the OMIP board.

### **Committee Action:**

It is the recommendation of HIRAC to submit the proposed prevailing portability matrix to the director for review and approval.

### **Low Cost Portability Plan**

Barney Speight explained that most of the changes made to the low cost portability plan matrix are in the HMO column relating to cost share. It was suggested to change the prescription drug benefit to a 50/50 coinsurance cost share. Prescription drug and hospital benefits are not appealing at the cost sharing levels listed and low-cost plan is therefore not a popular option.. The question was raised as to what would the cost difference be if the plan provided a 50/50 prescription drug plan and a lower cost share for hospital stays.

Rocky King had questions about how many people were actually enrolled in this plan. The committee emphasized that we were trying to make the plan more appealing so more people do enroll. Rocky King commented that we need plans that are comparable to PPO plans because when people go from a PPO group plan to an indemnity portability plan they are subject to approximately 40percent more in out-of-pocket costs. This shouldn't be occurring – we need to make sure we're doing an accurate comparison.

The committee recommended that the work group meeting again to complete a proposed low cost matrix. **The sub Workgroup will meet again before January 25<sup>th</sup>**

### **Portability Plans – Rating Issues**

The Insurance Division staff is having difficulty with actuarial demonstrations received from insurers demonstrating consistently between the insurers' group rates and the portability rates. OID staff is looking at changing the consistently demonstration form 440-3051 to improve the form. Two areas that cause concern are rating periods being tied together between portability and group and the use of trend factors for each product. Portability and group rates are not required to have the same effective dates, but the demonstration should reflect the same factors in the development of the rates. A brief discussion took place regarding retrospective rates and how it fit into the development of portability rates. Maxi McKibben invited carriers to comment on this form and what, if anything, could be changed. Members were asked to contact Maxi within the next month with any suggestions.

### **IPGB Update**

Rocky King briefly discussed HB 2519 (2001) and HB 3126 (2001). Issues of discussion included what are basic benefits for both the small employer group market and for individual plans. There is a subgroup of HIRAC members and IPGB members working on the small group basic plan alternatives.

### **2003 Legislative Proposals**

Joel Ario stated that four weeks from today – 1/14/02, begins OID's internal process to get items on agenda for session. Joel would like to hear from carriers on issues regarding: rates and forms regulatory relief or other possible legislative proposals. Ed Nieubuert asked what the cost benefit ratio is for doing these types of things. There are a lot of different avenues being developed in the marketplace. Do we need to address these in the legislature? Ideas need to be put on the table to decide if they are or should be rules or legislation. Members are asked to contact Lori Long if they have any legislative proposals for consideration.

### **Committee Business**

Lori Long noted the committee work plan has been updated with new meeting dates through March 2002. Staff expects HIRAC will continue to meet monthly through May 2002.

### **Next Meeting**

Friday, January 25, 2002  
8:00 a.m.  
Room 260  
Labor and Industries Bldg.  
350 Winter Street  
Salem, Oregon