

**OREGON INSURANCE DIVISION
ADVISORY COMMITTEE
MEETING MINUTES
July 25, 2006**

Committee Members Present: Pam Jodock, Jim Davis, Dean Kortge, Laura Cooper (via phone)

Committee Members Absent: Justin Delaney, Laura Etherton, Rich Kingsley, Lisa Trussell

Insurance Division Staff Present: Carol Simila, Joel Ario, Jan Miller, Lewis Littlehailes, Shelley Bain, John Piper, Ron Fredrickson, Cece Newell

Others Present: Lana Butterfield, Toni Chodrick, Muriel Dittler, Nancy Nevins, Brian Milller, Ken Duong-Tran, Brad Weekly, Tom Jovick, Theresa Niebert, Margaret Van Valkenburg, Jack Munro, Diane Lund, Tiffany Harms, Ellen Landolf

I. Insurance Division Updates

A. Administrator overview-Joel Ario

1. Strategic planning in 3-year cycle
2. Web page is communication tool
 - a. Producer licensing and Consumer pages being updated.
 - b. Rates/Forms page continues modernization.
 - c. Market surveillance is doing targeted exams.
3. Legislative liaison position currently being recruited for.
4. Legislative concepts-
 - a. Health transparency
 - b. Consumer friendly language
 - c. Usual, Customary & Reasonable- More understandable language.
 - d. Med Mal- subsidies for rural area doctors program running out but only half the funds used. Discussions to re fund the program to keep it going.
 - e. Interstate collaboration- If other state rate and criteria are similar to ours, use theirs.
 - f. Medical discount cards-regulatory authority to be able to deny fraudulent ones.
 - g. Long term care-buying when younger and healthier may open market and reward consumers. Also change it so that the consumer doesn't have to spend down all assets to get into Medicaid.
 - h. Small group health care reform- continuing 2003 reform issues.
 - i. Credit scoring fact sheet going up on our site. This is in legislation.
 - j. Health care generally rising cost and affordability is biggest issue. Blue Cross BS is cutting rates by 16 % but eventually it will cycle up again.
5. Property Casualty hard market issues:
 - a. Construction contractor's task force is ongoing.
 - b. US Senate is talking about 'federal charter' idea for companies.

B. Rules--Lewis Littlehailes

1. Adopted-Health
 - a. No exclusions or waiver on pregnancy, childbirth and alcohol treatment.
 - b. Revised 'coordination of benefits' rules. Amended companies to comply with NAIC model by June 1 2007.
 - c. Workers comp- Rates reporting with loss info and update unit statistical plan.
 - d. Eliminated language regarding charitable annuities regulation.

2. Adopted-Property & Casualty

- a. Recovery of OIGA surcharge assessments. Amends requirement when insurer recovers more than they should have.
- b. SB 1- Mental health parity requiring coverage in cases of mental conditions and chemical dependency. This requires the insurer to treat these the same as a health condition. Effective Jan 1st 2007.
- c. Waiting on rulemaking for insider trading & proxy voting of insurers
- d. Filed notice of rulemaking, corrections, incorrect references, erroneous, or obsolete information.
- e. Service Contracts- Authorized bonding of proof of financial stability.
- f. COB's: Coordination of Benefits: Companies are required to adopt by June 07.

3. Upcoming rulemaking: Amending equity indexed annuities.

Recently adopted are on our website: insurance.oregon.gov, then laws and rules, then recent rules.

C. Publications –John Piper

1. Complaint book 2005 on web.
2. Price comparison surveys on the web. These are pricing scenarios for consumers.

D. Consumer Education Outreach Updates- Jan Miller & Carol Simila

1. New consumer outreach plan is geared toward making more visibility of our services in advocacy and partner with sister agencies. Jim mentioned to have a consumer group co-sponsor an outreach event. Jim to get the division a list of consumer advocacy groups that we can contact.
2. Carol does a one-hour CE class that agents can get credit for and a patient rights class for people with disabilities.

II. Property & Casualty Update-Cece Newell

A. CCTF Construction Claims Task Force-June 05 began the insurance segment to limit construction claims issues, make it more affordable, and accessible with out compromising the consumer protections. Study by American Actuarial Phase 2 coming. 50 different changes are proposed. Next meetings are July 26 and Aug 23rd in Rm 260, 9AM. The final changes will go to legislature in January 2007.

B. Credit scoring – Joel Ario –Did qualify for ballot in November. On new policies and renewals only. The Governor has taken a neutral position as does the division but we can provide information to the public by mail and Email. Fact sheet coming to our website. This will go in effect 30 days after passage.

III. Life & Health Issues- Joel Ario

A. Rate regulation- Insurance company profits are high causing consumer interest in rate regulation. Cost containment strategy meetings have been going on with the biggest insurers. Medical inflation has been outpacing all other sector's inflation.

B. SB 501 Transparency bill makes health data available and other information with current rating process. Report will be on web in mid-September.

C. Mental health parity - Shelley Bain

1. SB1- Final rules adopted. Deleted definition of 'provider', stayed with how mental nervous condition was described. IRO statutes discriminatory language regarding medical necessity. Shelley to have a training class in August on SB1 and COB.
2. Carriers also need to give the consumer fee information if they have the medical code.

3. Data call going out to hospitals about transparency of fees. August 10th meeting on legislative concept.
4. UCR-Need more standard way to describe this to be more easily understood by consumer.

D. External Review-Carol Simila

1. Passed by 2001 legislature, 5 external review organizations now. On website there is a snapshot of results since inception. Medical necessity and experimental procedures were the top two reasons for review. Continuity of care has not been a real issue of dispute. 27% are overturned in consumer favor. Statute states we have to make the results public, that is being worked on.
2. IPRO, Permedion and Imedecs stayed in as IRO org's, Hayes changed name to Imedecs, the new ones are Lumetra, and HCE.
Companies must obtain release of record for the IRO to review their information.

E. Health reform proposals- Joel Ario

1. Governor's 'Healthy Kids Initiative' outreach on how to cover all children.
2. 'Health Policy Commission' is charged with possibility of universal coverage for all Oregonians.

F. Long Term Care- Joel Ario

1. Trying to put laws in line with partnership, CE possibility in this area
2. Possible CE requirement to educate agents on LTC.
3. 2 legislative concepts proposed by DHS. Medicaid has to amend its statutes to comply with partnership act.

IV. Next meeting October 24, 2006 –Agenda Items

1. More consumer involvement in Advisory Committee. Maybe OSPIRG? AARP?
Laura Etherton is the new representative from OSPIRG.
2. Drafts of legislative proposals

V. Meeting Adjourned at 11 AM