



Department of Consumer and Business Services

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House Bill 2009

Strengthening Oregon's health insurance rate review

As part of the broad effort to contain health care costs in Oregon, House Bill 2009 changes how the state reviews health insurance rates. While health insurance rates mostly reflect the increased costs of health care, these changes will help protect consumers from excessive rate increases as well as give consumers more opportunity to participate in the rate review process.

Strengthening rate review

The Department of Consumer and Business Services reviews health insurance rates for individual, small group, and "portability" coverage before these rates can take effect. HB 2009 will strengthen the standards for rate review in a number of ways, including:

- Establishing that health insurance rates must be reasonable and not excessive, inadequate, or unfairly discriminatory.
- Allowing consideration of an insurance company's overall finances, including profits, investment income, and surplus, when reviewing a proposed rate. Under current law, the review focuses only on the particular type of insurance (e.g., small group health insurance) rather than more broadly on the insurer's entire business.
- Allowing consideration of an insurance company's cost containment and quality improvement efforts, in addition to factors considered today such as projected medical costs.
- Requiring insurance companies to separately report and justify increases or decreases in administrative expenses as part of each rate filing.

Public participation

HB 2009 will give consumers a voice in the rate review process before a decision is made. Rate filing information is available to the public to review on the department's Web site, but, under current law, there is no formal process for public comment on the filing or for the department to consider such comments prior to making a decision. HB 2009 establishes a 30-day public comment period before the decision is made.

HB 2009 also ensures consumers will have access to the information they need to participate in the process. Under the current law, insurance companies may request, on a case-by-case basis, that certain information be kept confidential. HB 2009 instead allows the department to create rules that spell out the information that must be disclosed in a rate filing. This will ensure consumers can fully review the filing and provide feedback.

House Bill 2009 Frequently Asked Questions

How does House Bill 2009 change the department's current rate review standards?

Oregon law currently requires the department to determine whether health insurance benefits provided under a health insurance policy are reasonable in relation to the premiums charged by the insurance company. This existing standard, set forth in ORS 742.005, still applies. House Bill 2009 clarifies and strengthens that standard by explicitly listing additional factors the department may use in deciding whether to approve a rate change.

How does the bill address insurance companies' administrative costs?

Administrative costs are the expenses an insurance company incurs to run its business and include all costs not directly related to paying medical claims. The bill requires insurers to separately report administrative expenses as part of the rate filing, which they currently are not required to do. The department will review changes in administrative expenses during the rate review process to determine whether they are reasonable.

Will consumers still have the ability to contest a rate increase?

Yes. Under current law, consumers can request a formal hearing after the department approves a rate increase, and HB 2009 does not change that. HB 2009 does create a 30-day public comment period to give consumers the opportunity to weigh in on rate change requests before the department makes a decision. The bill also ensures that consumers will have the information they need to comment on rate filings by removing the provisions of current law that have allowed some insurance companies to keep large portions of rate filings confidential for long periods of time.

Will the addition of the public comment period make the rate review process significantly longer?

No. House Bill 2009 gives the department a period of 40 days to review and make a decision on the rate request (30-day public comment period, plus 10 days). Current law gives the department 30 days with the opportunity to extend an additional 30 days. The department expects to continue to review rates in a timely manner.

Will the rate review standards in this bill lead to lower health insurance rates for consumers?

Having stronger, more consistent standards to use when reviewing rates will give the department additional tools to prevent rate increases that are excessively high. Although medical costs are the primary factor driving health insurance rates, taking a harder look at insurance company profits and administrative expenses is important to ensure that consumers will not pay too much.

For more information:

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