



Department of Consumer and Business Services

350 Winter Street NE, Room 200

P.O. Box 14480

Salem, Oregon 97309-0405

(503) 947-7872

www.cbs.state.or.us

Oregon health insurance rate review proposal

Background: Increasing health insurance premiums continue to make it more and more difficult for Oregonians to afford coverage. In Oregon, the Department of Consumer and Business Services (DCBS) reviews rates for individual, small group, and portability coverage before the rates can take effect. The department has strengthened its health insurance rate review process considerably over the past two years and made it more transparent. With a \$1 million grant made available by the federal health reform law, DCBS is proposing further enhancements, to protect consumers and boost public involvement.

Major proposed projects

- **Increase the scrutiny of rate filings** by hiring an additional actuary to provide a second review of each rate filing, paying close attention to the range of impact of each filing on consumers, and a market analyst to audit company data to ensure the accuracy of rate filing information. Currently, the division's two actuaries review about 70 rate requests a year.
- **Bolster public input** by providing funding to a consumer advocacy organization that would regularly provide in-depth comments on rate requests. The department would work with the advocates to create strategies for long-term consumer participation in the rate review process.
- **Develop a process addressing large group rates** to avoid unreasonable increases, as required by federal reforms. The division does not currently review rates for large employer groups (more than 50 employees).
- **Provide consumers better information about what drives health insurance premiums** by requiring insurers to provide a detailed breakdown of the medical costs and how premium dollars are spent on medical procedures and services (i.e., hospital care, prescription drugs, doctor fees, etc.). This additional information would be available online as part of each company's rate filing.
- **Conduct a study on potential ways to reduce medical costs** through the rate review process (payment reforms, for example). The department would contract with a person or organization with national experience to conduct this study.

How the funds will be spent: The department proposes to spend \$750,000 on additional staff and on website and systems improvements to make more detailed health insurance rate information easily accessible to consumers. New staff positions include an additional actuary, a market analyst, a project coordinator, and a rate filing intake coordinator in the Insurance Division. DCBS proposes providing \$100,000 to a consumer advocacy organization to give comments on rate filings and spending \$150,000 for a study on potential opportunities to address medical costs through the rate review process.

Additional information:

- Learn more about Oregon rate review process:
http://insurance.oregon.gov/insurer/rates_forms/health_rate_filings/health-rate-filing-search.html
- For more on the grant proposal: Rachel Oh, 503-947-7238, or
<http://insurance.oregon.gov/consumer/federal-health-reform/ratereviewgrantapp.pdf>