

HOUSE COMMITTEE ON
HEALTH AND HUMAN SERVICES

January 24, 2005 Hearing Room D

8:30 AM Tapes 10 - 12

MEMBERS PRESENT: **Rep. Billy Dalto, Chair**

Rep. Carolyn Tomei, Vice-Chair

Rep. Gordon Anderson

Rep. Tom Butler

Rep. Mitch Greenlick

MEMBER EXCUSED: **Rep. Bob Jenson, Vice-Chair**

Rep. Deborah Boone

STAFF PRESENT: **Sandy Thiele-Cirka, Committee Administrator**

Pamella Andersen, Committee Assistant

MEASURES/ISSUES HEARD:

Overview of Current trends in the Private Healthcare Insurance Market

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
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TAPE 10, A

004 Rep. Greenlick Rep. Greenlick calls the meeting to order as a subcommittee at 8:40 a.m. Opens an informational meeting on current trends in the private healthcare insurance market. A quorum arrives at 8:45 a.m.

Current trends in the private healthcare insurance market - INFORMATIONAL MEETING

013 Joel Ario Administrator, Department of Consumer and Business Services (DCBS). Submits and reviews written testimony (**exhibit A**). Provides overview of the health insurance regulated marketplace. Outlines DCBS regulatory responsibilities. Reviews each market sector: individuals, small group markets, and portability.

140 Rep. Tomei Questions why carriers don't use available market opportunities.

142 Ario Reports the carriers claim they intend to, but say the waiver system is particularly complicated and they are experiencing difficulty getting their systems revamped.

165 Rep. Tomei Inquires how expensive the pool is for those who are denied coverage.

172 Ario States the rates are fairly competitive with the private market.

181 Rep. Butler Asks if DCBS would support and help develop a flexible pilot project with possible inclusion of waivers for the six counties that have the highest numbers of uninsured.

232 Ario Confirms DCBS is willing to work on such a project. Discusses issues addressed in the 2003 legislature and some of the reforms that have been taking place, which they are observing in order to evaluate results.

280 Rep. Butler Clarifies that DCBS is seeking: to develop a flexible program for non-seasonal long-term employees.

333 Rep. Greenlick Questions if there is a way to create a more regulated and transparent insurance market.

317 Ario Responds, yes, they are attempting to do so.

379 Rep. Greenlick Questions the role of the Employee Retirement Income Security Act (ERISA) and it's constraints upon Oregon.

400 Ario Reports ERISA is very complicated. Provides illustrations.

TAPE 11, A

012 Chair Dalto Requests a list of mandates that will expire in the next few sessions.

015 Rep. Butler Comments he would like to see a committee bill developed addressing employment-based health insurance.

030 Ario Continues testimony. Discusses impact of relaxing rate plans, and other reforms. Reviews number of clients in each market compared to pre-2003 legislative session. Compares Oregon to Washington's recent regulation changes.

082 Rep. Tomei Requests information on whether the cost increases are related to Oregon mandates and what other issues may impact costs.

092 Chair Dalto Requests graphical report on marketplace stability during the past few years.

099 Rep. Anderson Questions the DCBS's perspective on health savings accounts (HSA) and how people could be encouraged to save for their own health.

118 Ario Reports HSA's are out of the department's regulation.

127 Chair Dalto Requests information on high-deductible plans.

152 Rocky King Administrator, Insurance Division, Insurance Pool Governing Board (IPGB). Submits and reviews a report on the IPGB (**exhibit b**) and an analysis of group health insurance mandates (**exhibit c**). Provides historical review of Oregon's insurance policy, planning and programs. Discusses the high-risk pool.

262 Chair Dalto Asks why the highest percentage in the high-risk pool is female.

266 King States his belief the percentage reflects dependents of persons covered on individual policies.

277 Chair Dalto Inquires if a gender breakdown is available.

280	King	States the Oregon Population Survey might have that information. Continues testimony. Reviews the percentage surcharge for high risk people.
307	Rep. Tomei	Asks what the typical rate would be at 111percent.
310	King	Answers, referencing report (exhibit B).
334	Chair Dalto	Questions the access to the pool and whether there are limitations on eligibility.
340	King	Reports the pool enrollment is not closed; an individual would have to be able to afford the premiums. States the premiums don't cover the expenses of the pool. Elaborates on the extra costs and how they are funded.
392	Chair Dalto	Inquires whether insurance carriers resent their assessments.
397	King	Responds, yes. States the intent of the pool is to spread the risk to the largest group of people possible. Elaborates on the make-up of the board.
438	Rep. Anderson	Questions how often the assessment is paid.
443	King	Answers per month and further clarifies.
426	Rep. Butler	Asks about assessment history.

TAPE 10, B

002	King	Elaborates on assessment price, noting he will provide a report with a 15-year history.
018	Rep. Greenlick	Asks about self-insured plans and stop-loss coverage.
020	King	Explains how IPGB assesses on self-insurance. Mentions the Safeco suit against the pool in that regard.
035	King	

Continues with the history of health care insurance coverage in Oregon. Reviews the function of the Family Health Insurance Assistance Program (FHIAP).

- 129 Rep. Anderson Inquires how many people could be served with present funding.
- 130 King Responds with the number, and elaborates on recent efforts to increase enrollment in FHIAP.
- 154 Rep. Greenlick Questions link between Medicaid Children's Health Insurance Program (CHIP) and FHIAP.
- 156 King Explains link and why certain parents keep CHIP.
- 188 Rep. Butler Questions if asset accumulations are used as a guideline for people to participate in these programs.
- 196 King Explains the pool only considers liquid assets. Elaborates and explains the logic.
- 233 Rep. Greenlick Asks if the 185 percent limit on drug purchasing is being integrated into FHIAP.
- 238 King Responds, no. Continues testimony on certified plans, alternative group plans, enticing the healthy, younger consumer, and children's group benefit plans. Discusses the impending training of insurance companies on the new children's health program.
- 362 Rep. Tomei Questions why dental is not be covered.
- 363 King Explains the costs of dental coverage and their intent to save costs. Continues, discussing IPGB's intentions.
- 394 Rep. Greenlick Questions deductibles for the adult plan.
- 399 King Reviews detail of deductible.
- 420 Chair Dalto Requests King's contact information.
- 423 King Provides information and invites members to attend training sessions.

464 Steve Doty Oregon Association of Health Underwriters. Submits and reviews written testimony (**exhibit d**) and related statistics (**exhibitS e & F**).

TAPE 11, B

010 Doty Continues testimony, providing agent perspective. Reviews quotes he recently provided some small employers. Discusses issues driving higher costs. Recommends government provide a financial incentive for small businesses to provide health insurance for their employees, and not new mandates.

113 Chair Dalto Inquires about maintaining existing mandates that are set to expire.

114 Doty States the association encourages review of those mandates to determine whether they should continue. Discusses expanding rate bands to lower the premiums for younger populations. Expresses frustration with insurance companies refusing to write waivers.

153 Rep. Butler Requests clarification regarding new products not being purchased.

158 Doty Clarifies insurance carriers aren't offering the products.

171 Rep. Butler Questions why these products are not being offered.

175 Doty Reports the insurance companies say their systems won't allow it.

197 J. L. Wilson National Federation of Independent Business (NFIB). Testifies on impacts of insurance requirements to businesses. Notes the premium increases over the past few years, and resulting reactions. States many of their members are supporting HSA's.

259 Rep. Greenlick Questions whether NFIB supports an affordable model of health insurance coverage, or sees employment-based health insurance as obsolete.

280 Wilson Reports the association opposes mandated coverage, but on the federal level they support small businesses banding together.

294 Chair Dalto Asks whether NFIB is in a position to encourage members to cover dependents.

299	Wilson	Responds, yes, but the attempts have been unsuccessful.
311	Lisa Trussell	Associated Oregon Industries (AOI). Submits and reviews written testimony (Exhibit G). References comments she distributed, reminding the committee that health insurance managers are addressing the group insurance market. Mentions how they are responding to the market. States people will drop insurance coverage if the costs go up even one percent.
395	Rep. Butler	Asks if there are any mandates members might be willing to forego temporarily to participate in a pilot program.
420	Trussell	Reports their goal is to increase the number of insured Oregonians.
434	Sandy Thiele-Cirka	Administrator. Asks about the disconnect between consumer and payer and how it can be fixed.
441	Trussell	States as consumer financial responsibility increases for their own insurance coverage, they will be asking more questions. Expects a shift in orientation of medical facilities toward the convenience of the consumer.
464	Rep. Tomei	Asks if it is possible for employers to purchase catastrophic insurance.
470	Trussell	Responds yes.
479	Rep. Tomei	Asks what proportion of employers would buy such a product.

Tape 12, A

005	Trussell	Responds. Reviews deductibles and their impact. Compares flexible spending accounts with HSA's.
024	Chair Dalto	Closes the informational meeting. Adjourns the meeting at 10:30 a.m.

EXHIBIT SUMMARY

- A. Insurance Division, written testimony, Joel Ario, 4 pp**
- B. Insurance Pool, Insurance Pool Governing Board Report, Rocky King, 64 pp**
- C. Insurance Pool, Analysis of Group Health Insurance Mandates Required by the Oregon Insurance Code, Rocky King, 47 pp**
- D. Insurance, Health, written testimony, Steve Doty, 4 pp**
- E. Insurance, Health, statistical brief #54, Steve Doty, 5 pp**
- F. Insurance, Health, statistical brief #51, Steve Doty, 6 pp**
- G. Insurance, Health, written testimony, Lisa Trussell, 1 p**