

**HOUSE COMMITTEE ON**  
**AUDIT & HUMAN SERVICES BUDGET REFORM**

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January 30, 2003 Hearing Room 50  
3:00 PM Tapes 12 - 13

**MEMBERS PRESENT:**        **Rep. Ben Westlund, Chair**  
                                 **Rep. Steve March, Vice Chair**  
                                 **Rep. Susan Morgan, Vice Chair**  
                                 **Rep. Alan Bates**  
                                 **Rep. Jeff Kruse**

**MEMBERS EXCUSED:**       **Rep. Randy Miller**  
                                 **Rep. Jeff Merkley**

**GUEST MEMBERS:**        **Rep. Billy Dalto**  
                                 **Rep. Gordon Anderson**  
                                 **Rep. Laurie Monnes Anderson**

**ISSUES HEARD:**        **Informational Meeting – Health Insurance - Invited Testimony Only**  
                                 “Private Market Health Insurance” Employer Sponsored Insurance  
                                 Rocky King, Insurance Pool Governing Board  
                                 “Health Insurance Overview and Role of the Insurance Division”  
                                 Joel Ario, Oregon Insurance Division

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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.

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<b>PE/#</b>	<b>Speaker</b>	<b>Comments</b>
pe 12 Side, A		
;	Chair Westlund	Calls meeting to order 3:10 pm and introduces Rocky King, Oregon Insurance Pool Governing Board and Joel Ario, Administrator for the Insurance Division and opens the informational meeting.
<b>FORMATIONAL MEETING</b>		
)	Rick Berkobien	Goes over the packets presented to the members at the dais.
)	Rocky King	Introduces himself and begins his presentation by giving a brief overview of OMIP and the materials at the dais. <b>(EXHIBIT A), (EXHIBIT B), (EXHIBIT C).</b>
f	Rep. Kruse	Asks what the reason is that people drop enrollment.
;	King	Lists 3 major reason why people leave the pool.
;	Rep. Kruse	Elaborates on his understanding.
;	King	Agrees with comment and continues.
)	Rep. March	Asks how do they get the high risk, and are they appropriately listed.
;	King	Responds to the high risk question.
)	Rep. March	Have people been turned down because of credit ratings.

Joel Ario Insurance Administrator, responds to the question of credit ratings.

Chair Westlund Agrees with the question from Rep. March.

Rep. Bates Makes comments about the conditions that they are looking at.

King Makes additional comments and continues presentation

Ario Added comments about reducing the amount of dependents they had on the high risk pool.

King Continues presentation on slide 44.

Chair Westlund Responds by asking if that is why that number is actually so low.

King Agrees with the statements and comments that they lose people because of economics..

Rep. Kruse If we took a harder look at that we would find that the people that are still in have monthly drug cross higher than the premium.

King Elaborates that that is correct except for people that can't afford it, and continues with slide 47.

**PE 13 A**

King Relates some experiences and continues

Rep. Kruse Asks for clarification on page 43. Asks if automatic escalators in assessments are going to make up for that or are we looking at an increase in assessment.

King Responds by asking them to see the chart on page fifty. Gives an explanation and continues.

Chair Westlund Asks how many members are in the PIB system.

King Responds with the number of employees in the PIB system.

Rep. Kruse Comments that there seems to be a significant increase, and asks if portability added significantly to this.

King It does, see section 12 page 9 of the (**EXHIBIT A**) it shows the details of this. Continues presentation.

Chair Westlund Asks what the state contribution is.

King Agrees and give some figures concludes and states that that was a quick overview of OMIP and opens the floor for questions.

Rep. Bates Asks about the pep assessment for OMIP and how much money it is.

King Responds to pep assessments for OMIP.

Rep. Bates Asks what is the annual assessment is then.

Chair Westlund Gives clarification about the figures.

Rep. Bates Asks how many people are in the program and what the total cost is.

King Answers how many people are in the program and what the total cost is.

Rep. March Would like to look at the claim costs by category that pertain to OMIP verses OHP, verses the private market. Would also like a picture of the letters that are written by agents and who they represent.

King This is not a simple request, but we will see if we can get you the information you are inquiring about.

Rep. March If you could ballpark that would be interesting.

King That was the overview and now I will turn this over to Joel Ario.

Ario Re-introduces himself and begins his presentation.

Chair Westlund Asks where your portability comes from.

Ario Responds to the question on the portability market. Concurs and continues presentation.

Rep. Bates Asks how you stay away from adverse selections after a insurance

company closes.

5 Ario Responds to insurance companies closing.  
 ) Rep. Bates Comments that basically this is a mandate placed on insurers that they have to take these people if they choose to do so.  
 | Ario Gives clarification that this is an obligation placed on insurers.

**PE 12B**

3 Chair Westlund Asks if you are fired for whatever reason, you still have the portability option.  
 5 Ario Asks his guests if that is correct, and the answer was possibly yes.  
 . Rep. Kruse What would it do to your demographics if we took small group from two to three.  
 5 Ario Comments that this is a current problem and addresses that the carriers are particularly concerned about the small groups.  
 7 Rep. Kruse One of the issues is, how do we keep these things from turning and how do we stabilize the sections of the market, feel this is a legitimate concern and should be addressed..  
 2 Ario Makes comments about the current issues that need to be addressed.  
 . Rep. Kruse Makes comments about segregating in different ways.  
 5 Ario Agrees and elaborates.  
 7 Monnes Anderson Would like to go back to demographics and what kind of people there are and how people are eligible, gives examples to make more clear.  
 5 King Responds that they should look at slide 6, it lays the options you have in regards to portability.  
 5 Rep. Monnes Anderson Asks if Medicare works in a similar way.  
 ) King States that the previous statement was incorrect and elaborates.  
 5 Ario Gives an explanation of what happens when you come out of group coverage.  
 7 Rep. Monnes When you turn 62, you can still continue on in the portability pool?  
 | Ario Comments to the length of time you may stay on portability.  
 5 Chair Westlund Asks why you would have to be forced to take a lower deductible that translates into a higher premium.  
 ) Ario Gives clarification about deductibles.  
 ) Chair Westlund Asks additional questions about portability.  
 . King Makes comments to clarify the question for Chair Westlund.  
 ) Ario Continues presentation.  
 | Rep. Kruse Asks if we were to focus on the young healthy individuals, relaxing the rate band would certainly be an inducement to get them into the market because they would pay more true costs of what their coverage should be.  
 7 Ario Responds to relaxing the rate bands.  
 7 Rep. Kruse Asks if he knows how many are eligible that can be in the pool.  
 ) Ario Commented that Rocky King may have this information in his handout and makes comments.  
 3 King See slide 28, it shows the national figures. He elaborates with detailed information and lets the members know that he will be bringing more information on Monday.  
 3 Berkobien Asks if there is any evidence of this fluctuation being based on the economy of things being better in the mid 90's and now dropping off.

7	King	Comments about Premiums and the economy.
)	Ario	Continues presentation.
<b>PE 13 B</b>		
.	Ario	Continues presentation.
3	Rep. Kruse	Comments about the situation that his own business is in now, and makes comments about how the system works.
)	Ario	Comments about the system
4	Ario	Touches on mandates, see section 7 of the materials.
.	Rep. Monnes	Asks while looking at page 6 under mandates, do small business have to cover all of those mandates if they offer insurance.
	Anderson	
3	Ario	Agrees and elaborates.
5	Rep. Monnes	Asks about the number one costs of mandates.
	Anderson	
3	King	Gives answers about costs of mandates. See page 17 & 18 in the manual for more explanation on these mandates.
3	Ario	Comments about how much of this is required by the Federal Government.
5	Rep. Kruse	Makes an observation and asks if the self insured were not subject to mandates.
.	King	Responds that there are two federal mandates (number 9&10 on the chart).
3	Ario	Gives more explanation about Federal mandates.
2	Rep. Kruse	Asks if all self insured are subject to all Federal mandates or just those two.
5	King	Responds about the two Federal mandates.
3	Berkobien	Comments about Federal mandates.
3	Ario	Responds about Federal mandates and how you define the categories.
)	Chair Westlund	Asks if there is any regulatory capacity where you look at different rates for given companies and given parts of the market.
.	Ario	Responds about regulatory capacity.
7	Chair Westlund	Makes comments about the system and the angle of his question. Asks if there is an internal actuary function you go through as an agency.
2	Ario	Agreed and explained.
5	Chair Westlund	Asks if you only do that for the small group.
7	Ario	Agreed and explained that they do not review rates in the large groups.
)	Chair Westlund	Asks if they are statutorily prohibited from doing that.
5	Ario	Responds with a no, under the insurance code they can ask for whatever information they want from companies.
3	Rep. Bates	Asks if he is familiar with health related accounts. Asks if they could research that and come back with a report.
)	Chair Westlund	Asks what the basic concept is of health related accounts.
5	Rep. Bates	Explains the basic concept of health related accounts.
4	Ario	Agrees with the basic concept, and elaborates more.
2	Chair Westlund	Comments that with those we could lower the hospital reimbursement rates, and then when the shift came to the private and commercial side they would be even.
)	King	Comments on brining a short slide presentation as an overview.
5	Rep. Bates	Makes comments and asks can you in any way decipher what kind of money is being used just to maintain the administrative load of all these competing and complex and confusing programs

and asks if you could put out a floor of some type, for these insurance companies to compete with each other on because that is still the basis of a good program is there one out there.  
Meeting adjourned 4:53pm

) Chair Westlund

**EXHIBIT SUMMARY**

**A – Informational Health Insurance, Health Policy in Oregon, Joel Ario, 22 pp**

**B – Informational Health Insurance, Health Insurance Mandates, Rocky King, 22 pp**

**C – Informational Health Insurance, Prevailing Portability Guaranteed Health Plans,  
Rocky King, 5 pp**