

SENATE COMMITTEE ON HEALTH INSURANCE AND BIOETHICS

April 11, 1991                      Hearing Room C 3:00 p.m.                      Tapes 57 - 58  
MEMBERS PRESENT: Sen. Bob Shoemaker, Chair Sen. Joyce Cohen,  
Vice-Chair Sen. Jeannette Hamby Sen. Lenn Hannon Sen. Frank Roberts  
VISITING MEMBER: Senator John Kitzhaber STAFF PRESENT: Barbara  
Coombs, Committee Administrator Mark Sigel, Committee Assistant MEASURES  
SB 1076 CONSIDERED:

These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

TAPE 57, SIDE A

Witnesses: Senator John Kitzhaber Ed Nieubuurt, Insurance Pool Governing Board

000 CHAIR SHOEMAKER: Calls meeting to order at 3:00.

004 SENATOR KITZHABER: Introduces SB 1076. The bill attempts to link the implementation of the employer mandate to the implementation of SB 27. The bill also reforms the insurance market to make insurance more affordable. Requires insurers to offer the basic health insurance policy. - SB 1076 is part of a larger package which includes HB 3082, the Health Care Purchasing Authority. - All insurers must offer the Oregon Basic Health Insurance Package. - Allows small employers to purchase their basic benefit package through the state provider network if it is more affordable than through the private market. 142 ED NIEUBUURT, CHAIRMAN INSURANCE POOL GOVERNING BOARD: We support SB 1076 because it builds on the private insurance base. Our mission is to address the uninsured working population in Oregon. SENATE COMMITTEE ON HEALTH INSURANCE AND BIOETHICS April 11, 1991 - Page 2

207 SENATOR COHEN: Does the Insurance Pool Governing Board oversee the Oregon Health Plan or is that done by the Department of Insurance and Finance (DIP)? 210 NIEUBUURT: We oversee that plan. 219 SENATOR COHEN: Would you need more staff time to implement the provisions of SB 1076 that call for policing the private insurers? 220 NIEUBUURT: No. SB 1076 will be under the jurisdiction of DIF.

· 238 NIEUBUURT: This fosters cost containment by making the Medicaid Priority List a statewide standard. 246 SENATOR ROBERTS: You don't have control over the cost of procedures - only over what services are provided under the basic standard. So you can't really say it deals with cost containment. 294 SENATOR ROBERTS: This bill only covers seasonal workers while they are employed. Are there any provisions for covering them during their period of unemployment? 300 NIEUBUURT: There are provisions for part-time (fewer than 17.5 hours per week) and seasonal workers to be enrolled by their employer. If their employer chooses not to enroll them then the employer must make a pro rata contribution to the state insurance fund so that the state program can provide for those folks.

- 362 SENATOR COHEN: Are you prepared to take on the kind of rulemaking responsibility necessary to operate this program?

371 NIEUBUURT: Yes. We've done a good job writing rules for existing programs and we are prepared to write rules for SB 1076. We will need more than 2 half-time positions to do the job, of course. 400 SENATOR

ROBERTS: Is there a provision for someone other than an employer to secure insurance if they are unemployed? 406 NIEUBUURT: The bill does not make reference to the unemployed. 417 CHAIR SHOEMAKER: What provision is made for individuals who shift from one employer to another? This happens frequently.

425 NIEUBUURT: I don't believe that issue is addressed in SB 1076. I believe that would be left within the authority of the governing body - the Insurance Pool Governing Board or the new Health Authority would set those rules.

TAPE 57, SIDE A Witnesses: Craig Urbani, Department of Insurance and Finance Bruce Bishop, Kaiser Permanente

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John Powell and Roderic Bunnell, BCBSO Ellen Pinney, Melody Long, OHAC

015 CRAIG URBANI, DEPARTMENT OF INSURANCE AND FINANCE (DIF): We support small group reform.

030 MARK NELSON, NATIONAL ASSOCIATION OF SOCIAL WORKERS: We have a great interest in alcohol and mental health mandates.

072 BRUCE BISHOP, KAISER PERMANENTE: Submits (EXHIBIT A). We strongly support the effort to extend health insurance to workers. We support the concept of SB 1076. We are concerned that it is too limited in scope. We support extending some facets of this bill to all health insurance plans in order to make the whole health insurance healthier.

We believe that it is essential that all health benefit plans offered in the small group market be subject to rate bands, restrictions on the use of preexisting condition limitations, restrictions on excluding individuals from groups and the requirements for guaranteed renewal. The printed bill does not go as far as it should in this regard.

Any restrictions should apply to all health plans offered in the market. SB 1076 subjects only the standard health benefit plan, and that is the guaranteed issue product, to the restrictions of the bill. By doing so the bill allows carriers to continue to offer small groups other plans in accordance with their current rating and underwriting practices.

150 CHAIR SHOEMAKER: Are you suggesting that an insurer could offer something other than the standard package and that other offering wouldn't be guaranteed issue and it would be more competitive than the standard package?

155 BISHOP: Right. And it would also not be subject to any of the protections concerning ratings and premiums or underwriting or any of the other protections available in small group reform.

No small group that is interested in coverage will be drawn to buy the guaranteed issue product because there are other small group products available in the market that have richer benefits and different benefit designs that would make these products more attractive than the

guaranteed issue product.

188 CHAIR SHOEMAKER: Are you suggesting that the way to fix that is to require that any policy offered in the small group market be guaranteed issue?

190 BISHOP: No. What we are suggesting is that the rate bands, the limitations on rating and the limitations on the preexisting conditions should apply to all small group products.

198 SENATOR HANNON: What would that do to small, little independent insurance companies? Won't it have a very big effect on them?

200 BISHOP: We advocate setting up a voluntary reinsurance mechanism so that small group carriers who are not able to accept the risk internally would be able to obtain reinsurance and spread the risk among many other carriers in a small group market.

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213 SENATOR HANNON: Why not have a mandatory reinsurance pool? 215 BRUCE BISHOP: That would create incentives for carriers to shift all of the risk into the pool rather than to retain the risk internally.

243 JOHN POWELL AND RODERICK BUNNELL, BCBSO: Submits (EXHIBIT B) which outlines BCBSO's preferred changes to SB 1076 as written: (1) Separate the standard health benefit plan and the state-offered insurance into separate bills of their own. (2) Develop a core of basic health benefits, with the understanding that these core benefits can be replaced by the "Standard Health Benefit Plan" when that concept is implemented for those below the poverty level. 342 ELLEN PINNEY, MELODY LONG, OREGON HEALTH ACTION CAMPAIGN (OHAC): Testifies that a single payor system would ultimately be more effective than SB 1076.

TAPE 57, SIDE B 030 MELODY LONG: I think it will be even harder to get this ERISA exemption than it will to get the Medicaid waiver for SB 27. 055 PINNEY: We object to the language that "a prudent person would have sought out medical help." This opens the door to insurers refusing reimbursement when people don't get treatment even though they might not be able to afford it. The rate bands would be 15% around the median point. We should not be able to charge more to people just because they are older or are women or are sicker. We ask that you do community rating across the board. We're concerned about how much carriers could raise their rates annually, the 15% provision specifically. We support voluntary rather than mandatory reinsurance.

214 MARK GIBSON: Gives a section by section explanation of the bill. 250 CHAIR SHOEMAKER: The triggering of insurance reform seems to be getting the waiver. Do you think we should define our basic plan and go forward with that before getting the waiver?

282 GIBSON: If we don't have the basic benefit packages implemented in SB 27 then there is an issue surrounding what the industry is required to guarantee issuance on. The intent is to get the insurance market reformed and to make sure that the mandate for employers to provide coverage is not required of the private sector before we receive the

federal waiver. 308 SENATOR ROBERTS: At what point do you know what the standard benefit package is?

310 CHAIR SHOEMAKER: We'll know when we draw the line, which we'll do before we get the

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waiver.

TAPE 58, SIDE B

030 SENATOR ROBERTS: If you had a preexisting condition and should have known to seek treatment but didn't, would you be excluded from getting treatment for the condition forever? 040 GIBSON: No. Just for 6 months.

100 CHAIR SHOEMAKER: What was the thinking behind allowing a 15% annual rate hike as well as the percentage change form the midpoint based on actual claims experience? 107 GIBSON: The 15% figure was simply an attempt to provide some additional flexibility in the system initially -

the figure is rather arbitrary. 118 CHAIR SHOEMAKER: Would it be reasonable to sunset that provision at some point? 122 GIBSON: Yes, it might be. But right now I don't have a strong rationale for doing so. 175 SENATOR COHEN: I question whether we want to create a new state agency to administer this small employer reinsurance market.

220 CHAIR SHOEMAKER: Bruce Bishop asserted that the guaranteed issue, the rate band and the restricted exclusion provisions should be applied to all plans. He said otherwise the non- standard plans will undersell the standard plans. What do you think? ., 235 GIBSON: There's some validity to his concern. There is a danger that we'll drive all the bad risk into the guaranteed issue plans. To address this concern we could apply those regulations to all health coverage. This will be a difficult thing to regulate because we would have to develop median rates for plans with many, many combinations of copayments, deductibles and benefit packages. Second, we can say that everyone must purchase the basic health benefit plan and anything above that would have to be purchased in a supplemental plan which would not be so strictly regulated. 276 CHAIR SHOEMAKER: Would there be standard copayments and deductibles in the standard plan? 286 GIBSON: yes. 320CHAIR SHOEMAKER: Adjourns hearing at 4:45.

Submitted by: Reviewed by: Mark Sigel Barbara Coombs  
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EXHIBITS A - Testimony on SB 1076, Bishop, 2 pages B - Testimony on SB 1076, Powell, 2 pages C - Testimony on SB 1076, Lippincott, 2 pages