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Oregon proposes enhancements to health insurance rate review

Salem, Oregon – The Department of Consumer and Business Services (DCBS) is proposing further improvements to its process for reviewing health insurance rates, including additional analysis of rate requests and input from consumers.

“As Oregonians continue to pay more for their health care each year, it is critical that we do all we can to ensure rates are reasonable and transparent,” said Cory Streisinger, DCBS director.

The department is seeking a \$1 million grant made available by the federal health reform law to implement the changes. The federal health reform law includes a five-year, \$250 million grant program to help states review health insurance rates. Federal officials set aside \$1 million per state for 2010. The grant proposal includes the following:

- **Increase the scrutiny of rate filings** by looking more closely at how a rate increase affects a range of consumers and auditing the numbers insurers submit as questions arise.
- **Bolster public input** into rate reviews by providing funding to a consumer group to provide in-depth comments on rate requests.
- **Develop a process to address large group rates** to avoid unreasonable increases. The department 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 medical costs (such as hospital care versus prescription drugs versus doctor fees) and posting the information online.
- **Conduct a study on potential ways to reduce medical costs** through the rate review process. Working with the Oregon Health Authority, the department would contract with a person or organization with national experience to conduct this study.

“We’ve strengthened Oregon’s rate review process considerably over the past two years,” Streisinger said. “These new enhancements will help us review rates with even more scrutiny and obtain more feedback from consumers on rate requests.”

The department’s Insurance Division must review rates for small employer, individual, and portability health plans. (Portability plans are available to some people leaving group coverage.) Recent enhancements include looking at additional factors such as profitability and investment earnings, requiring insurers to provide more details on administrative expenses, making rate filings public, and implementing a public comment period.

The changes to the rate review process are part of a larger effort by Oregon to address the rising cost of health care. Because health care costs drive insurance rates, any effort to increase the affordability of insurance will not succeed until health care costs are brought under control.

For more on the department’s grant proposal, go to: <http://insurance.oregon.gov/consumer/federal-health-reform/ratereviewgrantapp.pdf>.

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