

Building a stable statewide commercial health insurance market

The problem

More Oregonians than ever have insurance coverage today, because of the expansion of the Oregon Health Plan and subsidies available to help pay for commercial health insurance plans. However, the individual health insurance market is changing rapidly, and, as a result, many Oregonians who buy coverage on their own are facing higher prices and fewer choices.

Recent developments include double-digit rate increases and several statewide insurance carriers either leaving Oregon all together or reducing the number of counties they are serving.

If these trends continue, the state is concerned about the following occurring:

- Rates reaching levels unaffordable for consumers not receiving subsidies.
- Consumers not benefiting from the savings realized by health care providers
- Marketplace customers in some Oregon counties lacking carrier options.
- The state lacking data about core populations to make key policy decisions.

Potential solutions

The Department of Consumer and Business Services, which regulates commercial health insurers, has developed a list of potential legislative proposals to address issues in the individual health insurance market.

DCBS plans to discuss these proposals with policymakers, stakeholders, businesses, and consumers.

The proposals aim to create a stable insurance market that:

- Creates access to quality affordable care and insurance coverage in all counties.
- Fosters market stability by balancing consumer needs with the financial viability of the insurance market to ensure long-term statewide access.
- Minimizes cost shifting to employers, individuals, and families.
- Maintains shared responsibility across businesses, nonprofits, and consumers.

In developing proposals, DCBS ensured they were consistent with the following principles:

- A focus on maintaining a successful health insurance exchange.
- Ideas and programs that are equitable and inclusive of all payers and providers.
- Benefits that can be applied to the broadest possible base of health care consumers while ensuring they address those with the most pressing needs.
- Programs structured to identify and focus on the unique geographic needs of Oregon's diverse counties.
- Ideas that are implemented in a way that encourages the broadest understanding of the programs and outcome.
- Implementation of new or revised programs are revenue-neutral to the state's General Fund.

For more information:

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Building a Stable Statewide Commercial Health Insurance Market

Possible Strategies	Issues Addressed			Markets Affected	State Budget Considerations
	Individual Market Stability	Statewide Availability & Access	Cost & Quality		
Reestablish and expand state reinsurance pool <ul style="list-style-type: none"> Funded by assessments collected from all health insurance markets, incl. stop loss Benefits applied to individual market, statewide Specific payment parameters, eligibility, potential for tax offset, and if/when to sunset all to be determined 	X	X		Market-wide	<ul style="list-style-type: none"> Depending on structure, assessments could be deductible or offset from other obligations
Create a “pool of last resort” in geographic areas with limited insurer availability <ul style="list-style-type: none"> Possible structure could include CCOs as care delivery mechanism, financed by premiums and reinsurance pool administered through commercial carrier to preserve access to Advance Premium Tax Credits (APTCs) for Qualified Health Plans (QHPs) Reinsurance pool would assess all health insurance markets, incl. stop loss Mechanism to determine rates, coverage options, and whether an area is “non-competitive” to be determined 	X	X		Market-wide, public programs	<ul style="list-style-type: none"> Need to assess impact on operational capacity of CCOs Depending on structure, assessments could be deductible or offset from other obligations
Require carrier participation in all market segments in service area <ul style="list-style-type: none"> A health insurance carrier is required to offer individual market coverage in any service area in which the carrier has any of the following: (1) a PEBB contract, (2) an OEBC contract, (3) Oregon large group fully-insured plans, or (4) Oregon small group fully-insured plans All health insurance carriers would also be required to sell QHPs on the Marketplace 	X			Market-wide, public programs	<ul style="list-style-type: none"> None known
Reduce grace period from 90 days to 30 days <ul style="list-style-type: none"> Applies same premium payment grace period for individual market place on and off of the Marketplace Some exceptions may need to remain for hardship 	X			Individual	<ul style="list-style-type: none"> None known
Create employer-defined contribution mechanism through Marketplace for employees to buy individual plans, as part of broad risk sharing and merged pool designs <ul style="list-style-type: none"> Small employers may establish HSA or HRA to help employees pay for certain qualified health care expenses (pending changes to federal law) Could couple with requirements to increase wages to employees previously provided with employer-based coverage 	X			Individual & SG	<ul style="list-style-type: none"> Depending on change in pre- and post-tax wages, could affect revenue collections
Allow for a cap on enrollment for non-financial solvency reason <ul style="list-style-type: none"> Could relate to financial or operational capacity, network adequacy DCBS to determine criteria for calculating cap 	X			Individual & SG	<ul style="list-style-type: none"> None known

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Require reference pricing for specific procedures in all commercial health coverage <ul style="list-style-type: none"> Based on quality of care and cost comparisons Would include transparency of reference prices and other cost comparisons Mechanism and entity responsible for determining reference prices to be determined 	X	X	X	Market-wide	<ul style="list-style-type: none"> May include fiscal impact to establish mechanism for reference pricing
Set market-wide “loss cost” for individual market <ul style="list-style-type: none"> Based on model used in workers’ compensation Third-party organization (or state) establishes projected cost to cover claims costs Carriers file and justify deviations from the loss cost and add in expense provisions 	X	X	X	Individual	<ul style="list-style-type: none"> May include fiscal impact to establish mechanism for loss cost development
Set uniform agent commissions for the individual market <ul style="list-style-type: none"> Requires all individual market carriers to pay agents using the same commission schedule Minimizes ability for any one carrier to steer agents/consumers toward or away from products due to differences in commissions 	X			Individual	<ul style="list-style-type: none"> None known