

To: Oregon Department of Consumer and Business Services

From: Jesse Ellis O'Brien, OSPIRG Policy Director

Date: August 24, 2017

Re: Comment in support of Oregon's proposed 1332 waiver

OSPIRG supports the Oregon Reinsurance Program established by House Bill 2391 (2017) and the state's effort to support this program through an application for a State Innovation Waiver under section 1332 of the Affordable Care Act.

This proposal will help stabilize Oregon health insurance markets and protect consumers from large rate increases, and represents a win for both consumers and the health insurance industry—all at no net cost to the federal government.

Oregon consumers have faced large double-digit rate hikes in the individual health insurance market in both 2016 and 2017. Some health insurers have also gone out of business, left the state or shrunk their service area during this period, leaving many consumers with fewer options and less robustly competitive health insurance markets.

Oregon has already demonstrated the power of a well-designed and well-executed reinsurance program to contain premium costs. Following the passage of HB 2391, a combination of reinsurance and close scrutiny of health insurance rate filings led to big reductions in rates for 2018—cutting over [\\$100 million](#) from premiums, by our estimate.

The Oregon Reinsurance Program is a needed first step toward a stable and sustainable individual health insurance market, but it is only a first step. We also urge the state to take action to address the underlying causes of instability and higher costs in the individual market. These causes include insurance market dynamics such as adverse selection, but they also include the excessive and rising cost of health care services and prescription drugs.

By providing needed immediate relief for consumers, we hope that the Oregon Reinsurance Program will help buy our state and our health care system time to do the hard work necessary to address the underlying drivers of health care costs. This work will be best served by coordinating health insurance rate review, the efforts of Oregon's health insurance exchange, Medicaid Coordinated Care Organizations, public employee plans and other public payers to ensure that incentives are aligned throughout Oregon's health care system with our shared goals of improved care, improved health and reduced cost.

Thank you for the opportunity to provide comment in support of this important proposal.