America's Health
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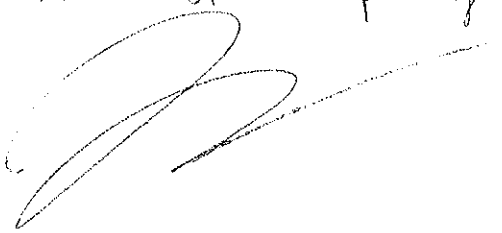
From the desk of Rep. Conger



HOUSE FLOOR ALERT

TO: MEMBERS OF THE OREGON STATE HOUSE
FROM: America's Health Insurance Plans (AHIP)
RE: **-8 Amendments to SB 413**

America's Health Insurance Plans (AHIP), the national trade association representing the health insurance industry that provides coverage to more than 200 million Americans, respectfully provides the following comments regarding -8 amendments to S.B. 413, which would establish a methodology for projecting anticipated changes in medical costs in Section 3 (1) (a).

- This proposed methodology incorrectly assumes that medical cost inflation is the only factor affecting anticipated changes in cost. In so doing, it requires rating to be adjusted based solely on medical inflation unless the carrier can prove in each filing that other factors affect the project cost trend. The language reflects a presumptive approach that may taint a review of the factors that carriers show affecting trend.
- When carriers are determining future premium rates, a number of equally important elements and factors are considered, including:
  - The state and local care costs versus the national average costs (medical cost inflation) and the type of products being offered. Variations between products such as provider networks, member cost sharing, and the types of services covered all impact rates.
  - Unique population characteristics such as geographic area and past cost history.
  - Specific parameters of filed rates such as time periods being considered for the past and future rates.
- Carriers also work to develop methodologies and outcomes-based incentives in their provider contracting that can help reduce the impact of medical cost inflation. Restricting a carrier's ability to help control rising medical costs - and instead requiring use of a state-created methodology that sets the approved medical inflation rate, rather than allowing carriers the necessary flexibility in contracting - will make the cost of health care more expensive for all consumers in the long run.

Additionally, the bill requires an extensive notice requirement on virtually every piece of communication to enrollees and brokers notifying them of the rate review process. To notify such consumers of rate review in communications where such information is not germane is ill advised. For example, Explanation of Benefits (EOBs) are targeted communications that pertain to actual payment and benefit coverage. This information should not be muddled with a generic notice of a regulatory website that has nothing to do with the payment of services the patient has received. This will cause confusion and adds costs to these notices that is unnecessary.

For these reasons, we respectfully request that you vote no on SB 413.