

March 14, 2019

Representative Andrea Salinas, Chair

House Committee on Health Care
Oregon State Legislature

Re: HB 2009

Dear Chair Salinas and Committee Members:

OSPIRG (the Oregon State Public Interest Research Group) supports the restoration of an individual health insurance mandate in Oregon, as is proposed in part by HB 2009. As a consumer advocacy organization with 30,000 members and supporters throughout the state, we've consistently pushed for policies that promote a stable individual health insurance market.

Since 2011, OSPIRG has served as an independent voice for consumers in Oregon's uniquely transparent health insurance rate review process. Through this work, we've helped consumers save hundreds of millions of dollars on their insurance premiums by helping prevent unnecessary and excessive premium rate hikes. Even so, many consumers have faced double digit rate increases on the individual market, largely due to uncertainty about the future of the Affordable Care Act ("ACA").

Rate increases over the last two years have largely been driven by changes to federal policy. This includes the disruption of certain payments to insurers and loosened regulation on certain off-exchange insurance plans, which have contributed to rate increases at a time when many experts believe the marketplace is otherwise beginning to stabilize. This includes the effective repeal of the ACA's "individual mandate" in the 2017 tax bill. In their rate filings for the 2019 plan year, insurance companies attributed rate hikes as large as 10% to the increased uncertainty created by repeal of the ACA's individual responsibility clause. Nationwide, the Kaiser Family Foundation estimates that premiums on the individual market rose about 6% due to federal actions in 2017 and 2018, including the repeal of the individual mandate.

HB 2009 proposes, in part, the creation of a new shared responsibility requirement. It would impose a penalty on individuals who can afford health insurance, yet choose not to enroll in a plan.

The ACA's penalty was often criticized as being too small to provide an effective incentive. The 2.5% of income fine was much smaller than the cost of purchasing comprehensive health insurance for a year. Under these circumstances, declining coverage could seem like a rational choice to a consumer who is uncertain of their need for health care. Unfortunately, unlike other

consumer goods and services, a person's need for health care services is not easy to predict - everyone faces the risk of an accident or an unexpected diagnosis that will make them grateful for their coverage when they do need it.

The consumer protections of the ACA are overwhelmingly popular, particularly the policy of guaranteed issue, which provides protection to individuals with preexisting health conditions. However, maintaining a guaranteed issue market for comprehensive health coverage requires enough healthy people to purchase into the system to cover the cost of care of those who need it. Restoring some form of insurance mandate in Oregon is essential to maintaining a stable individual insurance market going forward.

Furthermore, the revenue generated by the shared responsibility payment could be used for many different things - including expanding consumers' options for health care coverage or other measures to help stabilize the individual insurance market.

In the absence of federal disruptions, it's possible that rates on the exchange could have remained stable, or even gone down for the 2019 plan year. Creating the state shared responsibility requirement proposed in HB 2009 is an important step towards preserving a stable individual insurance market in Oregon. Regardless of whether you advance the other proposals under discussion today, I urge you to recognize the importance of an insurance mandate and to make the shared responsibility mandate a priority for passage in the 2019 session.

Thank you for your time and consideration.

Respectfully Submitted,



Mark O. Griffith
Health Care Advocate
OSPIRG