



April 1, 2021

TO: House Health Care Committee
FR: Maribeth Guarino, Health Care Advocate, Oregon State Public Interest Research Group (OSPIRG)
RE: In Support of HB 2010 on a Public Option for Oregon

OSPIRG is a statewide, citizen-based, public interest organization representing thousands of Oregonians, and today we urge your support for HB 2010.

In 2019, SB 770 directed OHA to develop a public option plan for Oregon, which yielded the report on public option delivery models by Manatt Health released in December 2020.¹ This study found that depending on the structure, a public option could lower premiums by an estimated 10-20%. With these savings, Oregon could make health insurance more affordable and accessible, and that is what HB 2010 set out to accomplish.

However, the Manatt report left some unanswered questions about specific policy design, and we recognize that HB 2010 as written does not answer all of them. Some of the committee members here and other stakeholders have raised this concern, and we worked with DCBS, OHA, and others on the -1 amendment to address it.

The amendment will direct agencies to build on the Manatt study and design a public option that answers specific policy questions on how to reduce costs, ensure network adequacy, address health equity, and utilize a federal waiver to reinvest savings in further subsidies. The report will also analyze a public option in light of broader federal and state policies such as the federal COVID relief package which expands federal subsidies on the Marketplace through 2022 and the other work that Oregon is doing to transform the health care system. The agencies will report back to the legislature with these answers for the next legislative session, providing better guidance on how to achieve a viable public option that works for Oregonians. Our goal is for a public option plan to be available to Oregonians by Jan 1 2024.

We know that health care costs too much. In Oregon, premiums on the Health Insurance Marketplace have risen 71% since 2014, going from an average \$262 to \$450 a month for a single 40-year-old in the Portland metro area.² Outside of Portland, those prices are invariably higher, and for other populations - including older consumers and those with families - these averages can be as high as \$2300 a month.³ With prices like these just to maintain coverage, it is no wonder that 59% of Oregonians in 2017 with

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<https://www.oregon.gov/oha/HPA/HP/docs/Manatt-Health-Oregon-Public-Option-Report-An-Evaluation-of-Proposed-Delivery-Models-December-16-2020.pdf>

² Analysis of insurance rates is based on average benchmark premiums for all approved carriers on the Marketplace from 2014 to 2021. Past filings are available on the [Department of Financial Regulation's Website](#), through the SERFF system.

³ [OR Marketplace Window Shopping Tool \(2021\)](#)

individual coverage were underinsured, meaning they couldn't afford to actually use the insurance they were paying for.⁴

Over the past few months, we've heard from hundreds of Oregonians about their experience with the high cost of health care in Oregon. One student, Kira, shared that her whole family was uninsured while she was in high school because of the premiums. "After [my dad] changed jobs, the new insurance offered was too expensive, and the few offerings on the open marketplace were too expensive as well. I still had to receive medical care and take medication during this period [...] and more than 4 years removed from it, he's still paying off the medical debts."

Another woman, Julie, told me that her Medicare premiums are a tenth of what she paid on the Marketplace, and her out-of-pocket costs are lower, too. "My out of pocket costs with private insurance could be anywhere from \$500/yr to \$2000/yr depending on the need for x-rays, lab tests, medications or visits to specialists. My out of pocket expenses with Medicare was nearly \$0."

In another case, Deborah, a seasonal worker who can't qualify for employer-sponsored coverage gets insurance through the Marketplace, but her monthly premiums have increased more than \$200 in the last two years, and she can't afford to get anything better than a bronze plan. "Frankly, it would be much cheaper for me to pay cash for my medical services than the insurance premium, but I understand one car crash could change that."

You'll hear more of these stories today from the people who have seen and experienced these problems first-hand, including folks whose situations were compounded by the pandemic. A public option is not a silver bullet to fix the health care system, but it is an incremental step that can help people in the short-term.

Other states are considering similar programs. Washington enacted their public option and offered it for the first time this year. Though they did not see the premium reductions they wanted, they did reduce deductibles and are revisiting policies such as state-based subsidies and participation requirements this session. Part of the reason for our amendment is to ensure we can make our program more effective from the first go. In addition, Connecticut and Colorado have public option bills introduced this session, and Wisconsin, Nevada, Minnesota, and New Mexico are making moves in this direction.

Making a public option available on the individual and small group markets could help address the high cost of health care by lowering costs and reducing overall spending, improving health outcomes by lowering financial barriers to care.

I urge your support for HB 2010 with the -1 amendment.

⁴ <https://www.oregon.gov/oha/HPA/ANALYTICS/InsuranceData/2017-OHIS-Underinsurance.pdf>