

**STATE OF OREGON  
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
INSURANCE DIVISION**

In the Matter of:  
**HEALTH NET HEALTH PLAN  
OF OREGON, INC.,**  
an Oregon corporation.

) **STIPULATION**  
) and  
) **FINAL ORDER**  
) Case No. INS 08-04-026  
)

**BACKGROUND**

The Director of the Department of Consumer and Business Services (Director) commenced the above entitled administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to deny Health Net Health Plan of Oregon, Inc.'s (Health Net) request to exempt from public disclosure certain information included in rate filing submitted to the Director pursuant to ORS 743.018(3) and Oregon Administrative Rules (OAR) 836-053-0910(7)(b) and (c)..

Health Net withdraws its request for a hearing and enters into this Stipulation to conclude this proceeding without further administrative or judicial proceeding, pursuant to ORS 183.417 and related rules.

Health Net has fully read and understood the contents of this Stipulation and Final Order and, having been fully advised by legal counsel or had the opportunity to seek legal advice, waives any and all rights to appeal, seek judicial review, or otherwise challenge this Stipulation and Final Order.

The person signing this Stipulation on behalf of Health Net represents that he or she is so authorized by Health Net.

Health Net agrees to the following facts, conclusions, and action:

**Facts**

1. Health Net has been licensed in Oregon as a domestic health care service contractor since 6/22/1989.

2. OAR 836-053-0910(7)(b) and (c) requires an insurer that submits a request for exemption of certain information in a rate filing from public disclosure to include with the request, before or at the time the rate filing is made, a clear and detailed explanation of how the part or parts of the filing meet the requirement of a trade secret along with a clear and detailed explanation and evidence that public disclosure of the trade secret would harm competition in the Oregon health insurance market.

3. On April 1, 2008, Health Net submitted a portability insurance rate filing to the Director, with a request to exempt from public disclosure certain information included in its filing as allowed by ORS 743.018(3). This request included a brief explanation of why the parts of the filing should be confidential, but the Director found that it did not establish that the information for which an exemption was requested was a trade secret or that disclosure of the information would harm competition in the Oregon health insurance market, including the effect on Oregon consumers.

4. On April 11, 2008, the Director sent a letter denying Health Net's request for exemption from public disclosure of the identified information and provided Health Net with an opportunity to request a hearing on the proposed action within five days of receipt of the letters pursuant to OAR 836-053-0910(8).

5. On April 18, 2008, the Director received a timely request for a hearing to contest the Director's decision to deny Health Net's request for exemption.

6. Health Net has subsequently provided to the Director a detailed explanation of how certain documents and information contained in the filing meet the requirements of a trade secret, and established how the release of such information would harm competition in the Oregon health insurance market.

### Conclusions

The Director agrees that certain information provided by Health Net in its portability rate filing, filing number HL 0553-6 98 qualifies for protection under ORS 743.018(3) and OAR 836-053-0910 in that the information contains protected trade secrets, the disclosure of which would harm competition by allowing competitors in the Oregon market to strategically target low risk consumers and thereby avoiding high risk groups. Health Net has established that the figures for which protection from disclosure is requested contain information developed by Health Net and that disclosure of this actuarial information would enable a competitor to gain insight into its experience with its customer base. This information would allow competitors to selectively under-price certain products for consumers, which could result in fewer competitors in the market and fewer and more expensive choices for consumers.

Health Net agrees that some of the information provided by Health Net in its portability rate filing, for which Health Net had requested exemption, does not qualify for protection and shall be disclosed consistent with the division's statutes and rules upon signing of this stipulation by both parties.

### Action

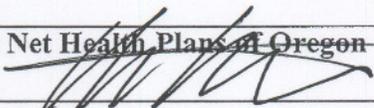
The Director agrees to the redaction of a limited amount of proprietary information contained in Health Net's portability rate filing. Health Net no longer seeks confidential treatment for its three page confidentiality request and statement, its one page rate filing table of contents, and its eight page appendix F – Impact to each Subscriber. These documents and portions of Health Net's remaining rate filing will be publicly disclosed upon execution of this Order. All documents for which an exemption was previously requested are attached to this Order and incorporated by reference herein. Specifically, the Director agrees to exempt from public

disclosure the following information described below:

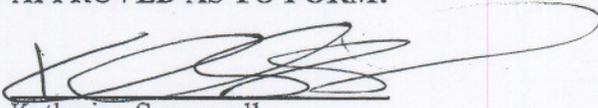
- 1) Section 3 – Rate Comparison: Eight of the seventeen rows of figures on this one page document will be redacted.
- 2) Attachment 1 - Documentation of Consistency with Group Rates: This twelve page document contains actuarial information for four plans; managed care low cost, managed care prevailing, PPO plan low cost, and PPO plan prevailing. Seven of the twelve columns of figures in this document will be redacted. The composite rates and adjustment factor, the trend factor, and the total PEPM and PMPM equivalence for each plan will be disclosed.
- 3) Appendices A and B for Age Factors: All of the figures on this one page document will be redacted.
- 4) Appendices C, D, and E: The Trend Factors will be disclosed. Three of the six columns of Geographic Factors will be redacted. The Portability Benefit Factors, consisting of twelve figures, will be redacted.

The remaining information on the on the pages will be disclosed.

Dated 12/3/08

~~Health Net Health Plans of Oregon~~  
By:   
Print: Chris Ellertson  
Title: President  
Authorized Representative

**APPROVED AS TO FORM:**



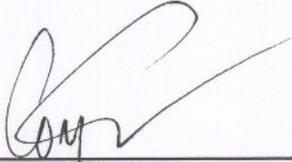
Katherine Somervell  
Attorney for Health Net Health Plan of Oregon, Inc.

**FINAL ORDER**

The Director adopts, and incorporates herein by this reference, the Facts, Conclusions and Action in the above Stipulation as the Findings of Fact, Conclusions of Law and Order, respectively, of this Final Order.

**FEB. 09 2009**

Dated: \_\_\_\_\_



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Cory Streisinger  
Director  
Department of Consumer and Business Services,  
State of Oregon