

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

In the Matter of:
**PACIFICSOURCE HEALTH PLANS
OF OREGON.**

) **STIPULATION**
) and
) **FINAL ORDER**
) Case No. INS 08-05-006
)

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 PacificSource Health Plans' (PacificSource) 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)..

PacificSource 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.

PacificSource 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 PacificSource represents that he or she is so authorized by PacificSource.

PacificSource agrees to the following facts, conclusions, and action:

Facts

1. PacificSource has been licensed in Oregon as a domestic health care service contractor since June 20, 1940.

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 14, 2008, PacificSource submitted a small group 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 PacificSource did not establish that the information is a trade secret or how release of the information would harm competition in the Oregon health insurance market.

4. On April 25, 2008, the Director sent a letter denying PacificSource's request for exemption from public disclosure of the identified information and provided PacificSource 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 29, 2008, the Director received a timely request for a hearing to contest the Director's decision to deny PacificSource's request for exemption.

6. PacificSource 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 PacificSource in its small group rate filing, filing number GH 0123 08, 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. This information would also 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.

PacificSource agrees that some of the information provided by PacificSource in its small group rate filing, for which PacificSource 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

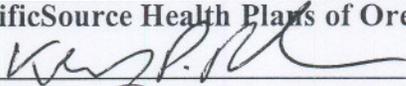
The Director agrees to the redaction of a limited amount of proprietary information contained in PacificSource's small group rate filing. PacificSource no longer seeks confidential treatment for its two page pricing narrative. This document and portions of PacificSource's pricing exhibits for all rate plans will be publicly disclosed upon execution of this Order. These documents are attached to this Order and incorporated by reference herein. Specifically, the Director agrees to exempt from public disclosure the following information described below:

Pricing Exhibit: PacificSource submitted detailed information regarding actuarial data relied upon in its internal rate setting process. Only a portion of this data is relied upon by DCBS in evaluating carrier rate change requests. PacificSource submitted a pricing exhibit for each of the 41 plans it offers. The same type of information is displayed on

each page. Accordingly, on each of these pages, most of the 5 columns of data will be redacted as they contain information developed by PacificSource that would enable a competitor to gain insight into PacificSource's experience with its customer base. The remaining information on the page will be disclosed.

Dated 11/24/08

PacificSource Health Plans of Oregon

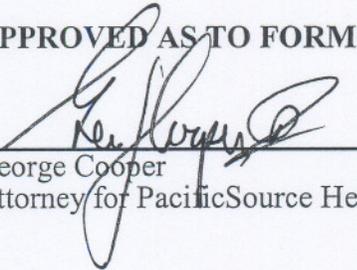
By 

Print Ken Provencher

Title President + CEO

Authorized Representative

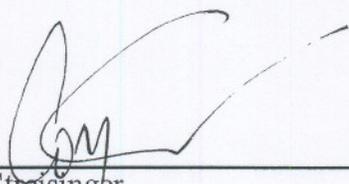
APPROVED AS TO FORM:


George Cooper
Attorney for PacificSource Health Plans of Oregon

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.

Dated JAN 16 2009


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