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**Subject:** Comments on Proposal to Eliminate Composite Rating Methodology

Michael - Kaiser Permanente has two main comments on the proposal to eliminate composite rating for small groups:

1) Outside the Exchange, Kaiser can administer rates using either the existing composite methodology or a member-level approach, although the Federal two-tier composite premium methodology would present problems;

2) However, once the Exchange becomes operational, Kaiser believes there is reason to exercise caution regarding any proposals from third-party vendors that claim to be able to administer the existing composite rating structure in the Exchange employee-choice environment. This type of rating structure is complex and we are not aware of a vendor that has successfully been able to deliver a working infrastructure. To provide consumers with the best experience possible, Oregon needs to select the rating structure that has the best potential for successful outcomes.

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