

**From:** [John DiFalco](#)  
**To:** [HOLMAN Jeannette \\* DCBS](#)  
**Subject:** SEHI Expansion  
**Date:** Wednesday, October 07, 2015 10:36:07 AM

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Jeannette,

This email is to provide thoughts on the small employer health insurance expansion and the passage of the PACE Act this week. I have been active in the health insurance business since 1986. Both as an insurance carrier representative and an independent insurance producer for the last 15 years of my career.

I'm writing to you today to express my concerns regarding the expansion of the small employer health insurance market. The Oregon legislature passed HB 2466 to allow us to react to a potential federal delay in the expansion. With the passage of the PACE Act, it is no longer necessary to expand this market. Some of the reasons I oppose the expansion are below;

1. We have in Oregon currently a healthy and stable mid market. Employers in the mid market that are subject to the Employer Shared Responsibility requirements are becoming compliant with these requirements of the ACA.
2. Employers in the mid market need flexibility in plan design, and it is essential to these employers. Restricting the mid market to SEHI plans would have a devastating effect on current plan designs. We will see de-stabilization of the insured marketplace as many of these employers will enter self insured or partially self insured arrangements. They will enter these arrangements simply to have as much flexibility as possible; not because it may be the best approach for their business. So the reasons to consider self funding will be skewed.
3. Employers in this mid market also will have a real identity crisis of being classified as ALE, yet, small group for purposes of plans and rating methodology.
4. Recently in Oregon, we went through a very painful rate banding of the 26-50 market. This would be an even larger problem in the 51-99 space. The 3x1 rate compression would have a significant impact on younger employees that we want to remain in the pool.

Please consider these points as you deliberate on SEHI Expansion

Warmest Regards,

John DiFalco  
Vice President - Employee Benefits

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