

## Oregon Division of Financial Regulation Bulletin No. DFR 2020-3

TO: Entities offering health benefit plans and stop loss insurance

DATE: February 11, 2020

RE: Premium Assessments under HB 2010 (2019)

### **I. Purpose**

The purpose of this bulletin is to clarify the applicability of assessments on premiums derived from certain insurance plans under Enrolled House Bill 2010 (2019).

### **II. Background**

In 2017, the Oregon Legislature enacted House Bill 2391 (HB 2391). HB 2391 established a 1.5 percent assessment on the gross amount of premiums derived from health benefit plans delivered or issued for delivery in Oregon. Under section 8 of HB 2391, the 1.5 percent assessment applied “for a period of eight calendar quarters beginning on the date, on or after January 1, 2018, that the policy or certificate for which the premiums are paid is issued or renewed.”

During the 2019 legislative session, the Oregon Legislature enacted House Bill 2010 (HB 2010). HB 2010 makes two key changes to the assessments established under HB 2391. First, HB 2010 increases the assessment on premiums derived from health benefit plans from 1.5 percent to 2 percent. Second, HB 2010 expands the assessment to apply to premiums derived from “insurance described in ORS 742.065” (stop loss insurance).<sup>1</sup> Both of these changes are effective for “the period beginning on January 1, 2020.”

### **III. Guidance for regulated entities**

In the case of premiums derived from health benefit plans, the Division of Financial Regulation (division) interprets the 2 percent assessment under HB 2010 as replacing the 1.5 percent assessment established under HB 2391. As a result, no health benefit plan policy should be subject to both assessments at the same time.

With respect to timing, the division interprets the 2 percent premium assessment under HB 2010 as applying to health benefit plan policies issued or renewed on or after January 1, 2020. Accordingly, absent any further changes in the law, the division will apply the premium assessment to health benefit plans on a “per policy” basis as described below.

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<sup>1</sup> ORS 742.065 defines and establishes requirements for “insurance against the risk of loss assumed under less than fully insured employee health benefit plan.” As used in this bulletin, the terms “stop loss insurance” and “stop loss policies” refer to the type of insurance described in ORS 742.065.

Health benefit plan policies issued or renewed on or after January 1, 2018, and before January 1, 2020, will be assessed at a rate of 1.5 percent of premium for each month the policy is in effect. Health benefit plan policies issued or renewed on or after January 1, 2020, will be assessed at a rate of 2 percent of premium for each month the policy is in effect.

The division expects that any premiums derived from health benefit plan policies that run on a calendar year basis, including non-grandfathered individual health benefit plans, will be subject to a 1.5 percent assessment for each month of calendar years 2018 and 2019. Premiums derived from these policies will be subject to the 2 percent assessment beginning in January of 2020.

Health benefit plan policies that renew on a non-calendar year basis will be subject to assessment based on the date the policy was issued or renewed. For example, premiums derived from a group health benefit plan policy that renews on April 1 of each year would be subject to a 1.5 percent assessment for each month the policy is in effect between April 2018 and March 2020. Premiums derived from the policy will be subject to the 2 percent assessment beginning in April of 2020.

The division expects that entities offering stop loss policies that renew on a 12-month basis will similarly implement the 2 percent premium assessment on a per policy basis. Premiums derived from stop loss policies that were issued prior to January 1, 2020, will become subject to the 2 percent premium assessment upon the first date of renewal occurring on or after January 1, 2020. Stop loss policies that are newly issued on or after January 1, 2020, will become subject to the 2 percent premium assessment on the date the policy is issued.

The division expects that any rate adjustments attributable to HB 2010 will be implemented consistent with this bulletin.

This bulletin takes effect immediately. It remains in effect until amended by a further bulletin of DFR.



Andrew Stolfi  
Administrator/ Insurance Commissioner  
Division of Financial Regulation



Date