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NOTICE OF PROPOSED RULEMAKING
INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 836
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE REGULATION

FILED
11/23/2020 9:45 AM
ARCHIVES DIVISION
SECRETARY OF STATE

FILING CAPTION: 2020 & 2021 Payment Parameters for the Oregon Reinsurance Program

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 12/29/2020 5:00 PM

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

CONTACT: Karen Winkel
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350 Winter Street NE
Salem, OR 97301

Filed By:
Karen Winkel
Rules Coordinator

HEARING(S)

Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

DATE: 12/22/2020

TIME: 10:00 AM

OFFICER: Michael Schopf

ADDRESS: Labor & Industries Building

350 Winter Street NE

Salem, OR 97301

SPECIAL INSTRUCTIONS:

Conference call only due to COVID-19.

Dial-in: 877-336-1831

Access code: 9971342#

In case of technical issues, call
Karen Winkel at 971-345-1108.

NEED FOR THE RULE(S):

These rules establish the attachment point, coinsurance rate, and reinsurance cap that will be used to calculate payments under the Oregon Reinsurance Program (ORP) for benefit years 2020 and 2021. Oregon House Bill 2391 (2017) established the ORP and gives the Department of Consumer and Business Services authority to adopt these

parameters by rule. Establishing payment parameters is necessary for the program to operate and to ensure that the program achieves its statutory purposes of stabilizing rates and premiums for individual health benefit plans and providing greater financial certainty to consumers of health insurance in Oregon.

The department developed these rules in conjunction with a rules advisory committee that included representatives of health insurers, consumers, and insurance producers.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:

Draft rules are available from Karen Winkel, Rules Coordinator, Division of Financial Regulation located at 350 Winter St. NE, Salem, OR 97301 and are available on the division's website at:
<https://dfr.oregon.gov/laws-rules/Pages/proposed-rules.aspx>.

FISCAL AND ECONOMIC IMPACT:

Under the Oregon Reinsurance Program, a reinsurance eligible issuer may receive reimbursement from the program if the costs of providing covered benefits to a reinsurance eligible individual exceed the program's attachment point for that year. The amount of each issuer's payment will be the product of the coinsurance rate and the issuer's total claims cost for reinsurance eligible individuals that exceed the attachment point, but fall below the reinsurance cap.

The Oregon Reinsurance Program has the overall effect of lowering the premium rates that individuals and families pay for non-grandfathered health benefit plans offered in Oregon's individual health insurance market. Cost savings attributable to the program have already been included in the approved premium rates for reinsurance-eligible plans in 2020 and 2021, and these rules do not present an additional impact on those rates. However, because each reinsurance eligible issuer's payment is contingent on that issuer's claims experience during a benefit year, the chosen parameters will have financial impacts for each participating issuer.

COST OF COMPLIANCE:

(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

(1) The rules will not have a significant impact on state agencies, units of local government, or the public. The Department of Consumer and Business Services (DCBS) is the sole state agency responsible for administering the Oregon Reinsurance Program. DCBS does not possess any information to indicate a fiscal impact resulting from these rules. Based on that lack of information, DCBS does not expect a fiscal impact resulting from these rules. Other state agencies, units of local government, and the general public are not expected to incur a fiscal impact from these rules.

(2)(a) The rules will apply to licensed health issuers that offer individual health benefit plans in Oregon and that elect to seek reimbursement from the Oregon Reinsurance Program. DCBS does not have complete information on the number of employees employed by each such issuer, but we estimate that no issuer subject to this rule will be a small business (i.e., 50 or fewer employees).

(2)(b) To receive reimbursement from the Oregon Reinsurance Program, an issuer must submit an annual report to the

department, as specified in existing rules. These rules do not modify the reporting requirements for the program, but the obligation to submit these reports may impose some administrative burden on participating issuers. However, as described above, DCBS estimates that no issuer subject to this rule will be a small business (i.e., 50 or fewer employees).

(2)(c) The rules establish reporting requirements that may impose an administrative burden on participating issuers. However, as described above, DCBS estimates that no issuer subject to this rule will be a small business (i.e., 50 or fewer employees).

DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

Representatives of small businesses were invited to participate in the development of this rule.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? YES

AMEND: 836-150-0040

RULE SUMMARY: Establishes attachment point, coinsurance rate, and reinsurance cap for the Oregon Reinsurance Program for benefit years 2018, 2019, 2020, and 2021.

CHANGES TO RULE:

836-150-0040

Reinsurance Parameters

(1) For the benefit year beginning on January 1, 2018 the parameters for the Oregon Reinsurance Program are:¶

(a) An attachment point of \$95,000;¶

(b) A reinsurance cap of \$1,000,000; and¶

(c) A coinsurance rate of 59.2 percent.¶

(2) For the benefit year beginning on January 1, 2019 the parameters for the Oregon Reinsurance Program are:¶

(a) An attachment point of \$90,000;¶

(b) A reinsurance cap of \$1,000,000; and¶

(c) A coinsurance rate of fifty percent.¶

(3) For the benefit year beginning on January 1, 2020 the parameters for the Oregon Reinsurance Program are:¶

(a) An attachment point of \$90,000; ¶

(b) A reinsurance cap of \$1,000,000; and¶

(c) A coinsurance rate of fifty percent. ¶

(4) For the benefit year beginning on January 1, 2021 the parameters for the Oregon Reinsurance Program are:¶

(a) An attachment point of \$83,000; ¶

(b) A reinsurance cap of \$1,000,000; and¶

(c) A coinsurance rate of fifty percent.

Statutory/Other Authority: ORS 731.244, Or Laws 2017, ch 538, sec 19

Statutes/Other Implemented: Or Laws 2017, ch 538, sec 18-21