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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

02/26/2020 3:07 PM
ARCHIVES DIVISION
SECRETARY OF STATE

FILING CAPTION: Amendment to Oregon Reinsurance Program Payment Parameters for 2018

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 03/31/2020 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.

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350 Winter St. 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: 03/31/2020

TIME: 1:00 PM

OFFICER: Michael Schopf

ADDRESS: Labor & Industries Building

350 Winter Street NE

Conference Room E

Salem, OR 97301

SPECIAL INSTRUCTIONS:

Conference phone information:

Call 888-808-6929

Access code 4969117#

NEED FOR THE RULE(S):

These rules permanently adopt a change to the coinsurance rate that was used to calculate payments from the Oregon Reinsurance Program for the 2018 benefit year. The Division of Financial Regulation (DFR) previously issued a temporary rule that increased the program's coinsurance rate for 2018 from 50 percent to 59.2 percent. This rule makes that change permanent. The higher coinsurance rate ensures that payments made by the Oregon Reinsurance Program for the 2018 benefit year align with the program's total anticipated budget for 2018 of \$90 million. The rules are necessary 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 this state.

DFR previously convened a Reinsurance Rules Advisory Committee (RAC) consisting of health insurers and consumer advocates. The division solicited comment from the RAC on these rules via email.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:

Draft rules are available from the division's rules coordinator, Karen Winkel, and are accessible on the division's website at <https://dfr.oregon.gov/laws-rules/Pages/proposed-rules.aspx>.

FISCAL AND ECONOMIC IMPACT:

These rules make the temporary increase in the coinsurance rate used to calculate payments made to eligible health insurers by the Oregon Reinsurance Program for the 2018 benefit year permanent. The rules ensure that payments made by the Oregon Reinsurance Program for 2018 will align with the assumptions that were used to set 2018 premium rates in Oregon's individual market. Increasing the coinsurance rate will increase payments made under the program to the level budgeted for 2018.

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 claims costs for the reinsurance eligible individual that exceed the attachment point, up to 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. The program is funded, in part, by a state assessment on the total premiums derived from health benefit plans in all lines of insurance. These rules do not affect the premium amount that an enrollee under a health benefit plan will pay for coverage nor the amount of premium assessment imposed on insurers.

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 has already collected claims information from reinsurance eligible insurers for the 2018 benefit year and calculated payment amounts. Changing the coinsurance rate will not have a fiscal impact on program administration.

(2)(a) Any cost of complying with these rules will fall on licensed health issuers that offer individual health benefit plans in Oregon and that elect to seek reimbursement from the Oregon Reinsurance Program. Because insurers have already reported information on reinsurance-eligible claims for 2018, these rules are not expected to have any additional impact on these insurers. Based on financial filings made to DFR, no health insurers meet the definition of a small business under ORS 183.310, because no health insurer is indecently owned and operated.

The division has no information to suggest that these rules will affect how reinsurance eligible issuers contract with or reimburse health care providers. The division does not anticipate an impact on any health providers that may be small businesses.

(2)(b) As described above, any cost of compliance with the rules will fall upon licensed health issuers. No issuer subject to this rule will be a small business.

(2)(c) As described above, any cost of compliance with the rules will fall upon licensed health issuers. No issuer subject to this rule will be a small business.

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

Representatives of small businesses were invited to participate on the RAC.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? YES

AMEND: 836-150-0040

RULE SUMMARY: Amended increase the coinsurance rate used to calculate payments from the Oregon Reinsurance Program for the 2018 benefit year.

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 ~~fifty~~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.

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

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