

Summer 2019

COMMON GROUND



Working together to help Oregonians fulfill their financial goals

Administrator's Avenue

Exemplifying the Oregon Pioneer



The Oregon Pioneer standing atop the Oregon State Capitol reminds us of the ability we all have to effect change. One of the best examples of this is the children that came together to raise nearly \$40,000 in change to complete repairs to the statue in 1984.

Oregonians have a unique pioneering spirit. It motivates the work we do each day. I am privileged to work alongside a great team focused on transparent regulation and consumer protection. I am also privileged to work with all of you as our insurance and financial services partners.

We all effect change as agents, brokers, advisors, business owners, regulators, neighbors, and family members. We hope the change we effect leads to a better tomorrow for all Oregonians.

The Division of Financial Regulation takes pride in this state's ability to effect change both locally and nationally. Our collaboration with industry partners has enabled us to set an example for many others.

Oregon was one of the first states to implement a reinsurance program to help stabilize our individual

health insurance market, keep premium rates 6 percent lower, and enable insurers to provide essential health care benefits to many Oregonians.

The state's **transparent rate review program** is a model of collaboration. The ability we have to conduct open, transparent discussions about the health insurance rates that Oregonians will pay is unique and a model many states want to replicate.

The **Oregon Drug Price Transparency Program** is one of the nation's first, and is already providing insight and data that will lead to more effective regulation of the prescription drug industry and better consumer protection. We are also proud to note that, on Nov. 19, we will be the first state to hold a public hearing on prescription drug prices.

The **Innovation Hub** is paving the way for others to see how effective collaboration can lead to efficient regulation and consumer protection for many of the insurance and financial products and services consumers demand.

These examples, as well as several other pioneering programs and ideas, are all possible because of our ability to collaborate to benefit our common ground, Oregonians. We appreciate your participation in these programs and your transparency in our licensing and compliance requirements.

Welcome to Common Ground.

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Nine priorities becoming law after 2019 session

The Division of Financial Regulation provided data and testimony on hundreds of bills during the 2019 legislative session, and had nine bills introduced. We are pleased to announce all nine of the division's priorities passed. Here is a summary of each bill:

SB 249 – Improving consumer protections for prior authorization: This provides modest changes to Oregon law to enforce standards for health insurers on communication, documentation, and timing for prior authorizations.

SB 250 – Health care stabilization: This new law changes the Oregon insurance code to ensure key protections of the Affordable Care Act remain available to Oregonians. It specifically includes protections for people with pre-existing conditions, mental health parity, nondiscrimination, risk adjustment, health reimbursement arrangement

changes, an out-of-state coverage fix, and requires multiple bronze standard plan designs.

SB 251 – Credit for reinsurance and changes for adjuster licensing: The law sets a standard certification process for non-U.S. reinsurers, and aligns the Oregon statute with the federal Nonadmitted and Reinsurance Reform Act. It also provides consistency for adjuster licensing, separates licensing provisions for insurance adjusters and consultants, and imposes licensing provisions upon consultants similar to those on adjusters.

HB 2010 – Oregon Reinsurance Program: This law was an important piece of the overall budget for the state. This bill was signed into law on March 13, and provides solvency for the Oregon Health Plan and funding for the Oregon



Reinsurance Program over the next six years.

HB 2088 – Supervision of endowment care cemeteries: This law provides remedies for endowment care cemeteries that commit consumer fraud, do not complete arrangements, prevent family members from visiting gravesites, refuse state orders, and hide assets from authorities. The law stems from a [recent case involving an endowment care cemetery](#) in Klamath Falls.

HB 2089 – Regulation of payday lenders: This law limits payday lenders to issuing one loan to a consumer at a time, allows consumers to pay back the loan, maintains a balance of consumer access to loans, and prevents a cycle of high-interest debt.

HB 2419 – Licensing requirements: The law gives the Department of Consumer and Business Services authority to require license and background checks through the Nationwide Multiple License System (NMLS).

HB 3074 – Streamline the health insurance rate review process: The law provides technical changes to help make the state's transparent rate review process more efficient.

HB 5011 – Relating to the financial administration of the Department of Consumer

and Business Services and declaring an emergency: This was the division's budget bill, which provides funding for DCBS and its divisions, including the Division of Financial Regulation, to carry out its regulatory mission.

Visit the [Oregon State Legislature website](#) for more information on all the bills from the 2019 session.





Oregon's top 25 most costly and most prescribed drugs

The Oregon Division of Financial Regulation recently released lists of Oregon's most costly and most prescribed drugs, as well as the prescription drugs that cause the greatest increase to health insurance plan spending.

Brand-name drugs such as Humira and Enbrel, prescriptions commonly prescribed for rheumatoid arthritis, topped the lists of most costly and greatest increase to plan spending. Hydrocodone-Acetaminophen, a pain reliever, was the most prescribed, along with several generic drugs treating conditions such as high blood pressure and cholesterol.

“These lists highlight the goal of the drug price transparency program,” said Andrew Stolfi, insurance commissioner. “They provide a first step to transparency for Oregonians, and help all of us better understand which prescription drugs affect health care costs.”

Each of Oregon's nine insurance companies submitted the drug lists to the division, which reviewed and aggregated them to provide consumers a look at the common prescription drugs that have the biggest effect on health insurance costs.

The Prescription Drug Price Transparency Act (House Bill 4005), from the 2018 legislative session, established Oregon's drug price transparency program. The new law requires prescription drug manufacturers and health insurance companies to report specific drug price information to the division.

The division is excited to bring one of the nation's first prescription drug price transparency programs to Oregon. Top 25 lists and drug price information from manufacturers is now available by visiting dfr.oregon.gov/drugtransparency and clicking the Data box.

On Tuesday, Nov. 19, the division will hold the first state-level public hearing regarding prescription drug pricing. The first annual report to the legislature will be provided at the end of the year. It will be based on all the information received from manufacturers, health insurers, and consumers.



Helen Lee and Joany Inc. fined \$26,000 for forging Oregonians' signatures

The division issued final orders against Helen Kyung Chang (formerly Helen Lee) and Joany Inc. for forging consumers' signatures on agent of record forms to obtain commissions from health insurance companies.

The orders revoke the insurance licenses of Lee and Joany Inc. The division also fined each party \$26,000 for violating the Oregon insurance code. The department issued a cease-and-desist order on Lee and Joany Inc. and [warned consumers about their scam last year](#).

Lee and Joany Inc. offered consumers a \$50 gift card for filling out an insurance survey through Facebook and Craigslist. The survey required consumers to provide a copy of their health care identification card.

Lee and other representatives from the organization



would then use the personal information they obtained to complete agent of record forms, forge consumer signatures, and submit them to insurance companies without the consumers' knowledge or consent. This enabled Lee and Joany Inc. to collect commissions on behalf of the consumers.

More than 900 agent of record forms were filed with insurers in the multi-state scheme that led to [Lee being charged with nine felony counts of identity theft](#) in her home state of California. The division's enforcement team has actively investigated this case and worked with several agencies, including the California Department of Insurance and the Los Angeles County Police Department and district attorney to pursue the legal actions.

The division seeks your help by reporting potential fraudulent activities within the insurance and financial services industries.

If you have reason to believe an agent, broker, insurance or financial services company is committing fraud on Oregonians, file a complaint by visiting [our complaints page](#) or contact our advocacy team at 888-877-4894 (toll-free).

Check out the latest edition of [Taking Action](#) to learn more about the orders and fines issued by the division to protect consumers and promote a healthy business climate.



Clients wanting a short-term health plan? Help them answer 11 questions first.

Under Oregon law, short-term health plans can be issued for only three months at a time, including renewals. An insurer cannot issue a new policy to a customer within 60 days of expiration of a policy issued by the insurer to the policyholder.

Short-term health insurance plans often seem cheaper than traditional health insurance, but buyers must take warning. That lower monthly premium typically provides limited medical coverage.

Insurance is intended to protect you from large financial risks. While the monthly price of a short-term health plan can seem attractive, it often leaves consumers with expensive medical bills.

Before helping clients sign up for a short-term health plan, make sure they understand the risk by helping them answer these 11 questions.

Do you qualify for financial help?

Open enrollment (Nov. 1 – Dec. 15) is almost here; all Oregonians signing up for individual health insurance should visit [HealthCare.gov](https://www.healthcare.gov) to see if they qualify for financial assistance.

All Oregonians who purchase their own insurance are encouraged to apply for assistance, even if they did not qualify previously. Oregonians who receive help with the costs of their health insurance pay on average \$140 a month.

Does the plan cover pre-existing conditions?

It is important for consumers to understand that pre-existing conditions can be physical or mental. They should also verify if the short-term plan will cover symptoms, treatments, and prescriptions related to any of their specific pre-existing conditions.

Does the plan have a network of doctors or specialists?

Make sure your customers understand the typically astronomical price differences between in-network and out-of-network providers. Many short-term plans do not have a network of providers and offer only a dollar limit of coverage. This often leaves consumers paying high out-of-network fees for everything from emergency services to routine preventive care.

What are the deductibles and maximum dollar amounts of coverage?

It is essential for consumers to understand how much they will have to pay in addition to the monthly premium. If the monthly premium seems too good to pass up, make sure they are comfortable with the out-of-pocket costs, especially the amount they must pay before insurance coverage starts.

How does the plan cover surgery or physical therapy?

Short-term plans may not even cover these in an emergency. Consumers should confirm the amount of coverage provided for a scheduled or emergency surgery, and the necessary physical therapy to fully recover.

Even when these services are covered, the plan's dollar limits and exclusions can leave consumers with several expensive medical bills.

Does the plan cover emergency room visits or hospital stays?

Accidents happen. That is why it is important for consumers to make sure the short-term health plan covers potential emergency room visits and hospital stays.

Again, even when these are covered, confirm exactly how much the plan covers. For example, a plan may cover hospital stays, but limit it to \$1,000 per day.

What is the prescription drug coverage?

Prescription drug costs are rising. Help your customers confirm the coverage a plan provides. If they already have regular prescriptions, help them learn the dollar amount the health plan will cover on their regular medications.

Does the plan provide preventive care benefits?

Short-term health plans do not have to cover regular shots and screenings, but many health plans such as those found on Oregonhealthcare.gov will cover these services at no cost.

What are the specific policy exclusions?

Take time to help clients understand the exact exclusions of the policy they are interested in and remind them to never assume a treatment is covered until they know for sure.



Will the plan cover my whole family?

Many short-term plans have separate requirements for each family member. It is essential to make sure that each of your client's family members will be covered.

Now that school is back in session, clients heading to college and those with kids in college should confirm that the coverage will follow them.

Are there any other options that include essential health benefits?

All consumers should understand that plans are available that include essential health benefits such as ambulance and emergency services, hospitalization, maternity care, lab services, and pediatric care.

Before signing up your customers for short-term plan, review the exclusions, help them ask the right questions, and make sure they understand how limited these plans can be.

For more resources, visit our [health insurance page](#).

Home Inventory Week sparks two tasks to save time, money, and stress following a disaster



Lightning storms lit up the night skies sparking wildfires, and two earthquakes over 6.0 magnitude shook the ground in Oregon leading up to National Disaster Preparedness Month. These stern warnings make it critical for Oregonians to get prepared for both natural and human-caused disasters.

September is National Preparedness Month, and it was kicked-off by Home Inventory Week. To recognize this often overlooked part of disaster preparation, the Oregon Division of Financial Regulation encouraged all Oregonians to do two simple tasks to save time, money, and stress when disaster strikes:

1. Build a home inventory – Take video or photos of each room in your home, paying close attention to walls, drawers, closets, and storage areas. Recalling your personal property is a daunting task following a disaster. A home inventory eases the post-disaster stress, and enables your insurance company to move forward with processing your claim.
2. Review your insurance coverage – Take time to discuss your policies with your insurance company or agent. Make sure you have the right coverage and know what to expect when you file a claim for disasters such

as fire, earthquake, flood, tornado, theft, and ice storms.

“Recent wildfires and earthquakes remind us how important it is for every Oregonian to build a home inventory and make sure they have the right insurance coverage to protect their families,” said Insurance Commissioner Andrew Stolfi. “These projects are easy to do and now is the time to add these money-saving, stress-reducing tasks to your to-do list.”

All Oregonians are encouraged to visit dfr.oregon.gov/preporenw for videos, apps, and resources to help complete these simple tasks. The site also provides social media tools to help you encourage your customers, friends, and neighbors to get prepared.

The division joined several state and county agencies in this month long effort to help Oregonians get prepared for both natural and human-caused disaster. Catch up on the conversation on social media using these hashtags: #2WeeksReady, #NatlPrep, #PrepareNow.

DMV policy change: Washington bill of sale no longer accepted instead of a title

Starting Oct. 1, 2019, the Oregon DMV will no longer accept a Washington bill of sale in place of a title as an ownership document to obtain an Oregon title.

Any transaction submitted in a field office starting Oct. 1, 2019, with a Washington bill of sale in lieu of a title or other ownership document will be rejected. A Washington title must be obtained before applying for a title or registration in Oregon.

Any transaction mailed to DMV headquarters postmarked Oct. 1, 2019, or later with a Washington bill of sale in lieu of a title or other ownership document will be returned with a letter stating a Washington title must be obtained before applying for a title or registration in Oregon.

The only time a Washington bill of sale will be accepted in lieu of title is when it is submitted with a “Dismantler’s Vehicle Notice to Driver and Motor Vehicle Services, Form 270.” This form is used to add a dismantler’s indicator on the vehicle record.

For information on how to obtain a Washington title, contact the Washington Department of Licensing at dol.wa.gov/vehicleregistration/salvageabandon.

If you have questions regarding these changes, please call DMV Customer Assistance:

- Salem: 503-945-5000
- Portland: 503-299-9999
- Or the DMV number in your local directory



Timely consumer disclosures for total loss vehicles

The division issued a memo in July reminding auto insurers of their responsibility to disclose a vehicle total loss decision in a timely manner.

According to ORS 742.554, when an insurer declares a motor vehicle a total loss and offers to make a cash settlement, the insurer shall provide:

1. Any valuation or appraisal reports relied upon to determine value
2. A written statement in a form provided by the Director of the Department of Consumer and Business Services that includes:
 - a. Information about the total loss, the vehicle valuation, and duties of the insurer
 - b. The manner in which and under what circumstances the insured may contact the Division of Financial Regulation.

The purpose of the statute is to provide transparency

and give consumers the tools to make informed decisions when faced with a vehicle total loss. Giving notice in a timely manner is an important element of the requirement.

Guidance to Insurers

ORS 742.554 requires that total loss disclosures be provided when an insurer declares a total loss on a vehicle and offers to make a cash settlement. This means that when a settlement offer is:

- Made in writing, the disclosure must be provided simultaneously.
- Communicated to the consumer orally, the disclosure must be provided in writing and mailed or delivered electronically within one business day.

Delaying the disclosure until after the settlement offer violates ORS 742.554 and may result in an enforcement action and civil penalties.





The division just released its quarterly summary of enforcement actions. Check out the latest edition of [Taking Action](#) to learn about the orders and fines taken by the division to protect consumers and promote a healthy business climate.

Take a moment to catch up on a few industry-related headlines from the last quarter.

[The Lund Report: Approval of CareOregon/ Providence deal could take months](#)

[New York Times: As wildfires get worse, insurers pull back from riskiest areas](#)

[Portland Business Journal: These are the most costly prescription drugs](#)

[Portland Business Journal: Here are the top 25 drugs doctors prescribe most](#)

[Jefferson Public Radio: Insurance regulator recommends steps to prepare for disaster](#)

[Wall Street Journal: When small advisers fail, investors have little chance of recovering losses](#)

[Oregon Live: 6 businesses DOJ says may be making illegal robo calls](#)

[Salem Reporter: Oregon approves average 1.5 percent increase in individual insurance rates for 2020](#)

