



Department of Consumer and Business Services

350 Winter Street NE, Room 200

P.O. Box 14480

Salem, Oregon 97309-0405

(503) 947-7872

www.cbs.state.or.us

Health Insurance Rate Review Considerations

The Oregon Insurance Division must review and approve rates for health insurance plans purchased by small employers or individuals who buy coverage directly from insurance companies. The division has an established rate review process that includes a technical review by division actuarial staff and a public hearing to inform the Insurance Commissioner's final decision.

Factors Considered by the Insurance Division

The division's rate review process is designed to analyze the reasonableness of rates proposed by an insurance company in consideration of multiple factors. These factors include, but are not limited to:

- Recent and future medical care and prescription drug costs;
- The impact of changes in benefits on the proposed rates;
- The range of rate increases or decreases that affect different groups of policyholders;
- Recent and projected future administrative costs;
- The projected medical loss ratio (the amount of each premium dollar spent on medical care);
- The company's historical rate changes;
- The financial position of the company, including surplus, profit margin, and investment income; and
- Public comments.

Provider Network Considerations

The rate review process does not typically address the appropriateness of provider contracts or the size of provider networks. The division is working toward developing a review process for network adequacy that will be consistent with standards established by the Affordable Care Act (ACA). The rate review process does, however, consider whether the rates proposed for the different provider networks are justified. This means that insurers must demonstrate that their contracts with hospitals and doctors justify the proposed rates, including different rates for different networks.

Questions about the rate review process? Call Ethan Baldwin at 503-947-7660.