Summer 2018

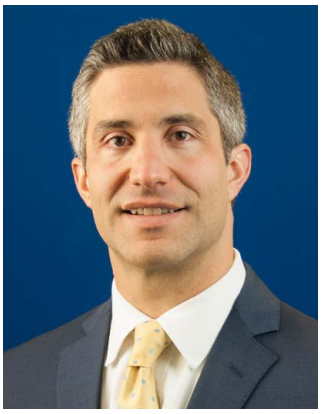
COMMON GROUND

DCBS | Consumer and Business Services
Division of Financial Regulation

Working together to help Oregonians fulfill their financial goals

Administrator's Avenue

Reaching our goals together



Teamwork and collaboration are essential in virtually every aspect of life. Families and friends work together to support each other through tough times, employees work together to reach business goals, and organizations work together to improve social issues. The path of "I can do this on my own" rarely reaches the blockbuster results realized by the team actively pursuing a common goal.

Looking back on the past few months, I am appreciative of the collaborative relationship this division has with our insurance and financial services stakeholders.

Currently, we are wrapping up the 2019 rate review process with our health insurers to ensure the requested rates adequately cover Oregonians' healthcare costs. We are working with several business partners on two emerging issues: creating rules for reporting prescription drug prices, and establishing guidelines for introducing autonomous vehicles to Oregon roadways.

We are even seeking your help to fight senior financial fraud, educate Oregonians about mental health parity, and prepare residents for natural disasters.

We are all here to protect and support Oregon consumers. I see that each day as we collaborate together to continuously provide consumers with the products and services that meet their needs.

In our summer edition, we discuss how to spot both senior financial fraud and cryptocurrency scams, take a closer look at the 2018 legislative session, and review recent bulletins and notices.

We hope you are enjoying the summer season with family and friends, and look forward to continued collaboration for Oregon consumers.

Welcome to *Common Ground*.

CONTENTS

Advocacy and Outreach

New law helps fight senior financial fraud

Oregon's retirement population is growing faster than the national average. Nearly every county's 65-and-older population has grown by at least 10 percent since 2010. Communities with growing senior populations are targets for scams, and Oregon is witnessing an increase in senior fraud.

In 2017, the Oregon Legislature passed Senate Bill 95 to address senior financial fraud. The law requires broker-dealers and investment advisors to report suspected cases of elder financial exploitation. The law does not require advisors to determine abuse, but they are required to report suspicious activities to local authorities.

As you help seniors with their financial planning needs, the Division of Financial Regulation requests your help fighting financial fraud by watching for these 10 warning signs:

- The person accompanying the senior citizen shows excessive interest in the senior's finances, does not allow the senior to speak, or is reluctant to leave the senior's side
- The senior shows an unusual degree of anxiety towards the person accompanying him or her
- The senior prefers new associations over existing relationships
- You are unable to speak directly with the senior
- The senior displays unusual excitement over a financial windfall
- The sudden appearance of previously uninvolved relatives claiming their rights to the estate
- Abrupt changes to financial documents, such as power of attorney, beneficiaries, or wills
- Large withdrawals from an inactive account or the sudden appearance of credit card balances
- Suspicious signatures
- The sudden disappearance of funds or possessions, such as safety deposit box items reported missing

If you spot these or any other suspicious activity, take action by calling local authorities. You are not required to determine abuse, but you are required to report it.

If you have questions about suspected fraud, contact Adult Protective Services at 855-503-7233 (toll-free) or the Division of Financial Regulation's Advocacy Team at 888-877-4894 (toll-free). ◆

2018 Outreach themes

First quarter

- Budgeting/savings
- Credit/insurance

Second quarter

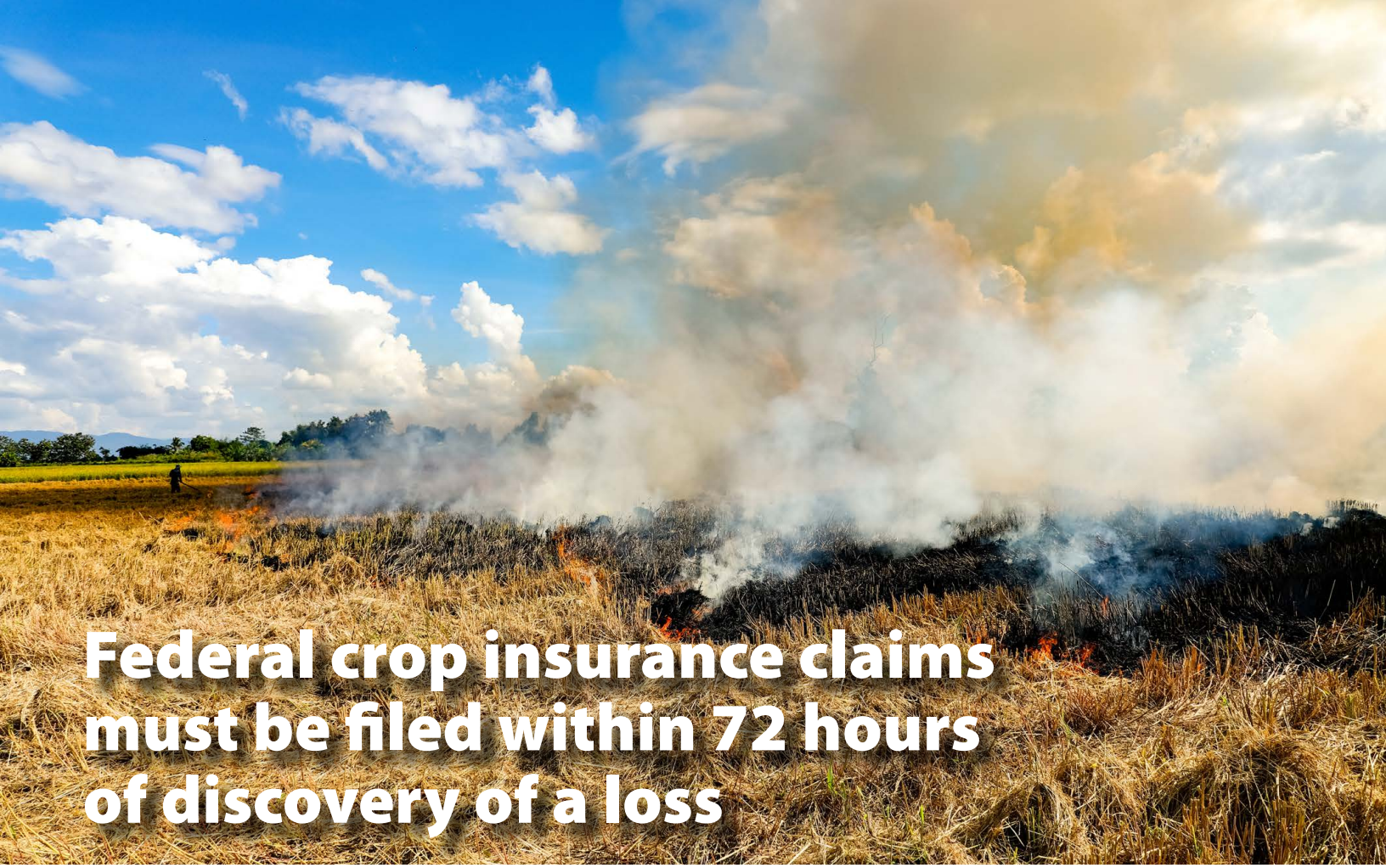
- Mental health
- Homeownership

Third quarter

- Auto insurance and financing
- Life insurance
- Long-term care

Fourth quarter

- Cyber/financial security
- Health insurance



Federal crop insurance claims must be filed within 72 hours of discovery of a loss

Current statistics estimate that nearly half of the crops of Wasco County may be lost as a result of the Substaion fire.

Under the Federal Crop Insurance program, claims must be filed within 72 hours of discovery of a loss. The Division of Financial Regulation encourages all insurance agents with clients in Wasco and Sherman counties to contact their clients immediately.

Please advise consumers affected by the Substation fire of their rights and limitations under their crop insurance policy.

It is important to note, farmers with crop damage should not destroy it until the insurance company confirms it is OK to do so.

Key facts for farmers filing a crop insurance claim:

- Contact your agent immediately to file a crop claim. There is no penalty for filing a claim, even if there is minimal or no damage.
- Let your insurance company know if you are within a window of opportunity to replant or switch the crop
- Do not destroy the evidence before the insurance company has confirmed it is OK to destroy the burned crop
- Have the Farm Service Agency documents ready to show the number of acres and locations of insured crops

Visit the USDA's crop and livestock insurance page for more crop insurance tools and calculators. Visit the division's wildfire page for consumer resources you can share with all of your clients.

Thank you for your commitment to consumer protection and your service to your clients with this issue. ◆

Legislature passes prescription drug, other bills during 2018 legislative session

The 2018 legislative session ended earlier this month. The shorter session produced fewer bills, but here are a few of interest for insurance and financial services professionals.

House Bill 4005 addresses the rising cost of prescription medications through increased price transparency. The bill designates the Department of Consumer and Business Services as a clearinghouse of data received from drug manufacturers.

When the price of a prescription drug that costs $100 or more for a one-month supply is increased by at least 10 percent in a calendar year, the manufacturer must submit a report to the department that identifies the name of the drug, its price, and the amount of the increase.

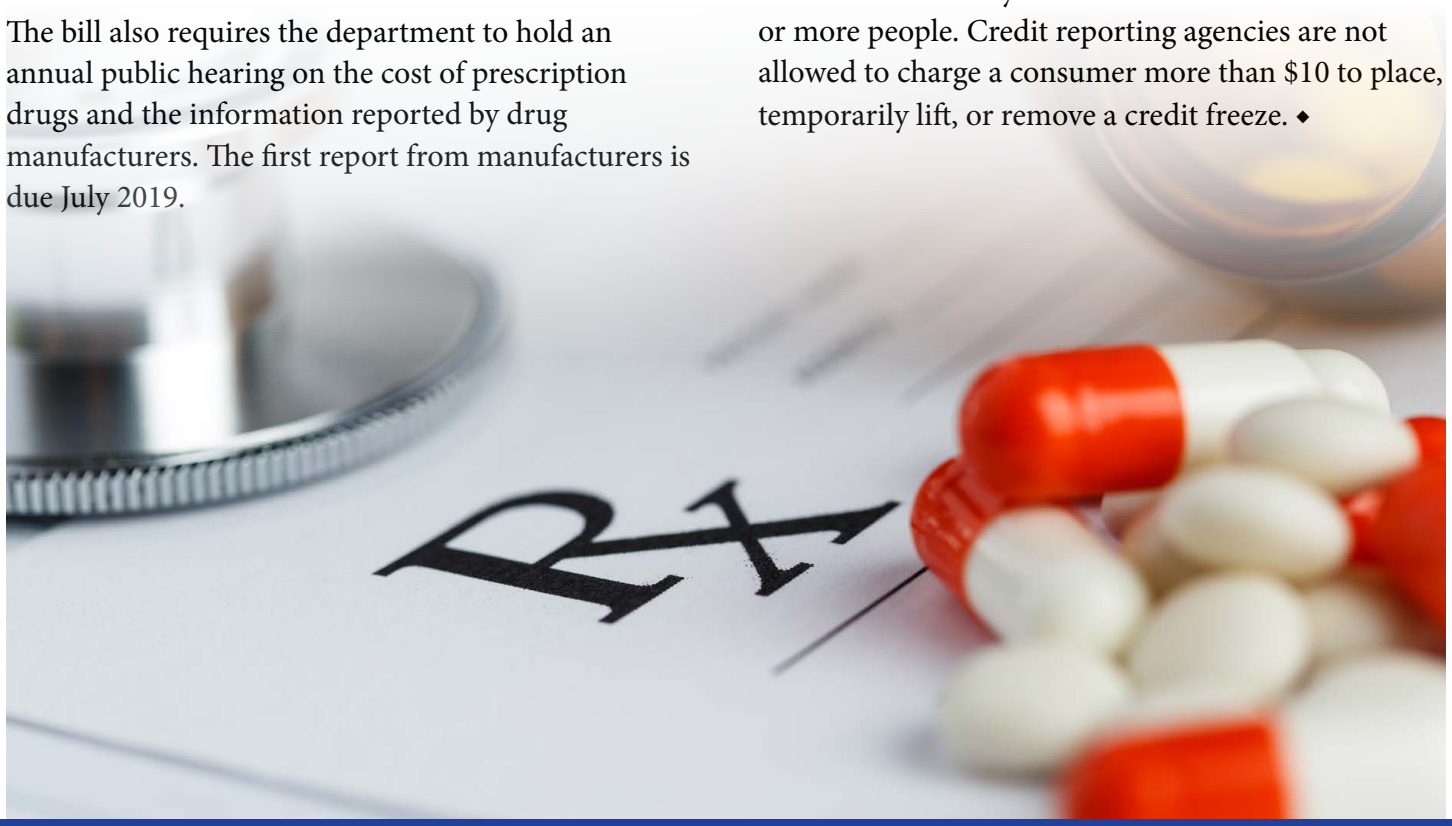
The manufacturer's report must also include information on the costs to develop, manufacture, market, and distribute the drug; the revenue and profit derived from the drug; and other factors relevant to the price increase.

The bill also requires the department to hold an annual public hearing on the cost of prescription drugs and the information reported by drug manufacturers. The first report from manufacturers is due July 2019.

HB 4143 addresses the ongoing opioid epidemic. The bill is based on recommendations from the Governor's Opioid Epidemic Task Force. It requires the department to study the barriers to effective treatment for and recovery from substance use disorders, including addictions to opioids and opiates. The initial report and recommendations was provided to the Legislature on June 30.

Senate Bill 1549 further implements the ban on surprise medical bills passed by the Legislature in 2017. Beginning March 1, 2018, when a patient receives emergency services from an out-of-network provider in an in-network facility, health insurers are no longer able to pass on the extra costs of the out-of-network services. SB 1549 directs the department to adopt rules on how health insurers are to reimburse providers in these out-of-network situations.

SB 1551 requires businesses that own or license consumers' personal information to notify them if there has been a data breach. The business must also inform the Attorney General if a breach affects 250 or more people. Credit reporting agencies are not allowed to charge a consumer more than $10 to place, temporarily lift, or remove a credit freeze. ◆



Final rate decisions released for 2019 health plans

Small businesses and individuals who buy their own health insurance can now see the Division of Financial Regulation's final rate decisions for 2019 health insurance plans. The division reviews and approves rates through a detailed and transparent process before they can be charged to policyholders.

The final decisions are based on the result of a rigorous review, which included public hearings and public comment. The division published preliminary decisions last month before the hearings. These hearings provided an opportunity for the public, health insurance companies, and the division to further review and analyze the preliminary decisions.

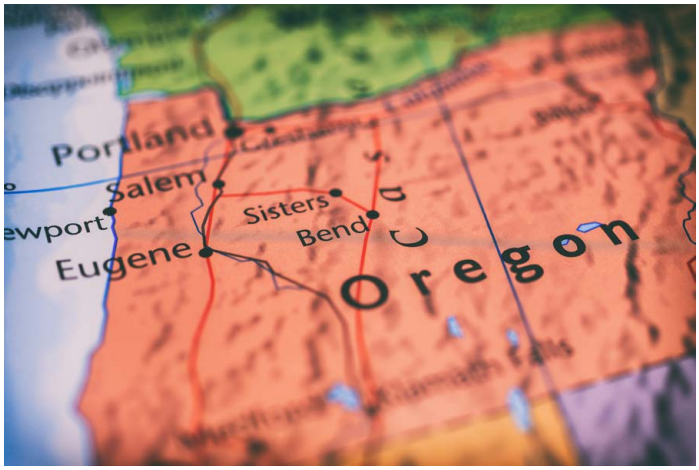
"Despite federal actions that continue to inject instability into our market, 2019 rates look to be even lower than initially requested," said Insurance Commissioner Andrew Stolfi. "The positive effect of the Oregon Reinsurance Program provides relief for Oregonians and helps reverse some of the rate increases caused by actions at the federal level."

Open enrollment for 2019 plans is from Nov. 1 to Dec. 15, 2018.

Individual market

The division has issued final decisions for seven companies in the individual market with average rate changes ranging from a 9.6 percent decrease to a 10.1 percent increase. Under the decisions, Silver Standard Plan premiums for a 40-year-old in Portland would range from $415 to $486 a month.

The final decisions include a 1.1 percent reduction of the preliminary approved rate of Providence, which was lowered from 10.6 percent to 9.5 percent due to



updated loss experience data. Its initial rate request was 13.6 percent. The only other change was to Kaiser Foundation Health Plan. The individual rate was adjusted slightly from an increase of 9.2 percent to 9.4 percent. Kaiser's initial rate request was 14.3 percent.

The rate changes are company-wide averages based on premiums for plans before financial assistance through the Oregon Health Insurance Marketplace is taken into account.

All Oregonians who purchase their own insurance are encouraged to apply for assistance through the marketplace for 2019, even if they did not qualify last year. In 2018, Oregonians who received help with the costs of their health insurance paid on average $138 a month.

Small group market

In the small group market, the division has issued final decisions for nine companies with average rates ranging from a 4 percent decrease to a 7.2 percent increase. Under the decisions, Silver Standard Plan premiums for a 40-year-old in Portland would range from $295 to $387 a month.

Final rates include significant reductions from the preliminary decisions for several plans based on updated loss experience data. Providence's small group rates decreased from 8.2 percent to 3.9 percent. UnitedHealthCare Insurance Company changed from 9.4 percent to 7.2 percent, and UnitedHealthCare of Oregon was reduced from 8.9 percent to 6.7 percent.

In 2019, all carriers will maintain their current service area, and two insurers are expanding with Kaiser moving into Lane County and PacificSource moving into Lane and Yamhill counties.

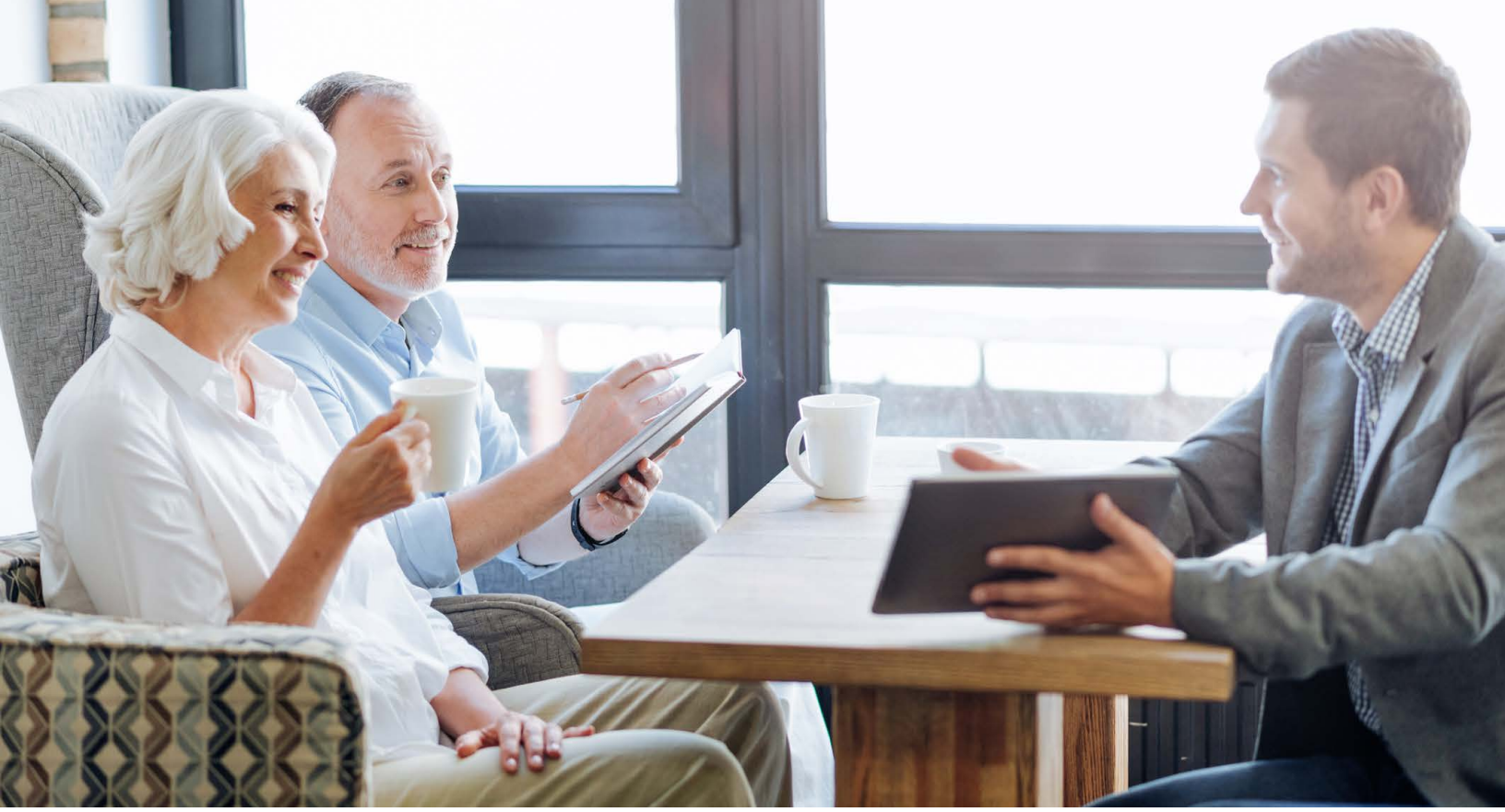
"We remain encouraged to see two carriers expanding into additional counties, and all carriers maintaining their current service areas," said Stolfi. "We have done a lot of work to help steady the Oregon health insurance market, and continue to explore all avenues to help steady premium rates for Oregonians."

Reasons for rate changes include:

- Medical costs continue to rise, driven by increased use and the cost of new specialized prescription drugs.
- The Oregon Reinsurance Program, which reduced individual market rates by 6.3 percent for 2019.
- Uncertainty in the individual market due to factors such as the elimination of the individual mandate penalty, and federal rules around association health plans and short-term/limited-duration plans.

See the chart on our website for the full list of decisions.

Proposed decision information for each carrier can be found at www.oregonhealthrates.org. Statewide premium comparison tables for ages 21, 40, and 60 will be posted online in August. ◆



Federal law leads to Medicare supplement changes in 2020

Producers selling Medigap policies in Oregon need to be aware of new rules, which take effect Jan. 1, 2020, to avoid federal penalties and fines.

The Medicare Access and CHIP Reauthorization Act of 2015 revised the rules to Medigap policies regarding Part B deductibles for newly eligible Medicare beneficiaries beginning in 2020.

According to the revised Medicare rules, beginning Jan. 1, 2020, the law will:

- Prohibit newly eligible beneficiaries from purchasing a Medicare supplement plan that pays for the Part B deductible. This means plans C and F cannot be sold to newly eligible Medicare consumers. Those enrolled in Plans C and F before Jan. 1, 2020, may keep their plan.
- Add plans D and G to the guarantee issue plans under the birthday rule for newly eligible Medicare beneficiaries.

The Division of Financial Regulation completed the rulemaking process for Medicare supplement plans to bring state regulation in line with the federal act. The rule will prohibit insurers from advertising, soliciting, or issuing for delivery policies or certificates that provide coverage of the Medicare part B deductible to anyone who becomes newly eligible Medicare beneficiaries as of Jan. 1, 2020. The rule will be filed by Aug. 1, 2018.

More information will be available online soon. ◆

Can you tell the difference?
Operation Crypto-sweep helps identify investment schemes

Crypto-investment products are growing in popularity. There are more than 30,000 crypto-related domain registrations. Unfortunately, it is estimated that more than 80 percent of initial coin offerings (ICO) are scams to steal your money and identity.

Investors can be easily confused thinking an ICO is similar to an initial public offering (IPO). While they sound similar, they are very different. ICOs sell digital coins or tokens to fund a project. IPOs sell common stock and securities.

The most important difference is that IPOs are highly regulated, providing investor protections; many ICOs do not provide those protections.

To help customers make informed decisions about crypto-investments, the Oregon Division of Financial Regulation is encouraging investors to be on the lookout for these common ICO schemes:

Fake digital wallets – A digital wallet allows someone to store, send, and receive cryptocurrencies. Scammers design fake wallets to gain access to people's private codes and steal their cryptocurrency.

Pump-and-dumps – Groups of individuals coordinate to buy and promote a cryptocurrency on social media. They push the demand and price up, and then quickly sell it, leaving buyers with a devalued cryptocurrency.

Multi-level marketing platforms – Companies lure investors with the promise of high-interest/low-risk returns, and provide incentives to recruit additional investors. Eventually, the company shuts down the program, keeps the investments, and leaves investors with worthless digital coins.

"Approximately $400 million has been stolen from investors through ICOs, and that will continue to rise as they grow in popularity," said Andrew Stolfi, division administrator. "Fraud runs rampant in these offerings and consumers must be extremely cautious before investing."

The division joined the North American Securities Administrators Association and more than 40 state and provincial securities regulators across the United States and Canada in Operation Cryptosweep. Designed to raise public awareness about the fraudulent actions of crypto-related investments, Operation Cryptosweep offers the resources below to help investors.

- dfr.oregon.gov/gethelp/Documents/5342-cryptocurrency.pdf
- www.nasaa.org/44836/informed-investor-advisory-initial-coin-offerings/
- vimeo.com/239995680

Review these resources before purchasing or investing in any type of cryptocurrency, especially those offered by an ICO. Consumers who have questions about these unregulated assets can call the division's advocates at 866-814-9710 (toll-free). ◆

DFR 2018-02: Implementation of balance billing legislation

The purpose of this bulletin is to clarify the Division of Financial Regulation's supervisory expectations with respect to Oregon's balance billing laws and the implementation of reimbursement methods established by the Legislative Assembly.

Four expectations for insurers and other regulated entities are established as a result of the balance billing laws:

1. Patients treated on or after March 1, 2018, will not be balance billed for out-of-network care in an in-network facility.
2. All requests for All-Payer, All-Claims data will flow though the advisory committee process.
3. Insurers and providers will negotiate reimbursement rates for emergency services at an out-of-network facility, until the Department of Consumer and Business Services adopts rules establishing reimbursement parameters.
4. Consumer must be provided a reasonable opportunity to choose whether they will receive care from an out-of-network provider, to the extent that circumstances allow for a free and voluntary choice.

Review the entire bulletin.

DFR 2018-3: Automobile insurance policy rating for persons of non-specified gender

Insurers use sex or gender as a rating factor must also file rates for consumers who choose the "not-specified" gender. Rate and form filings should be effective for policies issued or renewed after Jan. 1, 2019.

In the interim, insurers who do not have filed rates for the new nonspecified gender will need to take steps to accommodate applicants on a nondiscriminatory basis within their existing rate structure. Coverage should be made available for consumers immediately.

Review the entire bulletin, including filing requirements.

From the DMV: Post-Dated SR-22s are not valid

Among the requirements for SR-22s, as detailed in Oregon Revised Statute 806.270 and Oregon Administrative Rule 735-050-0050, is that the SR-22 certificate must include the effective date of the policy to show that the person is covered by the insurance.

Also required is that the insurance agent sign and date the SR-22 to verify the insurance coverage (this is considered the issuance date of the SR-22). This date must be the date DMV received the certificate or a prior date, dated no more than 30 days before submission to DMV.

Periodically, a customer presents to DMV an SR-22 that is "post-dated" by the agent (the issuance date is a future date). DMV considers these "post-dated" SR-22s to be invalid and are rejected. DMV asks insurers to discontinue the practice of issuing post-dated SR-22s, which will help reduce customer inconvenience and frustration. ◆

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