



Oregon

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February 27, 2014

The Honorable Alan Bates
The Honorable Nancy Nathanson
Joint Ways and Means Subcommittee on Human Services
State Capitol, 900 Court Street NE
Salem, OR 97301

Re: SB 1582 -A4 Amendments

Dear Co-Chairs:

I write to you regarding the -4 Amendments to SB 1582, which I understand the subcommittee may consider this afternoon. The -A4 Amendments allow issuers of small group and individual health benefit plans to renew plans into 2015 that do not comply with the market reforms of the Affordable Care Act (ACA) if:

- The renewal is limited to members/small businesses that renewed coverage in 2013 into 2014;
- The renewed plan is still in effect at the time of renewal in 2014; and
- The renewal is consistent with federal guidance.

These plans, defined as transitional plans, will be subject to the provisions of the Insurance Code in effect prior to HB 2240 (2013), which implemented the market reforms of the ACA (essential health benefits, rate reform, metal level coverage, etc.) into Oregon law.

If the Committee adopts the -A4 amendments, the Department intends to implement them in a way that protects the insurance-buying public and maintains the integrity, financial viability, and competitiveness of the individual and small group markets. One of our most important consumer protection duties is to ensure that insurers are financially sound and able to pay claims. Although the establishment of transitional plan will create an unanticipated parallel market for the Department to regulate, I believe that the Department's rulemaking authority and applicable regulatory tools are adequate to protect the public and the markets.

Sincerely,

Patrick M. Allen
Director

