

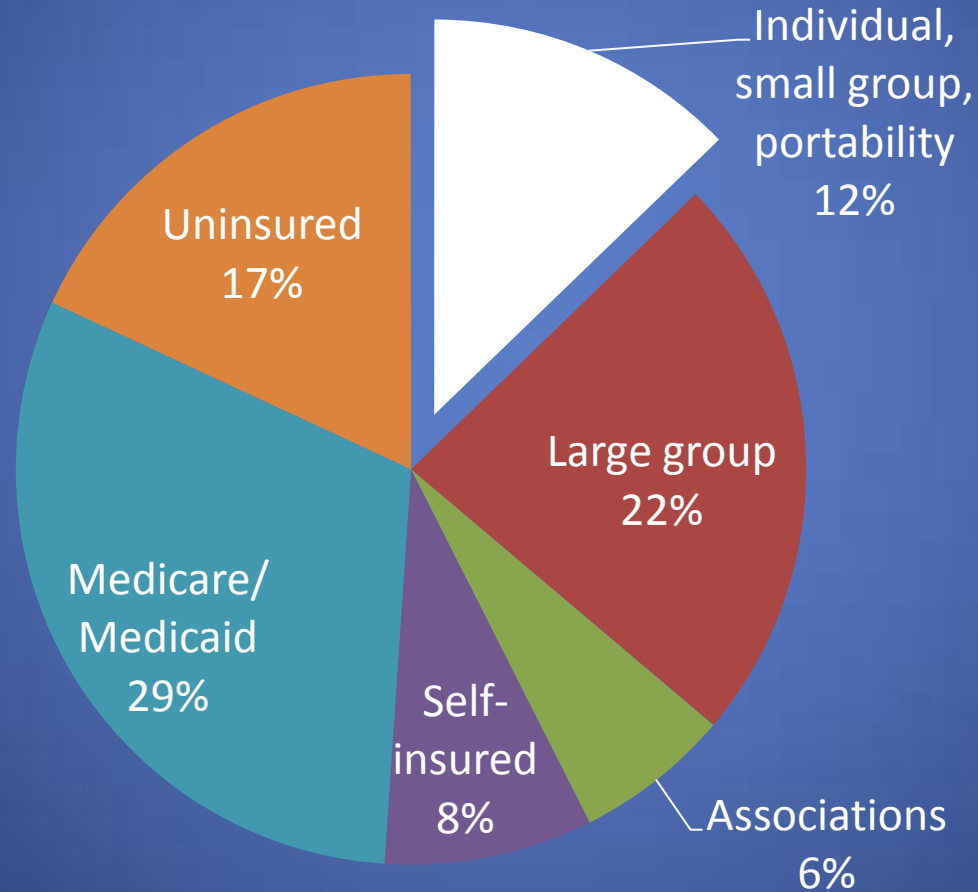
# Oregon Insurance Division

## **Health Insurance** ***Rate Regulation***

# Oregon Rate Review Law

- Oregon has one of the strongest rate review laws in the country
- Model for other states

# Market Subject to Rate





# Rate Review Process

- Rate filing (request) posted on website
- All information submitted with rate request is public
- Includes summary of rate request with 5-year history of rate increases

# Rate Review Process

- Website posting triggers:
  - 30-day public comment period
  - 40-day timeline for the division to review the filing and issue decision. (Decision due 10 days from close of comment period)
- Division summary explains decision

# Rate Review Law

## Disapprove rates if...

“benefits ... are not reasonable in relation to the premium charged.”

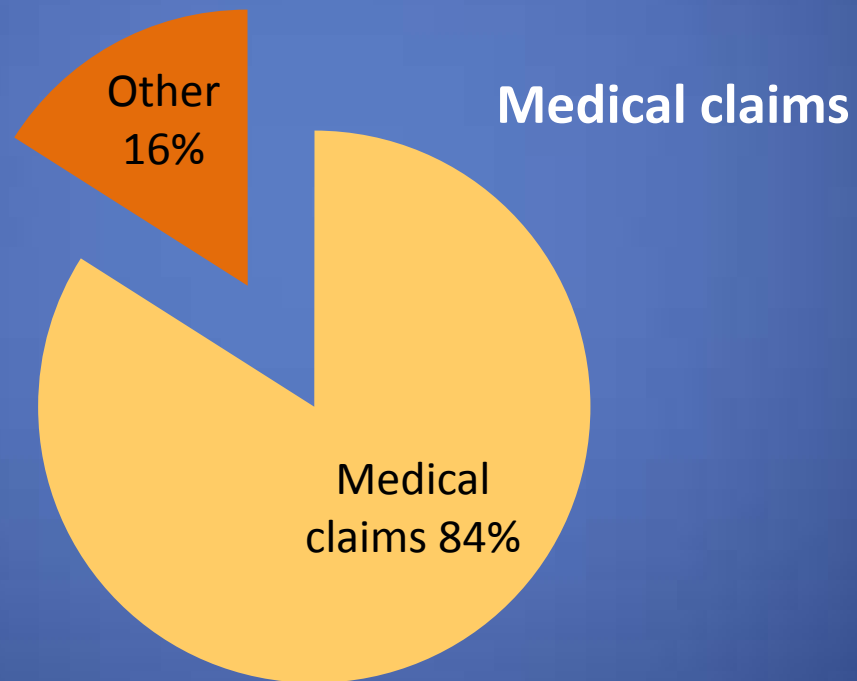
## Approve rates that are...

“Reasonable and not excessive, inadequate or unfairly discriminatory”



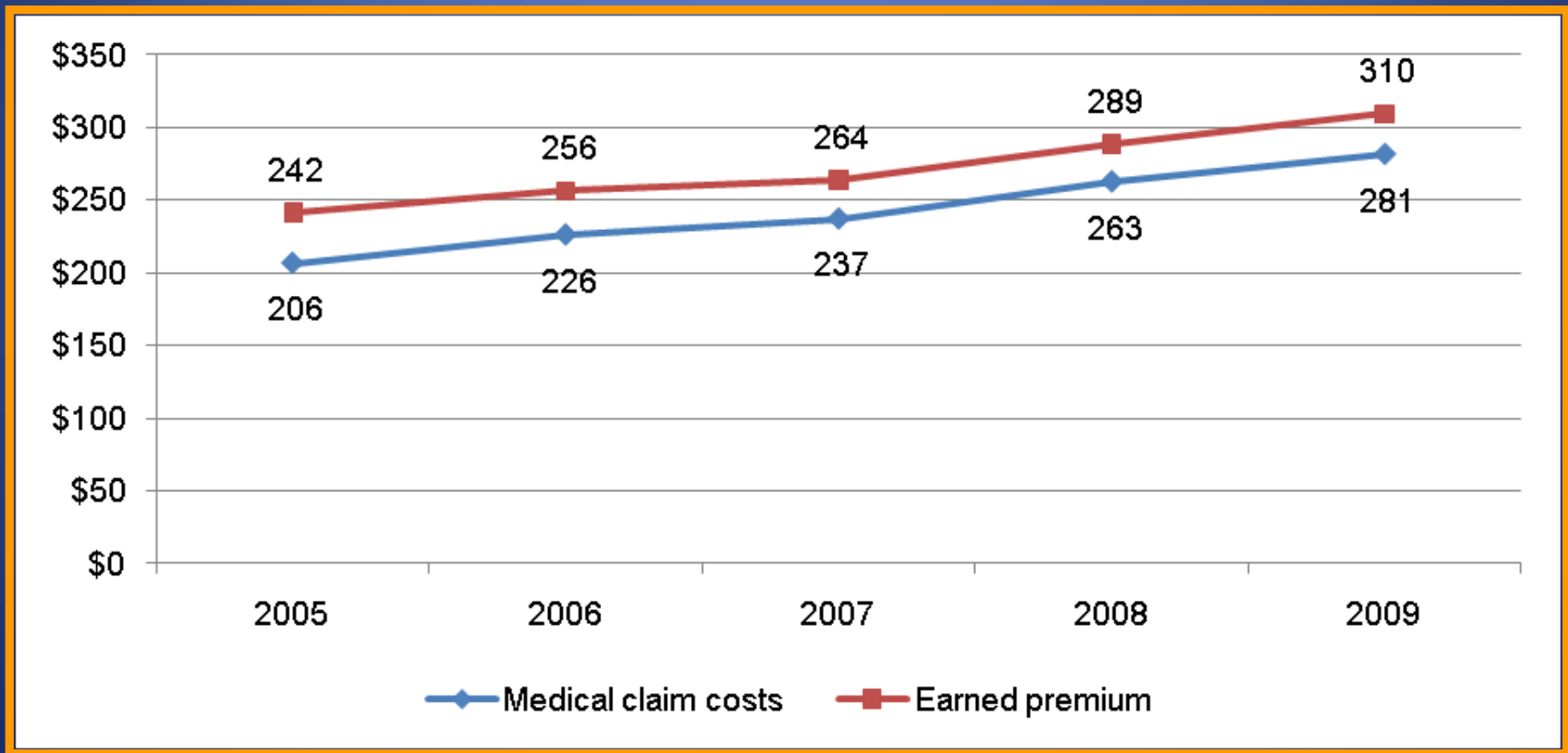
# Rate Review Factors

# Past and Projected Loss Ratios



# Medical Claims Costs

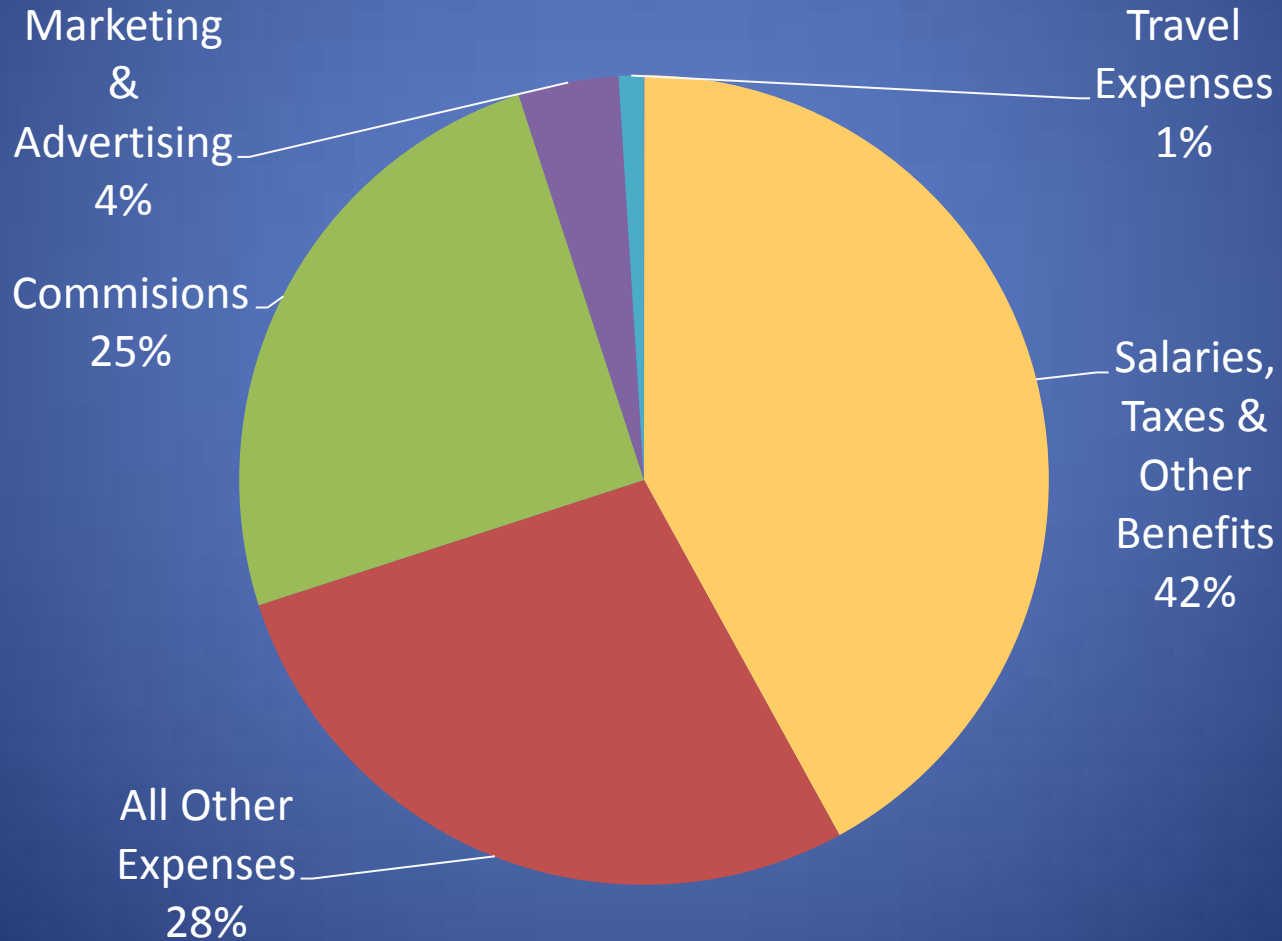
## Monthly Premium vs. Medical Claims Costs



# Past and Projected Claims Costs

- Two parts to claims costs (trend)
  - Medical inflation
  - Use
- Recent filings show Oregon medical claims costs increasing by more than 12 percent a year

# Administrative Costs



# Insurer Profit

**Seven largest insurers; all markets**

1%

2009

3%

2010

2%

10-Year  
Average

# Profit in State-Regulated Markets

## Seven largest insurers

-2.8%

Small Group

-5.5%

Individual

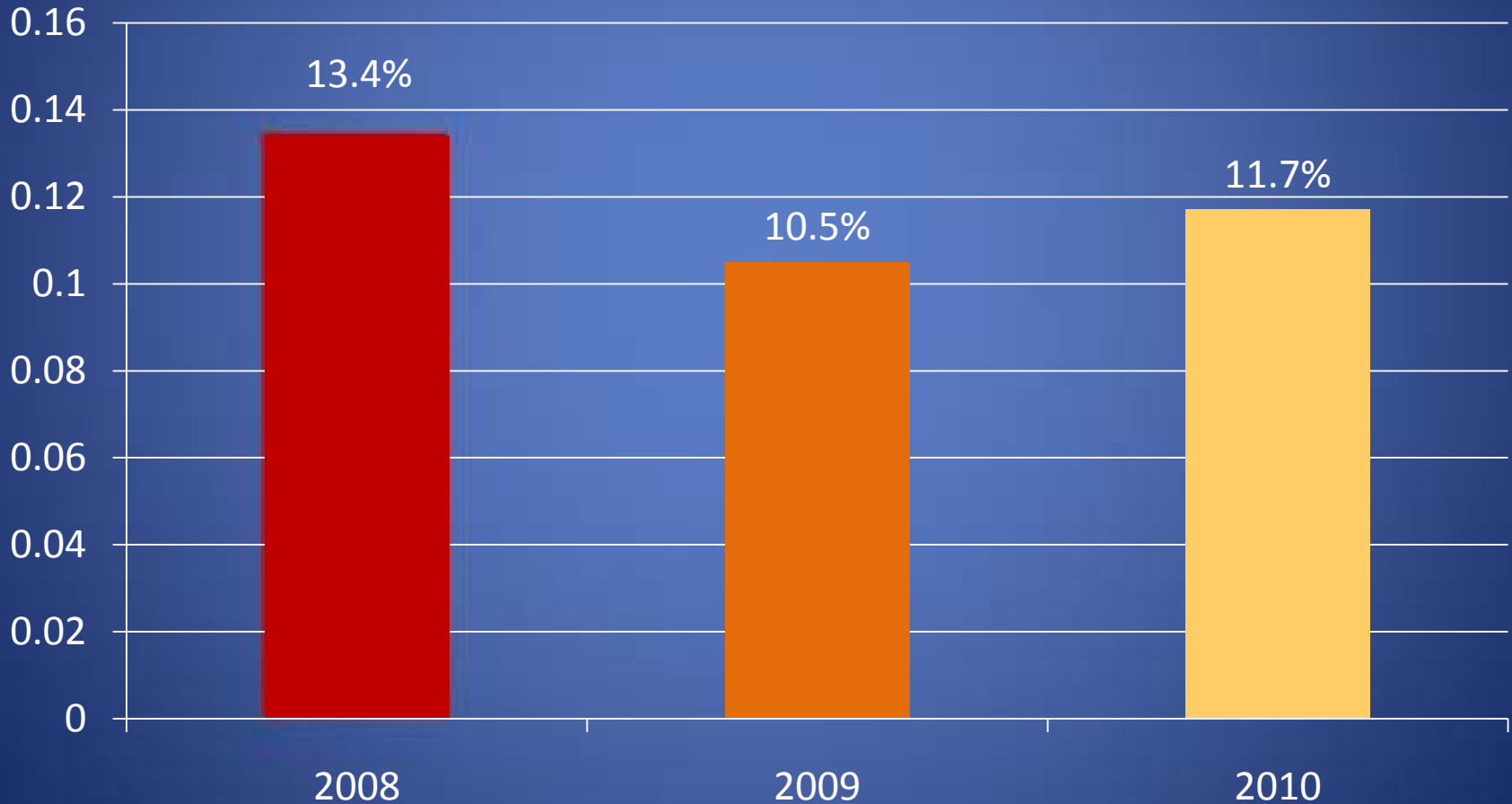
# Surplus and Rate Review

- The department is careful about using surplus/overall profitability to mitigate rate increases
- Artificially low rates = greater increases in the future



# Average Rate Increases

## Small employers



# Recent Small Employer Rate Requests

<b>Company</b>	<b>Requested</b>	<b>Approved</b>
Regence	17.1	15.5
Kaiser	9.2	9.2
PacificSource	15.4	15.4

# Oregon Premiums vs. National Small group market, 2009



# Oregon Ranking

1

Alaska, \$14,975

35

*Oregon, \$11,319*

51

Montana, \$9,510

# Rate Review Summary

- We have the authority we need to scrutinize rate requests
- Federal grants gave us an additional actuary/market analyst and other staff to...
  - conduct more detailed scrutiny
  - provide more consumer-friendly info