

The Department of Consumer and Business Services' Insurance Division reviews health insurance rates for:

- ▶ Individual plans purchased by the self-employed and others who do not get coverage through an employer
- ▶ Small employer (50 or fewer employees) health plans
- ▶ Portability coverage for some Oregonians leaving group coverage

About 12 percent of Oregonians have these types of plans. The division does not review rates for large employers (more than 50 employees) or employers who self-insure.

What does your insurance premium cover?

- ▶ Medical claims
- ▶ Company administration costs
- ▶ Any profit

The "premium dollar breakdown" shown here is an average for all types of health insurance, including large employer groups. In the small employer and individual insurance markets, insurers typically spend less than 89 cents of every premium dollar on medical claims and more than 10 cents on administration.

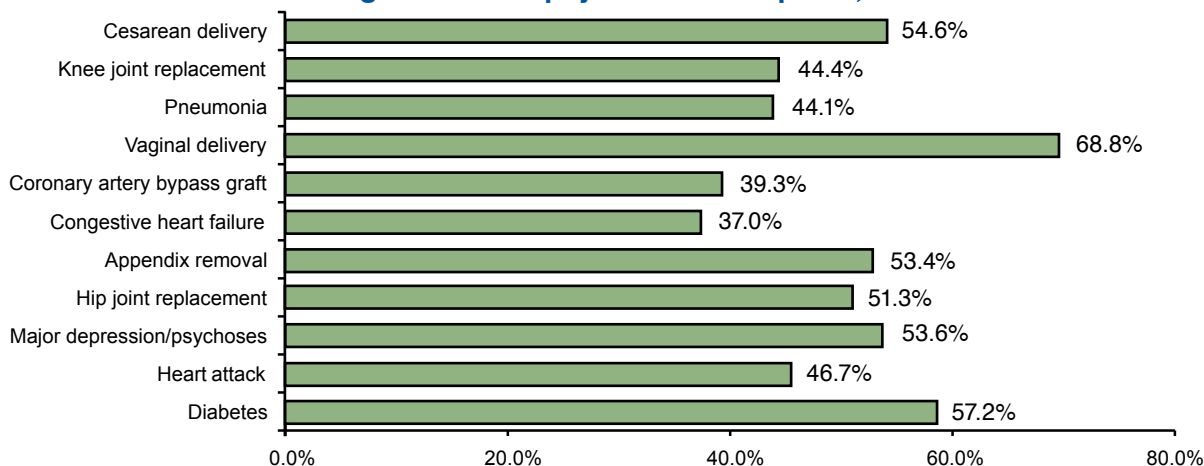
Why do rates keep going up?

- ▶ Medical claims costs continue to rise
- ▶ Some companies selling small group and individual health plans have lost money in those markets in recent years, causing them to raise prices, reduce benefits, or both

Premium Dollar Breakdown in 2010



Percent change in insurer payments to hospitals, 2005-2009



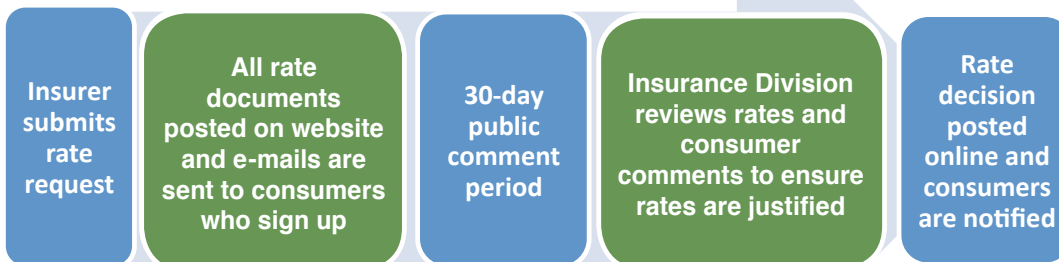
What is the division doing?

- ▶ The Insurance Division is cutting back rate requests in some cases in which insurers are profitable companywide or insurers failed to justify the increase requested. In April 2010, state health care reform gave the department authority to consider more factors in reviewing rates. In the year since, the department approved lower rates than requested 50 percent of the time, saving Oregonians about \$25 million. However, in cases in which companies were losing money on some types of plans, lowering rates is a short-term strategy. Premiums eventually must cover the costs of paying medical claims.
- ▶ The division is studying ways to use rate review to lower the medical costs that drive rates.
- ▶ The division is working with the Oregon Health Authority on strategies to control health care costs.

Consumer role in rate review

Oregon welcomes consumer input on health insurance rate requests and has one of the most open processes in the country. We will send you an e-mail, for example, when your insurance company files a rate request, and when we approve a rate. Sign up for **e-mail notifications** by visiting www.oregonhealthrates.org.

Rate review process



Ensuring consumers are heard

An insurance company rate request can exceed 100 pages; most of them are technical and can be confusing. To ensure public comments are received, the Insurance Division uses a federal grant to fund the consumer group OSPIRG to also review key rate requests and offer input on behalf of consumers.

Shopping for insurance?

Rate increases do not tell you how one company's plans and prices compare to those of another company. Oregon has a competitive insurance market, and it's important to shop. If you are an individual who does not get insurance through an employer or you are an employer with 50 or fewer employees, here are some ways to do this:

- ▶ Visit www.healthcare.gov and select the "**Find Insurance Options**" button.
- ▶ Call companies directly and ask for information.
- ▶ Ask an insurance agent to help you shop. Agents receive a commission from the health insurance company if they sell a health policy; this commission is already built into the premium.

Free help with your insurance questions or complaints

Consumer Advocacy
Hotline

Toll-free
1-888-877-4894

Salem
503-947-7984

E-mail
cp.ins@state.or.us

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