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For immediate release:  
Nov. 22, 2011

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## Oregon votes “no” on NAIC resolution involving medical loss ratio

(Salem) — Oregon voted “no” Tuesday on a National Association of Insurance Commissioners (NAIC) resolution that recommends changes to how agent commissions are considered in the medical loss ratio provisions of the Affordable Care Act.

The medical loss ratio calculation requires that insurance companies spend a certain percentage of premium dollars on medical care versus administrative costs and profit. Companies that fail to do so must provide rebates to their policyholders.

“I do not believe federal law allows agent commissions to be removed from the calculation,” Insurance Division Administrator Teresa Miller said. “I also believe that removing a key administrative cost from the calculation defeats the purpose of a law intended to limit administrative costs.”

The NAIC is an organization of state insurance regulators that sets standards and coordinates insurance regulation. The resolution, which NAIC members approved, is a recommendation to Congress and to officials at the U.S. Department of Health and Human Services but isn’t likely to change the calculation, which is mandated by the Affordable Care Act.

Oregon insurance companies are expected to meet the new requirements without having to provide rebates.

“Oregon is lucky to have one of the most competitive insurance markets in the country – that helps keep profits and administrative costs in line,” Miller said.

The Insurance Division, which is part of the Department of Consumer and Business Services, has received more than 2,000 e-mails and faxes on the topic in recent days. Most senders urged a “no” vote on the resolution.

Miller said that she views the politically charged resolution as threatening the NAIC’s credibility as a source of neutral insurance expertise and not a referendum on the value of agents. “Agents are a key way for many consumers to find the coverage that fits their needs,” she said.

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