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For immediate release:
July 1, 2008

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Regence rate increase to be discussed at hearing

(Salem) — The Oregon Department of Consumer and Business Services today announced that a hearing has been requested on Regence Blue Cross Blue Shield of Oregon's recent 26 percent rate increase for individual health plans. The request was made in a petition by Karen Kirsch of Portland challenging the rate increase.

"Insurance companies need to be able to recover the cost of the medical benefits they provide," said Cory Streisinger, director of the department and Oregon insurance commissioner. "But we are concerned about the impact of this rate increase on Oregonians. The hearing will provide the opportunity to take another look."

An administrative law judge from the Office of Administrative Hearings will conduct the hearing and make a recommendation. Streisinger will make the final decision.

The department's Insurance Division regulates health insurance rates in the individual, small group, and portability markets. The division approved the Regence rate increase based on information from the company showing it paid more in claims than it earned in premiums for its individual health plans in 2007. Regence's rate increase in 2008 follows a 12 percent increase in 2007 and 16 percent decrease in 2006. Even with the increase, information provided to the division by Regence indicates the company will still show a loss of 1 percent on this type of insurance in 2008.

"The Insurance Division approved the rate increase because Regence was losing money on its individual health plan business," said Scott Kipper, administrator of the Insurance Division. "We are monitoring this line of business closely."

The Insurance Division began posting insurance rate filings on its Web site in January 2008 to provide for greater public scrutiny of the rate review process.

"We want to provide consumers with as much information as possible about health care costs so they can weigh in on issues like this," Streisinger said. "Having additional scrutiny during the rate review process will be helpful as we all work toward the goal of making health care affordable and accessible to Oregonians."

The Insurance Division, part of the Department of Consumer & Business Services, helps ensure the financial soundness of insurers, the fair treatment of consumers, and the affordability and availability of insurance products. For more information, visit www.insurance.oregon.gov.

The Department of Consumer and Business Services is Oregon's largest business regulatory and consumer protection agency. For more information, visit www.dcbs.oregon.gov.

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