

Oregon Medical Insurance Pool
Board Meeting
January 6, 2010
Clackamas Community College Training Center
Wilsonville, Oregon

Board Members Present

Dave Houck, Public Representative Emeritus
C. J. McLeod, ODS Health Plans
Andrew McCulloch, Kaiser Permanente
Ken Provencher, PacificSource
Jared Short, Regence
Barney Speight, Oregon Health Authority
Cory Streisinger, Dept. of Consumer & Business Services
Sue Sumpter, Public Representative
Suzan Turley, Public Representative

Board Members Absent

Robert Gluckman, M.D., Providence

OMIP Staff

Barry Burke, Data & Policy Analyst
Becky Frederick, Fiscal Manager
Tom Jovick, Program Manager
Don Myron, Program Development Specialist
Linnea Saris, Program Development Specialist
Marcy Tipsword, Administrative Assistant

Others Present

Mark Lazzo, Regence
Diane Lund, The Lund Report (via phone)
Sophary Sturdevant, Regence
Karin Swenson-Moore, Regence (via phone)

Election of Board members

Mr. Provencher opened with nominations for the chair and vice chair positions.
Mr. McLeod nominated Mr. Provencher for the chair position and Ms. Turley seconded the nomination. The motion passed unanimously.

Mr. Speight nominated Mr. McCullough for the vice chair position and Ms. Sumpter seconded. The motion passed unanimously.

Minutes

The approval of the October 2009 meeting minutes were deferred to the next meeting. The minutes were not distributed with the rest of the packet so members did not have time to review.

Administrator's Report

Mr. Jovick highlighted some of the items in the Stat Pack.

- Enrollment is fewer than 15,000 at 14,958.
- From 2000 to 2003 costs remain consistent
- From 2003 the costs are increasing much more than the premium
- Generic rate for prescriptions are still 72%
- 83% of OMIPs population is not-subsidized
- Administrative costs are under 5%
- Demographics show almost 50% of enrollees are employed
- Percentage of people that earn less than \$35,000 per year has decreased – this is primarily due to the loss of the FHIAP population
- People that come into OMIP with credits for prior coverage was 72% in 2009

Preferred Health Plan

Mr. Jovick gave an overview to the situation with Preferred Health Plan (PHP).

- They are owned by a hospital in Klamath Falls
- Stopped selling new insurance policies in Oregon several months ago
- Insurance division says funds are available to pay incurred claims and assessment

Ken Webb-Bowen from PHP attended the meeting.

He handed out charts reflecting paid assessments over the last several years and highlighted legislative language described in ORS 735.600.

Mr. Provencher said that stockholders, as described in this language, are out of the picture because the PHP capital comes from notes.

Mr. Provencher indicated that this assessment bill is considered a debt for their corporation.

Mr. Jovick indicated that the Insurance Division is holding PHP accountable for paying all remaining incurred claims and assessment.

He said the argument that assessment is excessive is not a valid one because anyone could come in and argue that. Companies lose and gain lives and it evens out.

The fact that a company loses all of their lives has not affected the board's decision in the past.

Ms. Sumpter says there are grounds to abate or defer based on the ability to pay and it does not seem that those reasons are there – If the board were to allow the abate and defer based on the arguments presented it could possibly set a precedent.

Mr. Provencher says the Board has to rely on what the Insurance Division's findings are for available funds. Ms. Streisinger anticipates that the company has sufficient assets to pay claims. The Insurance Division says the assessment isn't interfering with the ability to pay claims.

Mr. Provencher says according to statute the obligation to pay stays in effect for four years after the board has made a decision. This means the debt would still be there for four more years if it wasn't paid now.

Mr. Jovick says given the circumstances the board does not have the authority to grant this request.

Mr. Speight indicated that ORS 735.614 is the statute that guides the board and not ORS 735.600.. He also indicated that granting an exception based on PHP's subordinated surplus note would set precedent that is not in the public interest.

Mr. Speight moved to accept the recommendation of staff to proceed with assessment and Ms. Sumpter seconded the motion. The motion was approved unanimously.

Assessment 38

The proposed assessment is \$4.37 per covered life per month for six months. The total is \$42,449,972.

Ms. Sumpter moved to approve the proposed assessment and Ms. Turley seconded.

Discussion

Mr. McLeod said the history of assessments shows this is lower than Assessment 35 but the number of insured lives is staying the same. Ms. Streisinger indicated that at the next Board meeting the Insurance Division would have a report showing the number of lives and policies in the market.

Mr. Speight said we need to find a sustainable alternative. Mr. Provencher said assessments and premium are both unsustainable at this point. Ms. Streisinger said a discussion needs to take place on what the feds are thinking for high-risk pools at some point soon. Mr. Jovick said it looks like a substitute public plan— wouldn't necessarily be a replacement for what a state already has. Some state risk pools have concern about what happens in 2013 and 2014 if feds don't come through with some form of sustainable funding

The assessment motion was approved unanimously.

Estimation on next assessment

Drop from March to September of 2008 was less than 1% but change from March 2008 to March 2009 was a 6% decrease.

Mr. McLeod said that ODS continues to see the number of people covered under group policies decreasing. Mr. Provencher said the decreasing rate has tapered off since May of 2009. The first 5 months was disastrous.

Mr. Short said Regence is still seeing losses in group more than growth. The Board is talking about a population that needs access to care and needs a sustainable option. We need to look at the sustainability of the program.

Ms. Streisinger said when the COBRA subsidies run out, we don't know what might happen. Mr. Provencher says the national data shows COBRA enrollment has doubled.

Mr. Speight asked if the projected Assessment 39 is based on existing loss ratio. Mr. Burke said it is.

Public Comment

None