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Department trims Regence request for rate increase *Individual rates to increase 14.7 percent, instead of 19 percent*

(Salem)- The Department of Consumer and Business Services turned down a 19 percent rate increase request by Regence BlueCross BlueShield of Oregon for its individual health plans and instead approved a 14.7 percent increase, effective July 1, 2009.

The department's Insurance Division reduced the rate to the lesser amount after analyzing the rate filing. The division concluded that Regence's projections for claim costs were too high. In addition, the 19 percent increase included a proposed 1.9 percent contribution to surplus, which the division did not find appropriate considering that the same group of policyholders experienced a 26 percent average increase in premiums last year. Oregon insurers are required to maintain surplus, and, despite the losses in its individual plans, Regence's surplus remains healthy. Regence has lost more than 7 percent on its individual health plans in the past year, even with the 26 percent increase last year.

The rate increase affects about 79,000 members statewide. Consumers who buy individual health policies generally do not have access to group coverage through their employer or choose to decline group coverage. The 14.7 percent increase is an average; a particular individual's increase may be larger or smaller.

The Insurance Division regulates health insurance rates in the individual, small group, and portability markets. It reviews rate filings to determine whether the benefits are reasonable in relation to the premium charged.

"After careful analysis of the company's data, we determined that the original request needed to be reduced," Acting Insurance Division Administrator Teresa Miller said. "With health care costs making up a bigger portion of consumers' budgets, we expect insurers to use a sharp pencil."

The department is working with other state agencies and industry stakeholders on broad statewide health reform efforts, to control costs as well as improve quality and better the health of Oregonians.

When Regence proposed the 19 percent increase in March, the Insurance Division opened a month-long written comment period for anyone who would be affected by the outcome. Most of the comments the division received were from consumers, who said the increase was unreasonable. Read a summary of the rate filing at: http://www4.cbs.state.or.us/ex/ins/filing/index.cfm?fuseaction=home.show_pdf&pdf=342. The summary starts on page 6.

The division posts all health insurance rate filings on its Web site:
http://insurance.oregon.gov/insurer/rates_forms/health_rate_filings/health-rate-filing-search.html

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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 afford ability 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.