

## Oregon may be the White House's favorite health exchange

By Sarah Kliff, May 20, 2013

One key premise in the health care law is that, when insurance companies compete on an evening playing field, premiums will drop.

That's the idea that underlies the health insurance exchanges, new marketplaces that will act as an Expedia for health insurance. Just as United and American Airlines have their fares displayed side-by-side, along with other factors such as layovers and frequency of delays, insurance plans too will now show up on the same screen as their competitors.

That, the Obama administration predicts, will drive down the cost of health insurance. And, in at least one state, we now have evidence of this actually happening.

Two weeks ago, Oregon released health plans' proposed rates for the health insurance exchange. This was, as the Oregonian's Nick Budnick [reported](#), when the insurers had their rates directly compared with one another online.

The price disparity was wide. "One health insurer wants to charge \$169 a month next year to cover a 40-year-old Portland-area non-smoker," Budnick wrote. "Another wants \$422 a month for the same standard plan."

That had at least two insurance plans ask for the opportunity to refile their rate proposals at a lower premium:

Providence Health Plan on Wednesday asked to lower its requested rates by 15 percent. Gary Walker, a Providence spokesman, says the "primary driver" was a realization that the plan's cost projections were incorrect. But he conceded a desire to be competitive was part of it.

A Family Care Health Plans official on Thursday said the insurer will ask the state for even greater decrease in requested rates. CEO Jeff Heatherington says the company realized its analysts were too pessimistic after seeing online that its proposed premiums were the highest.

"That was my question when I saw the rates was, 'Can we go in and refile these?'" he said. "We're going to try to get these to a competitive range."

This is pretty close to what the Obama administration dreams of: Insurance plans looking to woo millions of new customers—and slashing their rates in the process.

It's also a relative rarity at this point. Of the half-dozen or so states that have made public their 2014 health insurance premiums, Oregon is the only place where I've seen insurance plans ask to reduce their rates (if there's a state I've missed, do let me know in comments).

Some economists, meanwhile, have been [skeptical](#) of insurers' ability to keep costs down in a health insurance exchange. Insurers' often reduce their premiums by negotiating lower rates for the hospitals and doctors they send patients to. They're able to lower payments by promising to send providers a high number of patients. If more health plans begin competing in these exchanges, as the Obama administration hopes will happen, that chips away at each insurers' clout. And with less clout, lower reimbursement rates get more difficult to find.

In Oregon though, we do have evidence of a competitive marketplace in health insurance—one that did not exist before health plans' premiums were put side-by-side.