



Ohio Sunset Review Commission Testimony  
On behalf of  
Board of Directors of the Ohio Health Reinsurance Program  
Jillian Froment, Deputy Director  
Ohio Department of Insurance  
May 3, 2016

Chairman Jordan, Vice Chair Brown, and members of the Sunset Review Committee - on behalf of the Ohio Health Reinsurance Program (the Program), thank you for the opportunity to address the committee today. My name is Jillian Froment and I am the Deputy Director for the Ohio Department of Insurance (ODI). My testimony will address the items outlined in O.R.C. 3924.07 through 3924.14.

**Program's primary purpose and its various goals and objectives**

The Ohio Health Reinsurance Program was created under HB 478 of the 119<sup>th</sup> General Assembly. The Program was created to:

- Promote the availability of health insurance coverage to small employers;
- Provide reinsurance as a mechanism to fairly share risk;
- Improve the efficiency and fairness of the small group accident health insurance marketplace;
- Improve access to health insurance for individuals who are otherwise uninsurable through the Open Enrollment Reinsurance Program;
- Implement the requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA); and
- Provide reinsurance for the alternative mechanism to provide insurance to federally eligible individuals. Under the alternative mechanism, federally eligible individuals could select

individual open enrollment plans, conversion plans, or Health Insuring Corporation Open Enrollment plans to acquire health coverage.

During the 130<sup>th</sup> General Assembly, the Program was suspended due to the enactment of the federal healthcare law. The suspension began on January 1, 2014 and will expire January 1, 2018. As such, the Program has not been meeting.

**Program's past and anticipated workload, number of staff required to complete workload, and total number of staff**

When it was operational, the Program did not employ staff and instead subcontracted for all services required. The Program is essentially a reinsurance company and requires the services of an Executive Director, a Third Party Administrator, an Auditor, and an Actuary. Ongoing duties included but were not limited to: developing and collecting premiums, adjudicating and reimbursing claims, determining necessary reserves, and performing annual audits.

**Program's past and anticipated budgets and its sources of funding**

The Program was funded through assessments from all members. The assessments were used to provide for claims reinsured by the Program and for administrative expenses incurred or estimated to be incurred during the period for which the assessment was made.

**Number of members of its governing board or other governing entity and their compensation, if any**

The Program would include nine appointed members. The chairperson of the Senate committee having jurisdiction over insurance would appoint the following members:

- Two member carriers that are small employer carriers;
- One member carrier that is a health insuring corporation predominantly in the small employer market;
- One representative of providers of health care.

The chairperson of the committee in the House of Representatives having jurisdiction over insurance would appoint the following members:

- One member carrier that is a small employer carrier;
- One member carrier whose principal health insurance business is in the large employer market;
- One representative of an employer with fifty or fewer employees;
- One representative of consumers in this state.

The Superintendent of Insurance would appoint the following member:

- One representative of a member carrier operating in the small employer market who is a fellow of the society of actuaries.

## **Conclusion**

The Ohio Health Reinsurance Program was originally created to address issues in the health insurance industry. The federal healthcare law mandated reforms in the industry, and thus members of the 130<sup>th</sup> General Assembly decided to suspend the Program. The Program has not met since January 1, 2014 and will remain under suspension until 2018.

This concludes my testimony. I would be happy to answer questions at this time.