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“Health Care Reform Development in Oregon: Insurance Companies and the Legislature”

When President Obama passed the Patient Protection Affordable Care Act (PPACA), the federal government set a standard for providing care to citizens. Following that model, Oregon has worked to establish coordinated care organizations and develop health insurance exchanges. Yet, the status quo in American society prioritizes market-based policy – which benefits corporate interest – over the needs of the impoverished, the sick and the uninsured. This model pits the consumer against the provider, which in turn forces the government to choose – promote policy that harms the economic interests of massive corporations or policy that prevents individuals from getting the care they need. When I was freshman in high school, I suffered a traumatic injury to my ankle and have since developed nerve damage. Classified as a pre-existing condition, insurance providers have categorically denied coverage for crucial treatment. Today, my family pays more in medical bills than any other expense. And millions of Americans like myself have been denied treatment; some even have been forced into bankruptcy. Historically, when health insurance companies have more power at the bargaining table, the American people suffer. Thus, my research seeks to answer: does the power of health insurance industry prevent the cooperative model from being cooperative?

According to an annual report by the Oregon Department of Consumer and Business Services, only 12% of Oregonians have health insurance plans where rates are covered by state regulation.1 Despite the expansion of governmental purview in the industry, the seven largest insurance companies in Oregon (Health Net, Kaiser, LifeWise, ODS Health Plan, PacificSource, Providence and Regence BCBS) have averaged their highest net income rates since 2007.2 While exchanges could be fairly successful, insurance companies, private and government-owned, are given a great deal of power within negotiations and throughout the legislative process. Some of the largest insurance companies in the area have been integral in creating a more expansive coverage program for the uninsured and yet, they are also refusing services to individuals who carry these plans. Of the 800 insurance providers in Oregon, only 60 have plans providing major medical coverage or comprehensive health insurance³.

My research will examine the connection between government regulation and insurance profit and the impact that relationship has on the role of insurance providers in the exchange process. In congruence with Professor Michaux’s research, I hope to examine government regulations based on the interests of the groups, in order to understand implementation in Oregon. I plan to analyze the power of health insurance companies in terms of their market share as well as their political influence during the legislative process. My summer research will engage in document analysis including legislation, industry rules and regulation, market makeup and interests of insurance companies. Recognizing potential constraints, interviews with legislators and lobbyists will supplement documents to clarify the leverage that both have on the final legislation and in creating cooperative health insurance.

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3 Miller 2011: 18.