

Cycle IV Grant – Budget Narrative

The Oregon Department of Consumer and Business Services (DCBS), through its Insurance Division (department), must approve/disapprove all rates for individual and small employer health insurance before they can be used in this state. As declared by the Secretary of Health and Human Services (HHS), Oregon has an effective rate review process for the individual and small group markets. This Budget Narrative seeks to justify our proposal for the award to continue our strong rate review program and facilitate transparency in health care pricing.

The State of Oregon will only use grant funds to enhance the State’s existing rate review efforts and not as a substitute for existing funding for such efforts. For the fiscal year ending June 30, 2014, the department spent a total of \$2,784,420 on rate review. Of those funds, \$711,582 came from Cycle II funds for rate review enhancements. DCBS has used a limited amount of CIII funds to date for contractual purposes. Included in this Cycle II allocation were salaries and benefits for two actuaries, a project coordinator, a market analyst, a health exchange liaison, and an administrative assistant. In total:

- \$338,582 was spent on salaries,
- \$163,881 was spent on other payroll expenses (fringe benefits),
- \$4,671 was spent on supplies,
- \$126,749 on contractual obligations,
- \$21,660 on transparency and efficiency enhancements and
- \$56,039 on indirect costs.

Part A. Salaries & Wages – Total Budget \$377,132

Total: \$ 377,132

Rate Review Grant: \$ 377,132

Funding other than Rate Review Grant: \$ _____ N/A _____

Sources of other funding: _____ N/A _____

The following positions will be funded by the Cycle IV grant award. Please note that due to the cyclical nature of rate filings, several positions are not 100% grant funded. This is to accommodate other work being performed when we do not have pending rate filings.

Employee Name	Title	Annual Salary	& of Time Budgeted	# of months budgeted	Total salary requested
Ethan Baldwin	Project Coordinator	\$51,876	100%	12	\$51,876
The Project Coordinator writes rate filing decision summaries and is responsible for grant communications, including writing Oregon’s quarterly reports. The Project Coordinator also works on website development, moderates rate review hearings, and provides rate review liaison services to assist consumers.					

Scott Martin	Market Analyst	\$60,336	100%	12	\$60,336
The Market Analyst supports department actuaries by providing first level analysis of rate filings and doing specific reviews and analysis as required in the rate review process.					
Sarah McGovern	Intake Coordinator	\$41,400	70%	12	\$28,980
The Intake Coordinator reviews rate filings to ensure they include all required documentation and sends objections as needed. The Intake Coordinator also coordinates rate hearing logistics and provides support to the rate review team.					
Tim Hinkel	Health Actuary	\$80,076	70%	12	\$56,053
The Health Actuary conducts reviews for small group and individual filings, working to fully scrutinize filings.					
Michael Sink	Health Actuary	\$128,088	90%	12	\$115,279
The Health Actuary conducts reviews for small group and individual filings, working to fully scrutinize filings.					
Vacant	Operations & Policy Analyst 3	\$64,608	100%	12	\$64,608
The Operations & Policy Analyst 3 would be responsible for managing the contract with Oregon's Quality Corporation and acting as a liaison to stakeholder groups invested in the process of creating a health care pricing transparency initiative.					

Part B. Fringe Benefits – Total Budget \$119,751

Total: \$ 119,751

Rate Review Grant: \$ 119,751

Funding other than Rate Review Grant: \$ ___N/A___

Sources of Funding: N/A

Fringe benefit factors (these amounts are charged per employee on a monthly basis):

- Employee Relations Board - \$1.65 per employee
- Public Employees Retirement System -15.79% per employee
- Social Security – 7.65% per employee
- Workers Compensation - \$2.86 per employee
- Flex Benefits - \$1,272 per employee
- Public Employees Retirement System Obligation Bond – 6.33% per employee

Part C. Consultant Costs

No consultant contracts currently contemplated.

Part D. Equipment—Total Budget –\$1,560

- IT Expendable Property = \$1,560
 - 2 desktop computers (includes monitor) @ \$780 each = \$1,560

Part E. Supplies – Total Budget \$9,120

Total: \$9,120

Rate Review Grant: \$9,120

Funding other than Rate Review Grant: \$ N/A

- General office supplies (pens, pencils, paper, etc.)
(2 years @ \$200/year x 6 employees = \$ 2,400)
- Telecommunications (24 months x \$30/month x 6 employees) = \$ 4,320
- Data Processing (2 years x \$200/year x 6 employees) = \$ 2,400

Part F: In/Out State Travel – Total Budget \$3,180

The travel listed below reflects in-state travel to public events across the state. The division expects to attend an average of 4 town halls and education forums each year and the estimated 4 trips represent only the trips during the second year of the grant when Cycle III funding expires.

Total: \$ 3,180

Rate Review Grant: \$3,180

Other sources of funding: N/A

In-State Travel:

4 trips x 2 people x 250 miles r/t x .56/mile = \$ 1,120

2 days per Diem x \$61/day x 2 people x 4 trips = \$ 976

1 night lodging x \$121 plus 12% tax/night x 2 people x 4 trips = \$1084

Total In-State Travel = \$ 3180

Out-of-state-Travel: None Anticipated

Part G. Other Costs – Total Budget \$19,000

Printing Costs – Consumer Guide to Rate Review: The division plans to print 2,000 additional copies (in English and Spanish) annually of this publication for a one year cost of **\$1,000**.

Consumer Events --The division plans to attend three consumer events to spread the word about rate review access; the entry fees for these events are approximately \$1,000 per event for a total one year cost of **\$3,000**.

Information Technology and Website Enhancements – The department’s information technology enhancements will continue to require a significant amount of IT development and services, including on-going audio/visual service needs to continue web streaming and video archiving rate review hearings and other education and outreach programs, as well as updating and enhancing the website. As IT performs various tasks, they charge back for the specific costs associated with those services, which may be performed by a number of IT staff with various degrees of IT expertise. **\$15,000**

Part H. Contractual and Intergovernmental Agreement Costs - \$ 593,257

Market Conduct Examiner

Name of Contractor: TBD

Method of Selection: Competitive RFP for Cycle IV funding

Period of Performance: Estimated October 1, 2014-September 30, 2016

Scope of Work: To conduct targeted market exams to ensure that health insurers are appropriately and accurately implementing approved rates.

Method of Accountability: Will be accomplished through the use of a contract with specific accomplishments and deliverables tied to funding. The department will work with the Oregon Department of Justice and the Department of Administrative Services to approve a scope of work, deliverables, and a final contract. At this time, we do not know who we will use as the examiner. When selecting an examiner, the department will use a competitive Request for Proposal (RFP) process.

Total Direct & Indirect Costs \$275,000

Consumer Organization

Name of Contractor: OSPIRG

Method of Selection: Competitive RFP for Cycle II funding

Period of Performance: Currently, January 1, 2012-September 30, 2015, with an option to extend the contract. We anticipate extending it to go from October 1, 2015-September 30, 2016 with Cycle IV funding to cover the rate review period for filings for 2017.

Scope of Work: To review and provide written comments and testimony on rate filings and to engage consumers in the process.

Method of Accountability: Will continue to be accomplished through the use of a contract with specific deliverables tied to funding.

Total Direct & Indirect Costs \$100,000

Pricing Transparency

In order to increase cost and quality transparency, make greater use of health care pricing and performance data in rate review, and help to contain costs, we intend to:

- Continue to enhance Oregon's existing nonprofit Data Center through a contract with the Oregon Health Care Quality Corp.

Name of Contractor: Oregon Health Care Quality Corporation

Method of Selection: Sole Source (based on Q Corp's status as the state's only 501(c)(3), CMS – designated qualified entity, contractor with OHA and Cover OR for work to be aligned with DCBS, repository for most of the state's patient-level data, and other factors)

Period of Performance: Estimated October 1, 2014-September 30, 2016

Scope of Work: The contract will describe specific deliverables to be developed through a planning process with Q Corp, based on previous work done in Cycle III, described in the Project Narrative. The scope of work will be described in updated Project and Budget Narratives submitted to CCIIO prior to awarding the contract.

Method of Accountability: Will be accomplished through the use of a contract with specific accomplishments and deliverables tied to funding. The department will work with the Oregon Department of Justice and the Department of Administrative Services to approve a scope of work, deliverables, and a final contract.

Total Direct & Indirect Costs \$218,257

Part I. TOTAL A-H, = \$1,123,000

Part J. - Indirect Costs--\$ 56,000

The department uses an internal shared services cost allocation plan to allocate indirect costs for all grants. The total costs allocated to grants are limited to the amounts allowed under a federally approved cost allocation plan. These costs are for contractual services, legal fees, budget management services, grant management services, employment related services and financial services. We estimate the total indirect cost to be \$56,000

TOTAL REQUEST: \$1,179,000