

Section 1332 of the Patient Protection and Affordable Care Act (PPACA)

State Innovation Waivers - Reinsurance Waiver Annual Report

Reporting Instructions: Please capture data for annual 1332 waiver grant reporting in this template, which has been developed based on paragraph 10 of your specific terms and conditions (STC), and in accordance with 45 CFR 155.1324(b)-(c). For any items that are marked “if applicable,” please refer to the requirements in your STCs to determine whether you need to fill in those data fields. Draft annual reports are due within 90 days of the end of each calendar year that your waiver is in effect.

STATE:

A. GRANTEE INFORMATION		
1. Reporting Period End Date 12/31/2018	2. Report Due Date 04/30/2019	3. Report Submitted On (Date) 04/25/2019
4. Federal Agency and Organization Element to Which Report is Submitted Consumer Information & Insurance Oversight		
5. Federal Grant Number Assigned by Federal Agency SIW1W180003-01-60	6a. DUNS Number 809579451	6b. EIN 93-0952020
7. Recipient Organization Name Oregon Health Insurance Exchange-Department of Consumer and Business Services		
Address Line 1 350 Winter Street NE		
Address Line 2 Division of Financial Regulation		
Address Line 3		
City Salem	State Oregon	Zip Code 97301
Zip Extension 3875	8. Grant Period Start Date Jan 1, 2018	9. Grant Period End Date Dec 31, 2022
10. Other Attachments (attach other documents as needed or as instructed by the awarding Federal agency)		

Reinsurance Waiver Annual Report

B. REPORT CERTIFICATION
11. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.
11a. Typed or printed name and title of Authorized Certifying Official John P. Jones, DFR Deputy Administrator of Operations
11b. Signature of Authorized Certifying Official
11c. Telephone (area code, number, and extension) 503-947-7497
11d. E-mail address John.P.Jones@Oregon.gov
11e. Date report submitted (month/day/year) April 25, 2019
C. PROGRESS OF SECTION 1332 WAIVER - <u>General</u>
12. Provide an update on progress made in implementing and/or operating the state's approved 1332 waiver program. Oregon Statues Oregon House Bill 2391(2017) was approved during the 2017 legislative session creating the Oregon Reinsurance Program(ORP) (HB2391,2017) to operate from 01/01/2018 through 12/31/2022. The program's administrative rules (OAR 836-150-0010 to 836-150-0060) were adopted on January 1, 2019. To extend the program, Oregon House Bill 2010 passed the 2019 Oregon Legislature. The program will now operate through calendar year 2026. The Bill also increases the assessment on health plan premiums from 1.5% to 2.0% effective 01/01/2020. Funding for the program will not be increased in 2020, the increased assessment will go to the state's Medicaid program/Oregon Health Plan. Additionally, changes to state enabling legislation (HB2010-A §19(3),2019) allows the department "may only if necessary to pay out the full amount of funds for the ORP when claims received are less that the amount of claims that were projected". Adjustments, if any could include the attachment points or the coinsurance rate, again this will not affect claims years 18 or 19. Funding for years 18-19: Health benefit plans premiums are charged a 1.5% assessment on all licensed and eligible health insurers in the State of Oregon. One-time funding came from previous fund balance transfers from the Oregon Health Insurance Marketplace and the Oregon Transitional Reinsurance Program. Collections are

Reinsurance Waiver Annual Report

reconciled quarterly and are on pace with projections.

An Inter-agency Agreement (ORS414.065) was established with DCBS and the Oregon Health Authority (OHA) to transfer \$127 million starting 01/01/2018 through 03/31/2020 from the Health System Fund to OHA, to provide funding for medical assistance and health care services for the people of Oregon.

Additionally, the program will retain \$35.5million for the 2018 benefit year in addition to the Federally awarded Pass-Through Funding \$54.4m to reimburse the seven health insurers on the Oregon Health Care exchange marketplace. Finally, the State of Oregon has been awarded annually appropriated Federal pass-through funding for years 2018 \$54,482,113 and 2019 \$41,845,226 respectively, to fund the ORP.

Operations:

The program has a full-time Program Manager, Joel Payton. He reports to the DCBS Division of Financial Regulation (DFR) Deputy Administrator for Operations. A standard operating procedure (SOP) outlines the functions, timeliness, statues, laws and duties for the program. The SOP will be updated to match current regulations and operational requirements. Quarterly financial reports are submitted through the agency's Chief Financial Officer. Three quarterly reports, one annual report and one pass-through funding report were completed for 2018.

13. Describe any implementation and/or operational challenges to meet the 1332 statutory guardrails, and plans for and results of associated corrective actions. After the first year, only report on changes and/or updates, as appropriate.

Coverage:

Oregon has been able to maintain affordable essential health benefits for the individual health insurance marketplace for consumers in every county in our state. Oregon has 36 counties grouped in 7 health rating areas, with 7 health insurers who offer health plans both on and off the individual health insurance marketplace.

Affordability:

The PPACA 1332 State Innovation Waiver has stabilized the Oregon individual health insurance marketplace, lowered rates by 6.5%. As a result, Oregon has averaged over the 4 quarters 191,556 members subscribers for the 2018 benefit year who have access to essential health benefits, than without the waiver.

Comprehensiveness:

In the State of Oregon, PPACA-Compliant plans are required, to provide coverage of essential health benefits.

Deficit Neutral:

With the PPACA State Innovation and Empowerment Waiver and the Oregon Reinsurance Program, individual premiums, including premiums for the second-lowest-cost silver plan(SLCSP), will be lower, net of the premium assessment, by 7.5% for 2018. Being that the Advanced Premium Tax Credit(APTC) is tied the SLCSP, these lower premiums, the federal government will pay less in APTC.

Reinsurance Waiver Annual Report

Analysis:

Oregon does not believe our program will be impacted by the new guidance issued in 2018. The intent is to maintain the stability of the reinsurance program while other health care markets undergo reform, as a result, 2018 and 2019 benefit years are unaffected by this change.

Reinsurance Waiver Annual Report

D. PROGRESS OF SECTION 1332 WAIVER - <u>State-Specific</u>		
14. Metrics to assist evaluation of the waiver's compliance with statutory requirements in Section 1332(b)(1)		
	Value	Comments (if applicable)
a. Actual individual market enrollment on the Exchange in the state	128,677	Average members in 2018
Actual individual market enrollment off the Exchange in the state	62,879	Average members in 2018
b. Actual average individual market premium rate on the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$529.85	
Actual average individual market premium rate off the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$413.72	
c. Actual Second Lowest Cost Silver Plan (SLCSP) premium for Exchange plans under the waiver for a representative consumer (e.g., a 21-year old non-smoker) in each rating area	Area 1: \$380 Area 2: \$465 Area 3: \$381 Area 4: \$488 Area 5: \$451 Area 6: \$523 Area 7: \$469	40-year old, non-tobacco
Estimate of the SLCSP premium for Exchange plans as it would have been without the waiver for a representative consumer (e.g., a 21-year old non-smoker) in each rating area	Area 1: \$411 Area 2: \$503 Area 3: \$412 Area 4: \$528 Area 5: \$488 Area 6: \$565 Area 7: \$507	40-year old, non-tobacco
d. For states with State-based Exchanges , actual amount of Advanced Premium Tax Credit (APTC) paid to issuers, by rating area for the plan year	\$0	N/A

Reinsurance Waiver Annual Report

	Value	Comments (if applicable)
e. <i>For states with State-based Exchanges</i> , actual number of APTC recipients for the plan year. This should be reported as number summed over all 12 months and divided by 12 to provide an annualized measure.	\$0	N/A
<p>15. Please confirm whether there was any impact of the waiver on the scope of benefits or Essential Health Benefit (EHB) benchmark.</p> <p>Oregon's Reinsurance waiver does not impact the scope of benefits covered or Oregon's Health Essential Benefit (EHB) benchmark.</p>		
<p>16. Describe any changes to the state-operated reinsurance program, including changes to the funding level the program will be operating at for the next plan year, any changes to the approved payment parameters for reinsurance program reimbursement or changes to eligibility criteria for enrollees' claims to be reimbursed under the program.</p> <p>The Program Manager position will become a permanent full time position effective 01/01/2020.</p>		
<p>17. Describe any changes in state law that might impact the waiver and the date(s) these change occurred or are expected to occur.</p> <p>HB2010 passed the 2019 Oregon State Legislature, extending ORP through calendar year 2026. The bill also increases the assessments on earnings from health plan premiums from 1.5% to 2.0%. The bill becomes effective on January 1, 2020.</p>		
18. Report on spending:		
	Value	Comments (if applicable)
a. Amount of Federal pass-through funding spent on individual claim payments to issuers from the reinsurance program	\$0	Reimbursements due fall 2019
b. Amount of Federal pass-through funding spent on operation of the reinsurance program	\$0	Operational expenses are from State funds.

Reinsurance Waiver Annual Report

c. Amount of any unspent balance of Federal pass-through funding for the reporting year	\$54,482,113	Federal Funds are for Health Insurer Reimbursements
d. Amount of state funding contribution to fully fund the program for the reporting year	\$35,517,887	State Funds Contribution for Health Insurer Reimbursements
<p>19. If applicable, provide a claims breakout at an aggregate level for the top 5 conditions or cost drivers of the 5 conditions, including settings of care in the individual market.</p> <p>This Information is not available, our health insurer claims reimbursements begin after July 15, 2019.</p>		
<p>20. If applicable, report on any incentives for providers, enrollees, and plan issuers to continue managing health care cost and utilization for individuals eligible for reinsurance.</p> <p>HB2010 is designed to support insurers ability to manage cost and support their efforts to share the risk. In addition, HB2010 will supersede funding initiatives from Oregon measure 101, which expires December 31, 2019 and bolster confidence from the insurers to continue funding the ORP. In addition, the ORP believes that keeping the coinsurance rate at 50% ensures that issuers will still have a strong incentive to manage health care cost and utilization for reinsurance-eligible enrollees.</p>		
<p>21. If applicable, report of any reconciliation of reinsurance payments that the state wishes to make for any duplicative reimbursement through the state reinsurance program for the same high cost claims reimbursed through the Department of Health and Human Services (HHS)-operated high cost risk adjustment program.</p>		
	Value	Comments (if applicable)
a. Reinsurance payment (before reconciliation) for high-cost claims to issuers who also receive payment through the HHS risk adjustment program under the high-cost risk pool	\$0	N/A
b. Risk adjustment amount paid by HHS for those claims	\$0	N/A
c. Reinsurance reconciliation (or true-up) amount applied	\$0	N/A
E. POST-AWARD FORUM		

Reinsurance Waiver Annual Report

22. Was the date, time, and location of the Post-Award Forum advertised 30 days in advance? <input checked="" type="radio"/> Yes <input type="radio"/> No
23. State website address where Post-Award Forum was advertised https://dfr.oregon.gov/business/reg/health/Pages/oregon-reinsurance-program.aspx
24. Date Post-Award Forum took place June 28, 2018
25. Summary of Post-Award Forum, held in accordance with §155.1320(c), including all public comments received and actions taken in response to concerns or comments. The Public Forum was held June 28, 2018 from 01:00 to 03:00pm (PST) at the State of Oregon L&I Building. The forum was attended by 1 local businessman, in addition to the 3 call-In's from health insurers. The businessman had questions concerning health care for retired individuals and proprietors with less than 10 employees? The attending committee directed the businessman to the Oregon Health Care Marketplace, to inquire about options for healthcare. The healthcare insurer's who called in were inquiring about when the administrative rules for the ORP would be adopted and when they would be notified of current and ongoing statutes and revisions to the House Bill 2391, 2017. The attending parties had no objections concerning House Bill 2391, 2017 or the Oregon Reinsurance Program. The meeting adjourned approximately 03:00 PM (PST). Transcripts from the forum can be requested from Oregon DFR public record request.
26. Other Attachments (attach other documents as needed pertaining to Post-Award Form)
F. STATE INTERNAL IMPLEMENTATION REVIEW - ATTESTATION
27. Attestation: The state attests that periodic implementation reviews related to the implementation of the waiver have been conducted in accordance with 31 CFR 33.120(b) and 45 CFR 155.1320(b). <input checked="" type="radio"/> Yes <input type="radio"/> No
28. Describe the state's implementation review process. The Oregon Reinsurance Program produces three quarterly reports, one Pass-Through Funding report and one Annual report to the Center for Medicare and Medicaid Services Center for Consumer Information and Insurance Oversight (CCIIO). These reports catalog a timely process of how the ORP functions throughout the benefit year. To support the implementation of oversight, the ORP has laws (HB2391, 2017) (HB2010, 2020), statutes (Measure 101, 2018), administrative rules (OAR836-150-0010 to 836-150-0060) as well as, a standard

Reinsurance Waiver Annual Report

operational procedures manual. Further, the ORP contracts with an independent actuarial firm, which analyzes the effectiveness of our state-based reinsurance program.

Next, the DFR has a team of administrators, advisory groups and Senior Policy Advisor, which meet periodically, to collaborate on how to implement the guidelines for the HHS and U.S. Treasury's PPACA 1332 State Innovation Waiver's specific terms and conditions for the ORP. Additionally, the DFR Oregon Insurance Commissioner meets with the ORP monthly, to ensure that all processes outlined in the HHS and U.S. Treasury STC, Oregon Laws, statutes and rules are up-to-date and compliant. Finally, the ORP advisory team attends all informational web-based conferences produced by CMS/CCIIO.