



# Oregon

Kate Brown, Governor

Department of Consumer and Business Services

Division of Financial Regulation

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Department of Health & Human Services  
Centers for Medicare and Medicaid Services  
Center for Consumer Information and Insurance Oversight  
200 Independence Avenue SW  
Washington, DC 20201

July 1, 2022

Subject: Response to CMS Inquiry, Oregon Reinsurance Program

Dear Lina Rashid,

Thank you for informing the Department of Consumer and Business Services (DCBS) about the reviewers' comments concerning the PPACA 1332 State Innovation and Empowerment Waiver extension application. Our team has made all necessary edits as well as updates to suggested narratives around health equity. DCBS is excited about this extension application and hopes to hear from you soon, as we anticipate working with your team for another five years.

**Funding source(s):**

- Can the state confirm its state funding source(s) for the reinsurance program and expected amount of state funding for each source(s)? The application noted, "Oregon will continue to assess a 0.3 percent premium assessment levied on major medical premiums for policies issued in this state and use excess fund balances held in two state programs" but also noted that "HB 2010 (2019) ... "raised the premium assessment levied on major medical and stop-loss policies from 1.5 percent to 2.0 percent."
  - *We can confirm a funding source for the reinsurance program continues to be a small portion of the overall 2 percent premium assessment, about 0.3 percent. Most of the assessment goes toward funding the Medicaid expansion. The program was funded by one-time state transfers from the Oregon Transitional Reinsurance Program (sunset 2016) and the Oregon Health Insurance Marketplace, which contributed \$70.6 million for years 2018-19, and have been used to fund Oregon's share of the reimbursement payments.*
- We also understand that the state has been assessing a fee on major medical coverage for the last five years and is planning to continue this fee. Could the state note if this fee is

passed on through premiums or if it is offset in some other way? In state law is the assessment contingent on approval of the waiver?

- *The assessment is not contingent on the approval of the waiver, and will persist in absence of a reinsurance program (see above). The assessment is passed on through premiums, as allowed per state law.*

### **Health equity:**

- In the 1332 regulations published in 2021, “the departments encouraged states to include in their analysis whether the proposed section 1332 waiver would increase health equity in line with E.O. 13985.” Could you please share a response to address how the waiver will support health equity?
- *Oregon’s reinsurance program was designed to stabilize the individual market premium rates for consumers by reinsuring certain high cost claims that contribute to rate increases (Oregon’s reinsurance program is based on expense rather than medical condition). The reinsurance program was started when the division saw insurers exit rural Oregon markets, leaving consumers in those areas with limited plan options and increasing rates. In 2016, prior to the reinsurance program, insurers had reduced their service areas to as few as one insurer per county. Since implementing the reinsurance program rates have stabilized and consumers across Oregon have at least 4 insurer options in 36 counties and a total of six carriers in the State of Oregon. The reinsurance program is one of the many ways we have expanded our diversity, equity and inclusion (DEI) work in Oregon. Here are some of the things that we are working on around DEI that specifically intersect with the health benefit plan markets:*
  - *Monthly industry DEI questions at Industry Communication meetings. These questions target real-time DEI issues that come into our office through consumer outreach or legislative inquiry. This started in January 2022 and we’ve covered topics including:*
    - *Contracting challenges with Indian Health Services (IHS) Providers.*
    - *Gender information on health insurance applications – and understanding the barriers experienced to having more gender options in health insurance applications.*
    - *Gender affirming care challenges.*
    - *Agent/Producers representation in DEI markets.*
    - *Barriers to collecting race, ethnicity, etc. information from consumers and providers.*

*The division’s 2021 market conduct exam on reproductive health benefits identified that insurers were continuing to use non-permissible limitations on certain benefits, specifically limitations related to age and gender. The exam is still in process, however insurers will need to update practices to remove these limitations as they move to compliance in this area.*

*Oregon does not anticipate any negative DEI impacts as a result of the waiver extension. The effect of the waiver is to lower premiums for all consumers without financial assistance.*

***Oregon’s DEI efforts to serve communities that fall within an underrepresented category have been ongoing and successful in its scope – in collaboration with the Oregon PPACA 1332 State Innovation Waiver.***

Oregon has also updated the following items and has provided an updated copy of its application.

- **PDF pg. 8, Table 4 Budget Neutrality Projection** – Please correct the table title to “Deficit Neutrality Projection.” For 2025, it looks like the net federal funding amount has an extra 0: \$60,564,9410. Should this be \$60,564,941? Yes, \$60,564,941 was corrected on the application.
- **PDF pg. 9, Table 5: Estimated federal savings** – The table indicates that estimated federal savings over the five-year waiver extension period is \$319,022,807. However, based on the with-waiver PTC savings presented on Table 4, the total is \$309.4M (total PTC savings, pre-user fee) and \$302.7M (net PTC savings, or net federal funding) from 2023-2027. Can the state please explain how it arrived at \$319M instead? PTC recalculation was not updated in Table 4 \$309M is correct.
- **PDF pg. 9, Table 5: Section 1332 Guardrails** – It looks like the table’s description of comprehensive and scope of coverage guardrails were switched. *We think you were referring to the coverage guardrail, could you please revise?* Comprehensive coverage – “no change in EHBs” and Scope of coverage – “The lower cost of coverage will allow more Oregonians to purchase or maintain coverage in the individual market than without the waiver.” Corrections were made in table 5 of the application

Please feel free to contact me if you have any questions regarding this letter.

Sincerely,



Andrew R. Stolfi

Director

Oregon Department of Consumer & Business Services