September 1, 2025

The Honorable Scott Bessent
Secretary of the Treasury
Dept. of the Treasury
1500 Pennsylvania Ave. NW
Washington, D.C. 20220

The Honorable Robert F. Kennedy Jr.
Secretary of Health and Human Services
Department of Health and Human Services
200 Independence Ave. SW
Washington, D.C. 20201

Dear Secretaries Bessent and Kennedy Jr.:

The State of Oregon is pleased to submit this letter of intent to apply for a five-year extension of Oregon's Department of Consumer and Business Services (DCBS) Section 1332 State Innovation Waiver. Section 1312(c)(1) of the Patient Protection and Affordable Care Act (ACA) is waived for years 2022 through 2027 to allow the state to implement a reinsurance program. We are requesting that Section 1312(c)(1) be waived for an additional five years for the period of 2028-2032. Other than the extension, we are not proposing significant changes to our waiver. The waiver will continue to adhere to the guardrails established by Section 1332 and principles laid out in guidance from the Centers for Medicare and Medicaid Services (CMS).

In 2017, through House Bill (HB) 2391, Oregon establishing the Oregon Reinsurance Program (ORP) to address rising health insurance premiums in our state. It was bipartisan legislation, garnering support from Democrats and Republicans in both chambers of the Oregon Legislature. In 2019, HB 2010 (O.L. Chapter 2 §18-26 (2019)) enhanced the program by allowing the state to apply for a five-year extension of our 1332 waiver to continue reinsurance through 2027. In addition, in March 2025, through HB 2010, the Oregon Legislature extended the State of Oregon's ability to fund the ORP through Dec. 31, 2032.

Successful since its inception in 2018, ORP has reduced premium rates each year from 2018 to 2024 by an average of 8.5 percent and we are projecting a 9.7 percent reduction in 2025 for Oregonians who purchased health insurance in the individual market. Oregon continues to meet the waiver's expectations to deliver high-quality health care to residents throughout the state and fulfill the guidance outlined in the CMS State Relief and Empowerment Waiver guardrails.

Oregon's individual market enrollment both on and off the exchange for years 2022 (197,037), 2023 (183,289), 2024 (178,821), and 2025 (168,896) demonstrates the broad range of health care options offered to Oregon consumers. As a result, Oregon's ACA's Waiver and ORP helps lower premium rates on the health insurance marketplace. In addition, ORP notably improved rate stability and plan options for the rural areas of the state that historically have had the highest premiums. Oregon has six insurance plans options with at least five plans in each of Oregon's seven zones throughout 36 counties that have remained in the market since the program's inception.

Our goals for the next five years and beyond center on maintaining the premium reductions achieved in the program's previous years. During the 2025 rate review period, we implemented an updated analytical process to review the impact of reinsurance on premium rates. We plan to implement additional process improvements for the 2026 rate review, including a more extensive analysis of the program's effect by geographic rating region and plan metal tier. We also plan to use the care management protocols eligible health insurance carriers submitted during the 2026 rate review to better understand and align carriers' strategies for managing care and cost of care for members whose healthcare claims reach the ORP attachment points for a given year. (i.e., members whose claims are eligible for reinsurance).

Finally, DCBS has contracted with NovaRest Actuarial Consulting to study the effect of reinsurance on the subsidy-eligible enrollee population and to assist the Oregon Division of Financial Regulation to help stabilize the health insurance market in Oregon. These process improvements will strengthen our reinsurance program and support Oregon's broader efforts to make health care more affordable for our residents.

The ORP has been successful in achieving our State's goals to lower healthcare plan premium cost, stabilize the individual health insurance market, and expand the footprint of healthcare plans options throughout the state. The ACA 1332 State Innovation and Empowerment Waiver in conjunction with the ORP has helped over 175,000 Oregonians annually, attain affordable high-quality healthcare. Oregon wants to build upon that success with continued federal support through a Section 1332 waiver extension. We intend to submit our extension application by Dec. 30, 2026.

Thank you in advance for considering our application. We look forward to engaging with you in the coming months.

Sincerely,

T.K. Keen
Department of Consumer and Business Services
Oregon Division of Financial Regulation - Administrator
Acting Oregon Insurance Commissioner