



# Oregon

Kate Brown, Governor

Department of Consumer and Business Services

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March 2, 2021

The Honorable Janet Yellen  
Secretary of the Treasury  
Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

The Honorable Norris Cochran  
Acting Secretary of Health and Human Services  
Department of Health and Human Services  
200 Independence Avenue, SW  
Washington, D.C. 20201

Dear Secretaries Janet Yellen and Norris Cochran:

The State of Oregon is pleased to submit this letter of intent to apply for a five-year extension of our Section 1332 State Innovation Waiver. Section 1312(c)(1) of the Patient Protection and Affordable Care Act (ACA) is waived for years 2018 through 2022 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 2023 through 2027. 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, the Oregon State Legislature passed and Gov. Kate Brown signed House Bill 2391, 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 Legislature. HB 2010 (2019) enhanced the program by allowing the state to apply for a five-year extension of our 1332 waiver to continue reinsurance through 2027.

Successful since its inception in 2018, ORP has reduced premium rates by 7.5 percent (2018), 7.5 percent (2019), and 8.5 percent (2020) for Oregonians who purchased health insurance in the individual market. Oregon continues to meet the expectations of HB 2010 (2019) to deliver high-quality health care to residents throughout the state and fulfill the guidance outlined in the State Relief and Empowerment guardrails.

Oregon's individual market enrollment - on and off the Exchange - for years 2018 (197,037), 2019 (183,289), and 2020 (178,821) demonstrates the broad range of health care options

offered to our residents. As a result of the strong individual market presence, Oregonians saw their premiums decreased because of the ORP. Our program notably improved rate stability and plan options for the rural areas of the state that historically have had the highest premiums. Even when the individual mandate penalty was reduced to \$0, the Patient Protection and Affordable Care Act 1332 Waiver brought stability to Oregon's individual health insurance market. Seven insurers have remained in the market since the program's inception.

Our goals for year five and beyond center on maintaining the premium reductions achieved in the program's previous years. During the 2021 rate review period, we implemented a more updated analytical process to review the impact of reinsurance on premium rates. We plan to implement additional process improvements for the 2022 rate review, including a more extensive analysis of reinsurance's effect by geographic rating region and plan metal tier. We also plan to use the care management protocols carriers submitted during the 2021 rate review to better understand and align carriers' strategies for managing care and cost of care for their highest cost members (i.e., members whose claims are eligible for reinsurance). Finally, we have contracted with NovaRest Actuarial Consulting to study the effect of reinsurance on the subsidy-eligible enrollee population and to develop policies to mitigate any negative effects on this group. These process improvements will strengthen our reinsurance program and support Oregon's broader efforts to make health care more affordable for our residents.

Oregon's successful reinsurance program established a stable and reliable Waiver, which continues to assist eligible health insurers with high cost health care claims. The program has reduced premiums for thousands of Oregonians and will build upon that success with continued federal support through a Section 1332 waiver extension through 2027. We intend to submit our extension application by Nov. 30, 2021.

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

Sincerely,



Andrew R. Stolfi  
Director and Insurance Commissioner