

**Cycle IV, Year 2, Quarter 1 Report  
Cycle III, NCE Report**

<b>Report Date</b>	January 30, 2016
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<b>Organization Information</b>	
<b>State</b>	Oregon
<b>Project Title</b>	Grant #1PRPPR140056-01-00 Grants to States to Support Health Insurance Rate Review and Increase Transparency in Health Care Pricing, Cycle III  Grant #1 PRPPR140076-01-00 Grants to States to Support Health Insurance Rate Review and Increase Transparency in the Pricing of Medical Services, Cycle IV
<b>Grant Project Director (Name and Title)</b>	TK Keen, Deputy Administrator, Division of Financial Regulation
<b>Phone/Email</b>	503-947-7226
<b>Grant Authorizing Representative</b>	Laura Cali, Insurance Commissioner, Division of Financial Regulation
<b>Phone/Email</b>	503-947-7202

<b>Cycle III Grant Information</b>	
<b>Date Grant Awarded</b>	9/23/2013
<b>Amount Granted</b>	\$3,594,809
<b>Project Year</b>	10/01/2015-09/30/2016
<b>Phase (Phase I or Phase II)</b>	Phase III
<b>Project Reporting Period</b>	9/30/2015-12/31/2015

<b>Cycle IV Grant Information</b>	
<b>Date Grant Awarded</b>	9/19/2014
<b>Amount Granted</b>	\$1,179,000
<b>Project Year</b>	10/01/2015-09/30/2016
<b>Phase (Phase I or Phase II)</b>	Phase IV
<b>Project Reporting Period</b>	9/30/2015-12/31/2015

## Introduction

The Cycle I (CI) and Cycle II (CII) grants supported Oregon's efforts to implement major state health rate reform and enhance the quality and transparency of the rate review process in concert with the federal Affordable Care Act (ACA). State reforms, effective in April 2010, significantly strengthened the rate review statute and established an enhanced rate review process.<sup>1</sup>

The Cycle III (CIII) grant, during the no cost extension (NCE) will continue to support Oregon's efforts to continue and expand its rate review activities while also allowing Oregon to increase transparency in health care pricing data. Major CIII activities and goals continued during the NCE include:

- Enhancing the All-Payer, All-Claims (APAC) reporting program by adding premium data to the APAC program.
- Enabling the Oregon Health Authority (OHA), the administrator of the APAC, to prepare further recommendations for new data fields, files, and other enhancements to capture alternative payment methodologies in the APAC program.
- Enabling Oregon to gain access to APAC data for rate review purposes.
- Delivery of the final consumer-oriented, health care pricing reports.

The Cycle IV (CIV) grant supports Oregon's continued work on CI, CII, and CIII enhancements and initiatives to adopt several of CMS' rate review best practices. Major CIV activities and goals include:

- i. Working with contract examiners to use our market conduct authority to confirm rates are implemented as filed.
- ii. Continuing to contract with a consumer advocacy organization to improve consumer participation in the rate review process.
- iii. Continuing to contract with the Oregon Health Care Quality Corporation to provide services related to collecting health care pricing and quality performance data.

In this combined report, the progress toward CIII and CIV goal highlights are noted separately in the *Program Implementation Status* table, as are expenditures for CIII and CIV in the updated budget. However, the narrative describes CIV ongoing activities and the remaining CIII tasks.

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<sup>1</sup> Oregon's 2009 health insurance rate review reforms: added a public comment period; required more detail about insurer administrative expenses; allowed DCBS to consider insurance company's cost containment and quality improvements; gave DCBS the ability to consider an insurer's overall profitability, investment earnings and surplus in determining whether to approve a rate request. For more discussion, see Cycle I, Quarter 2 (CI, Q2) report to Health and Human Services.

**Program Implementation Status**  
As of January 1, 2016

<b>Objectives</b>	<b>Milestones &amp; Progress</b>	<b>Challenges, Responses &amp; Variations</b>
<p><b>1. <u>Increase Rate Scrutiny</u></b> <b><u>CIV</u></b> Contract with Consumer Advocacy Organization (CAO) to represent consumers in rate review process, participate in hearings, develop long-term strategy to boost consumer input.</p>	<p>Oregon State Public Interest Research Group (OSPIRG) did not provide comments or analysis for filings we received in Q1.</p> <p>62.5% completed.</p>	
<p>Expand rate filing scrutiny with two additional actuaries.</p>	<p>Both grant funded actuaries continued to conduct ongoing rate review activities.</p> <p>62.5% completed.</p>	
<p>Increase accuracy of filing data with one market analyst.</p>	<p>The rate review analyst, Scott Martin, provided initial review and analysis for rate filings during Q1.</p> <p>62.5% completed.</p>	
<p>Improve rate filing intake with one intake coordinator.</p>	<p>Intake coordinator continued to review each filing, identify problem areas, maintain state filing history, and provide technical support to filers.</p> <p>62.5% completed.</p>	
<p>Improve communications and grant coordination with one project coordinator.</p>	<p>Project coordinator continued to coordinate grant implementation activities, HHS reports, and other communications.</p> <p>62.5% completed.</p>	<p>Our project coordinator experienced increased call volume as a result of open enrollment.</p>
<p>Establish regular public hearings to allow public to participate and learn about rate review and cost drivers.</p>	<p>Public hearings were held on all 3 filings submitted in Q1.</p> <p>100% completed.</p>	<p>Staff worked diligently to hold, record, live stream, and post the hearing on our website in a timely manner.</p>

<p>Automatically publish correspondence between DCBS and insurer actuaries to increase transparency and consumers' understanding – promoting more meaningful participation and comments.</p>	<p>DCBS has studied whether or not correspondence on rate filings could be automatically posted to the division's rate review website. DCBS has determined that this is not feasible. However, all rate filings are made in the System for Electronic Rate and Form Filing (SERFF) and the public has access to rate filings via SERFF as well as our website. Correspondence continues to be posted to the rate review website manually by rate filing intake staff.</p> <p>100% completed.</p>	
<p><b>2. <u>Equipment &amp; IT advances</u></b></p> <p><b><u>CIV</u></b> Utilize web video delivery technology.</p>	<p>All hearings in Q1 were live streamed and recorded for later viewing.</p> <p>100% completed.</p>	
<p>General IT enhancements.</p>	<p>We continue to monitor our rate review program to determine if there are opportunities for further automation.</p> <p>100% completed.</p>	
<p><b>3. <u>Grant Evaluation</u></b></p> <p><b><u>CIII</u></b> Perform a self-evaluation of the activities and impact of Oregon's grant funded work in CIII.</p>	<p>DCBS is in the process of collecting data to evaluate CIII activities.</p> <p>75% completed.</p>	<p>With the NCE, evaluation of the CIII metrics will continue until September, 2016.</p>
<p><b><u>CIV</u></b> Perform a self-evaluation of the activities and impact of Oregon's grant funded work in CIV.</p>	<p>DCBS is in the process of defining methods of measurement to evaluate activities from CIV.</p> <p>62.5% completed.</p>	

<p><b>4. <u>Increase Transparency in Health Care Pricing</u></b></p> <p><b><u>CIII</u></b> Enhance existing Data Center and All Payer Claims Database (APAC).</p>	<p>Both the contract with Q Corp and the interagency agreement with OHA were signed in late Q2 of Y1.</p> <p>The APAC Technical Advisory Group (TAG) continued meeting in Q1.</p> <p>80% completed.</p>	<p>TAG continued to meet in Q1 and achieved several goals. OHA and DCBS amended the IGA to reflect the NCE.</p>
<p><b><u>CIV</u></b> Enhance existing Data Center.</p>	<p>Q Corp continues work for CIV deliverables.</p> <p>50% completed.</p>	<p>Q Corp continues to hold meetings with carriers to discuss issues with data validation.</p>
<p><b><u>CIII</u></b> Integrate Quality and Price Information.</p>	<p>Q Corp delivered its final set of cost and quality reports to DCBS in Q1 of the NCE.</p> <p>100% completed.</p>	<p>DCBS is in the process of reviewing these cost and quality reports and determining how best to use them.</p>
<p><b>5. <u>Expand and Enhance Rate Review Using CMS Best Practices</u></b></p> <p><b><u>CIV</u></b> Use Market Conduct Authority to Confirm Rates Are Implemented as Filed.</p>	<p>DCBS executed the contract with the vendor and examinations continue into Y2.</p> <p>62.5% completed.</p>	
<p>Ensure Information in Rate Filing Submissions is Consistent With Audited Financial Data.</p>	<p>Preliminary training of DCBS staff has been completed.</p> <p>100% completed.</p>	<p>DCBS has established, as a regular part of its review process, a comparison of premium and claims incurred data in the filing with filed financial statements. When material discrepancies are found, carriers are asked to reconcile or explain them. Rate filing analysis also includes review of historical and projected administrative expenses, the target medical loss ratio compared to federal parameters, financial performance and financial condition.</p>

## **Significant Activities: Undertaken and Planned**

### **Increased Rate Scrutiny**

#### *Consumer Organization*

DCBS contracts with the Oregon State Public Interest Research Group Foundation (OSPIRG) to represent the public by making comments on filings and participating in public hearings.

In CIV, Y2, Q1, OSPIRG did not provide analysis or comments on any filings. This is likely a result of the low volume of filings in Q1.

OSPIRG continued to use its website to provide consumers with copies of analyses, reports, and news releases. The website also directs consumers to ways they can become involved in the rate review process. OSPIRG continued to research a range of possible changes to the rate review process that could build on previous successes.

OSPIRG will continue to provide written comments and testimony on behalf of the public in Cycle IV.

#### *Establish Regular Public Hearings*

Beginning in Y1 of CII, all hearings became available by video on the rate review website. Because daytime hearings in the state capital are difficult for many to attend, providing video streaming and archived recordings of the hearings at our website make the process more accessible. Every live streamed hearing has drawn general public observers.

Our current policy is to hold public hearings on nearly all small group and individual health benefit plan rate filings. In Y2, Q1, we held one hearing for 3 rate filings received in this quarter.

Since CII began, and now into Cycles III and IV, Oregon has held 86 public hearings on rate filings. Oregon began live streaming these hearings regularly in April 2012 and has since recorded 1,490 people logged into view these hearings.

All hearings are scheduled as soon as the filing is deemed complete and posted to our website.

### **Consumer Education & Outreach**

#### *Town Halls*

Our consumer liaison participated in nine outreach events during Q1 where rate review was discussed. Six of these events were agent training and one was a radio interview in John Day, Oregon.

## **Equipment & IT Advances**

### *Video Streaming and Video Conferencing*

As reported previously, the DCBS hearing room was fully equipped and operational for video streaming and video conferencing in CII. At this time, all hearings are held in Salem and broadcast with live video streaming. Also, a video file of each hearing is posted on the website, so that the public can access hearings at their convenience. We use Twitter, press releases, and email alerts to spread hearing information.

### *Consumer Disclosure Form*

As the federal data template has been revised, we found that we did not have the programming necessary to allow us to automatically populate a graphic consumer disclosure form. During our review of the CIII cost and quality reports, we will evaluate how best to use these reports as the framework for future consumer disclosures under CIV.

## **Expand and Enhance Rate Review**

### *Use Market Conduct Authority to Confirm Rates Are Implemented as Filed*

In an effort to further expand our rate review process, DCBS is using CIV funds to contract with a market examination organization to conduct targeted exams to ensure that rates are implemented as filed. In Q1, INS Regulatory Insurance Services, Inc., continued to examine six health insurers. We expect to begin receiving final reports for some of the insurers in Q2.

### *Ensure Information in Rate Filing Submissions Is Consistent with Audited Financial Data*

DCBS has established, as a regular part of its review process, a comparison of premium and claims incurred data in the rate filing with filed financial statements. When material discrepancies are found, carriers are asked to reconcile or explain them. Rate filing analysis also includes review of historical and projected administrative expenses, the target medical loss ratio compared to federal parameters, financial performance and financial condition. To prepare for the annual rate filings, the rate review analyst compiles certain information for use during rate review from each carrier's annual financial statement, including information from the Supplemental Healthcare Exhibit. Where questions or discrepancies are noted, he reaches out to carriers to resolve the questions to ready the data for use.

## **Operational, Policy Developments & Issues**

### *Increase Rate Scrutiny*

In Y2 of CIV, we continue to evaluate how to meaningfully use quality improvement and cost containment efforts in rate review and to provide information to the public. Once again, DCBS required all insurance companies to submit a defined set of cost and quality metrics in 2016 health rate filings. Although these metrics were for informational purposes only and not considered in the final rate decisions for 2016, collecting this information was an important step in ensuring that Oregon's triple aim goals of lower costs, better care and better access are met. DCBS intends to continue collecting these metrics in rate filings and will continue to determine how to best use them. These metrics, along with the cost and quality reports from Q Corp, will provide DCBS with new information to review in conjunction with rate filings.

### *Rate Review Workload Management*

CI and CII grants increased Oregon's capacity to meet the demands of conducting thorough rate reviews that comply with state and federal healthcare reforms. The additional resources provided under Cycle III, have been critical to our ability to maintain our high standards for thorough analyses of health rate filings.

In CIV, Y2, Q1, as expected, we received only a few rate filings. These three, small group, quarterly adjustment filings were reviewed and approved after being distributed evenly across our credentialed health actuaries for detailed review. Our market analyst and other staff provided initial file review as well as compiled data from filings to allow DCBS staff to compare information across all of the filing companies. Using our new hearing process, all hearings were held on one day.

As in previous years, we will begin planning for the influx of 2017 rate filings next spring by reviewing the process used for the 2016 rate filings and identifying strengths and areas of improvement in that process. We will continue collecting cost containment and quality improvement metrics. Also, the review of financial statement information related to improving health care quality expenses is being done in anticipation of generating questions to carriers for explanation and clarification.

## **Public Access Activities**

DCBS continued its activities to increase public access in Y2, Q2 of CIV. These include the continued contract with OSPIRG, making all public rate hearings available for live stream, and improving portions of the rate review website to make rate review easy to understand.

Our project coordinator was very active in Q1 in answering consumer calls and questions. The bulk of these calls were from consumers and other interested parties, regarding the health insurance rate filings and open enrollment. This resulted in increased call and email volume for DCBS staff, but also provided many opportunities to explain health reform and the rate review process to interested consumers.

DCBS updated its rate review website, [www.oregonhealthrates.org](http://www.oregonhealthrates.org), to be more user-friendly. Staff worked to update information on the webpage, improve navigability, and update the layout to make it easier to read. The website was also updated to be completely mobile-device friendly.

We also updated the *Consumer Guide to Rate Review* to include more information about how the rate review process is changing with the implementation of Health Reform. The updated *Guide* is available on our website.

## **Collaborative Efforts**

In Y2, Q1, the department continued to collaborate with a number of organizations to advance the goals outlined in the CIII NCE and the CIV grant to meet ACA-related and state health reform requirements.

### *Rate Review Technical Advisory Group*

In Q1, DCBS began holding meetings of the Rate Review Technical Advisory Group (TAG) with actuaries representing Oregon insurers. During these meetings, DCBS received and shared feedback from the carriers for the 2016 rate review process, discussed the small group expansion and the impacts of this on rates, and made minor adjustments to the product standards for 2017 rate filings.

### *Insurance Division Merger*

Another major collaboration that took place in Q1 was the planned combining of the Oregon Insurance Division and the Division of Financial and Corporate Securities. The two divisions, both operating as part of DCBS, have similar roles as regulators and the merger provides DCBS with an opportunity to create a more efficient and effective regulator. Oregon Insurance Commissioner, Laura Cali, while continuing her role as Commissioner, will be the administrator of the new, Division of Financial Regulation. Ethan Baldwin will continue being the project coordinator for CIV and the merger will not have an impact on grant activities.

### *Grant Program Evaluation*

#### *CIII*

In Q2, DCBS created a detailed evaluation plan. The evaluation plan identifies specific measures to determine outcomes of DCBS' work under the grant.

DCBS is in the process of continuing to collect data throughout the NCE for this evaluation.

#### *CIV*

DCBS is in the process of creating an evaluation plan for CIV. The expectation will be to build off of the plan created for CIII with focus shifting to CIV activities.

### *Enhancing Data Center-CIII*

As a result of NCE, DCBS continues to work with OHA on the process of enhancing data quality in the APAC database. OHA continued to hold meetings of the APAC TAG in Q1 to advise OHA and DCBS on how to enhance the quality and usefulness of APAC data; see the discussion in the *Oregon Health Policy Board* section below.

As part of the NCE, carriers are now submitting premium data in their APAC data submissions. OHA is working closely with carriers and DCBS to resolve questions and concerns about the quality of data and how to submit it.

In a further effort to enhance rate review and improve health care price transparency, OHA established authority for both DCBS and Q Corp to use APAC data for those goals. DCBS has gained access to the APAC database and is in the process of learning how to operate within the program. OHA is providing assistance as necessary.

The continued work that is being done to enhance the data center during the NCE will assist with these projects:

- I.** Development of additional data to be used in the rate review process. This will include addition of fields to the database as well as providing OID with access to the APAC data.
- II.** Response to recommendations made by the Oregon Health Policy Board.

- III.** Development of data to be shared with consumers to provide them with enhanced transparency of cost and quality of health care.

*Increase Transparency in Health Care Pricing*

Work on health care pricing transparency continued in earnest in Q1. During Q1, Q Corp provided DCBS with the final cost and quality reports under the CIII grant. Significant staffing challenges experienced by one of Oregon's contractors contributed to a delay in receiving these reports and ultimately led to the need for the NCE. DCBS is reviewing these reports to determine how best to use them.

Q Corp and DCBS also continued to hold meetings with carriers to discuss the CIV rate review project. The primary focus of these meetings continues to be discussion of plans for data validation. In CIII, Q Corp found that there were significant APAC data quality issues for data submitted prior to 2014. Some measures in the cost and quality reports include lookback periods that include pre-2014 data. At this time, Q Corp and DCBS are working together, and with carriers, to determine how best to address this data quality issue.

*Oregon Health Policy Board*

As mentioned in previous reports, the Governor charged the OHPB with recommending to him and the legislature possible statutory and regulatory change necessary to ensure that Oregon's triple aim goals are met.

In CIV, Y2, Q1, the APAC TAG continued meeting to complete work toward its goals of APAC enhancement and validation.

*Oregon Health Insurance Marketplace Collaboration*

DCBS and Health Insurance Marketplace staff meet bi-monthly to coordinate and consult on the numerous policy and operational aspects of implementing the ACA and ensuring a stable market as well as the transition of marketplace functions from Cover Oregon to DCBS.

## **Lessons Learned**

*Increasing participation in public hearings*

As discussed in previous reports, all rate review hearings are now available to view live via the internet as well as archived for later viewing. A significant issue continues to be increasing attendance and views for our hearings.

As expected, the new hearing process as well as the rate decisions, generated more consumer interest and participation because consumers and other stakeholders had an opportunity to see the preliminary rate decision prior to the hearing. However, this interest was best illustrated in consumer questions and calls to the project coordinator, and hearing views and written comments via the website. Also driving consumer interest was the large percentage rate increases being requested by many carriers. In person attendance was still low for every hearing. We will continue to evaluate how to drive in-person consumer participation for future hearings.

Additionally, during open enrollment, consumers contacted our project coordinator to discuss rate issues. The project coordinator takes this opportunity to inform consumers about hearings and the ability to comment publicly on filings in an effort to improve consumer involvement.

*Best Practices for Anticipated Filing Surges Every Year*

As discussed elsewhere in previous reports, we now require all carriers to submit rate filings for all transitional, grandfathered, and ACA-compliant plans on the same date. This leads to an anticipated, and planned for, surge in filings. Receiving a large number of filings at one time creates workflow challenges for our staff in reviewing, holding hearings for, and ultimately making decisions on each filing. Although we've successfully planned for these influxes of filings, including hiring additional staff, we still feel that there are areas that we could improve our efficiency going forward.

We will continue to review our performance during these surges of rate filings in hopes of improving the rate review process in future years.

## Budget & Expenditures To-Date

<b>HIPR Budget &amp; Expenditure Report</b> Section B--All Grant Activity Report Cycle III, NCE Report			REGION: X STATE: OREGON NUMBER: 1 PRPPR140056-01-00  BEGINNING DATE: 10/1/2015  ENDING DATE: 12/30/2015
OBJECT CLASS CATEGORIES	BUDGETED	EXPENSES YEAR TO DATE	
a. Personnel	558,720	398,048	
b. Fringe Benefits	314,205	176,880	
c. Travel	6,767	0	
d. Equipment	5,460	0	
e. Supplies	10,640	2,612	
f. Contractual	2,630,517	1,741,227	
g. Construction		0	
h. Other	38,500	4,317	
i. Total Direct Charges	3,564,809	2,323,084	
j. Indirect Charges	30,000	0	
<b>k. Totals (sum of i-j)</b>	<b>3,594,809</b>	<b>2,323,084</b>	
<b>HIPR Budget &amp; Expenditure Report</b> Section B--All Grant Activity Report Cycle IV, Year 2, Quarter 1 Report			REGION: X STATE: OREGON NUMBER: 1 PRPPR140076-01-00  BEGINNING DATE: 10/1/2015  ENDING DATE: 12/30/2015
OBJECT CLASS CATEGORIES	BUDGETED	EXPENSES YEAR TO DATE	
a. Personnel	377,132	71,567	
b. Fringe Benefits	119,751	34,194	
c. Travel	3,180	0	
d. Equipment	1,560	0	
e. Supplies	9,120	0	
f. Contractual	593,257	109,129	
g. Construction		0	
h. Other	19,000		
i. Total Direct Charges	1,123,000	214,890	
j. Indirect Charges	56,000	0	
<b>k. Totals (sum of i-j)</b>	<b>1,179,000</b>	<b>214,890</b>	

Oregon Insurance Division                      Only the new efforts under Cycle IV are described below.  
 Health Insurance Premium Review – Cycle IV, YR 2, Q1 Update

**No changes to the workplan in Q1.**

## Data Collection & Analysis

*Trends in the quarterly reported data:*

In Q1, we reviewed 3 filings.

*Additional Context for Any Denied Rate Filings:*

There were no disapproved filings in Q1.

*Discrepancies between the SERFF Reported Data and State Data:*

None noted for October 1 – December 30, 2015.

### Quarterly Report Summary Statistics

- Total Funds Expended to date, NCE: CIII \$2,246,665 Year 2: CIV \$139,298
- Total Staff Hired (new this quarter and hired to date with grant funds): New 0 To-date 6
- Total Contracts in Place (new this quarter and established to date): 0/3
- Introduced Legislation: No
- Enhanced IT for Rate Review: Yes
- Submitted Rate Filing Data to HHS: Yes
- Enhanced Consumer Protections: Yes
  - Consumer-Friendly Website: Yes
  - Rate Filings on Website: Yes

### Data Center Activities

- Total Staff Hired for Data Center (new this quarter and hired to date with grant funds): 0/1
- Total Contracts in Place for Data Center (new this quarter and established to date): 0/2
- Enhanced IT for Data Center: No
- Gained access to new or more comprehensive data sets: No
- Enhanced availability of pricing data to the public: No
- Provided new pricing data on website: No
- Created new report cards or applications that allow consumers to quickly and easily access pricing data: No
- Integrated pricing data with other health care data sets: No
- Tested new website applications and reports with consumers and/or through usability testing: No

## **Attachments**

*Rate Review Filing Public Hearings Year 2, Quarter 1.*

## Rate Review Filing Public Hearings Year 2, Quarter 1

SERFF Filing #	Company Name	Type of Coverage	Requested % change	Approved % change	Difference Between Requested and Approved	Hearing Date	# of Users Logged in to Watch Hearing Live
PROV-130263419	Providence Health Plan	Small Group-ACA	0.6%	0.6%	0.0%	November 12, 2015 9:00-Noon	6
UHLC-130269009	UnitedHealthCare Insurance Company	Small Group-ACA	-0.8%	-0.8%	0.0%	November 12, 2015 9:00-Noon	6
ZOOM-130263720	Zoom Health Plan, Inc.	Small Group-ACA	0.0%	0.0%	0.0%	November 12, 2015 9:00-Noon	6