

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

Report Date	April 30, 2016
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Organization Information	
State	Oregon
Project Title	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
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Cycle III Grant Information	
Date Grant Awarded	9/23/2013
Amount Granted	\$3,594,809
Project Year	10/01/2015-09/30/2016
Phase (Phase I or Phase II)	Phase III
Project Reporting Period	1/1/2016-4/30/2016

Cycle IV Grant Information	
Date Grant Awarded	9/19/2014
Amount Granted	\$1,179,000
Project Year	10/01/2015-09/30/2016
Phase (Phase I or Phase II)	Phase IV
Project Reporting Period	1/1/2016-4/30/2016

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.¹

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.

¹ 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 April 1, 2016

Objectives	Milestones & Progress	Challenges, Responses & Variations
<p>1. <u>Increase Rate Scrutiny</u> <u>CIV</u> 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 Q2.</p> <p>75% 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>75% 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 the rate filing during Q2.</p> <p>75% 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>75% 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>75% completed.</p>	
<p>Establish regular public hearings to allow public to participate and learn about rate review and cost drivers.</p>	<p>A public hearing was held on the filing submitted in Q2.</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>2. <u>Equipment & IT advances</u></p> <p><u>CIV</u> Utilize web video delivery technology.</p>	<p>Our sole hearing in Q2 was 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>3. <u>Grant Evaluation</u></p> <p><u>CIII</u> 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><u>CIV</u> 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>75% completed.</p>	

<p>4. <u>Increase Transparency in Health Care Pricing</u></p> <p><u>CIII</u> 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 Q2.</p> <p>80% completed.</p>	<p>TAG continued to meet in Q2 to discuss ways to enhance the data quality in the APAC database.</p>
<p><u>CIV</u> Enhance existing Data Center.</p>	<p>Q Corp continues work for CIV deliverables.</p> <p>75% completed.</p>	<p>Q Corp continues to hold meetings with carriers to discuss issues with data validation.</p>
<p><u>CIII</u> 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>5. <u>Expand and Enhance Rate Review Using CMS Best Practices</u></p> <p><u>CIV</u> 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>75% 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, Q2, OSPIRG did not provide analysis or comments on any filings. This is likely a result of the low volume of filings in Q2.

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, Q2, we held one hearing for the sole rate filing received in this quarter.

Since CII began, and now into Cycles III and IV, Oregon has held 87 public hearings on rate filings. Oregon began live streaming these hearings regularly in April 2012 and has since recorded 1,491 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 seven outreach events during Q2 where rate review was discussed. Four of these events were agent training with total attendance nearing 150 agents. The remaining three events were consumer outreach events with total attendance being around 60 consumers.

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 Q2, INS Regulatory Insurance Services, Inc., finished up examines on six health insurers. We expect to receive final reports for all of the exams and conduct exit interviews with each company in the coming months.

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 will once again collect these metrics in 2017 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, Q2, as expected, we received only one rate filing. This small group, quarterly adjustment filing received a thorough and detailed review by our credentialed health actuaries. 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 have been planning for the influx of 2017 rate filings, due May [2016](#). We have reviewed the process used for the 2016 rate filings and identified strengths and areas of improvement in that process. We will use the same process for 2017 filings and have sent out our projected rate review timeline to carriers. 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 Q2 in answering consumer calls and questions. The bulk of these calls were from consumers and other interested parties, regarding the upcoming health insurance rate filing. 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.

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 at:

<http://www.oregon.gov/DCBS/Insurance/healthrates/Documents/4961.pdf>.

Collaborative Efforts

In Y2, Q2, 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 Q2, DCBS continued holding meetings of the Rate Review Technical Advisory Group (TAG) with actuaries representing Oregon insurers. During these meetings, TAG discussed the updated final product standards, the rate review timeline for 2017 plans, and the potential

extension of transitional health benefit plans. TAG will not hold meetings in Q3, to allow DCBS and insurers the opportunity to focus on rate review.

Insurance Division Merger

As discussed in the Q1 report, a major collaboration was the planned combining of the Oregon Insurance Division and the Division of Financial and Corporate Securities. During Q2, work continued on finalizing the merger. Ethan Baldwin continues to be 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 Q2 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.

In an effort to enhance the quality of data within the APAC database, OHA is implementing a new data validation process, and as a result, deficiencies were noted in data submitted by carriers which resulted in multiple resubmissions. These resubmissions have resulted in some delays that OHA, DCBS, and Q Corp are working together to resolve.

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 Q2. During Q2, DCBS continued to review the final, CIII cost and quality reports from Q Corp to determine how best to use these reports. 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.

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.

Q Corp and DCBS are also working with carriers to ensure that the proper data is being submitted for the new fields, added by the APAC TAG group. Q Corp is reviewing the data and working with carriers to ensure that reporting results from these new fields are accurate.

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, Q2, 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 noted in previous reports, public interest for our new hearing process increased last year. We expect the surge of rate filings coming in Q3 to increase interest in the rate review process and further drive public participation in the hearing process.

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

HIPR Budget & Expenditure Report Section B--All Grant Activity Report Cycle III, NCE Report			REGION: X STATE: OREGON NUMBER: 1 PRPPR140056-01-00 BEGINNING DATE: 1/1/2016 ENDING DATE: 3/31/2016
OBJECT CLASS CATEGORIES	BUDGETED	EXPENSES YEAR TO DATE	
a. Personnel	558,720	398,048	
b. Fringe Benefits	314,205	173,478	
c. Travel	6,767	0	
d. Equipment	5,460	0	
e. Supplies	10,640	2,612	
f. Contractual	2,630,517	1,980,977	
g. Construction		0	
h. Other	38,500	4,317	
i. Total Direct Charges	3,564,809	2,559,432	
j. Indirect Charges	30,000	0	
k. Totals (sum of i-j)	3,594,809	2,559,432	
HIPR Budget & Expenditure Report Section B--All Grant Activity Report Cycle IV, Year 2, Quarter 2 Report			REGION: X STATE: OREGON NUMBER: 1 PRPPR140076-01-00 BEGINNING DATE: 1/1/2016 ENDING DATE: 3/31/2016
OBJECT CLASS CATEGORIES	BUDGETED	EXPENSES YEAR TO DATE	
a. Personnel	377,132	144,597	
b. Fringe Benefits	119,751	69,583	
c. Travel	3,180	0	
d. Equipment	1,560	0	
e. Supplies	9,120	0	
f. Contractual	593,257	414,431	
g. Construction		0	
h. Other	19,000		
i. Total Direct Charges	1,123,000	628,611	
j. Indirect Charges	56,000	0	
k. Totals (sum of i-j)	1,179,000	628,611	

Oregon Insurance Division Only the new efforts under Cycle IV are described below.
 Health Insurance Premium Review – Cycle IV, YR 2, Q2 Update

No changes to the workplan in Q2.

Data Collection & Analysis

Trends in the quarterly reported data:

In Q2, we reviewed 1 filing.

Additional Context for Any Denied Rate Filings:

There were no disapproved filings in Q2.

Discrepancies between the SERFF Reported Data and State Data:

None noted for January 1, 2016-March 31, 2016.

Quarterly Report Summary Statistics

- Total Funds Expended to date, NCE: CIII \$2,559,432 Year 2: CIV \$628,611
- 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 2.

Rate Review Filing Public Hearings Year 2, Quarter 2

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
PCSR-130351543	PacificSource Health Plans	Small Group-ACA	7.25%	7.25%	0.0%	February 11, 2016	1