

Health Insurance Rate Review Grant Program

Cycle IV, Year 2, Quarter 4 Report
Cycle III, NCE Report

Report Date	October 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	7/1/2016-9/30/2016

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	7/1/2016-9/30/2016

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) continued to support Oregon's efforts to 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 No Cost Extension (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 first round of consumer-oriented, health care pricing reports.

The Cycle IV (CIV) grant supported 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 October 1, 2016

Objectives	Milestones & Progress	Challenges, Responses & Variations
1. Increase Rate Scrutiny CIV Contract with Consumer Advocacy Organization (CAO) to represent consumers in rate review process, participate in hearings, and develop long-term strategy to boost consumer input.	Oregon State Public Interest Research Group (OSPIRG) did not provide comments or analysis for the one filing we received in Q4. 100% completed.	Although DCBS applied for an NCE for CIV in Q4, the contract with OSPIRG expired in late, Q4.
Expand rate filing scrutiny with two additional actuaries.	Both grant funded actuaries continued to conduct ongoing rate review activities. 100% completed.	Our grant funded actuaries have completed work under CIV.
Increase accuracy of filing data with one market analyst.	The rate review analyst, Steve Kooyman, provided initial review and analysis for the rate filing during Q4. 100% completed.	Our rate review analyst has completed work under CIV.
Improve rate filing intake with one intake coordinator.	Intake coordinator continued to review each filing, identify problem areas, maintain state filing history, and provide technical support to filers. 100% completed.	Our intake coordinator has completed work under CIV.
Improve communications and grant coordination with one project coordinator.	Project coordinator continued to coordinate grant implementation activities, HHS reports, and other communications. 90% completed.	Our project coordinator will continue coordinating grant implementation activities and HHS reporting until the NCE ends.
Establish regular public hearings to allow public to participate and learn about rate review and cost drivers.	A public hearing was held on our only filing submitted in Q4. 100% completed.	Staff worked diligently to hold, record, live stream, and post the hearing on our website in a timely manner.

<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. Equipment & IT advances</p> <p>CIV Utilize web video delivery technology.</p>	<p>Our hearing in Q4 was live streamed, recorded and made available 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. Grant Evaluation</p> <p>CIII 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>100% completed.</p>	<p>DCBS is in the process of evaluating the CIII metrics and will report on them in the CIII Final Report.</p>
<p>CIV 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>90% completed.</p>	

<p>4. <u>Increase Transparency in Health Care Pricing</u></p> <p>CIII 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 Q3.</p> <p>100% completed.</p>	<p>TAG continued to meet in Q4 to discuss ways to enhance the data quality in the APAC database. Although the agreement with OHA and the grant have both ended, APAC TAG will continue to meet to enhance APAC.</p>
<p>CIV Enhance existing Data Center.</p>	<p>Q Corp continues work for CIV deliverables.</p> <p>90% completed.</p>	<p>Q Corp continues to hold meetings with carriers to discuss issues with data validation and the final set of cost and quality reports. Those reports are to be delivered during the NCE.</p>
<p>CIII 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 reviewed the final cost and quality reports from CIII and determined that they could not be posted due data quality issues. However, we determined that these reports would be used a baseline and template for future reporting.</p>
<p>5. <u>Expand and Enhance Rate Review Using CMS Best Practices</u></p> <p>CIV 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>100% completed.</p>	<p>INS completed all examinations and submitted final reports in Q4.</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>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,</p>

	100% completed.	financial performance and financial condition.
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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, Q4, OSPIRG did not conduct an analysis or provide comment on our sole rate filing.

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.

Although the contract with OSPIRG expired in Q4, DCBS and OSPIRG will explore options of how OSPIRG can continue to participate in rate review.

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, Q4, we held 1 hearing for our only rate filing received in this quarter.

Since CII began, and now into Cycles III and IV, Oregon has held 101 public hearings on rate filings. Oregon began live streaming these hearings regularly in April 2012 and has since recorded 1,568 total 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 Q4 where rate review was discussed. Five of these events were agent training with total attendance nearing 75 agents. The remaining events were consumer outreach events with total attendance being around 40 consumers.

Additionally, DCBS staff participated in two more outreach events with total attendance nearing 200 agents.

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 the department holds all hearings 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 social media, 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 and CIV cost and quality reports, we will evaluate how best to use these reports as the framework for future consumer disclosures.

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 Q4, INS Regulatory Insurance Services, Inc., submitted final reports and conducted exit interviews for each of the exams conducted on six health insurers. DCBS is in the process of reviewing these final reports and determining next steps.

Ensure Information in Rate Filing Submissions Is Consistent with Audited Financial Data
DCBS has established, as a regular part of its rate review process, an evaluation of premium, incurred claims and financial statements. 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 information for use during rate review from each carrier's filing, including information from the Supplemental Healthcare Exhibit. Where questions or discrepancies are noted, the analyst 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 2017 health rate filings. Although these metrics are still for informational purposes only and not considered in the final rate decisions for 2017, 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. Going forward, 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.

In CIV, Y2, Q4, as expected, we received only one rate filing. Our sole filing, a small group quarterly adjustment filing, was reviewed approved 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 will begin planning for the influx of 2018 rate filings next spring by reviewing the process used for the 2017 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, Q4 of CIV. These include the continued contract with OSPIRG, live-streaming all public rate hearings, and improving portions of the rate review website to make rate review easy to understand.

Our project coordinator was very active in Q4 in answering consumer calls and questions. The bulk of these calls were from consumers and other interested parties, regarding the recently approved health insurance rate filings. 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, Q4, 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 Q4, DCBS did not hold meetings of the Rate Review Technical Advisory Group (TAG) with actuaries representing Oregon insurers. This was to allow DCBS staff and carriers to finalized work on rate filings. The TAG group will continue meeting going forward.

Grant Program Evaluation

CIII

In Q4, DCBS finished collecting data for this evaluation. We are now in the process of reviewing the data in preparation for the final evaluation report.

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 Q4 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. OHA continues to evaluate and enhance its data validation process.

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 continued to provide assistance as necessary.

Increase Transparency in Health Care Pricing

Work on health care pricing transparency continued in earnest in Q4. Q Corp and DCBS held meetings with carriers to discuss the CIV rate review project. The primary focus of these meetings continues to be data quality issues. Several carriers experienced significant issues with data submittal in Q2, resulting in incomplete or inaccurate data being submitted to APAC. These carriers represent a large percentage of the Oregon market and therefore, have caused some delays in reporting. The carriers resubmitted data in late Q3 and Q Corp is in the process of reviewing these submissions for accuracy and finalizing the cost and quality reports. As a result of these delays, DCBS applied for, and received a no cost extension to continue its work under CIV. Q Corp will deliver the final cost and quality reports during the NCE.

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, Q3, 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 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 relatively low for every hearing; though we did have meaningful testimony from the public. We will continue to evaluate how to drive in-person consumer participation for future hearings.

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 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		REGION: X
Section B--All Grant Activity Report		STATE: OREGON
Cycle III, NCE Report		NUMBER: 1 PRPPR140056-01-00
		BEGINNING DATE: 7/1/2016
		ENDING DATE: 9/30/2016
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	2,457,167
g. Construction		0
h. Other	38,500	4,317
i. Total Direct Charges	3,564,809	3,039,024
j. Indirect Charges	30,000	0
k. Totals (sum of i-j)	3,594,809	3,039,024
OBJECT CLASS CATEGORIES	BUDGETED	EXPENSES YEAR TO DATE
a. Personnel	377,132	280,483
b. Fringe Benefits	119,751	115,790
c. Travel	3,180	0
d. Equipment	1,560	0
e. Supplies	9,120	1,471
f. Contractual	593,257	488,666
g. Construction		0
h. Other	19,000	
i. Total Direct Charges	1,123,000	903,623
j. Indirect Charges	56,000	0
k. Totals (sum of i-j)	1,179,000	903,623

Data Collection & Analysis

Trends in the quarterly reported data:

In Q4, we reviewed 1 filing.

Additional Context for Any Denied Rate Filings:

There were no disapproved filings in Q4.

Discrepancies between the SERFF Reported Data and State Data:

None noted for July 1, 2016-September 30, 2016.

Quarterly Report Summary Statistics

- Total Funds Expended to date, NCE: CIII \$3,039,024 Year 2: CIV \$903,623
- 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 4.

Rate Review Filing Public Hearings Year 2, Quarter 4

Company Name	Type of Coverage	Requested % change	Approved % change	Difference Between Requested and Approved	Hearing Date	# of Users Logged in to Watch Hearing Live
Providence Health Plans	Small Group-Transitional	6.3%	6.3%	0.0%	Tuesday, August 16, 2016, 11am-12pm	1

Oregon Insurance Division Only the new efforts under Cycle IV are described below.
Health Insurance Premium Review – Cycle IV, YR 2, Q4 Update

No changes made in Q4.