

Oregon Reinsurance Program
1332 State Innovation Waiver
Public Forum
June 28, 2018

Department of Consumer and Business Services



HB 2391 (2017)

- HB 2391 establishes the Oregon Reinsurance Program (Sections 18 to 25).
- Purposes
 - Help stabilize rates and premiums for individual health benefit plans.
 - Provide greater financial certainty to consumers.
- All enrollees in non-grandfathered individual health benefit plans are eligible.

HB 2391 (2017)

- Attachment point model
 - Claims between an attachment point and reinsurance cap will be reimbursed at the coinsurance rate.
 - Attachment point and cap cannot change within a benefit year.
 - Coinsurance rate may not increase during a benefit year (but may *decrease* if claims exceed funds).

HB 2391 (2017)

- DCBS may adopt rules as necessary to carry out the program, including:
 - The amount, manner, and frequency of reinsurance payments
 - Reporting requirements for issuers of reinsurance eligible health benefit plans
- Insurers must identify impact of reinsurance payments in their rate filings.
- Program sunsets on January 2, 2024.

Reinsurance Funding

- Three Sources:
 - One time state funds transfers
 - Excess balance from Oregon Health Insurance Exchange
 - Remaining balance of the Oregon Medical Insurance Pool Account
 - A portion of the 1.5% health benefit plan premium assessment created under HB 2391.
 - Federal pass-through funding received under Oregon's Section 1332 waiver.

Oregon's 1332 Waiver

- Oregon applied for a Section 1332 waiver to help fund the Oregon Reinsurance Program
 - Oregon requested a waiver of the ACA single risk pool requirement to allow carriers to adjust individual rates downward to account for reinsurance.
 - Oregon also requested a “pass-through” of federal savings attributable to reinsurance. These savings come from reductions in federal spending on premium tax credits.

Oregon's 1332 Waiver

- CMS approved Oregon's application on October 19, 2017.
- On February 26, 2018, CMS announced that Oregon would receive approx. \$54M in pass-through funding for 2018.
- Additional information:
https://www.cms.gov/ccio/programs-and-initiatives/state-innovation-waivers/section_1332_state_innovation_waivers.html

ORP - Projected Annual Budget

- Projected per year
 - \$90 million in 2018
 - \$96 million in 2019
 - Funding for 2020 and beyond contingent on available funds.
- Excess funds received in a benefit year will be rolled forward to fund the program in the future.

ORP - High Level Timeline

- April 2018 – Rulemaking Advisory Committee convenes.
- May 2018 – First HB 2391 assessment due.
- September 2018 – Target date to adopt permanent rules.
- Spring 2019 – Carriers report claims information for 2018.
- Summer 2019 – ORP reimburses carriers for 2018 claims.

ORP Rulemaking

- DCBS has convened a Rulemaking Advisory Committee to develop rules for the ORP.
- Meetings held on
 - April 10, 2018
 - May 3, 2018
 - Next meeting scheduled for July 10, 2018
- Meeting are open to the public.

Goals of Rulemaking

- Establish payment parameters for 2018 & 2019.
- Establish claims reporting requirements and process.
- Establish mechanism for auditing claims data to ensure program integrity.

Proposed Payment Parameters

- Reinsurance Cap - \$1M
- Coinsurance – 50%
- Attachment points
 - 2018 – \$95,000
 - 2019 - \$90,000

ORP – Effect on Individual Rates

- As a result of the Oregon Reinsurance Program, DCBS reduced the final approved rates for 2018 individual health benefit plan rates by 6%.
- For 2019, carriers have included the impact of reinsurance in their individual rate filings.
 - 2019 rates are currently under review.
 - Similar market wide impacts are expected.

Questions?

