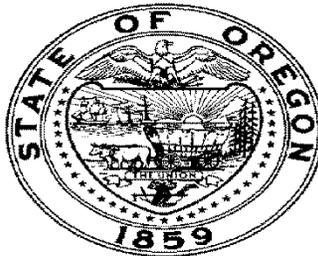




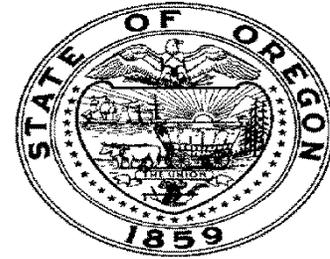
Division of Financial Regulation's

Oregon Reinsurance Program

**Patient Protection and Affordable Care Act –
Section 1332
State Innovation Waiver**



**Public Forum
October 24, 2019
L&I Building Room 260
Salem, Oregon U.S.A**



Background

The Oregon Reinsurance Program (ORP), created during the 2017 legislative session, spreads the risk of high-cost health insurance claims among all insurance companies to help stabilize the individual health insurance market. The program stabilizes the individual market and encourage insurance companies to offer plans in more parts of the state. The Oregon Department of Consumer and Business Services manages the program. The program is funded by a portion of the 1.5 percent assessment on commercial health insurance premiums for eight calendar quarters starting May 15, 2018 through March 15, 2020. The remaining funds help fund Oregon's Medicaid program.

The ORP has helped reduce individual market rates. In 2018 and 2019, thanks to reinsurance, individual rate increases, were 6 percentage points lower than they would have been without reinsurance. 2020 has seen the largest impact to-date with an average 1.5 percentage points increase in rates, overall. The affects of market stabilization has increased the healthcare services options throughout the state. Resulting in at least 2 health insurance exchanges in every county in the State of Oregon.

The ORP will make its initial reinsurance payments during November 2019. These payments will reimburse eligible insurers for individual market claims arising during the 2018 benefit year. Both State and Federal funding for the ORP will total \$90 millions to be reimbursed to 7 eligible Individual health insurance companies from the Oregon Health Insurance Marketplace. The Oregon Administrative Rules 836-150-0010-0060¹, establish the parameters for the ORP.

Developments

House Bill 2010(2019), passed into law on March 13, 2019. HB2010 will extend the ORP for an additional six years an impose a 2 percent assessment on the gross amount of premiums derived from eligible health benefit plans. The bill also established an assessment on premium equivalents for managed care organizations (MCO) and the Public Employee Benefits Board (PEBB) health benefits plan.

¹ Oregon Secretary of State Oregon Administrative Rules 836-150-0010 to 0060.
<http://records.sos.state.or.us/ORSOSWebDrawer/Recordpdf/6846374>

Funds collected from the HB 2391 assessments will be credited to the Health System Fund established by HB 2391. The ORP will be partially funded by a portion of the 1.5 percent premium assessment collected from fully-insured health benefits plans delivered or issued for delivery in Oregon. Additional funds will be provided through the State of Oregon's approved Section 1332 State Innovation Waiver. The 1332 funds are calculated based on projected federal savings due to lower premium tax credit liabilities.

The ORP operates as a traditional "attachment point" reinsurance program. The ORP will reimburse qualifying insurers for a percentage of claims on behalf of individual markets enrollees whose annual claims cost fall between an attachment point and a reinsurance cap. Program year 2018 attachment points are \$95,000, a cap of \$1 million and a coinsurance rate of 50 percent. The total health care claims have been set at \$90 million. Division of Financial Regulation auditors are using a standard statistical representative sample from each health care claims file to measure the reliability for the health insurer's claims submission. DFR auditors will investigate and resolve all health care claims anomalies before payments are issued.

Inquires

Please submit comments and questions by email to the moderators of today's forum. In addition, all comments and inquires will be forwarded to the Centers for Medicare and Medicaid Services Center for Consumer Information & Insurance Oversight (CMSCCIIO).

Thank you,

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<https://dfr.oregon.gov/business/reg/health/Pages/oregon-reinsurance-program.aspx>

