

# Oregon Reinsurance Program 1332 PPACA 1332 Waiver Extension and Post Award Forum

July 20, 2021  
Virtual meeting being recorded



# The Department of Consumer and Business Services



Oregon's largest  
business regulatory  
and consumer  
protection agency.

# DCBS Divisions:

- Building Codes Division
- Division of Financial Regulation
- Oregon Health Insurance Marketplace
- Oregon OSHA
- Workers' Compensation Board
- Workers' Compensation Division

# Background

- U.S. Department of Health and Human Services, U.S. Department of the Treasury- Govern the operation of the PPACA 1332 Waiver
- O.L. (2017) c.538 §18-25 Established the Oregon Reinsurance Program
- Purpose:
  - Stabilize rates and premiums in individual market
  - Spreads risk of high-cost claims among all insurance companies
  - Helps fund Oregon's Medicaid Program

# Oregon 1332 waiver

- **Helps fund the reinsurance program**
- **Allows carriers to set rates (High cost claims)**
- **Pass-through of federal savings**
  - **Savings from reductions in federal spending on advanced premium tax credits**

# Structure

- Attachment point model:
  - Reimburse qualifying Insurers a percentage of claims paid on behalf of Individual enrollee
  - Attachment point and cap
  - Coinsurance rate

# ORP Parameters

- Attachment range \$90,000 to \$1 million (2020 PY)
- Coinsurance 50%

- Example:

Healthcare Claims	=	\$1,000,000
Attachment Point	=	<u>-\$90,000</u>
Eligible Claim	=	\$910,000
Coinsurance Rate	=	<u>÷50%</u>
Reimbursement	=	\$455,000

# Reinsurance funding

- Portion of the 2 percent ( $\sim 0.3$ ) assessment imposed on commercial health premiums.\*
- Federal pass-through funding under Section 1332 waiver

Remainder - Intragovernmental agreements to fund Medicaid.\*



# Oregon 1332 waiver

**CMS approved application in 2017 for five years.**

## **Pass-through funding:**

- **2018 - \$54,482,113 - Complete**
- **2019 - \$41,845,226 - Complete**
- **2020 - \$54,408,157 - Current**
- **2021 - \$54,775,261 - New Funding**

# ORP projected annual budget

Projected per year:

- 2018 - \$90 million
- 2019 - \$95.4 million
- 2020 - \$101.8 million
- 2021 - \$107.8 million

# DCBS Healthcare Claims Funding for 2020 P.Y.

- Eligible health care claims ~Approx. \$96.6 million
- 2020 total funding - \$101.8 million
- Federal grant - \$54,408,157
- State support - \$47,391,843

# Proposed payment parameters

- Reinsurance cap – \$1 million
- Coinsurance – 50%
- Attachment points:
  - 2018 - \$95,000
  - 2019 - \$90,000
  - 2020 - \$90,000
  - 2021 - \$83,000
  - 2022 - \$92,000

# ORP effect on individual rates

As a result of ORP:

- Rates reduced by at least 6 percent for the third straight year. \*
- Oregonians will save a projected \$107.8 million in 2021 premiums.
- Similar savings expected in 2022

Source: <https://dfr.oregon.gov/news/2020/Pages/2021-health-plan-rates-final.aspx> \*

# ACA 1332 Waiver

State Innovation and Empowerment Waiver  
Extension  
2023-2027

# ACA 1332 Waiver

- Purpose
- Extension Period
- Progress
- Analysis
- Questions

# Purpose- PPACA 1332 State Relief and Empowerment Waiver

- Provide more affordable private market coverage
- Encourage sustainable spending growth
- Foster innovation
- Support and empower those in need
- Promote consumer-driven healthcare



# Five Year Waiver Extension

- Federal Standard Terms and Conditions:
  - Authorized by Department of Health and Human Services and U.S. Department of Treasury
  - Extension period (January 1, 2023 to December 31, 2027)
  - Source:  
<https://www.federalregister.gov/documents/2018/10/24/2018-23182/state-relief-and-empowerment-waivers>

# Progress

Oregon's state relief and innovation  
waiver measured by federal guardrails

Coverage  
Affordability  
Comprehensiveness  
Deficit Neutrality

# Coverage - Measured by guardrails

Coverage:

On and Off the individual market

2018-2020 Enrollment Averaged 181,167.66\*

Six health insurance carriers on the Individual Market.

Oregon Insurances Carriers have an average of at least 3  
servicers in zones 1 through 7 (36 counties)\*\*

\*Source: Oregon PPACA 1332 Annual Reports

\*\* <https://dfr.Oregon.gov/healtrates/documents/2021-rate-and-county-coverage.pdf>

# Affordability- Measured by guardrails

Affordability:

Many Oregonian's are protected from rate increases on the individual market through premium subsidies from purchasing qualified health plans on the ACA exchange.

For the rest:

Oregonian's consistently saved on average, at least 6 percent per year - for the past 3 years - because of the PPACA 1332 Waiver.\*

Source: <https://dfr.oregon.gov/news/2020/Pages/2021-health-plan-rates-final.aspx> \*

# Comprehensiveness- Measured by guardrails

Essential health benefits for all individual health plans

- (ORS 731.097) includes:

Ambulatory services	Prescription drugs
Emergency services	Rehabilitative and habilitative services
Hospitalization	Laboratory services
Maternity and new born care	Preventative and wellness services
Mental health and substance use disorders	Pediatric services

Other services included: Telehealth and mental health parity.

Source: <https://dfr.oregon.gov/laws-rules/Documents/Bulletins/bulletin2014-01.pdf>

# Analysis- Measured by guardrails

Deficit neutrality – The projected net of federal spending under the §1332 waiver must be equal or lower than projected federal spending net in absence of the waiver.

Actuarial and economic analysis - Advance Premium Tax Credits (APTC)

- Analysis and supporting data
- Description of models used
- All modeling assumptions
- Source of state specific data
- Rationale for deviation from federal forecasts

# Public input:

Process: State must provide for a meaningful level of public input prior to submitting an application (extension).  
Including consultation with federally recognized tribes.

State and federal comment period no less than 30 days.

Open: July 20, 2021

Closes: August 20, 2021.

Address:

Oregon Department of Consumer and Business Services

Office of the Oregon Insurance Commissioner

Director's Office 2<sup>nd</sup> floor

350 Winter Street NE

Salem, Oregon

97309

Attention: Joel Payton, Reinsurance Program Manager

# Questions

2021 Annual Pass – Through Funding and  
PPACA 1332 Extension  
Forum





Thank you

Joel Payton MPA, CA  
Oregon Reinsurance Program Manager

[Joel.J.Payton@Oregon.gov](mailto:Joel.J.Payton@Oregon.gov)

503-302-4795

