



Written Statement

For
The U.S. House of Representatives
Committee on Energy and Commerce
Subcommittee on Oversight and Investigations Hearing
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By
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One-page Summary

Good morning, Chairman Murphy, Vice Chairman McKinley, Ranking Member DeGette, and distinguished members of the subcommittee. My name is Patrick Allen, and I am the Director of the Oregon Department of Consumer and Business Services (DCBS), which includes Oregon's health insurance marketplace. Thank you for this opportunity to speak with you today about this important topic.

The health insurance marketplace in Oregon is delivering on the promise of the Affordable Care Act. Oregonians have benefited from a very competitive marketplace that offers them a meaningful choice of high-quality plans and affordable rates. The marketplace has helped over 100,000 Oregonians get health insurance and take advantage of financial assistance to help pay for it. Along with the expansion of Medicaid, it has played a major role in decreasing the number of uninsured in the state.

Oregon's individual health insurance market is among the most competitive in the nation. Eleven separate carriers offer Oregonians access to more than 100 plan choices through the health insurance marketplace, with more available outside the marketplace, and through small group plans.

Oregon's marketplace isn't dependent on future growth. It's financially self-sustaining and continues to grow more efficient and effective at fulfilling its mission to educate and enroll Oregonians. The marketplace has also benefited from improved oversight and management controls that will help ensure accountability. Oregon will continue to build upon those improvements in the years to come, all in an effort to better serve the needs of our customers, the people of Oregon.

Overview of Oregon's Health Insurance Marketplace

Oregon operates a state-based marketplace (SBM) that began using the federal website, HealthCare.gov, for individual eligibility and enrollment for the 2015 plan year. As an SBM, Oregon remains responsible for the majority of marketplace functions, including administration, operations, plan management, Oregon's in-person assistance/navigator program, consumer outreach and education, stakeholder engagement, and Oregon's Small Business Health Options Program (SHOP) marketplace.

Enrollment in Oregon's Marketplace

- At the end of June 2014, Oregon had more than 76,000 persons enrolled in qualified health plans (QHPs) for individuals.
- By the end of March 2015, effectuated enrollment increased to more than 107,000. Enrollment has remained steady through the second quarter of 2015¹.
- Of the 25,000-person increase in Oregon's 2015 individual market enrollment since 2014, all of the increase is due to persons enrolled in QHPs through the marketplace².
- We estimate that there are approximately 75,000³ Oregonians not currently enrolled in the marketplace who are eligible for subsidies.
- Oregon's marketplace, along with the expansion of Medicaid, has played a significant role in decreasing the percentage of uninsured in Oregon. According to the U.S.

¹ Based on carrier quarterly reports to the Oregon Insurance Division of effectuated enrollment.

² Based on carrier quarterly reports to the Oregon Insurance Division of effectuated enrollment.

³ Estimate based on analyses by State Health Access Data Assistance Center, University of Minnesota, School of Public Health and McKinsey Center for US Health System

Department of Health and Human Services National Health Interview Survey⁴, Oregon's uninsurance rate dropped from approximately 14.2% in 2013, prior to implementation of the Affordable Care Act, to approximately 8.8% in 2014.

Oregon Uninsured Rates	
2011	15.8%
2012	15.9%
2013	14.2%
2014	8.8%

Marketplace Competitiveness

Oregon has one of the most competitive individual health insurance markets in the country⁵. Currently, 11 medical carriers participate in Oregon's marketplace and offer 140 plans. In 2016, 11 medical carriers will offer 120 plans in the marketplace.

Oregonians have benefited from a marketplace that offers them a meaningful choice of high-quality plans and affordable rates. Although rates will increase in 2016, they are comparable to current rates in other states and offer a range of options for consumers. According to an HHS analysis⁶, the 2015 average monthly premium for 37 states is \$374 before advanced premium tax credits, while Oregon's is \$343 for an individual.

⁴ US Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Health Statistics, *National Health Interview Survey Early Release Program*

⁵ American Medical Association (AMA), *Competition in Health Insurance: A Comprehensive Study of U.S. Markets*

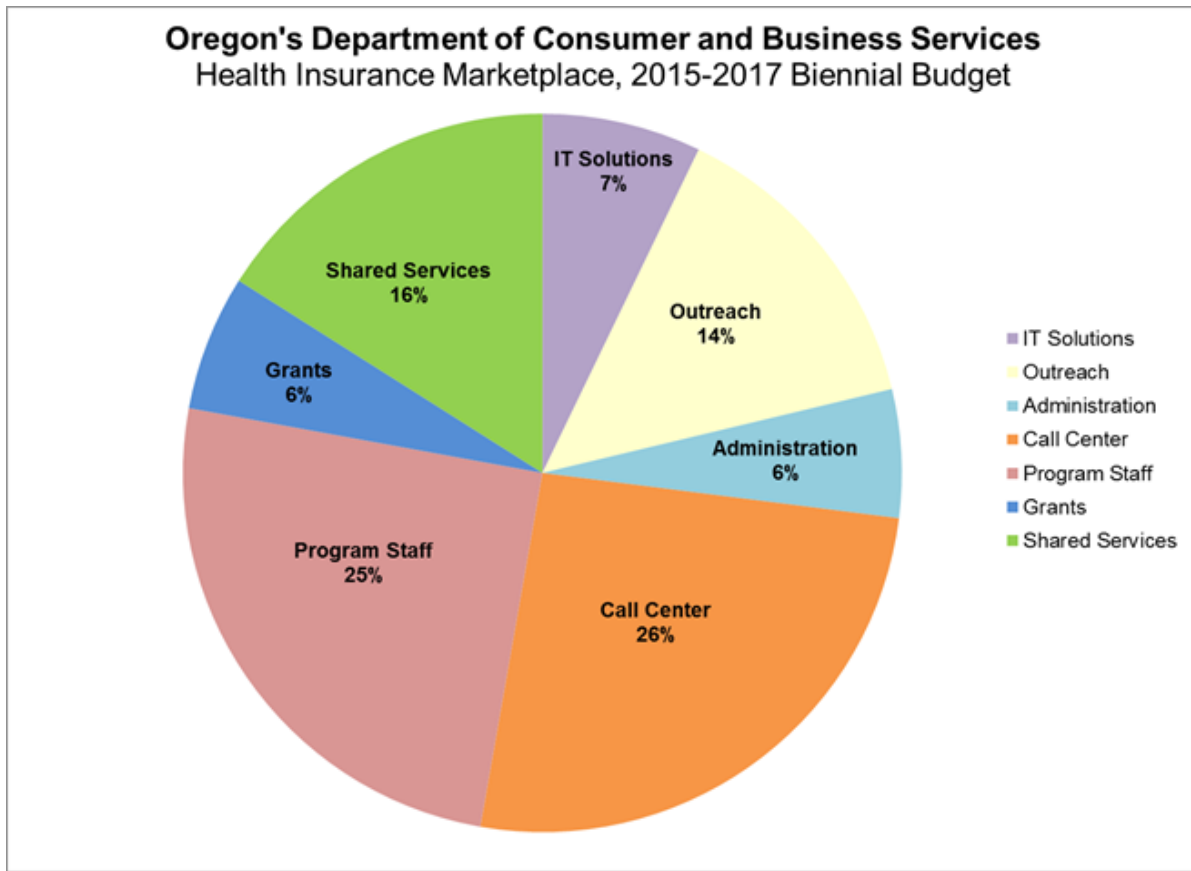
⁶ US Department of Health and Human Services, Office of the Assistant Secretary for Planning & Evaluation *Health Insurance report, Marketplace 2015: Average Premiums after Advance Premium Tax Credits Through January 30 in 37 States using the Healthcare.gov Platform*.

The increases in rates this year are the market rebalancing itself. For comparison's sake, the small group market is a stable and sustainable market and we are seeing individual premiums approach small group premiums. We believe that this is an indication of the sustainability of the individual market. Increases in this year's rates are data driven and should reduce the risks of carrier insolvency or even more significant increases in future years.

Financial Condition

Oregon's marketplace is currently financially self sustaining, funded through a per member per month fee of \$9.66 for medical plans and \$0.97 for dental plans purchased through the marketplace. No federal grant funds were transferred to DCBS when it took over management of the marketplace on July 1, 2015. All federal grants are either closed or in the process of being closed.

The total ongoing operational budget for the marketplace for the 2015-2017 biennium is \$17.3 million. The budget is entirely state funded and doesn't include any federal funding.



Transferring the management of the marketplace from a public corporation to a state agency allowed the state to take advantage of economies of scale and cost savings due to shared central services. DCBS has 25 marketplace employees. This includes 12 permanent program staff who handle the core administrative and operational functions and 13 temporary call center representatives. For the sake of comparison, the public corporation that formerly managed the marketplace employed over 100 people in December 2014. The total cost to the state for transferring the marketplace to a state agency was approximately \$457,000.

At this point, the federal government provides its technology platform to Oregon at no charge. DCBS understands that the federal government will begin charging for the platform in 2017. We anticipate federal rules on this topic in November 2015. When more information becomes available about the potential cost and timing, Oregon will need to determine what

technology will be the most cost-effective to ensure that the marketplace remains self-sustaining.

Oversight of Oregon's Health Insurance Marketplace

In March 2015, the Oregon Legislature passed Senate Bill 1, which closed the public corporation responsible for Oregon's health insurance marketplace and transferred its functions and duties to DCBS.

DCBS is Oregon's largest consumer protection and business regulatory agency, which also includes the Oregon Insurance Division, headed by Oregon's insurance commissioner; Building Codes Division; Division of Finance and Corporate Securities; Oregon OSHA; and Workers' Compensation Division. The transition of the marketplace to DCBS occurred on July 1, 2015 without any disruption for customers. DCBS maintains a close working relationship with the Oregon Health Authority, the agency that oversees Oregon's Medicaid program, to ensure cross-agency collaboration between marketplace and Medicaid operations.

As a part of a state agency, Oregon's marketplace is subject to significant management controls and legislative oversight and accountability:

- DCBS is required to report on the status of the marketplace to the full Oregon Legislature every year as well as anytime the Joint Ways and Means and Health Committees meet.
- The director of DCBS is also required to provide a report covering the activities and operations of the marketplace to the Legislative Assembly, the Governor, the Oregon

Health Authority, and the Oregon Health Policy Board not later than April 15 of each year.

- Senate Bill 1 also requires the Oregon Secretary of State to conduct an annual financial audit and biannual performance audit of the marketplace. The Secretary of State and DCBS are required to make reasonable efforts to coordinate with the federal authorities to promote efficiency and the best use of resources in the timing and provision of information.
- In addition, Oregon's marketplace is subject to the financial and program audits required by the federal government, including the financial and program audits completed earlier this year.
- DCBS's budget, including the budget for the marketplace, is subject to legislative approval.
- Senate Bill 1 established a formal advisory committee whose members must be confirmed by the Oregon Senate and represent insurers, insurance producers, navigators, health care providers, businesses, consumer advocacy groups, enrollees in health plans, and medical assistance agencies. The advisory committee provides feedback and guidance to DCBS on marketplace matters, including outreach, customer feedback, and insurance plan affordability. The committee is also required by law to provide annual reports to the Oregon Legislature.
- Right now, Oregon is in the process of developing measurable objectives and metrics to evaluate its effectiveness and improve ongoing operations. These metrics will help the state make the best and most effective use of its limited resources.