

# Section 1332 of the Patient Protection and Affordable Care Act (PPACA)

## State Innovation Waivers - Reinsurance Waiver Annual Report

**Reporting Instructions:** Please capture data for annual 1332 waiver grant reporting in this template, which has been developed based on paragraph 10 of your specific terms and conditions (STC), and in accordance with 45 CFR 155.1324(b)-(c). For any items that are marked “if applicable,” please refer to the requirements in your STCs to determine whether you need to fill in those data fields. Draft annual reports are due within 90 days of the end of each calendar year that your waiver is in effect.

STATE:

<b>A. GRANTEE INFORMATION</b>		
<b>1. Reporting Period End Date</b> Dec 31, 2021	<b>2. Report Due Date</b> Apr 30, 2022	<b>3. Report Submitted On (Date)</b> 04/29/2022
<b>4. Federal Agency and Organization Element to Which Report is Submitted</b> Consumer Information & Insurance Oversight		
<b>5. Federal Grant Number Assigned by Federal Agency</b>	<b>6a. DUNS Number</b> 809579451	<b>6b. EIN</b> 93-0952020
<b>7. Recipient Organization Name</b> Oregon Department of Consumer and Business Services		
<b>Address Line 1</b> 350 Winter Street NE		
<b>Address Line 2</b> Division of Financial Regulation		
<b>Address Line 3</b>		
<b>City</b> Salem	<b>State</b> Oregon	<b>Zip Code</b> 97301
<b>Zip Extension</b> 3881	<b>8. Grant Period Start Date</b> Jan 1, 2018	<b>9. Grant Period End Date</b> Dec 31, 2022
<b>10. Other Attachments (attach other documents as needed or as instructed by the awarding Federal agency)</b>		

# Reinsurance Waiver Annual Report

## B. REPORT CERTIFICATION

**11. Certification:** I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.

**11a. Typed or printed name and title of Authorized Certifying Official**

Kirsten L. Anderson, Deputy Administrator of Operations  
Department of Financial Regulation  
Division of Financial Regulation

**11b. Signature of Authorized Certifying Official**

**11c. Telephone (area code, number, and extension)**

(503) 507-2454

**11d. E-mail address**

Kirsten.L.Anderson@DCBS.Oregon.Gov

**11e. Date report submitted (month/day/year)**

4/29/2022

## C. PROGRESS OF SECTION 1332 WAIVER - General

**12. Provide an update on progress made in implementing and/or operating the state's approved 1332 waiver program.**

During the 2021 program year, the Oregon Reinsurance Program (ORP) conducted three three public events, submitted an application to extend the PPACA 1332 State innovation and Empowerment Waiver, and participated in three administrative audits. The first event was the Healthcare Claims Seminar, which updated the general public and healthcare insurance community on the current parameters for the 2020 healthcare claim reimbursements according to the Oregon Administrative Rules (OAR) 836-150-0040. These rules are updated to ensure that budgets stabilize the program. Second, the Public Forum and PPACA 1332 Waiver Extension meeting announced the federal funding for the 2021 program year and reviewed the intent for Oregon to continue the ORP for years 2023-2027. Finally, ORP attended the Legislative Commission on Indian Services to inform the nine Federated Tribes of Oregon about the ORP and its intent to extend the program. Oregon has completed the application to extend the PPACA 1332 State Innovation and Empowerment Waiver for the next five years (2023-2027).

### Coverage and Affordability

For the 2021 program year, the individual market has expanded its coverage area to 36 counties with 6 insurers and at least 4 eligible healthcare plans per county. The Special Enrollment Period and American Rescue Plan Act (2021-2022) expansion contributed to the stability and growth of the individual market. The ORP has continued to provide dependability as its presence in Oregon helps stabilize the individual market. For the 2021 program year, ORP has lowered the rates by 8.5 percent and enrollment was 172,365 ending December 31, 2021.

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**13. Describe any implementation and/or operational challenges to meet the 1332 statutory guardrails, and plans for and results of associated corrective actions. After the first year, only report on changes and/or updates, as appropriate.**

**First, Oregon successfully submitted our PPACA 1332 Waiver extension for program years 2023-2027. This five-year extension will allow Oregon to build on the success of the current PPACA 1332 Waiver. Oregon has not made any operational changes during the 2021 program year.**

**Second, Oregon was audited by the RAND Corp. and the Oregon Secretary of State. RAND Corp. did not find any operational or financial defaults. Oregon Department of Consumer and Business Services (DCBS), met the guidelines for the PPACA 1332 Waiver. Next, the Oregon Secretary of State conducted a financial audit of DCBS. The Oregon Reinsurance Program was found compliant, with no corrective actions required.**

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D. PROGRESS OF SECTION 1332 WAIVER - <u>State-Specific</u>		
14. Metrics to assist evaluation of the waiver's compliance with statutory requirements in Section 1332(b)(1)		
	Value	Comments (if applicable)
a. Actual individual market enrollment <b>on</b> the Exchange in the state	1,537,093	Member months
Actual individual market enrollment <b>off</b> the Exchange in the state	529,368	Member months
b. Actual average individual market premium rate <b>on</b> the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$560.62	
Actual average individual market premium rate <b>off</b> the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$463.05	Significant drop in off exchange premiums, likely tied to the Great Resignation. Will investigate through Rate Review program.
c. Actual Second Lowest Cost Silver Plan (SLCSP) premium for Exchange plans under the waiver for a representative consumer (e.g., a 21-year old non-smoker) in each rating area	(see attached)	
Estimate of the SLCSP premium for Exchange plans as it would have been without the waiver for a representative consumer (e.g., a 21-year old non-smoker) in each rating area	(see attached)	
d. <b>For states with State-based Exchanges</b> , actual amount of Advanced Premium Tax Credit (APTC) paid to issuers, by rating area for the plan year	N/A	
e. <b>For states with State-based Exchanges</b> , actual number of APTC recipients for the plan year. This should be reported as number summed over all 12 months and divided by 12 to provide an annualized measure.	N/A	

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**15. Please confirm whether there was any impact of the waiver on the scope of benefits or Essential Health Benefit (EHB) benchmark.**

The ORP made no changes to the Essential Health Benefits for the 2021 Program year.

**16. Describe any changes to the state-operated reinsurance program, including changes to the funding level the program will be operating at for the next plan year, any changes to the approved payment parameters for reinsurance program reimbursement or changes to eligibility criteria for enrollees' claims to be reimbursed under the program.**

The 2021 Budget year (2020 Program year) totaled \$ 101.8 million. The actual audited healthcare claims from the six health insurers from the Oregon Health Insurance marketplace totaled \$97,090,164.11. The eligible payment parameters for the claims attachment are set at \$90,000 up to \$1 million at a coinsurance rate of fifty percent. The Federal Pass-Thru funding for the 2021 program year awarded approximately \$73,723,375 to DCBS for the 2021 reimbursements.

**17. Describe any changes in state law that might impact the waiver and the date(s) these change occurred or are expected to occur.**

No changes occurred during this program year.

**18. Report on spending:**

	Value	Comments (if applicable)
a. Amount of Federal pass-through funding spent on individual claim payments to issuers from the reinsurance program	\$54,408,157	Reimbursement Paid-out December, 2020
b. Amount of Federal pass-through funding spent on operation of the reinsurance program	\$0	Operational Expenses are from State funding
c. Amount of any unspent balance of Federal pass-through funding for the reporting year	\$0	Total Claims amounted to \$97,090,164
d. Amount of state funding contribution to fully fund the program for the reporting year	\$42,682,007	

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**19. If applicable, provide a claims breakout at an aggregate level for the top 5 conditions or cost drivers of the 5 conditions, including settings of care in the individual market.**

This question does not apply: Oregon covers all essential health benefits claims in-line with ORP parameters.

**20. If applicable, report on any incentives for providers, enrollees, and plan issuers to continue managing health care cost and utilization for individuals eligible for reinsurance.**

**21. If applicable, report of any reconciliation of reinsurance payments that the state wishes to make for any duplicative reimbursement through the state reinsurance program for the same high cost claims reimbursed through the Department of Health and Human Services (HHS)-operated high cost risk adjustment program.**

	Value	Comments (if applicable)
a. Reinsurance payment (before reconciliation) for high-cost claims to issuers who also receive payment through the HHS risk adjustment program under the high-cost risk pool	\$0	N/A
b. Risk adjustment amount paid by HHS for those claims	\$0	N/A
c. Reinsurance reconciliation (or true-up) amount applied	\$0	N/A

### E. POST-AWARD FORUM

**22. Was the date, time, and location of the Post-Award Forum advertised 30 days in advance?**

☒ **Yes**

☐ **No**

**23. State website address where Post-Award Forum was advertised**

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

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### 24. Date Post-Award Forum took place

July 20, 2021

### 25. Summary of Post-Award Forum, held in accordance with §155.1320(c), including all public comments received and actions taken in response to concerns or comments.

The Post Award Forum was held in conjunction with the PPACA 1332 Extension presentation. Both forums informed the public of the Federal Grant and DCBS's intentions to extend the program for the next five years (2023-2027). The presentation was held virtually due to the COVID-19 closure of all government buildings. The presentation was set for 2 hours, fifteen members of the public attended and no questions were asked.

### 26. Other Attachments (attach other documents as needed pertaining to Post-Award Form)

## F. STATE INTERNAL IMPLEMENTATION REVIEW - ATTESTATION

### 27. Attestation: The state attests that periodic implementation reviews related to the implementation of the waiver have been conducted in accordance with 31 CFR 33.120(b) and 45 CFR 155.1320(b).

☒ Yes

☐ No

### 28. Describe the state's implementation review process.

The ORP produces four quarterly reports, one annual report, and one Pass-Through Funding Report in accordance to 31 CFR 33.012 and 45 CFR 155.1320(b). These reports are submitted to CMS/CCIIO on a timely basis. In relation to these reports, ORP responds to all notices for review and follow-up from CMS/CCIIO.

Administratively, ORP has laws in place, including House Bill 2010 (2019) and OAR-836-150-0010 through 0060, which are used to implement the rules of the program.

DCBS has been audit by the Oregon Secretary of State (SOS) and the RAND Corp. The SOS completed two audits. First, a financial audit was conducted to test the soundness soundness program. The audit found no operational deficiencies. Second, DCBS was audited and the ORP program was found to have followed all functions applicable to the law. Third, RAND Corp. concluded that the ORP had lowered the cost of premiums for the individual market and used all funding according to the Standard Terms and Conditions in accordance to the U.S. Department of Health and Human Services and U.S. Department of Treasury.