



# Oregon

Kate Brown, Governor

Department of Consumer and Business Services

Director's Office

350 Winter Street NE, Room 200

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Salem, OR 97309-0405

September 1, 2017

The Honorable Lamar Alexander  
Chairman, U.S. Senate Committee on Health, Education, Labor, and Pensions  
428 Senate Dirksen Office Building  
Washington, D.C. 20510

Dear Chairman Alexander,

Thank you for the opportunity to provide the U.S. Senate Committee on Health, Education, Labor, and Pensions with insight and experiences from Oregon as you consider options to provide stability to the individual health insurance market. As the director of Oregon's largest consumer protection and business regulatory agency, my goal is to provide a competitive health insurance market that provides quality health insurance options for consumers and a stable business environment for insurers. Oregon has seen significant gains under the Affordable Care Act (ACA), including reducing the state's uninsured rate from 17 percent to just 5 percent and saving the health system approximately \$500 million per year in uncompensated hospital care since 2013.

Oregon's health insurance market has traditionally been competitive. When the ACA took effect in 2014 and prices became more transparent, premiums became a large driver of consumer choice and competition among insurance companies. Though the market has been through significant changes in the past few years and the number of carriers participating has decreased, Oregon's health insurance market continues to be relatively competitive and stable. This is largely due to the state's efforts to work collaboratively with Oregon's health insurers to ensure a stable and adequately priced market with multiple plan options available throughout the majority of the state.

With six on-exchange carriers in 2017, Oregon is ranked 10th in the United States for the most choice. In 2018, Oregon will have five on-exchange carriers, compared to just one in many other states. One program that supports this stability is the new Oregon Reinsurance Program. Developed by Gov. Kate Brown and stakeholders and recently approved by the Legislature, this program is designed to stabilize the individual market, reduce rates, and to encourage insurance companies to offer plans in more parts of the state. As a result of this program, individual market rates have been reduced by six percentage points lower than what they would have otherwise been in 2018.

Any changes to the ACA should strive to maintain the coverage gains and health system improvements we have achieved while stabilizing health insurance markets.



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Specifically, Oregon recommends that federal policymakers should:

1. Avoid any significant or sudden changes to the ACA framework that will disrupt coverage or access to health care. Any significant structural changes should have an implementation period of at least 24 months. This lead time will give regulators, insurers, and other public and private stakeholders adequate time to analyze, prepare for, and implement the changes necessary to ensure a smooth transition. To avoid mid-year disruptions, we recommend that policy changes should take effect on Jan. 1.
2. Establish a permanent and comprehensive premium relief program that states can use, such as reinsurance or high-risk pools. These types of programs limit the risk of high-cost claims for insurers and reduce premiums for consumers who purchase individual health insurance coverage. It is important to design the program in a way that allows states to meet their specific needs in order to encourage insurer participation, reduce premiums for consumers, and further reduce the uninsured rate.

It is imperative that such a program be adequately and permanently funded. A temporary program would realize only temporary premium reductions, causing health insurance premiums to increase and carriers to narrow their coverage options when the program expires.

3. Fully and permanently fund cost-sharing reduction payments to health insurers. This will provide certainty and stability to the individual market. Permanent funding of these payments will guarantee access to this important form of assistance to working class families and promote competition and carrier presence in all Oregon counties.
4. Continue open enrollment outreach. It is critical that the U.S. Department of Health and Human Services commits to continuing its open enrollment outreach efforts. Ensuring that consumers know when and how to sign up for health insurance is vital to keeping the uninsured rate low and risk pools healthy.
5. Maintain and develop policies and incentives that encourage young and healthy people to enroll in coverage. Incentives should also be developed for all individuals to obtain and maintain coverage.
6. Expand the health savings account program limits and rules to allow individuals to pay for premiums and health care expenses. The government could also grant income-eligible individuals a nontaxable fixed dollar amount that they can use to purchase insurance or pay health care expenses. This could be implemented in lieu of the current advanced premium tax credit system.
7. Develop health care cost-containment policies that reduce wasteful spending and rein in the cost of specialty care and pharmaceuticals. One of the fastest growing areas of health



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care spending is pharmaceuticals. Congress could act to address these increasing prices and reduce premiums for consumers. In addition, Congress should consider implementing standard provider reimbursement rates for the individual market, similar to Original Medicare or the workers' compensation system, in the commercial health insurance market.

8. Streamline the 1332 waiver approval process. The 1332 waiver process that exists under the Affordable Care Act can better support state innovation if the Centers for Medicare and Medicaid Services commits to expediting the review of some applications. In addition to the necessary expedited review process, lifting the budget neutrality restriction and allowing states to apply for additional funding to accomplish defined innovations and programs would provide more flexibility to states as they develop innovative programs that meet their specific needs.

Thank you for the opportunity to provide Oregon's perspective on how to stabilize the individual health insurance market. We will be glad to further discuss potential strategies that encourage a stable and competitive individual health.

Sincerely,

Jean M. Straight  
Acting Director

Oregon Department of Consumer and Business Services