

Oregon Health Insurance Marketplace

2016 Annual Report

April 15, 2017



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Marketplace Report

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I. Introduction

Introduction from the director of the Department of Consumer and Business Services

In accordance with Oregon Revised Statute 741.222, the Department of Consumer and Business Services (DCBS) developed this annual report about Oregon's Health Insurance Marketplace (Marketplace) for the Legislative Assembly, the Governor, the Oregon Health Authority, and the Oregon Health Policy Board.

This report covers the following:

- 1) The activities and operations of the Marketplace
- 2) Who is covered and recommendations, if any, for additional groups to be eligible to purchase qualified health plans through the exchange under ORS 741.310
- 3) A description of the role of insurance producers in the exchange
- 4) A statement of financial condition, as of Dec. 31 of the previous year, for the Health Insurance Exchange Fund

2016 was a year of continued accomplishment for the Marketplace. The state created and the Marketplace began implementing a new premium-assistance program for people who reside in Oregon and are present in the United States under the Compact of Free Association, or COFA. Marketplace personnel also helped customers who needed to change plans when Oregon's Health CO-OP closed midyear. The Marketplace continued rich outreach, assistance, and education to all Oregonians during the open enrollment period for Plan Year 2017 (Nov. 1, 2016 through Jan. 31, 2017), which unfolded in an atmosphere of political uncertainty regarding the future of health care options governed by the Affordable Care Act.

As of Jan. 31, 2017 – the last day to enroll for the 2017 plan year – 155,430 Oregonians had enrolled in health insurance plans through the Marketplace, an increase of about 5.7 percent over 2016 enrollment.

Over the upcoming year, DCBS will build upon the work detailed in this report and continue to provide Oregonians with the information and support they need to enroll in quality, affordable health plans. We are alert to potential health-care law and regulation changes, and will continue to provide thorough, reliable service amid dynamic conditions. Thank you for your continued support and feedback about the Marketplace.

Sincerely,



Patrick M. Allen, DCBS Director

II. Marketplace Activities and Operations

The activities and operations of the department in administering the Marketplace during the previous year

i. 2016 Marketplace Timeline

Calendar year 2016 comprised the close of open enrollment for 2016, the 2016 plan year, and the first two months of enrollment for the 2017 plan year. It was the first full year that the Department of Consumer and Business Services operated the Marketplace.

Major events of 2016 included:

Jan. 31, 2016: Open enrollment for the 2016 plan year closed with 147,108 people selecting plans.

April 4, 2016: Gov. Kate Brown signed into law HB 4071, creating the COFA premium support program operated by the Marketplace at DCBS.

July 2016: Oregon's Health CO-OP ceased operations. On July 11, a special enrollment period opened for all the carrier's customers, whose individual plans were ending July 31.

Sept. 29, 2016: Special enrollment closed for all customers of Oregon's Health CO-OP.

Nov. 1, 2016: Open enrollment for plan year 2017 began.

Dec. 31, 2016: The year ended with more than 148,000 Oregonians selecting plans for 2017, ahead of the final total of 155,430 when open enrollment closed Jan. 31, 2017.

ii. The Marketplace at DCBS

The Marketplace's mission is to empower Oregonians to improve their lives through local support, education, and access to affordable, high-quality health coverage. To serve its mission, the unit works closely with stakeholders and partners, including insurers, insurance agents, community partners, tribes, small businesses, trade and industry groups, health care providers, advocates, the Legislature, the Governor's Office, the Oregon Division of Financial Regulation (DFR), the Oregon Health Authority (OHA), the Centers for Medicare and Medicaid Services (CMS), and the Internal Revenue Service (IRS).

The unit serves Oregonians by providing:

- A range of qualified health plans (QHPs) to help individuals and families find the right coverage
- Pathways to access subsidies that help pay for premiums and out-of-pocket costs
- Information to help consumers learn about health care coverage
- Consumer assistance through an outreach center, staff in the field, and trained and certified agents and community partner organizations

iii. The 2016 Plan Year

Open enrollment activities for the 2016 plan year were detailed in the [previous Marketplace Annual Report](#). After open enrollment ended, DCBS continued to support Marketplace customers by answering customer questions, helping people enroll through special enrollment periods, and handling consumer issues, working closely with HealthCare.gov and OHA. The Marketplace also helped small businesses understand health insurance options for their employees and helped qualified small businesses take advantage of the small business health care tax credit.

Outreach work was active all year, educating audiences about health care coverage even when open enrollment was closed. In non-open enrollment months, many outreach activities were connected to life events that can trigger special enrollment periods. Staff members represented the Marketplace on college campuses to reach students who may be leaving their parents' health plans and at information sessions for workers being laid off.

In the course of helping consumers, staff helped Oregon's Health CO-OP members transition to new plans as that carrier closed operations in 2016. All CO-OP plans ended July 31, and Marketplace and other DCBS staff collaborated to reach CO-OP members and connect them with new coverage before the related special enrollment period closed in September. This work included direct mail, email, phone calls, and one-on-one help to members enrolling in plans through HealthCare.gov. Call volumes to the Marketplace's service nearly tripled in July and August, a crucial time for CO-OP members to get new plans.

iv. The 2017 Plan Year Open Enrollment Period

Calendar year 2016 included the beginning of the open enrollment period for the 2017 plan year, which ran Nov. 1, 2016, through Jan. 31, 2017. For the 2016 plan year, Oregon continued to use HealthCare.gov for individual eligibility and enrollment in QHPs.

In the months leading up to open enrollment, the Marketplace developed a thorough outreach and education campaign plan to provide information, resources, and assistance to Oregonians seeking health insurance. The goals of the campaign were to:

- 1) Drive enrollment in the Marketplace, especially for subsidy-eligible Oregonians
- 2) Encourage returning customers to actively shop instead of auto-re-enroll
- 3) Build trust with customers and stakeholders

The campaign was data driven. In addition to promoting coverage to all Oregonians, the Marketplace targeted some key groups. Analysts at the Urban Institute estimated the number of Oregonians throughout the state who were eligible to enroll through HealthCare.gov and who, based on income, were likely to qualify for financial assistance. Using this information and stakeholder input, target populations included:

- People in Clackamas, Deschutes, Columbia, Lincoln, Clatsop, Tillamook, Linn, Benton, Yamhill, Polk, and Multnomah counties
- Rural Oregonians
- Adults born after 1980, sometimes called "Millennials"
- Latino Oregonians

- Oregonians speaking Russian
- Low-income COFA Oregonians eligible for the new premium support program

Outreach – both general and targeted – was accomplished through multiple methods, including:

- In-the-field outreach and education, including enrollment events and sponsorships of public events
- Digital advertising, including display ads on websites and video ads on Hulu and Pandora
- Spanish- and Russian-language advertising
- Earned media
- An agent storefront program
- Support for certified insurance agents
- A consumer assistance navigator (Community Partner) program
- Social media posts
- Consumer and small-business outreach materials
- Information and resources through the state website OregonHealthCare.gov
- Information and resources through Oregon’s call center

The 2017 open enrollment campaign was a success and helped drive enrollment and reach target audiences (data cover open enrollment, except where noted):

- ✓ 155,430 Oregonians enrolled
- ✓ Enrollments rose 5.6 percent over the previous open enrollment period, the greatest increase among Marketplaces of the same type (state-based Marketplaces using the federal platform)
- ✓ OregonHealthCare.gov had more than 303,000 website visits
- ✓ More than 16,500 customers were served by our 35 storefront agents, including 8,950 existing customers and 7,551 new customers
- ✓ More than 3,600 people met with outreach staff at public events
- ✓ More than 3,200 people were served by Marketplace-funded community partners throughout 2016
- ✓ 292 people enrolled in the new COFA premium support program, served by agents, community partners, and at 17 enrollment events

III. Who Is Covered

Who enrolled in the Marketplace and recommendations, if any, for additional groups to be eligible to purchase qualified health plans through the exchange under ORS 741.310

Enrollment through the Marketplace increased for the 2017 plan year. Sign-ups were strong despite reports from the field that political news caused some confusion about whether coverage options and financial assistance under the Affordable Care Act were still available.

At this time, DCBS does not have any recommendations for additional groups to be eligible to purchase qualified health plans through the exchange.

i. On-Marketplace Enrollment

The following tables detail enrollment data for plan year 2017 as reported by the Centers for Medicare and Medicaid Services. Since Oregon uses HealthCare.gov for enrollment, the state is dependent on the federal government for enrollment data.

Total On-Marketplace Enrollment	
By Jan. 31, 2017	By Jan. 31, 2016
155,430	147,108

Applications and Eligibility	
Applications	171,047
Individuals on applications	229,921
Eligible for Marketplace	187,749
Eligible with financial help	135,351
Eligible for Medicaid	38,399

New and Returning Customers	
New enrollees	50,153 (32%)
Returning enrollees	105,277 (68%)
Auto-enrolled returning enrollees	24,605 (16% of all customers)
Active returning enrollees	80,672 (52% of all customers)
Active returning who changed plans	45,865 (30% of all customers)

Customers Receiving Subsidies	
Percent of customers receiving financial help	74%
Percent with APTC*	73%
Percent with Cost-sharing Reductions	39%
Average APTC among consumers receiving APTC	\$346

*Advance Premium Tax Credit

Enrollment by Gender	
Female	55%
Male	45%

Enrollment by Age*	
Age < 18	9%
18-25	7%

26-34	18%
35-44	16%
45-54	18%
55-64	31%
>64	1%

*Percents do not total 100 due to rounding

Enrollment by Metal Tier	
Bronze	34%
Silver	60%
Gold	5%
Platinum	0%
Catastrophic	<1%

Enrollment by Race/Ethnicity*	
American Indian/Alaskan Native	1%
Asian	6%
Black	1%
Hawaiian/Pacific Islander	<1%
Latino	4%
Multiracial	2%
White	62%
Unknown/Not reported	29%

*Percents total more than 100 due to rounding and because people who identify as Latino may be of any race

Enrollment by Income Level	
100 - 150 % FPL*	9%
150 - 200 % FPL	24%
200 - 250 % FPL	18%
250 - 300 % FPL	13%
300 - 400 % FPL	16%
Other income level**	20%

*Federal Poverty Level. FPL is \$11,880 per year for an individual and \$24,300 for a household of four.

**Incomes above 400% FPL, below 100% FPL and unknown incomes

Enrollment by County	
Baker County	694
Benton County	2,866
Clackamas County	16,032
Clatsop County	1,925
Columbia County	1,469
Coos County	2,130
Crook County	835
Curry County	1,181
Deschutes County	10,826
Douglas County	2,906

Gilliam County	93
Grant County	247
Harney County	301
Hood River County	1,667
Jackson County	8,332
Jefferson County	646
Josephine County	3,139
Klamath County	1,815
Lake County	297
Lane County	13,907
Lincoln County	2,370
Linn County	3,353
Malheur County	863
Marion County	9,022
Morrow County	228
Multnomah County	37,476
Polk County	2,163
Sherman County	98
Tillamook County	1,270
Umatilla County	1,662
Union County	987
Wallowa County	512
Wasco County	958
Washington County	19,890
Wheeler County	92
Yamhill County	3,178

ii. On- and Off-Marketplace Enrollment

The following table provides enrollment numbers for the entire individual market, including both on-Marketplace and off-Marketplace plans, by insurer. Insurers reported these data directly to the Division of Financial Regulation. Discrepancies between these numbers and the numbers reported by CMS may be attributable to the timing of each reporting process. The federal numbers are tallied from the federal database. DFR's numbers are compiled only after HealthCare.gov sends insurer-specific numbers to each company and insurance companies report those to DFR.

Insurance Company	On-Marketplace Enrollment	Off-Marketplace Enrollment	Total Individual-Market Enrollment
Atrio Health Plans	7,581	2,668	10,249
Bridgespan Health Company	9,824	n/a	9,824
Health Net Health Plan of Oregon	n/a	583	583

Kaiser Foundation Health Plan of the NW	34,714	16,481	51,195
MODA Health Plan	13,410	10,028	23,438
PacificSource Health Plans	4,952	3,375	8,327
Providence Health Plan	80,898	41,703	122,601
Regence Bluecross Blueshield of Oregon	n/a	18,579	18,579
Zoom Health Plan, Inc.	n/a	735	735

iii. **Serving Small Businesses**

The Marketplace helps small businesses understand health insurance options for their employees.

The Marketplace's small business program does outreach statewide through partnerships with Small Business Development Centers, local Chambers of Commerce, and other organizations that provide counseling and financial assistance to small business owners. The outreach ranges from large group presentations, resource workshops, and small business networking events. The program also collaborates with other state agencies engaged with small business owners, including the Secretary of State small business ombudsman, Bureau of Labor and Industries, and Business Oregon.

The Marketplace also continues to help qualified employers take advantage of the small business health care tax credit. Any small business in Oregon with one to 50 employees can purchase a certified plan directly from one of the participating insurers or through an insurance agent. If the small business has fewer than 25 full-time employees, it may be eligible for the small business health care tax credit. The insurer can contact the Marketplace to request a letter confirming that the plan purchased is certified, and the employer can use the letter to file for the tax credit from the IRS. This process was first implemented in 2014.

In 2016, 189 small businesses used the Marketplace's process to receive the letter permitting them to file for the tax credit. Those businesses chose plans from among five insurance companies offering Marketplace-certified plans, and covered 1,520 total lives on the plans.

IV. **Insurance Agents**

A description of the role of insurance producers in the exchange

Insurance agents continued to be essential partners in educating consumers about health plan options and helping them enroll in plans. The Marketplace lists HealthCare.gov-certified agents in an online "get help" tool at OregonHealthCare.gov, provides them with outreach materials, and uses a periodic newsletter to keep them informed of important Marketplace developments and outreach opportunities.

The agent storefront program provides promotion, funding, and support for qualified agents and agent organizations to help educate and enroll Oregonians in coverage. In advance of the 2017 open enrollment period, the Marketplace awarded grants to 36 insurance agencies that created drop-in enrollment centers for the public.

V. Financial Condition

A statement of financial condition, as of Dec. 31 of the previous year, for the Health Insurance Exchange Fund

This section discusses the financial condition of the Health Insurance Exchange Fund as of Dec. 31, 2016. Budget or fiscal activities after that date are not reported here. All amounts discussed below exclude the Compact of Free Association Premium Support Program because that program is not funded by the Health Insurance Exchange Fund.

i. Overview

The Marketplace is financially stable and self-funding for the remaining six months of the 2015-17 biennium. As of Dec. 31, 2016, the Marketplace can fund approximately 29 months of activities with this balance. However, a portion of this amount will be rebated to insurers in the 2017-19 biennium due to limits on how much the fund may hold. Oregon Revised Statute 741.105(3)(b) limits the Health Insurance Exchange Fund balance to six months of anticipated administrative and operational expenses.

As of Dec. 31, 2016, the total expenditure limitation for the Marketplaces was:

Section	2015 - 2017 LAB	Positions	FTE
Marketplace	26,599,779	16	19.87
Shared Service	1,951,351	10	7.00
Total	28,551,130	26	26.87

At the end of 2016, DCBS has used approximately 62 percent of the Marketplace limitation and 36 percent of the limitation for shared services provided to support the Marketplace. Note: The 36 percent of shared service costs reflects approximately 16 months of costs, as there is a two-month lag in allocating shared service costs to programs.

Section	2015 - 2017 LAB	Actual Expenditures as of 12/31/2016	Projections 1/2016 - 6/2017	Actual and Projected	Variance Over/(Under)	% Variance (Actuals + Projected) / LAB
Marketplace	26,599,779	16,536,943	5,355,224	21,892,167	(4,707,612)	82%
Shared Services	1,951,351	711,713	238,992	950,705	(1,000,646)	49%
Total	28,551,130	11,144,250	5,594,216	22,842,872	(5,708,258)	80%

Oregon Health Insurance Exchange CY 2016 Beginning Balance and Revenues

Account Description	2016 Q1	2016 Q2	2016 Q3	2016 Q4	Year total
Beginning Fund Balance	6,162,076	7,947,129	8,445,677	12,389,656	
Charges for Services	0	0	1,477	0	1,477
Interest and Investments	12,293	17,319	23,840	35,675	89,127
PMPM Assessment - Medical	3,425,157	3,638,339	3,500,301	2,629,765	13,193,562
PMPM Assessment - Dental	28,173	33,524	47,868	17,198	126,763
Transfer from Oregon Health Authority	2,289,786	1,229,978	-397,221	0	3,122,543
Transfer from DOJ - CO / Oracle Settlement	0	0	0	6,104,406	6,104,406
Other Revenue	376	639	66,652	698	68,365
Total	5,755,785	4,919,799	3,242,917	8,787,742	22,706,243

Oregon Health Insurance Exchange CY 2016 Expenditures

Account Description	2016 Q1	2016 Q2	2016 Q3	2016 Q4	Year total
Personal Services	463,075	608,600	463,187	440,323	1,975,185
Services and Supplies					
Travel	9,238	32,835	9,077	22,885	74,035
Employee Training	1,352	2,505	3,570	5,247	12,674
Office Expenses	3,608	4,218	4,547	5,888	18,261
Telecommunications	319,196	97,141	37,649	66,080	520,066
State Government Service Charges	39	-77	327	289	578
Data Processing	66,583	66,428	-15,626	11,484	128,869
Publicity and Publications	415,704	106,322	41,857	1,610,782	2,174,665
Professional Services	2,143,371	2,814,318	-1,439,953	-350,949	3,166,787
IT Professional Services	-105,157	189,863	-330,207	1,169,342	923,841
Attorney General Legal Fees	220,077	169,093	306,377	146,984	842,531
Facilities Rent, Maintenance, and Taxes	30,236	27,391	21,532	33,241	112,400
Expendable Property	0	4,700	1,073	179	5,952
Other Services and Supplies	12,468	24,603	31,730	5,517	74,318
Services and Supplies Total	3,116,715	3,539,340	-1,328,047	2,726,969	8,054,977
Distribution to Grantees	267,293	94,919	30,398	252,819	645,429
Capital Outlay	0	8,095	18,481	4,394	30,971
Total Expenditures	3,847,083	4,250,954	-815,981	3,424,506	10,706,562
Shared Services	123,647	170,297	114,920	122,527	531,391
Total Expenditures with Shared Services	3,970,731	4,421,252	-701,062	3,547,034	11,237,955
Ending Fund Balance	7,947,130	8,445,676	12,389,656	17,630,364	

The Department of Consumer and Business Services originally recorded settlement money from the Oracle litigation as a reduction of expenditure in December 2016. In February 2017, this reduction of expense was reversed and the funds were returned to the Department of Justice. The settlement disbursement methodology is currently under review by the Legislative Fiscal Office and the Department of Administrative Services. DCBS anticipates the redistribution of the settlement funds by the end of June 2017, at which time the funds will be recorded as revenue.

Negative expenditures in the third and fourth quarters represent reimbursements from the Oregon Health Authority for shared IT contracts and do not impact the sustainability or health of the Marketplace fund.

ii. Fund Sustainability

Marketplace Per Member Per Month (PMPM) assessment: Oregon's Marketplace is primarily funded through a per member per month (PMPM) fee. For plan year 2017, the PMPM fee for medical plans is \$6.00 and for dental plans is 57 cents. These fees apply only to plans purchased through the federal exchange. The PMPM fees for plan year 2018 are expected to remain unchanged.

Federal technology fee: For plan year 2017, the federal government charges insurers 1.5 percent of premium for the use of the federal exchange platform. This is expected to increase to 2.0 percent for plan year 2018. Oregon Revised Statute 741.105(2)(a) limits the Marketplace's assessment to no more than 5 percent of premium. The Marketplace has adopted the position that the Marketplace's per member per month fee plus the federal platform charge should be below the 5 percent limit. The Marketplace is currently below this limit and therefore this does not affect the Marketplace's ability to proceed with the PMPM fee as described above.

Enrollments: Medical enrollment (see table below) for the 2016 plan year was almost 20 percent higher than forecast. The Marketplace expected, on average, about 102,315 medical policies each month. There were actually about 122,360 medical policies each month. Dental enrollment for the 2016 plan year was also almost 20 percent higher than forecast. The Marketplace expected 13,503 monthly dental policies on average. There were actually 16,111 dental policies on average each month during the plan year. Note: Insurers can update enrollment figures reported to the Marketplace for up to six months.

Oregon Health Insurance Exchange 2015 - 2017 Enrollment

Play year	Month	Forecast enrollment		Actual enrollment		Absolute forecast error	
		Medical	Dental	Medical	Dental	Medical	Dental
2015	Jul-15	89,924	13,597	95,013	14,658	5,089	1,061
	Aug-15	89,564	13,542	94,101	14,339	4,537	797
	Sep-15	89,206	13,488	93,019	14,212	3,813	724
	Oct-15	88,849	13,434	91,552	13,942	2,703	508
	Nov-15	88,494	13,381	89,857	13,211	1,363	-170
	Dec-15	88,437	13,372	87,141	12,798	-1,296	-574
2016	Jan-16	48,893	7,355	112,410	16,107	63,517	8,752
	Feb-16	68,450	10,296	121,624	17,332	53,174	7,036
	Mar-16	78,228	11,767	129,247	18,398	51,019	6,631
	Apr-16	121,580	15,781	128,403	18,360	6,823	2,579
	May-16	119,953	15,534	126,879	18,435	6,926	2,901
	Jun-16	118,370	15,374	125,793	16,154	7,423	780
	Jul-16	116,624	15,157	125,216	15,351	8,592	194
	Aug-16	115,421	14,839	122,182	15,496	6,761	657
	Sep-16	114,108	14,711	122,629	15,448	8,521	737
	Oct-16	112,101	14,400	121,444	15,321	9,343	921
	Nov-16	109,456	13,646	118,001	13,308	8,545	-338
	Dec-16	104,594	13,172	114,494	13,618	9,900	446
2017	Jan-17	118,011	15,860	130,387	15,007	12,376	-853
	Feb-17	121,824	16,235	138,871	17,409	17,047	1,174
	Mar-17	128,100	17,166				
	Apr-17	127,659	16,254				
	May-17	125,951	16,000				
	Jun-17	124,289	15,835				
Average		104,504	14,175	114,413	15,445	14,309	1,698

For the remainder of the biennium, the Marketplace forecasts 5 percent year-over-year growth in medical enrollment and 3 percent year-over-year growth in dental enrollment. The Marketplace's current enrollment forecast model is based on current federal law. Changes to existing federal policy may impact enrollment in the future.

Based on the above discussion, DCBS expects the Health Insurance Exchange Fund to remain stable and self-sustaining for the remainder of the 2015-2017 biennium. At the end of the biennium, the Marketplace expects to have 28 months of expenditures in the Marketplace Fund. This fund balance exceeds the statutory limit. Over the 2017-19 biennium, the Marketplace anticipates rebating insurers' assessments to bring the Marketplace's fund balance into compliance with current statute.