

Oregon Health Insurance Marketplace

2017 Annual Report

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2017 Annual 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 2017 annual report about the Oregon Health Insurance 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

Calendar year 2017, the Marketplace's second full year as Oregon's exchange, gave the Marketplace many opportunities to demonstrate its resilience and agility.

The year started with the federal government ending HealthCare.gov advertising a week before open enrollment ended, and with an executive order that caused many people to assume that the health coverage mandate was repealed. As the months unfolded, several Affordable Care Act repeal proposals saw action in Congress. These prompted more confusion for the public, and were followed by the federal government ending financial support for a key form of financial assistance to low- and middle-income consumers. That necessitated a last-minute rate increase in some plans, and could have dissuaded some people from enrolling.

However, as you will read in this report, the Marketplace team was undeterred, continuing to educate consumers, to support community and industry partners, and to publicize coverage options. The division also shifted gears when necessary, including expanding Marketplace-sponsored advertising once federal paid media plans were scaled back. By the time open enrollment closed, more Oregonians had enrolled in coverage through HealthCare.gov than had in any previous year. The increase was small compared to the previous year (156,105 to 155,430), but remarkable given the challenging health care landscape in 2017.

As director of the Department of Consumer and Business Services, I expect the Marketplace team to maintain its commitment to outreach and education, and encourage the division to innovate when conditions require new ways to serve Oregonians. Community feedback and consideration is vital as we continue that work, and we thank our partners for their interest in DCBS and the Marketplace.

Sincerely,



Cameron Smith, DCBS Director

II. Marketplace activities and operations

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

i. The Marketplace's mission and leadership

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 division 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 Marketplace is a division of the Department of Consumer and Business Services. Both the division and the department experienced leadership changes in 2017. Founding administrator of the Oregon Health Insurance Marketplace, Berri Leslie, departed for the office of Gov. Kate Brown and DCBS Director Patrick Allen now leads the Oregon Health Authority. Marketplace team member Chiqui Flowers became the Marketplace administrator, and former Oregon Department of Veterans' Affairs Director Cameron Smith was named acting director of DCBS at the end of 2017. He was confirmed by the Oregon Senate and became director of the agency in February 2018.

The Marketplace Advisory Committee continues to provide insights and recommendations to the Marketplace. The 2017 members of the committee were:

- Shonna Butler, life and health insurance broker, Tomlin Benefit Planning, Inc., Eugene
- Cindy Condon, health plan enrollee, Salem
- Joe Enlet, organizing director, COFA Alliance National Network, Portland
- Dan Field, executive director, Community Benefit and External Affairs, Kaiser Permanente Northwest, Portland
- Joe Finkbonner, executive director, Northwest Portland Area Indian Health Board, Portland
- Jim Houser, owner, Hawthorne Auto Clinic, Portland
- Sean McNulty, Project Access Now, Portland
- Jesse O'Brien, policy director, OSPIRG, Portland
- Ken Provencher, CEO, PacificSource Health Plans, Springfield
- Shanon Saldivar, insurance agent, Revell Coy Insurance, The Dalles
- Claire Tranchese, training development manager, Oregon Primary Care Association, Portland
- Maria Vargas, outreach manager, Valley Family Health Care, Ontario
- Jennifer Welander, CFO, St. Charles Health System, Bend (joined in November 2017)
- Pat Allen, director of DCBS (ex-officio member of the committee until September, 2017)
- Jean Straight, acting director of DCBS (ex-officio member September 21, 2017 – December 20, 2017)

- Cameron Smith, director of DCBS (ex-officio member beginning December 21, 2017)
- Mark Fairbanks, chief financial officer at the Oregon Health Authority (OHA) (ex-officio member until September, 2017)
- Jeremy Vandehey, acting director of the Health Policy and Analytics division at OHA (ex-officio member beginning September 21, 2017)

Committee members Joe Finkbonner, Claire Tranchese, and Maria Vargas ended their terms Feb. 16, 2018. New members Kraig Anderson of MODA Health Plans and Stephanie Castano of the Oregon Primary Care Association joined Feb. 17, 2018.

ii. **The Marketplace's activities and operations**

The Marketplace 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

Detailed examples of this work are highlighted in this section.

The Community Partner Program certifies and supports community groups that educate Oregonians on health plan options and help people enroll in coverage through HealthCare.gov and other programs.

The program directly funds six community groups that become experts in HealthCare.gov applications and private-plan enrollment, and assist Oregonians with both Oregon Health Plan and HealthCare.gov enrollment. They also conduct outreach activities to publicize health insurance options.

Calendar year 2017 comprised the end of the 2017 grant cycle (Sept. 1, 2016, to Aug. 31, 2017, at \$316,076) and the beginning of the 2018 grant cycle (Sept. 1, 2017, to Aug. 31, 2018, at \$370,135) for the Marketplace's Community Partner Program.

In 2017, the Marketplace's six community-partner grantees:

- Facilitated 1,857 enrollments in private plans through HealthCare.gov
- Provided assistance, whether or not resulting in an enrollment, 16,485 times*
- In conducting outreach, made contact with Oregonians 857,932 times*

Many other community groups primarily are supervised by the Department of Human Services (DHS) and mainly assist people eligible for the Oregon Health Plan. The Marketplace connects the organizations with cross-training in the eligibility and enrollment processes through HealthCare.gov, and maintains contact throughout the year to answer questions, provide

updates on any policy changes at HealthCare.gov, and help resolve any difficulties the groups' clients have with HealthCare.gov.

*These measure "times," not people, as the same person may have been assisted or contacted more than once.

The Outreach and Customer Service Program is made up of five Marketplace staff members who publicize Marketplace services at community events, hold in-person information sessions about coverage, and answer phone calls from consumers.

The outreach team members serve different regions of the state, and travel frequently in the course of their duties. Part of their work includes attending DHS-sponsored regional collaborative meetings where DHS-sponsored assisters, other community groups, and Marketplace staff members share enrollment information, spread best practices, and jointly solve problems involving enrollment or outreach.

In 2017, the outreach and customer service staff:

- Attended 225 regional collaborative meetings, attended by 3,025 people
- Represented the Marketplace at 301 public events, attended by 19,779 people
- Handled 3,282 phone calls from the public

The COFA Premium Assistance Program is operated by the Marketplace. It serves low-income citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau who live in Oregon. Under the Compact of Free Association, these citizens are permitted to reside in the United States, but COFA adults are not eligible for full Medicaid (the Oregon Health Plan) under federal law. House Bill 4071 (2016) created the COFA program to pay for the enrollees' share of premiums for medical insurance purchased through HealthCare.gov. The program also pays enrollees' bills for in-network services that count toward maximum out-of-pocket costs. The Marketplace's COFA team oversees outreach and education to the COFA community and processes program applications and reimbursement claims.

For the 2017 plan year, the first year the COFA program operated:

- 510 applications were received and processed
- 452 people were enrolled in the program

By the end of 2017, 367 people were actively enrolled in the program (there was some attrition during the year).

The Agent Program provides licensed insurance agents with updates and resources from HealthCare.gov, and with timely information about the plans sold in Oregon on HealthCare.gov. When insurance agents and their clients encounter problems or errors with HealthCare.gov that cannot be fixed directly, the Marketplace works with our federal partners to resolve the issue.

The Marketplace also operates a competitive grant program to support agents' capacity to help HealthCare.gov applicants during open enrollment. Agents earning grant funding are judged on multiple criteria, including their demonstrated ties to community networks, ability to reach underserved populations, and ability to serve consumers whether they are eligible for HealthCare.gov plans or other programs, such as the Oregon Health Plan or Medicare.

Thirty-two insurance agents, called partner agents, received grants totaling \$290,000 for the period that began in August 2017. More information on the activities of the partner agents is included in Section IV of this report.

iii. Special challenges in 2017

Open enrollment activities for the 2017 plan year were detailed in the [previous Marketplace Annual Report](#). Once open enrollment ended, the Marketplace turned to informing the public about special enrollment periods triggered when people have a major life change, such as moving, marrying, or having a baby; generally educating the public about insurance; and supporting the community partners and insurance agents who also do this work.

The Marketplace also collaborated with the Division of Financial Regulation at DCBS to prepare and submit a successful waiver application to the federal government. The waiver program, known as a State Innovation Waiver or 1332 waiver, allows states to implement unique programs that help increase access to quality, affordable health insurance for their residents. Federal savings from these changes can be used to fund innovation at the state level. Oregon's approved waiver program will partially fund the Oregon Reinsurance Program. The reinsurance program, created by Oregon House Bill 2391 in the 2017 session, will reimburse carriers for high claims and will spread the cost of high-risk individuals more broadly among carriers.

In addition, the Marketplace kept stakeholders informed as health care policy debates at the national level confused many consumers and some partners regarding the state of coverage programs, financial assistance, and the coverage mandate. Spurred initially by an executive order from the new president in January 2017, and continuing through the end of October when the administration ended one type of payment to insurance companies, the Oregon Health Insurance Marketplace provided timely updates in agent newsletters, partner webinars, collaborative meetings with advocates and providers, social media posts, and, when possible, direct email to consumers.

Updates to stakeholders included clarification on the enforcement of the individual mandate to have health coverage; descriptions of the progress of three major congressional bills to repeal the Affordable Care Act; and assurances that cost-sharing reductions* would continue to be available to consumers even though the federal government was ending payment to insurance companies for this benefit. Disseminating accurate information on these topics helped consumers understand that national-level politics did not alter their current coverage, and that coverage and financial assistance were indeed available again during open enrollment for the 2018 plan year.

The Marketplace also concentrated its outreach efforts for open enrollment, as the federal government cut the period from 12 weeks the previous year to six weeks in 2017 for the 2018

plan year. Our federal partners also chose to air no radio or TV spots advertising open enrollment, which they had broadcast in previous years.

**Cost-sharing reductions are subsidies that lower out-of-pocket costs for people with incomes below 250 percent of the federal poverty level (\$30,150 for one person and \$61,500 for a household of four people).*

iv. **Spotlight on open enrollment for the 2018 plan year**

Calendar year 2017 included the entire open enrollment period for the 2018 plan year, which ran Nov. 1 to Dec. 15, 2017. For the 2018 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 help 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

In addition to promoting coverage to all Oregonians, the Marketplace targeted some key groups. Analysts at the Urban Institute and the State Health Access Data Assistance Center 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:

- Men
- Adults born after 1980, sometimes called “Millennials”
- Latino Oregonians
- People in the following regions (*regions are listed in order of population eligible for financial assistance through the Marketplace, but not enrolled*):
 - The Oregon City, Milwaukie, and Happy Valley areas of Clackamas County
 - Yamhill and Polk counties
 - Columbia, Lincoln, Clatsop, and Tillamook counties
 - Gresham and Troutdale
 - Outer East Portland
 - Linn and Benton counties
 - North and Northeast Portland
 - Deschutes County
 - East and Central Beaverton
 - Umatilla, Union, Baker, and Wallowa counties

Open enrollment 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
- The Partner Agent program (see more in the section on insurance agents, page 12)
- The Community Partner program

- Social media
- Consumer and small-business outreach materials
- Information and resources through the state website OregonHealthCare.gov
- Information and resources through Oregon’s call center
- A thorough paid-media campaign

The paid-media campaign included:

- TV ads in Portland, Eugene, and Bend, airing more than 12,000 times, some in Spanish
- Radio ads in Portland, Eugene, and Bend, airing in English more than 12,000 times
- Radio ads in Portland, Medford, Bend, Eugene and the Willamette Valley, airing in Spanish more than 3,000 times
- Radio ads in Portland, airing in Russian 700 times
- Print ads in English in newspapers in Astoria, Beaverton, Cannon Beach, Dallas, Gresham, Lake Oswego, Lincoln City, McMinnville, Newberg, Newport, Oregon City, Sandy, Seaside, West Linn, and Wilsonville
- Print ads in Spanish in newspapers in Portland and the Willamette Valley
- Print ads in Russian in newspapers in Portland
- Ads on Google in English and Spanish, served when people searched for health insurance information
- Display (nonmoving) ads in English and Spanish on Facebook and general websites
- Video ads in English and Spanish on Facebook, YouTube, Hulu, and general websites

v. Looking ahead

2018 and 2019 will bring new challenges and opportunities. Two notable developments will be the implementation of the state’s reinsurance program, and requesting continued funding for the COFA program.

The Oregon Reinsurance Program, established by state law and partially funded through a federal waiver program, will be implemented by the Division of Financial Regulation. Reinsurance is expected to slow the rise of health insurance premiums, and facilitate insurance companies’ continued participation throughout the state in the individual and small-group markets.

DCBS also will ask the Oregon Legislature for increased funding for the COFA Premium Assistance Program operated by the Marketplace. The program budget was set at \$1,383,290 for the biennium that began July 1, 2017.

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 slightly for the 2018 plan year. Sign-ups were strong despite the shortened enrollment period, record low federal support for advertising, and widespread confusion about the state of federal health care law.

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

i. Marketplace enrollment

The following 2018 enrollment data was reported by the Centers for Medicare and Medicaid Services. These data show plan selections during open enrollment, and do not reflect whether the consumer paid the first month's premium.

Total On-Marketplace Enrollment	
By Dec. 15, 2017 (2018 plan year)	By Jan. 31, 2017 (2017 plan year)
156,105	155,430

Applications and Eligibility	
Applications	153,078
Individuals on applications	223,107
Eligible for Marketplace	185,379
Eligible with financial help	132,582
Eligible for Medicaid	36,341

New and Returning Customers	
New enrollees	45,362 (29%)
Returning enrollees	110,473 (71%)
Auto-enrolled returning enrollees	26,335 (15% of all customers)
Active returning enrollees	84,408 (54% of all customers)
Active returning who changed plans	38,789 (25% of all customers)

Customers Receiving Subsidies	
Percent of customers receiving financial help	75%
Percent with APTC*	74%
Percent with cost-sharing reductions	35%
Average APTC among consumers receiving APTC	\$421

*Advance Premium Tax Credit

Enrollment by Gender	
Female	55%

Male	45%
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Enrollment by Age*	
Age < 18	8%
18-25	7%
26-34	17%
35-44	17%
45-54	18%
55-64	31%
>64	1%

*Percents do not total 100 due to rounding

Enrollment by Metal Tier	
Bronze	38%
Silver	52%
Gold	9%
Platinum	0%
Catastrophic	<1%

Enrollment by Race/Ethnicity*	
American Indian/Alaskan Native	<1%
Asian	7%
Black	1%
Hawaiian/Pacific Islander	<1%
Latino	5%
Multiracial	3%
White	62%
Unknown/Not reported	25%

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

Enrollment by Income Level	
>150% FPL*	9%
150%-200% FPL	23%
200%-250% FPL	18%
250%-300% FPL	12%
300%-400% FPL	17%
Other income level**	20%

*Federal Poverty Level. FPL for plan year 2018 \$12,060 per year for an individual and \$24,600 for a household of four.

**Incomes above 400% FPL and unknown incomes

Enrollment by County	
Baker County	675
Benton County	2,835
Clackamas County	16,119

Clatsop County	1,873
Columbia County	1,518
Coos County	2,095
Crook County	796
Curry County	1,115
Deschutes County	10,909
Douglas County	3,068
Gilliam County	83
Grant County	236
Harney County	295
Hood River County	1,589
Jackson County	7,987
Jefferson County	604
Josephine County	3,142
Klamath County	1,909
Lake County	277
Lane County	13,994
Lincoln County	2,407
Linn County	3,325
Malheur County	730
Marion County	9,441
Morrow County	225
Multnomah County	38,149
Polk County	2,171
Sherman County	90
Tillamook County	1,240
Umatilla County	1,606
Union County	966
Wallowa County	491
Wasco County	943
Washington County	19,899
Wheeler County	87
Yamhill County	3,216

ii. **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, industry organizations, and other organizations that counsel or advocate small businesses. 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's small-business ombudsman, the Bureau of Labor and Industries, and Business Oregon.

The Marketplace 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 2017:

- 157 small businesses used the Marketplace’s process
- 1,158 people were covered on those plans
- The businesses chose plans from among four insurance companies offering Marketplace-certified plans

IV. Insurance agents

A description of the role of insurance producers in the exchange

Insurance agents continue to be vital for educating consumers about health plan options and helping them enroll in coverage. This was particularly true in 2017 as the Nov. 1 through Dec. 15 enrollment period was the shortest ever. Consumers had precious little time to research plans or work through the application for financial assistance, steps expedited with help from an insurance agent.

From Nov. 1 through Dec. 15, 2017, the open enrollment period for the 2018 plan year:

- 45,953 Oregonians enrolled in HealthCare.gov plans were assisted by an insurance agent
 - 13,616 of those enrollments were facilitated by the Marketplace’s partner agents
 - 4,779 of the partner agents’ enrollments were new clients
 - 8,837 of the partner agents’ enrollments were existing clients

More information on the partner agent program is in Section II, Pages 4-5, which describes the Marketplace’s activities.

V. Financial condition

A statement of financial condition, as of December 31, 2017 for the Health Insurance Exchange Fund

i. Overview

This section discusses the financial condition of the Health Insurance Exchange Fund as of December 31, 2017. Budget or fiscal activities after that date are not reported here. All amounts discussed below exclude the Compact of Free Association Premium Support Program and the Senior Health Insurance Benefit Assistance Program because those programs are not funded by the Health Insurance Exchange Fund.

The Marketplace is financially stable and self-funding for the remaining 18 months of the 2017 – 2019 biennium. As of December 31, 2017, the Marketplace can fund approximately 8 months of activities with a fund balance of \$3.5 million.

The 2017 – 2019 biennium budget for the Oregon Health Insurance Marketplace is shown here:

2017 - 2019 Legislatively Adopted Marketplace Budget

Section	2017 - 2019 LAB	Positions	FTE
Marketplace	14,917,407	17	17.00
Shared Services	1,012,108		
Total	15,929,515	17	17.00

At the end of 2017 (through six months of the biennium), DCBS has used approximately 21 percent of the Marketplace limitation and 34 percent of the DCBS shared-services limitation that was dedicated to the Marketplace. The Marketplace is planning on using all shared service limitation during the 2017 – 2019 biennium.

Oregon Health Insurance Exchange 2017 - 2019 LAB and Actuals

Section	2017 - 2019 LAB	Actual Expenditures as of 12/31/2017	Projection 1/2016 - 6/2018	Actual and Projected	Variance Over/(Under)	% Variance ((Actuals + Projected) / LAB)
Marketplace	14,917,407	3,187,847	9,434,790	12,622,637	(2,294,770)	85%
Shared Services	1,012,108	341,830	670,278	1,012,108	0	100%

The following table shows revenues for the Health Insurance Marketplace during CY 2017.

Oregon Health Insurance Exchange CY 2017 Balances and Revenues

Account Description	2017Q1	2017Q2	2017Q3	2017Q4	Year Total
Beginning Balance	17,644,782	12,352,162	15,141,897	17,183,156	
PMPM Assessment - Medical	3,323,241	2,385,175	2,051,738	2,088,389	9,848,543
PMPM Assessment - Dental	17,198	27,723	36,110	28,823	109,854
Charges for Services	890	0	0	0	890
Interest and Investments	46,949	44,923	62,012	34,108	187,992
Other Revenue	611	825	25,351	1,103	27,890
Total	3,388,889	2,458,646	2,175,211	2,152,423	10,175,169

The following table shows CY 2017 Health Insurance Marketplace expenditures. The Marketplace expects to increase expenditures in FY 2018 from FY 2017.

Oregon Health Insurance Exchange CY 2017 Expenditures and Transfers

Account Description	2017Q1	2017Q2	2017Q3	2017Q4	Year Total
Personal Services	504,549	421,414	467,231	522,391	1,915,585
Services and Supplies					
Travel	18,905	17,329	20,330	16,897	73,461
Employee Training	2,565	3,734	7,608	9,479	23,386
Office Expenses	6,546	7,445	4,760	1,601	20,352
Telecommunications	180,307	114,226	-516,776	10,289	-211,955
State Government Service Charges	1,149	296	22,538	36,479	60,462
Data Processing	11,247	-2,131	-609,772	8,507	-592,149
Publicity and Publications	477,253	64,754	85,073	1,682,054	2,309,134
Professional Services	-498,660	37,372	90,855	75,517	-294,917
IT Professional Services	1,496,192	-1,269,135	358,790	0	585,847
Attorney General Legal Fees	5,717	7,150	4,379	2,883	20,129
Facility Rent and Taxes	34,602	24,122	25,604	14,336	98,664
Expendable Property	1,051	10,493	4,997	248	16,789
Other Services and Supplies	14,728	9,163	1,963	4,377	30,231
Services and Supplies Total	1,751,602	-975,182	-499,651	1,862,667	2,139,435
Distribution to Grantees	181,678	75,047	107,381	196,295	560,401
Capital Outlay	1,688	1,077	1,308	0	4,073
Total Expenditures	2,439,517	-477,644	76,269	2,581,353	4,619,494
Shared Services	137,575	146,584	57,653	18	341,830
Total Expenditures with Shared Services	2,577,092	-331,060	133,922	2,581,371	4,961,324
Transfer to Health System Fund	0	0	0	13,200,656	13,200,656
Other transfers	0	0	0	3,779	3,779
Ending Fund Balance	12,352,162	15,141,867	17,183,156	3,549,766	

Negative expenditures in the first and second quarters represent reimbursements from the Oregon Health Authority for shared IT contracts and does not impact the sustainability or health of the Marketplace fund. These contracts have been transferred to the Oregon Health Authority so this activity no longer occurs.

ii. Other transactions

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. DCBS recorded this reversal of reduction of expenditure in the first quarter of 2017. This transaction is not shown in the above table because it does not represent a true operational expenditure. The settlement amount was \$6,104,406.

iii. Fund sustainability

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

Federal technology fee: For plan year 2017, the federal government charged insurers 1.5 percent of premium for the use of the federal exchange platform. This increased to 2 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's position is that the Marketplace's per member per month fee plus the federal platform charge should be below 5 percent of premium. The total PMPM plus federal technology fee was 2.8 percent of premium in 2017. Because the Marketplace's assessment is a PMPM fee and not a percent of premium, the combined assessment and federal technology fee cannot be calculated as a percent of premium until all 2018 premiums are paid. The Marketplace estimates that the 2018 PMPM plus the technology fee will be 3.1 percent for plan year 2018.

Funding of Health System Fund: Meeting the requirements of HB 2392 section 42(1), \$13,200,656 was transferred out of the Health Insurance Marketplace Fund into the Health System Fund in November 2017. The amount in the Health Insurance Marketplace Fund after the transfer was equivalent to six months of expenditures. This transfer also met the Marketplace fund balance requirements defined in ORS 741.105(3)(b).

Enrollments: Medical enrollment (see table below) for the 2017 plan year was almost 5 percent higher than forecast. The Marketplace expected, on average, about 121,000 medical policies each month. There were actually about 127,000 medical policies each month. Dental enrollment for the 2017 plan year was also almost 18 percent higher than forecast. The Marketplace expected 15,500 monthly dental policies on average. There were actually 18,300 dental policies on average each month during the plan year. Please note that actual enrollment counts may be updated by insurers until June 2018.

Oregon Health Insurance Exchange CY 2017 Enrollment

Month	Forecast enrollment		Actual enrollment		Absolute forecast error	
	Medical	Dental	Medical	Dental	Medical	Dental
Jan-17	118,011	15,860	126,029	18,840	8,018	2,980
Feb-17	121,824	16,235	130,650	19,022	8,826	2,787
Mar-17	128,100	17,166	133,780	19,795	5,680	2,629
Apr-17	127,659	16,254	132,689	18,342	5,030	2,088
May-17	125,951	16,000	129,855	18,955	3,904	2,955
Jun-17	124,289	15,835	128,131	18,830	3,843	2,995
Jul-17	122,455	15,612	126,552	18,713	4,097	3,101
Aug-17	121,192	15,284	125,058	18,695	3,866	3,411
Sep-17	119,813	15,153	124,074	18,231	4,261	3,078
Oct-17	117,706	14,832	123,075	17,515	5,369	2,683
Nov-17	114,929	14,056	121,877	16,185	6,948	2,129
Dec-17	109,824	13,567	119,449	16,743	9,625	3,176
Average	120,979	15,488	126,768	18,322	5,789	2,834

There is significant uncertainty surrounding enrollment for the remainder of the 2017 plan year and plan years after 2017. The 2017 forecast was based on federal law at the time of the forecast.

Based on the above discussion, DCBS expects the Health Insurance Exchange Fund to remain stable and self-sustaining for the remainder of the 2017-2019 biennium. At the end of the biennium, the Marketplace expects to have about 13 months of expenditures in the Marketplace Fund. This fund balance exceeds the statutory limit. Over the 2019-2021 biennium, the Marketplace anticipates rebating insurer's assessments to bring the Marketplace's fund balance into compliance with ORS 741.105(3)(b).