

# Report to the 2017 Oregon House and Senate Interim Committees on Health Care

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## Implementation of the COFA Premium Assistance Program

Dec. 31, 2017



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## Background

House Bill 4071 (2016), signed into law April 4, 2016, requires the Department of Consumer and Business Services (DCBS) to report to the interim committees of the Legislative Assembly related to health care on the implementation of the Compact of Free Association (COFA) Premium Assistance Program. This report responds to that request and, per statute, includes:

- a) The number of individuals participating in the program;
- b) The actual costs of the program compared to predicted costs;
- c) The results of the community education and outreach campaign
- d) The amount remaining in the COFA Premium Assistance Program Funds; and
- e) The amount of moneys needed to continue the program through the end of the 2015-2017 biennium

Oregon's COFA program 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 the bills for in-network services that count towards maximum out-of-pocket costs.

## Education, outreach, and participation

### **Number of individuals participating in the program:**

For the 2017 plan year – the first year the program operated – the COFA program received 510 applications.

During the 2017 plan year, 452 people were enrolled in the program. As of the writing of this report, 367 people were actively enrolled in the program (there is some attrition during the year).

For the 2018 plan year, the program has received 481 applications as of Dec. 31, 2017. From those applications, 456 people have been approved to participate in the program. More people may enroll in the program outside of open enrollment if a life event qualifies them for special enrollment.

### **Results of community education and outreach campaign:**

APANO Communities United Fund, a grantee organization, provided community education, outreach, and enrollment assistance for the 2017 plan year and Oregon Health Insurance Marketplace staff members supported the effort.

Accomplishments included:

Gave presentations or staffed information tables at:

- Asian Pacific Islander Celebration at the state capitol (Salem)
- Five churches in the Willamette Valley region
- International Women's Day event (Salem)
- 2016 convention of the Asian Pacific American Network of Oregon
- Wallace Medical Concern (Portland)
- World Beat Festival (Salem)

Held COFA Program information and enrollment events in:

- Albany
- La Grande
- Northeast Portland
- Salem
- Southeast Portland
- Southwest Portland

Printed and distributed informational materials in:

- Churches with significant numbers of COFA islanders in the congregation
- Salem-Keizer schools
- Shopping outlets

Publicized the program via social media:

- The COFA Alliance National Network Facebook page
- The Micronesian Community's (microregon.org) Facebook page

The Oregon Health Insurance Marketplace's education and outreach accomplishments included:

- Launched the COFA section of the Marketplace website (<http://healthcare.oregon.gov/marketplace/cofa/Pages/index.aspx>)
- Produced program fact sheets and a video for consumers
- Translated program fact sheets and general "Using Your Health Insurance" brochure into Chuukese, Marshallese, Palauan, and Pohnpeian

## Program costs, funding, and outlook

### Actual costs compared to predicted costs:

Through the first three months of the biennium, the COFA Program has spent \$81,953. Extrapolating that amount to 24 months produces an estimate of \$655,626. The original expenditure estimate at budget development was \$1,794,994. However, there is significant seasonality in COFA's expenditures that makes this comparison difficult – especially for services and supplies. Extrapolating the first quarter's service and supply costs into a full biennium will underestimate the COFA Program's total service and supply cost because costs are not evenly

distributed through the biennium. The current planned cost estimate for the COFA Program for the 2017-2019 biennium is \$1,465,550.

COFA predicted and actual expenditures - GBB estimate

	Predicted 17-19 biennium	Actual 17-19 through September 2017	Biennialized quarter	Current expenditure plan
Personal services	247,974	28,604	228,834	254,868
Services and supplies	219,813	749	5,992	52,772
Special payments	1,327,207	52,600	420,800	1,157,909
<b>Total</b>	<b>1,794,994</b>	<b>81,953</b>	<b>655,626</b>	<b>1,465,549</b>

The following table shows a breakout of special payments made from July 2017 through September 2017:

COFA special payments from July 2017 through September 2017

Cost type	Projected expenditure	Actual expenditure
Premium	39,824	50,028
Out-of-pocket reimbursement	93,750	573
Community partner	N/A	1,999
<b>Total</b>	<b>133,574</b>	<b>52,600</b>

Over the first three months of the biennium, the COFA Program has paid \$50,028 in premiums for participants while the projected expenditure was \$39,824. Over the same period, projected out-of-pocket reimbursements were \$93,750, while actual expenditures for reimbursements were \$573. Also, COFA has paid \$1,999 to a community partner grantee for outreach efforts.

The projected premium expenditures are adjusted each month based on program enrollment and actual premium payments to insurers. Over the remaining 21 months of the 2017-2019 biennium, the original estimate for premium payments is \$287,383. The current estimate for premium payments for the remainder of the biennium is \$457,061. This increase is driven by larger-than-expected premium payments for each individual rather than higher than expected enrollment.

Projected premium expenditures have been updated to include a 7.1 percent increase for plan year 2018 to account for the loss of cost-share reduction reimbursements to insurers from the federal government. Premium reimbursements are subject to changes in federal policy that can have significant impacts on the COFA Program's finances.

The cost estimate for out-of-pocket reimbursements is adjusted for the number of participants in the program. The assumption that all program participants request out-of-pocket reimbursements for the maximum allowed by their plan has not been changed, even though actual expenditures are below projections. There has been no change to this assumption because there is a risk that participants will request reimbursements for significant out-of-pocket expenditures at the end of the plan year. After the plan year closes, this assumption will be revisited based on a full plan-year of experience.

Through the first nine months of plan year 2017, the cost estimate for the COFA Program's total out-of-pocket reimbursement and premium cost was \$400,721. Actual expenditures for premium support and out-of-pocket reimbursements through that period are \$133,541. Over

these nine months, the COFA Program paid more for premiums than expected but less for out-of-pocket reimbursements. If out-of-pocket reimbursements are \$1,000 per month, similar to monthly reimbursements to date, then the COFA Program will not require additional general fund revenue through the end of the 2019 plan year. Please note that the cost estimates for the 2019 plan year cross biennia, so care needs to be taken when drawing conclusions about available revenue.

**Amount remaining in the COFA Premium Assistance Program Fund:**

As of Sept. 30, 2017, the COFA Premium Assistance Program had a fund balance of \$1,421,419.

**The amount of moneys needed to continue the program through the end of the 2015-2017 biennium:**

At this time, the COFA Program will not need additional general fund revenue to fund operations through the rest of the biennium.