

Oregon Health Insurance Marketplace

2015 Annual Report

April 15, 2016



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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 Senate Bill 1 of 2015, the Department of Consumer and Business Services (DCBS) has 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 department in administering the Marketplace during the previous year
- 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

This report also includes information about the 2015 activities and operations of Cover Oregon, which was responsible for the Marketplace until June 30, 2015. Copies of Cover Oregon's annual reports for 2013 and 2014 can be found at OregonHealthCare.gov/reports-audits.html.

2015 was a year of significant change for the Marketplace. The state switched to using HealthCare.gov for individual eligibility and enrollment for the 2015 plan year, and administration of the Marketplace transferred from Cover Oregon, a public corporation, to DCBS, a state agency, on June 30, 2015.

In a matter of months, DCBS had to create a new unit to administer the Marketplace, took over operations, closed Cover Oregon, and managed a successful open enrollment period. As of Jan. 31, 2016 – the last day to enroll for the 2016 plan year – 147,109 Oregonians had enrolled in health insurance plans through the Marketplace, an increase of 31 percent over 2015 enrollment.

During the upcoming year, DCBS will continue to build upon the work detailed in this report, using the lessons learned from 2015 to improve the Marketplace. We look forward to ensuring that the Marketplace is a trusted and valuable resource for Oregonians in need of health care coverage. Thank you for your continued support and feedback about the Marketplace.

Sincerely,



Patrick M. Allen, DCBS Director

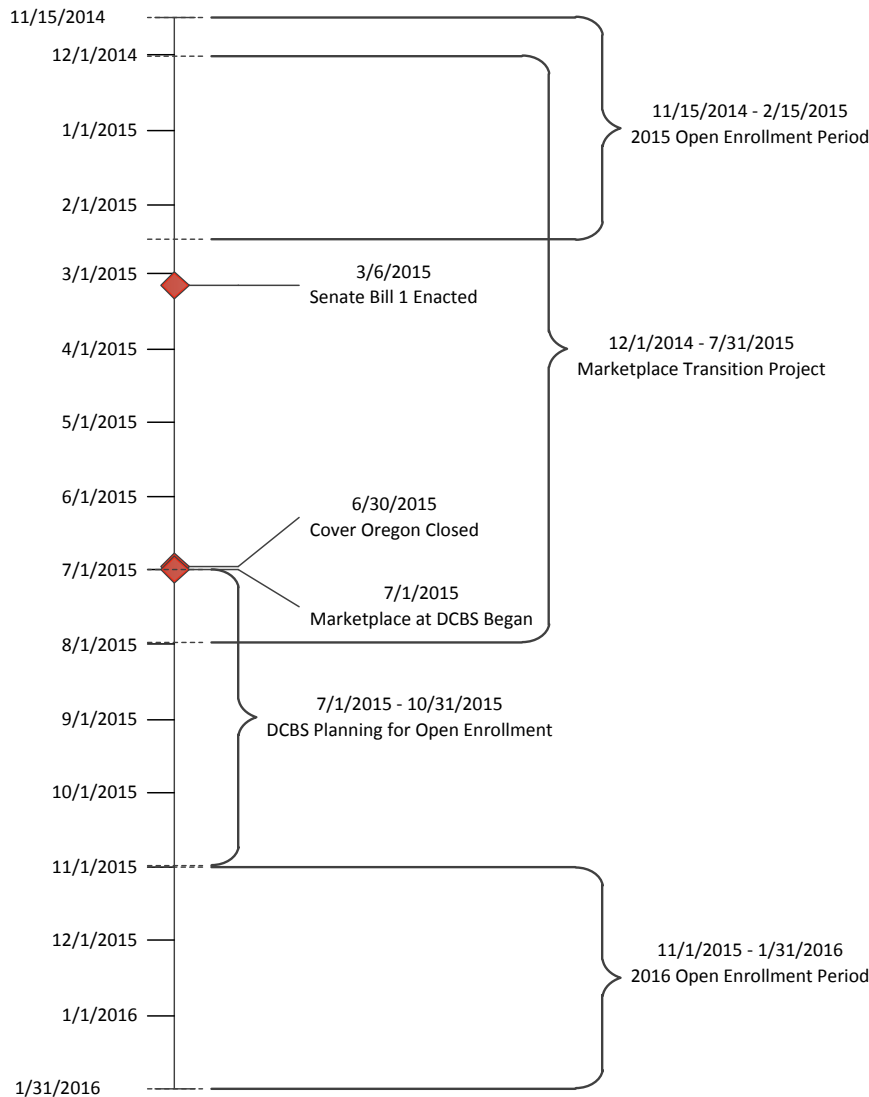
II. Marketplace Activities and Operations

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

i. 2015 Marketplace Timeline

Calendar year 2015 included several major milestones for the Marketplace:

1. The end of the second open enrollment period and beginning of the second plan year for the Marketplace
2. The closing of Cover Oregon and transfer of Marketplace functions and duties to DCBS
3. The creation of a unit within DCBS to administer the Marketplace
4. The beginning of the third open enrollment period



ii. The 2015 Plan Year

For the 2015 plan year, Oregon switched from using the Cover Oregon technology to HealthCare.gov for individual eligibility and enrollment in qualified health plans (QHPs). The Oregon Health Authority (OHA) handled Medicaid eligibility and enrollment.

The HealthCare.gov platform worked well for Oregonians seeking private health insurance. They were able to shop and compare plans side by side and see if they qualified for financial help. Unlike the year before, 2015 customers could enroll online in a single sitting. However, due to the switch in technology platforms, all returning customers had to actively enroll through HealthCare.gov. There was no option for automatic re-enrollment, since no information was transferred from the old Cover Oregon system to HealthCare.gov.

Open enrollment for the 2015 plan year occurred from Nov. 15, 2014, through Feb. 15, 2015. Open enrollment is the time of year when Oregonians can sign up, renew, or change qualified health plans. Cover Oregon's outreach and education efforts during the 2015 plan year open enrollment period focused on making sure that Oregonians knew to go to HealthCare.gov to sign up for QHPs. Cover Oregon's efforts included:

- Coordination with the Centers for Medicare and Medicaid (CMS) on outreach and messaging
- Direct mail and email to current customers
- Customer support through the Cover Oregon call center
- Support for certified insurance agents and community partners, including trainings
- Support for tribal partners
- In-person outreach through community meetings and application fairs, including in Oregon City, Bend, Portland, Mount Hood/Government Camp, Keizer, PCC Cascade, Hillsboro, Gresham, Beaverton, and Durham
- Paid media, including advertisements online, on the radio, on TV, through social media, and stories in news media
- Retooling the Cover Oregon website to connect customers to HealthCare.gov
- Outreach materials such as brochures and flyers

Enrollment in QHPs during the 2015 plan year was significantly higher than during 2014, thanks in large part to the switch to a working technology platform. As of the end of the 2015 plan year open enrollment period, 112,024 Oregonians signed up for coverage. In comparison, only 68,308 Oregonians enrolled in QHPs by the end of the 2014 plan year open enrollment period. As anticipated, enrollment slightly decreased over the course of the 2015 plan year as people obtained other coverage or lost coverage for reasons such as failure to pay premiums or provide required documentation. For a more detailed look at 2015 enrollment, see the "Who is Covered" section below.

After open enrollment ended, Cover Oregon and then 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. Cover Oregon and DCBS 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.

iii. **The Closing of Cover Oregon and Transfer of Functions and Duties to DCBS**

In the fall of 2014, DCBS learned about a proposed legislative concept to close Cover Oregon and move its functions and duties to DCBS. The agency began high-level planning to prepare for a possible transition. By December 2014, the legislation appeared likely to pass, and DCBS began meeting with Cover Oregon to develop a formal transition plan. The resulting bill, Senate Bill 1 of 2015, was enacted on March 6, 2015.

Senate Bill 1:

- Dissolved the Cover Oregon board of directors and granted its authority and the authority of the Cover Oregon executive director to the director of DCBS upon passing.
- Closed Cover Oregon effective June 30, 2015.
- Transferred responsibility for Oregon's Marketplace to DCBS effective July 1, 2015.
- Maintained Oregon's status as a state-based exchange.
- Created the Marketplace fund, funded through a per member per month fee on plans sold through the exchange.
- Created the Health Insurance Exchange Advisory Committee to provide the DCBS director with guidance and feedback on issues affecting the Marketplace.
 - The committee consists of 13 members appointed by the Governor and confirmed by the Oregon Senate on Feb. 15, 2016, representing insurers, insurance producers, navigators, health care providers, businesses, consumer advocacy groups, enrollees in health plans, and medical assistance agencies.
 - The DCBS director and OHA director are ex-officio members.
 - The committee holds open meetings that provide a forum for public discussion.
 - It began meeting in April 2016.
- Restored full legislative oversight and control of the Marketplace.
 - Through the budget process, the legislature has control over program/staffing levels/fund balances.
 - DCBS must report to the legislature annually and, during the 2015-2017 biennium, every time the interim Joint Ways and Means Committee and committees related to health care meet. Reports were submitted in September 2015, November 2015, and January 2016. An additional report about a proposed premium assistance program for Compact of Free Association (COFA) citizens was submitted in November 2015.
 - DCBS must notify every legislator to spend more than \$1 million on technology, and all technology projects must go through the Department of Administrative Services processes/approvals.

The Marketplace transition project lasted from December 2014 until July 2015. The project was an overall success. Cover Oregon was closed as scheduled on June 30, 2015, and DCBS took over administration of the Marketplace with no interruption for customers.

The following Marketplace functions and duties were transferred to DCBS as of July 1, 2015:

Cover Oregon Functions	HealthCare.gov	DCBS
Oversight and administration		X
Finance (budgeting/accounting/procurement)		X
Policy/rulemaking		X
Plan management		X
Outreach and education		X
Navigator program		X
Stakeholder engagement		X
Reporting/auditing		X
Small Business Health Options Program (SHOP)		X
Call Center	X	X
Individual eligibility	X	
Individual enrollment	X	
Individual appeals and grievances	X	
Individual information technology platform	X	

As part of the transition, DCBS also had to handle some one-time work related to the 2014 plan year:

1. 2014 IRS Form 1095-A support: Issuing and making corrections to tax forms for consumers.
2. 2014 Advanced Premium Tax Credit (APTC) error support: Providing a mechanism for anyone who had issues with Cover Oregon's APTC calculations.
3. 2014 Appeals and grievances: Handling any outstanding appeals or grievances related to eligibility and enrollment issues.
4. 2014 eligibility/enrollment: Winding down eligibility and enrollment activities (life changes, etc.) related to 2014 plans.
5. 2014 agent commissions: Making sure agents received commission payments for enrolling customers.
6. Cover Oregon IT systems decommissioning and data archiving: Winding down and archiving according to all federal and state rules.

iv. The Marketplace at DCBS

Under Senate Bill 1 of 2015, the DCBS director is directly responsible and accountable for Oregon's Marketplace. The DCBS director created a new unit, called the Oregon Health Insurance Marketplace, to manage Oregon's Marketplace. The unit is a much smaller, leaner organization than Cover Oregon due to economies of scale/cost savings from shared services; the unit currently employees approximately 24 employees versus the more than 100 employees who worked at Cover Oregon in December 2014.

The unit'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), OHA, CMS, and the IRS.

The unit serves Oregonians by providing:

- Access to a range of qualified health plans/meaningful choice to help individuals and families find the right coverage for them
- Access to 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

In December 2015, DCBS began a project to integrate the Marketplace unit and the Senior Health Insurance Benefits Assistance Program (SHIBA), which is also a part of DCBS. SHIBA provides Medicare education, training, counseling, and advocacy to Oregonians with Medicare with the support of a community-based counseling workforce that includes certified volunteers. The goal of the integration is to find ways to make best use of staff resources, outreach and education efforts, and provide better service to Oregonians seeking health insurance, whether through the Marketplace or Medicare. DCBS expects to complete integration of the programs by June 30, 2016.

v. The 2016 Plan Year Open Enrollment Period

Calendar year 2015 included the beginning of the open enrollment period for the 2016 plan year, which occurred Nov. 1, 2015 through Jan. 31, 2016. For the 2016 plan year, Oregon continued to use HealthCare.gov for individual eligibility and enrollment in QHPs.

Preparation for open enrollment began in January 2015, when Cover Oregon released a Request for Applications (RFA) for insurers who wanted to participate in the Marketplace. DCBS developed contracts with the insurers who applied, worked with DFR to review binder submissions, certified QHPs, and worked with CMS and insurers to upload plan information into HealthCare.gov before open enrollment began.

In the months leading up to open enrollment, DCBS also developed a robust 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 customers to actively shop instead of auto-re-enroll
- 3) Build trust with customers and stakeholders

The campaign was highly targeted and included the following:

- Outreach to Marketplace and subsidy-eligible Oregonians, the remaining uninsured, multicultural audiences, and small businesses
- In the field outreach and education, including enrollment events and meetings
- Paid media focused on digital advertising
- Spanish- and Russian-language advertising

- Earned media
- An agent storefront program
- Support for certified insurance agents
- A consumer assistance navigator (Community Partner) program
- Promotional partnerships
- Social media posts
- Consumer and small-business outreach materials
- Information and resources through the state website OregonHealthCare.gov
- Information and resources through Oregon’s outreach center

The 2016 open enrollment campaign was a success and helped drive enrollment and reach target audiences:

- ✓ More than 147,000 Oregonians enrolled, an increase of 35,000 people or 31 percent over last year, more than any other HealthCare.gov state
- ✓ More than 147 million ad impressions served to Oregonians with a click-through rate of .15 percent, almost twice the industry average of .08 percent
- ✓ More than 353,000 website sessions on OregonHealthCare.gov
- ✓ Ninety earned media placements with circulation in the millions resulting from our press releases and reporter outreach, in a year when most states struggled to get media coverage
- ✓ More than 16,500 customers served by our 24 storefront agents, including 11,724 existing customers and 4,793 new customers.
- ✓ Almost 3,000 customers served by our four community partner organizations
- ✓ More than 1,600 phone calls and 300 emails from consumers handled by our Outreach Center and 67 events and informational meetings staffed by DCBS

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 in the Marketplace continues to increase each year. For the 2016 plan year, Oregon is first among HealthCare.gov states for the highest percentage of enrollment compared to last year and has the highest percentage of HealthCare.gov states for enrolling subsidy-eligible consumers.

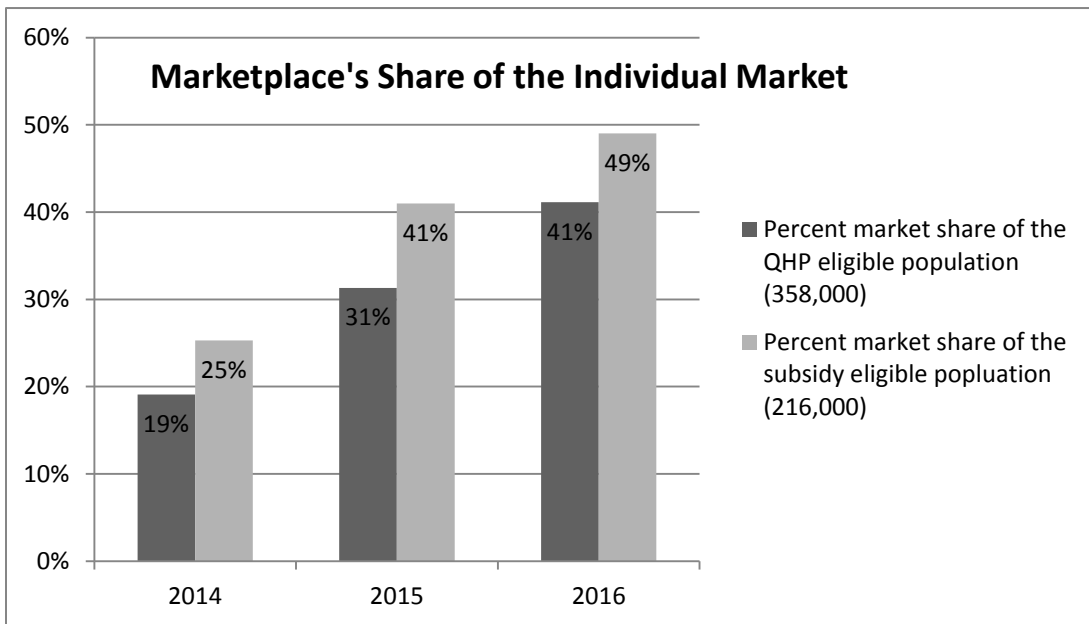
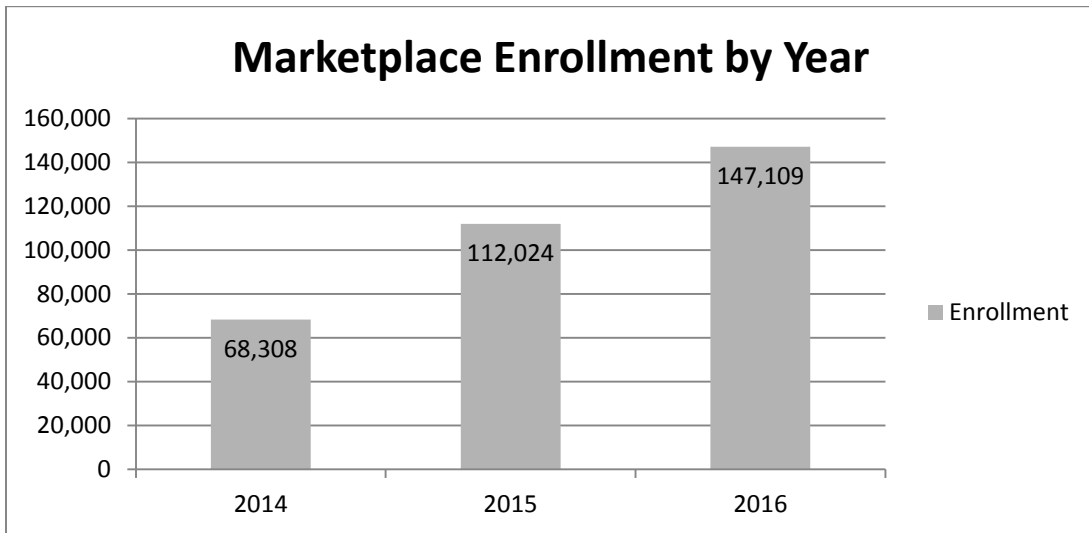
At this time, DCBS does not have any recommendations for additional groups to be eligible to purchase qualified health plans through the exchange.

i. On Exchange Enrollment

The following chart and tables provide enrollment data for plan years 2014, 2015, and 2016 as reported by the Assistant Secretary for Planning and Evaluation (ASPE) of HHS¹. Since Oregon uses HealthCare.gov for enrollment, the state is dependent on the federal government for enrollment data. HHS does not provide the state with detailed, member-level data, only high-

¹ 2014 data as of 4/19/14; 2015 data as of 2/15/15; and 2016 data as of 1/31/16.

level summary data and analyses. This limits the state’s ability to determine exactly who is covered and who is not. The state can, at least, determine general enrollment trends.



Applications and Eligibility			
Plan Year	2014	2015	2016
Applications	Not reported	175,126	165,342
Individuals on applications	Not reported	258,030	229,205
Eligible for Marketplace	124,840	140,994	170,075
Eligible with financial help	99,902	111,139	124,080
Eligible for Medicaid	207,329*	61,828	58,055

New and Returning Customers			
Plan Year	2014	2015	2016
New enrollees	Not applicable	Unknown	66,117 (45%)
Active returning enrollees	Not applicable	Not applicable	63,500 (43%)
Auto-enrolled returning enrollees	Not applicable	Not applicable	17,492 (12%)
Active returning who changed plans	Not applicable	Not applicable	38,056 (60% of active reenrolled)

Customers Receiving Subsidies			
Plan Year	2014	2015	2016
Percent of customers receiving financial help	80%	79%	72%
Percent with APTC	Not reported	77%	71%
Percent with Cost-sharing Reductions	Not reported	47%	39%
Average APTC	Not reported	\$198	\$250

Enrollment by Gender			
Plan Year	2014	2015	2016
Female	57%	Not reported	55%
Male	43%	Not reported	45%

Enrollment by Age			
Plan Year	2014	2015	2016
Age < 18	5%	7%	9%
18-25	7%	8%	8%
26-34	15%	17%	17%
35-44	15%	16%	16%
45-54	21%	19%	19%
55-64	37%	33%	31%
>64	0%	1%	1%
18-34	22%	24%	25%

Enrollment by Metal Tier			
Plan Year	2014	2015	2016
Bronze	22%	26%	29%
Silver	66%	65%	61%
Gold	11%	8%	10%
Platinum	1%	1%	0%
Catastrophic	1%	1%	1%

Enrollment by Race/Ethnicity			
Plan Year	2014	2015	2016
American Indian/Alaskan Native	Not reported	1%	1%
Asian	Not reported	8%	8%
Black	Not reported	1%	1%
Latino	Not reported	5%	6%
Hawaiian/Pacific Islander	Not reported	0%	0%
Multiracial	Not reported	2%	2%
White	Not reported	83%	82%

Enrollment by Income Level			
Plan Year	2014	2015	2016
< 100% of FPL	Not reported	2%	2%
≥ 100% to ≤ 150% of FPL	Not reported	12%	11%
> 150% to ≤ 200% of FPL	Not reported	32%	29%
> 200% to ≤ 250% of FPL	Not reported	22%	22%
> 250% to ≤ 300% of FPL	Not reported	14%	14%
> 300% to ≤ 400% of FPL	Not reported	14%	17%
> 400% of FPL	Not reported	3%	5%

Enrollment by County			
Plan Year	2014	2015	2016
Baker County	Not reported	418	621
Benton County	Not reported	2,052	2,658
Clackamas County	Not reported	10,576	14,645
Clatsop County	Not reported	1,369	1,861
Columbia County	Not reported	1,099	1,321
Coos County	Not reported	1,708	2,088
Crook County	Not reported	629	890
Curry County	Not reported	825	1,145
Deschutes County	Not reported	8,069	10,824
Douglas County	Not reported	2,244	2,850
Gilliam County	Not reported	44	81
Grant County	Not reported	159	248
Harney County	Not reported	234	298
Hood River County	Not reported	1,159	1,578
Jackson County	Not reported	6,704	8,352
Jefferson County	Not reported	493	620
Josephine County	Not reported	2,709	3,229
Klamath County	Not reported	1,406	1,825
Lake County	Not reported	203	288
Lane County	Not reported	10,197	12,708

Lincoln County	Not reported	1,757	2,187
Linn County	Not reported	2,622	3,224
Malheur County	Not reported	627	908
Marion County	Not reported	6,627	8,426
Morrow County	Not reported	145	177
Multnomah County	Not reported	26,141	35,120
Polk County	Not reported	1,633	2,083
Sherman County	Not reported	43	73
Tillamook County	Not reported	843	1,202
Umatilla County	Not reported	1,297	1,676
Union County	Not reported	789	978
Wallowa County	Not reported	437	571
Wasco County	Not reported	741	879
Washington County	Not reported	13,729	18,386
Wheeler County	Not reported	31	67
Yamhill County	Not reported	2,263	3,021

*Cover Oregon handled both Medicaid and Marketplace eligibility determinations for plan year 2014. OHA took over determinations for Medicaid eligibility for the 2015 plan year.

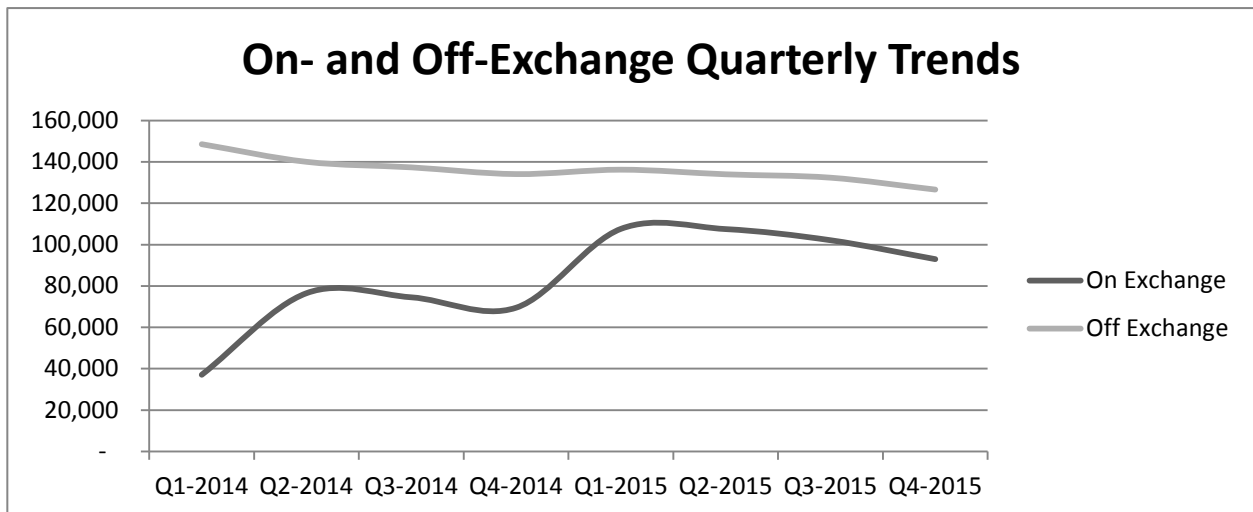
ii. 2015 Quarterly On and Off Exchange Enrollment

The following tables provide quarterly enrollment numbers for the entire individual market, including both on-exchange and off-exchange plans, by insurer. Insurers reported this data directly to the Division of Financial Regulation. Discrepancies between these numbers and the numbers reported by HHS may be attributable to the timing associated with 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.

On Exchange Quarterly Enrollment	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Atrio Health Plans, Inc.	278	284	280	254
Bridgespan Health Company	180	174	178	168
Health Net Health Plan Of Oregon, Inc.	0	0	0	-
Health Republic Insurance Company	2,537	2,896	2,544	1,074
Kaiser Foundation Health Plan Of The Northwest	6,336	6,194	6,087	6,208
Lifewise Health Plan Of Oregon Inc.	26,385	27,128	25,733	22,228
Moda Health Plan, Inc.	44,229	42,633	40,143	37,490
Oregon's Health Co-Op	9,919	10,204	9,649	8,506
Pacificsource Health Plans	2,188	2,164	2,098	1,988
Providence Health Plan	15,553	15,820	15,397	15,043
Regence Bluecross Blueshield Of Oregon	0	0	0	-
Time Insurance Company	0	0	0	-
Trillium Community Health Plan	0	0	0	-

REPORTED TOTAL	107,605	107,497	102,109	92,959
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Off Exchange Quarterly Enrollment	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Atrio Health Plans, Inc.	0	0	0	-
Bridgespan Health Company	0	0	0	-
Health Net Health Plan Of Oregon, Inc.	1,726	1,619	1,481	1,403
Health Republic Insurance Company	1,340	1,777	1,700	614
Kaiser Foundation Health Plan Of The Northwest	11,430	11,009	10,952	8,539
Lifewise Health Plan Of Oregon Inc.	18,530	18,001	17,776	9,369
Moda Health Plan, Inc.	56,733	55,440	54,704	52,295
Oregon's Health Co-Op	0	0	0	-
Pacificsource Health Plans	6,025	5,870	5,737	5,325
Providence Health Plan	12,710	13,647	14,185	12,714
Regence Bluecross Blueshield Of Oregon	23,834	23,305	22,631	6,522
Time Insurance Company	510	2,898	2,776	893
Trillium Community Health Plan	0	0	0	-
REPORTED TOTAL	132,838	133,566	131,942	97,674



iii. Serving Small Businesses

The Marketplace helps small businesses understand health insurance options for their employees and continues to help qualified small businesses 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. 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.

The following table provides quarterly enrollment numbers for the on-exchange, ACA-compliant small group market, as reported from insurance companies to DFR.

On Exchange Small Group Enrollment	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Atrio Health Plans	19	19	3	3
Health Net Health Plan of Oregon	-	-	-	-
Health Republic Insurance Company	-	-	-	-
Kaiser Foundation Health Plan of the NW	5	6	6	6
Lifewise Health Plan of Oregon	-	-	-	-
MODA Health Plan	-	-	-	-
Oregon's Health CO-OP	1,875	2,335	2,739	245
PacificSource Health Plans	182	394	429	660
Providence Health Plan	69	105	119	149
Regence Bluecross Blueshield of Oregon	-	-	-	-
Samaritan Health Plans	-	-	-	-
Trillium Community Health Plan	-	-	-	-
United Healthcare Insurance Company	-	-	-	-
United Healthcare Life Insurance Company	3	3	7	7
Total	2,153	2,862	3,303	1,070

IV. Insurance Companies and Plans

A description of the role of insurance producers in the exchange

Oregon has one of the most competitive individual markets in the country, and DCBS continues to build and maintain strong working relationships with its insurer partners. One of the primary ways that insurers are involved in the Marketplace is through the Oregon Health Insurance Marketplace Advisory Committee. The committee, which includes representatives from multiple insurers, provides guidance and feedback to DCBS about issues affecting Oregon's health insurance marketplace such as outreach, customer feedback, and insurance plan affordability.

The Marketplace also employs a full-time carrier liaison to work directly with insurance companies. In addition to day-to-day customer service contact with insurers, the Marketplace's carrier liaison hosts a regular meeting with insurer representatives to discuss Marketplace matters. This meeting is also open to medical carriers that participate in the Oregon market but do not offer insurance through the Marketplace. Additional regular meetings with individual carriers are scheduled to discuss opportunities to create new and strengthen existing partnerships.

The Marketplace makes sure to engage insurers during the contracting process to ensure they have the opportunity to provide input and feedback about requirements for participating in the Marketplace. Cover Oregon's original Request for Applications resulted in a two-year agreement for carrier participation in the Marketplace, covering plan years 2014 and 2015. In 2015, Cover Oregon released a Request for Applications from interested insurers for the 2016 plan year. DCBS reviewed the insurers' rates and binder submission for 2016; certified Marketplace plans; signed contracts with the participating insurers; and worked with insurers and CMS to ensure that plans were added to HealthCare.gov before 2016 open enrollment.

The chart below provides the number of insurers and plans on the exchange for plan years 2014, 2015, and 2016.

Plan Year	2014	2015	2016
Medical carriers	15	11	10
Platinum plans	2	2	0
Gold plans	26	29	30
Silver plans	49	51	37
Bronze plans	43	43	39
Catastrophic	12	13	5
Dental carriers	10	9	7
Dental plans	26	25	21

V. Financial Condition

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

As of Dec. 31, 2015, the Marketplace is stable and self-sustaining for the 2015-2017 biennium, ending with a fund balance 2.52 percent higher than the sum of the expenditures for the first six months of the biennium.

**Department of Consumer and Business Services, Health Insurance Marketplace
Financial Condition as of December 31, 2015**

Account Description	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Total as of December 2015
Beginning Fund Balance:	-	1,292,260	1,525,673	1,381,772	2,242,981	3,578,644	n/a
Revenue							
Charges for services	-	-	-	-	-	1,210	1,210
Interest and investments	384	471	487	1,420	2,010	1,745	6,517
PMPM Assessment - Medical	441,843	591,752	1,371,913	1,218,957	535,067	1,258,225	5,417,757
PMPM Assessment - Dental	18,950	25,076	19,344	7,345	6,602	3,379	80,696
Transfer from Oregon Health Authority	-	-	-	-	2,242,587	2,460,394	4,702,981
Transfer from Cover Oregon	1,055,908	-	-	895,032	-	-	1,950,940
Other Revenue	-	1,111	3,261	8,027	-	278	12,676
Total Revenue	1,517,085	618,411	1,395,005	2,130,780	2,786,266	3,725,231	12,172,777
Expenditures							
Personal Services	219,203	216,097	227,061	209,473	410,260	(17,985)	1,264,109
Services & Supplies							
Travel	3,443	5,485	1,983	6,148	6,601	1,069	24,729
Employee Training	-	-	90	1,989	-	475	2,554
Office Expenses	219	1,001	1,041	1,160	3,229	4,696	11,346
Telecommunications	-	868	2,898	309	3,626	4,685	12,386
State Government Services Charges	-	-	-	-	-	1,194	1,194
Data Processing	-	7,426	5,162	(2,877)	5,399	19,689	34,799
Publicity and Publications	-	12,817	-	251,076	630	526,859	791,382
Professional Services	1,671	230	1,118,407	627,814	859,574	30,535	2,638,231
IT Professional Services	-	16,011	146,441	6,726	66,561	197,809	433,548
Attorney General Legal Fees	-	123,575	-	110,893	-	234,112	468,581
Facilities Rent, Maintenance, and Taxes	-	-	6,285	3,266	27,145	6,000	42,696
Expendable Property	290	1,486	3,304	-	-	5,329	10,409
Subtotal Service and Supply	5,622	168,900	1,285,611	1,006,503	972,765	1,032,453	4,471,854
Distribution to Grantees	-	-	-	21,706	34,920	37,790	94,417
Total Expenditures	224,825	384,997	1,512,672	1,237,683	1,417,945	1,052,258	5,830,380
Shared Services	-	-	26,235	31,888	32,659	89,541	180,322
Total Expenditures with Shared Services	224,825	384,997	1,538,906	1,269,570	1,450,604	1,141,799	6,010,701
Ending fund Balance:	1,292,260	1,525,673	1,381,772	2,242,981	3,578,644	6,162,076	n/a

According to Senate Bill 1, Section 18, the maximum amount of excess monies that may be held by DCBS is the anticipated total for the administrative and operational expenses of administering the health insurance exchange anticipated by the department for a six-month period. DCBS is drafting a rule to communicate the process for reducing the ending fund balance if it continues to exceed the average expenditures for a six-month period.

i. Budget to Actuals Comparison

As of Dec. 31, 2015, the total expenditure limitation for the Marketplaces was as follows:

2015-2017 Legislatively Adopted Marketplace Budget			
Section	LAB	Positions	FTE
Marketplace	30,525,202	24	24.00
Shared Services	1,951,351	10	7.00
Total	32,476,553	34	31.00

As of the end of the previous calendar year, DCBS used approximately 19 percent of the Marketplace limitation and 9 percent of the limitation for Shared Services provided to support the Marketplace. Note: The 9 percent of shared services reflects approximately four months of allocations, as there is a two-month lag in allocating shared services to programs.

Section	2015-2017 LAB	Actual Expenditures as of 12/31/15	Projections 1/2016 - 6/2017	Projected Total	Variance Over/(Under)	% Variance (Projected Total/LAB)
Marketplace	30,525,202	5,830,380	18,363,954	24,194,334	(6,330,868)	79%
Shared Services	1,951,351	180,322	1,746,150	1,926,471	(24,880)	99%
DCBS Total LAB	32,476,553	6,010,701	20,110,104	26,120,805	(6,355,748)	80%

Although there have been changes to the 2015-2017 Legislatively Adopted Budget for the Marketplace, this report provides a statement of financial condition as of Dec. 31 of the previous year of the Health Insurance Exchange Fund. New developments from the February 2016 session will not be reported here. Revision to the Marketplace budget, as well as projections as of March 2016, will be included in the Report to the Joint Interim Committee on Ways and Means and Interim Senate and House Committees on Health Care in May 2016.

ii. Future Developments

Significant operational and financial developments occurred after Dec. 31, 2015, that may affect the Marketplace's financial condition in the coming years. These include decisions on exchange technology, increased enrollments, and projected changes to marketplace fees.

State-Based Exchanges on the Federal Platform (SBE-FPs) and Small Business Options Program (SHOP): In November 2015, the U.S. Department of Health and Human Services (HHS) proposed to begin charging State-Based Exchanges on the Federal Platform (SBE-FPs) like Oregon a user fee of 3 percent of premiums for use of HealthCare.gov. In the final rule, released in February 2016, HHS stated it has sought a waiver from the Office of Management and Budget (OMB) to reduce the user fee from 3 percent to 1.5 percent of premiums for the 2017 benefit year.

Although this fee would be payable directly by insurers to the federal government, the state has a responsibility to explore all of the options available to make sure paying for HealthCare.gov is the best use of public dollars. If Oregon proceeded with an option other than the federal platform, there would be a revenue and expenditure impact on the Health Insurance Exchange Fund related to the implementation and operation of another system.

In December 2015, after learning about the proposed user fee, DCBS released a Request for Proposals (RFP) for technology solutions for both the Small Business Health Options Program (SHOP) and the individual market. The RFP is helping DCBS compare the cost and functionality of HealthCare.gov with successful private vendor systems currently in use in other states. The results of the RFP are still under analysis. DCBS expects to have its analysis and recommendations ready for the Legislature by the May 2016 legislative days.

Enrollments: Enrollments for this period actualized as expected; the overall variance was greater than the original forecast and yielded an increase of approximately 22.5 percent and 19.1 percent for medical and dental, respectively. See the chart below for a comparison of the original forecast to actual enrollments.

2015-2017 Marketplace Enrollments

Months	Forecasted Enrollments		Actual Enrollments		Variance = over/(under)		
	Medical	Dental	Medical	Dental	Medical	Dental	
July 2015	89,924	13,597	94,985	14,716	5,061	1,119	
August 2015	89,564	13,542	94,005	14,407	4,441	865	
September 2015	89,206	13,488	92,936	14,283	3,730	795	
October 2015	88,849	13,434	91,301	13,981	2,452	547	
November 2015	88,494	13,381	89,147	13,249	653	(132)	
December 2015	88,437	13,372	85,187	12,788	(3,250)	(584)	
January 2016	48,893	7,355	112,391	15,398	63,498	8,043	
February 2016	68,450	10,296	116,023	15,762	47,573	5,466	
March 2016	78,228	11,767	118,611	16,666	40,383	4,899	
Average:	81,116	12,248	99,398	14,583	164,540	21,018	
					% Variance:	22.5%	19.1%

The current forecast for the remainder of this biennia projects enrollments at 25 percent and 8 percent greater than the forecast from the previous year for medical and dental, respectively:

Marketplace Per Member Per Month (PMPM) assessment: Oregon's Marketplace is primarily funded through a per member per month (PMPM) fee of \$9.66 for medical plans and 97 cents for dental plans purchased through the Marketplace. These rates are in effect through the end of the 2016 calendar year. Beginning January 2017, the PMPM fee for medical plans will be \$6.00 and 57 cents for dental plans. Based on the updated enrollment projection and proposed changes to the PMPM fee, estimated revenue for the remainder of the biennium is projected to be approximately \$14.6 million, 4.7 percent higher than the original estimate. Fees for 2017 were set to reflect expected enrollments, program expenditures, and to manage the statutory maximum for the ending fund balance.

Assuming DCBS will not assume any additional cost related to procuring a platform or SHOP, and based on projected enrollments, associated revenues, and projected expenditures, DCBS expects the Health Insurance Exchange Fund will remain stable and self-sustaining for the 2016 calendar year, ending with a fund balance of approximately 9.5 months' worth of expenditures.