

Oregon Health Insurance Marketplace

Report to the Joint Interim Committee on
Ways and Means and Interim Senate and
House Committees on Health Care

January 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

The Department of Consumer and Business Services (DCBS) developed this report to update the Joint Interim Committee on Ways and Means, Interim Senate Committee on Health Care, and Interim House Committee on Health Care about Oregon's health insurance marketplace (Marketplace). In accordance with Section 21 of Senate Bill 1 (Chapter 003, 2015 Laws), DCBS provides these reports every time the interim committees meet.

Since the last report in November 2015, DCBS has continued to provide support and information for Oregonians seeking health insurance during the 2016 plan year open enrollment period, which began Nov. 1 and ends Jan. 31. DCBS staff has been attending community events and enrollment fairs, meeting with small business owners and organizations, answering calls from consumers and our partners, providing information to media outlets, and supporting community organizations and insurance agents throughout the state. This year, DCBS also worked with 24 agents to create drop-in enrollment centers, which are open to the public during the entire open enrollment period.

We encourage Oregonians to go to HealthCare.gov to shop and compare plans, even if they can auto-renew their coverage. Every year, what plans cover and the costs can change. The Centers for Medicare and Medicaid (CMS) estimates that eight out of 10 current customers in Oregon could save money in 2016 by changing plans, with an average savings of \$569 per year. Last year, consumers who shopped and switched plans saved nearly \$400. It's also important to note that HealthCare.gov is the only place where Oregonians can see if they qualify for tax credits to help pay for premiums and cost-share-reductions to pay for out-of-pocket costs.

As of Dec. 5, 2015, 49,825 Oregonians have selected health insurance plans for 2016¹. It is too early to tell how that will mean in terms of total enrollment for 2016, but we are encouraged that so many Oregonians have been able to get through the enrollment process only a month after the beginning of open enrollment. We will continue to share more enrollment numbers with the legislature as the U.S. Department of Health and Human Services (HHS) makes them available.

As anticipated, HHS announced proposed costs for using the federal platform. HHS proposes a user fee rate of 3 percent of premiums for State-based Marketplaces (SBMs) like Oregon that use HealthCare.gov beginning in 2017. This 3 percent of premiums would be in addition to the fees the state already charges to cover Marketplace expenses, currently about 2.9 percent of premiums. HHS is considering reducing the rate for plan year 2017 to ease the transition from the providing the platform at no cost to 3 percent of premium. DCBS has begun evaluating the potential impacts of the proposed fee and intends to provide feedback to HHS before the rule is finalized in February 2016. More information on the proposed rule and its implications are discussed in the subsequent sections of this report.

¹ CMS Health Insurance Marketplace Open Enrollment Snapshot, Week 5: November 29 – December 5, 2015

Now that we know the proposed cost of the federal platform, DCBS will begin collecting information about the cost of systems available from private vendors for comparison. DCBS recently released a Request for Proposals (RFP) for technology solutions for both the Small Business Health Options Program (SHOP) and the individual market. The RFP will provide us with the information we need in order to conduct a thorough analysis of all of our options. DCBS will present its analysis and discuss options with the legislature in the coming months.

DCBS intends to bring a number of items to the legislature related to the Marketplace's budget, including the cost of SHOP and the federal platform, marketing and outreach plans and expenses, and position requests. Each of these items is discussed in further detail in the financial condition section of this report. In our next report in February 2016, we will provide further updates about 2016 plan year enrollment, the impact of the proposed federal platform costs, and the latest information about the RFP.

Thank you for your continued support and feedback about the Marketplace. We look forward to ensuring that the Marketplace is a trusted and valuable resource for Oregonians in need of health care coverage.

Sincerely,

A handwritten signature in blue ink, appearing to read "P. Allen", with a stylized flourish at the end.

Patrick M. Allen, DCBS Director

II. Financial Condition

741.222(1)(a) “The financial condition of the health insurance exchange, including actual and projected revenues and expenses of the administrative operations of the exchange and commissions paid to insurance producers out of fees collected under ORS 741.105 (5)”

The financial condition of the Marketplace is stable and self-sustaining for the 2015-2017 biennium. In 2017, the federal government will begin charging for use of the federal platform, HealthCare.gov. The federal government has not yet finalized what the charge will be or who will collect it. In their draft rule, they propose to charge insurers who use HealthCare.gov 3 percent of premium. For the plan year 2017, they propose possibly reducing that fee to 1.5 percent or 2 percent of premium.

If the federal government collected the charge directly from insurers, DCBS would not need to cover the federal platform costs through its Marketplace budget. If the federal government chose to charge DCBS instead of insurers directly, the charges would have a significant impact on the Marketplace’s operating costs, especially in later bienna. The current fund balance forecast suggests the Marketplace has enough funds to cushion those cost increases, but the state would need to address current fund caps to make that a viable strategy to ensure financial stability.

DCBS is currently collecting information about private vendor technology platform options and associated costs through an RFP. Once the RFP process is complete, the agency will make a recommendation to policy makers about the best way to continue to provide services to Oregonians and cover the Marketplace’s costs.

If DCBS switches platforms or needs to pay the federal government directly for use of the federal platform, the agency will need to find the right balance of reducing expenses and/or increasing assessments to cover the additional costs. The forecasts contained in this report are based on the federal government collecting its fees directly from insurers.

Budget Authority

For reference purposes throughout this section, DCBS’s 2015-2017 Legislatively Adopted Budget (LAB) is shown in the table below.

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

Revenue

Oregon’s Marketplace is currently financially self-sustaining, primarily funded through a per member per month (PMPM) fee of \$9.66 for medical plans and \$0.97 for dental plans purchased through the Marketplace. The revenue forecast for the Marketplace is detailed in the table below.

Revenue Forecast as of November 2015

Status	Period Ending	Medical Assessment	Dental Assessment	Cover OR Transfer	OHA Transfer	Investment/Misc	Total Revenue
	FY 2015	\$0	\$0	\$0	\$0	\$0	\$0
Actual	09/30/15	2,405,508	63,370	1,055,908	0	5,715	3,530,501
Estimate	12/31/15	2,567,439	40,126	895,032	4,702,934	2,048	8,207,578
Estimate	03/31/16	1,889,216	23,535	0	3,030,785	8,884	4,952,420
Estimate	06/30/16	2,782,721	45,050	0	3,052,118	10,692	5,890,581
	FY 2016	\$9,644,883	\$172,081	\$1,950,940	\$10,785,837	\$27,339	\$22,581,081
Estimate	09/30/16	2,869,968	44,513	0	288,483	11,560	3,214,524
Estimate	12/31/16	2,838,838	44,137	0	288,483	17,948	3,189,406
Estimate	03/31/17	2,130,146	25,889	0	288,483	28,241	2,472,759
Estimate	06/30/17	3,137,598	49,556	0	288,483	38,977	3,514,615
	FY 2017	\$10,976,550	\$164,095	\$0	\$1,153,933	\$96,726	\$12,391,305
Estimate	09/30/17	3,235,972	48,963	0	288,483	53,990	3,627,409
Estimate	12/31/17	3,200,872	48,551	0	213,953	74,694	3,538,070
Estimate	03/31/18	2,830,044	45,787	0	213,953	93,575	3,183,359
Estimate	06/30/18	2,830,044	45,787	0	213,953	106,421	3,196,205
	FY 2018	\$12,096,933	\$189,087	\$0	\$930,342	\$328,681	\$13,545,044
Estimate	09/30/18	2,830,044	45,787	0	213,953	115,576	3,205,360
Estimate	12/31/18	2,830,044	45,787	0	213,953	128,400	3,218,184
Estimate	03/31/19	3,104,350	47,160	0	213,953	142,047	3,507,509
Estimate	06/30/19	3,104,350	47,160	0	213,953	153,392	3,518,855
	FY 2019	\$11,868,788	\$185,894	\$0	\$855,812	\$539,415	\$13,449,909

As shown in the table above, the Marketplace has also received or will receive revenue from Cover Oregon, the Oregon Health Authority, and earned investment (interest). Each of these categories is discussed in further detail below.

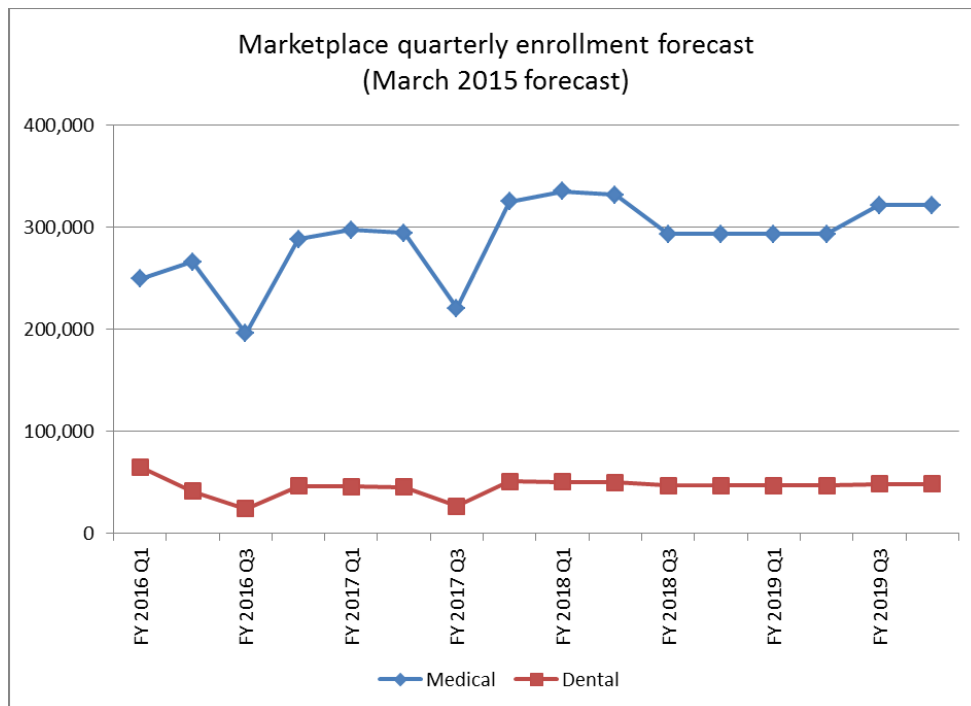
- Marketplace PMPM assessment:** For the period of July 2015 through November 2015, the amount of assessment revenue earned compared to the estimated PMPM revenue forecasted is greater by \$152,085. This increase in earned revenue is a result of medical and dental enrollments being higher than the LAB estimate by 15,219 and 4,513, respectively. Insurance carriers self-report enrollment data. They report the number of medical and dental enrollments separately and do not report how many enrollees are subject to assessments for both medical and dental plans. Actual enrollment through November 30, 2015 is shown below:

2015-2017 Marketplace Enrollments as of November 30, 2015

Months	Forecasted Enrollments		Actual Enrollments		Variance = over/(under)	
	Medical	Dental	Medical	Dental	Medical	Dental
July 2015	89,924	13,597	95,611	14,723	5,687	1,126
August 2015	89,564	13,542	94,772	14,451	5,208	909
September 2015	89,206	13,488	93,417	14,355	4,211	867
October 2015	88,849	13,434	88,876	14,204	27	770
November 2015	88,494	13,381	88,653	14,222	159	841
Average:	89,208	13,488	92,266	14,391	3,058	903
% Variance:					3.4%	6.7%

Insurance carriers periodically update actual enrollments, and DCBS will adjust monthly enrollment data in future reports accordingly. These updates are usual and customary for the industry and are due to non-payment by individuals purchasing plans or coverage events such as births and deaths. Anytime updated enrollment data decreases the amount owed by insurance carriers in past periods, DCBS applies credit to future assessment billings instead of providing a refund.

The LAB revenue forecast is based on the expected quarterly enrollment activity shown in the following table. The enrollment projection for each quarter is the sum of three months-worth of enrollment (e.g. 100,000 enrollees in July plus 100,000 enrollees in August plus 100,000 enrollees in September equals 300,000 enrollments for the quarter).



The above actual enrollment numbers represents the following billing activity:

2015-2017 Marketplace Assessment - Amounts Billed as of November 30, 2015

Months	Forecasted Billings		Amounts Billed		Variance = over/(under)		
	Medical	Dental	Medical	Dental	Medical	Dental	
July 2015	\$ 868,668	\$ 13,189	\$ 923,602	\$ 14,281	\$ 54,935	\$ 1,092	
August 2015	\$ 865,193	\$ 13,136	\$ 915,498	\$ 14,017	\$ 50,304	\$ 882	
September 2015	\$ 861,732	\$ 13,083	\$ 902,408	\$ 13,924	\$ 40,676	\$ 841	
October 2015	\$ 858,285	\$ 13,031	\$ 858,542	\$ 13,778	\$ 257	\$ 747	
November 2015	\$ 854,852	\$ 12,980	\$ 856,388	\$ 13,795	\$ 1,536	\$ 816	
Total:	\$ 4,308,730	\$ 65,419	\$ 4,456,438	\$ 69,796	\$ 147,708	\$ 4,378	
					% Variance:	3.4%	6.7%

DCBS bills insurance carriers the month after the reporting month, and insurance carriers have approximately 30 days to submit payment, which creates a two-month lag in receipt of revenue earned. In addition, as of the last billing cycle on November 10, 2015, 21 percent of the insurance carrier's outstanding balance is aged between 30 and 60 days, slightly delaying the availability of cash to operate the program. In spite of the delay, the Marketplace has sufficient operating funds due to the Cover Oregon transfer.

Actual revenue information is available for the period July 2015 through October 2015 and is detailed in the following table:

Month Ending	Cover Oregon Transfer	OHA Transfer	Interest	Misc.	Assessment Revenue			Total Revenue
					Medical	Dental	Total	
07/31/15	1,055,908		384	-	441,843	18,950	460,792	1,517,085
08/31/15			471	1,111	591,752	25,076	616,828	618,411
09/30/15			487	3,261	1,371,913	19,344	1,391,257	1,395,005
10/31/15	895,032	-	1,420	8,027	1,218,957	7,345	1,226,302	2,130,780
Total	\$ 1,950,940	\$ -	\$ 2,762	\$ 12,399	\$ 3,624,465	\$ 70,715	\$ 3,695,180	\$ 5,661,280

- Cover Oregon' Balance Transfer:** The LAB estimated a transfer of \$8.2 million from Cover Oregon to DCBS. To date DCBS has received a total fund transfer of \$2.5 million. Of this amount, \$1.95 million has been transferred to the Marketplace fund and \$581,000 was applied to the 2013-2015 biennial period to reimburse DCBS for Cover Oregon expenses paid by DCBS. The \$2.5 million received by DCBS fell short of the initial estimate by approximately \$5.7 million. A major contributing factor of this net shortfall is the prepayment of Cover Oregon's Oracle contracts. Cover Oregon prepaid these contracts to help ensure a seamless transition of the contracts from Cover Oregon to DCBS. As a result, DCBS's expenses will be lower than originally forecasted by a corresponding amount.
- OHA Transfer:** The LAB originally projected a total transfer from OHA of \$13.2 million. DCBS has revised the estimate to \$10.5 million, \$2.7 million less than originally anticipated, as detailed in the chart below:

IT Cost Allocation - Updated November 2015

Software	Agency	Description	Duration	15-17 LAB Estimate			Current Estimate			Estimated Ongoing Quarterly Transfers
				(15-17 Cost)	Projected OHA Transfer	DCBS 15-17 Cost	(15-17 Cost)	Projected OHA Transfer	DCBS 15-17 Cost	
NIN Software	DCBS/OHA	Call Center Telephone System	Ongoing	1,500,000	1,350,000	150,000	1,500,000	1,350,000	150,000	168,750
Oracle Premiere	DCBS/OHA	Hardware/Architecture support	March 2016	1,200,000	1,140,000	60,000	1,200,000	1,140,000	60,000	-
Oracle software	DCBS/OHA	Software support	March 2016	678,900	644,955	33,945	678,900	644,955	33,945	-
Oracle On Demand	DCBS/OHA	Additional support services	March 2016	3,300,000	3,135,000	165,000	3,300,000	3,135,000	165,000	-
Oracle Cloud	DCBS/OHA	Stores enrollment data	March 2016	1,161,000	1,102,950	58,050	1,161,000	1,102,950	58,050	-
Speridian (original)	DCBS/OHA	Ongoing Maintenance	March 2016	6,216,000	5,542,600	673,400	2,520,000	2,212,000	308,000	-
Speridian (New)	DCBS/OHA	Archiving solution	Ongoing	-	-	-	1,076,000	488,000	588,000	6,803
Amazon Cloud	DCBS/OHA	Stores electronic enrollment applications	Ongoing	384,000	307,200	76,800	384,000	307,200	76,800	38,400
Tornai Consulting	OHA	MAGI Project	December 2015	-	-	-	120,000	120,000	-	-
Total:				\$ 14,439,900	\$ 13,222,705	\$ 1,217,195	\$ 11,939,900	\$ 10,500,105	\$ 1,439,795	\$ 213,953
					Change from LAB:		\$ (2,500,000)	\$ (2,722,600)	\$ 222,600	

The OHA transfer revenue will reduce significantly during the second fiscal year of this biennium due to the expiration of the Oracle contracts. The difference between the LAB estimate and the current estimate is a net result of the following changes:

- Original estimates included an ongoing projection of the original Speridian contract, which is now estimated to be completed in March 2016 when the Oracle contracts expire. The work included in this contract will no longer be necessary after March 2016 and has been reduced by \$3.7 million.
- The current estimate includes new Speridian services to provide for an archiving solution of Oracle data, increasing the costs by \$1.1 million. This work will be shared between OHA and DCBS. OHA will cover 45 percent of the costs, and DCBS will cover the remaining 55 percent.
- The estimate also includes a contract for Tornai Consulting. This contract was not in the original projection because the statement of work is solely for OHA. However, the contract was transferred to DCBS because it fell under the body of work that was transferred from Cover Oregon. Therefore DCBS is obligated to pay for these services and seek reimbursement from OHA, increasing the total shared contract costs by \$120,000.

In addition to the revenue transfer for shared contracts, OHA has been billed approximately \$2 million for its portion of contract costs that Cover Oregon paid for and had not been reimbursed for as of June 30, 2015. This amount is not included in the IT cost allocation table above as the obligation to pay was made to Cover Oregon, not DCBS. This amount is included in the revenue projections for the quarter ending December 2015 under the OHA Transfer category. DCBS bills OHA quarterly the first month of the subsequent quarter and therefore revenue lags by approximately one quarter. However, this delay in payment has not jeopardized the Marketplace's cash flow to date.

- **Interest (Investment) Income:** The Marketplace fund earns interest income, which contributes to the ending fund balance and is expected to be received as anticipated.

- **Federal Funds:** No federal grant funds were transferred to DCBS when it took over management of the Marketplace on July 1, 2015. All federal grants are either closed or in the process of being closed.

Expenditures

The following table details actual expenditures from July 2015 through October 31, 2015, expenditure projections for the remaining biennial period, and the variance from the LAB.

Current Expenditure Projections

Section	2015-2017 LAB	Actual Expenditures as of 10/31/15	Projections 11/2015 - 6/2017	Projected Total	Variance Over/(Under)	% Variance (Projections/LAB)
Marketplace	30,525,202	3,360,177	18,377,599	21,737,776	(8,787,426)	71%
Shared Services	1,951,351	306,707	1,619,764	1,926,471	(24,880)	99%
DCBS Total LAB	32,476,553	3,666,884	19,997,363	23,664,247	(8,812,306)	73%

As shown in the table above, current projections are less than LAB projections by \$8.8 million. This \$8.8 million is a net decrease that resulted from the following changes:

- The LAB expenditure projections included Oracle contract payments in the amount of \$6.4 million. Since Cover Oregon prepaid these contracts (see discussion on page 7), those amounts have been removed from the projections.
- IT expenditures were additionally reduced by a net of \$2.5 million as detailed in the OHA transfer discussion on page 8 and therefore this amount was removed from the projections.
- Personal services projections were decreased by \$1.4 million to reconcile original budgeted salaries and current salaries and vacancies related to attrition of employees in limited duration positions.
- Services and supply were decreased by \$500,000 primarily due to the reduction of projected expenditures to address potential claims resulting from errors Cover Oregon made when estimating Advance Premium Tax Credits (APTC) for plan year 2014. Actual expenditures have been less than originally estimated.
- Total reductions have been offset with an increase to attorney general projections in the amount of \$2 million.

Of the actual expenses paid as of October 31, 2015, \$1,400 has been paid to insurance agents on behalf of Cover Oregon's obligation to pay for commissions. The Marketplace is no longer responsible for paying commissions to insurance agents now that Oregon uses the federal platform, HealthCare.gov.

Ending Fund Balance

The chart below summarizes the aforementioned total revenue and expenses for the 2015-2017 biennium and forecast amounts for the fiscal years ending June 2018 and 2019, respectively. 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. Based on the information available at the time of this report, DCBS anticipates that the

Marketplace fund balance will reach the equivalent of this amount toward the end of the 3rd quarter of fiscal year 2016.

**Oregon Health Insurance Marketplace Fund
Forecast Revenues, Expenses, and Fund Balances
(actual data through October 2015)**

Status	Period Ending		Total Revenue	Total Expenses	Excess (Deficit)	Ending Fund Balance	Coverage Ratio	Months
	FY 2015		\$0	\$0	\$0	\$0	-	-
Actual	Quarter	09/30/15	\$3,530,501	2,148,728	1,381,773	1,381,773	0.64	1.4
Actual	Month	10/31/2015	2,130,780	1,469,188	661,592	2,043,365		
Estimate	Month	11/30/215	5,207,335	1,196,819	4,010,516	6,053,882		
Estimate	Month	12/31/15	869,463	1,313,301	(443,838)	5,610,044	1.41	5.7
Estimate	Quarter	03/31/16	\$4,952,420	4,234,615	717,805	6,327,849	1.49	6.5
Estimate	Quarter	06/30/16	\$5,890,581	3,183,635	2,706,946	9,034,795	2.84	9.2
FY Total	FY 2016		\$ 22,581,081	\$ 13,546,286	\$ 9,034,795	\$ 9,034,795	2.84	9.2
Estimate	Quarter	09/30/16	\$3,214,524	2,360,271	854,253	9,889,048	4.19	10.1
Estimate	Quarter	12/31/16	\$3,189,406	2,091,072	1,098,334	10,987,382	5.25	11.2
Estimate	Quarter	03/31/17	\$2,472,759	2,523,589	-50,830	10,936,553	4.33	11.2
Estimate	Quarter	06/30/17	\$3,514,615	2,956,082	558,533	11,495,086	3.89	11.8
FY Total	FY 2017		\$ 12,391,305	\$ 9,931,014	\$ 2,460,291	\$ 11,495,086	3.89	11.8
Estimate	FY Total	FY 2018	\$ 13,545,044	\$ 9,488,384	\$ 4,056,660	\$ 15,551,745	5.50	19.6
Estimate	FY Total	FY 2019	\$ 13,449,909	\$ 9,508,190	\$ 3,941,719	\$ 19,493,464	6.88	24.6

These projections only account for DCBS current authority and known liabilities, and if these obligations remained the same, the Marketplace would be positioned to remain more than self-sustaining at the current levels of enrollments and assessments. There are a number of items DCBS is preparing to bring forward in February 2016 that are not included in our current projections. The following discussion details future needs that will have an impact on the ending fund balance.

- SHOP and Federal Platform:** We currently do not have enough information to predict the exact impact of SHOP and the federal platform on our ending fund balance for the 2015-17 biennium. That said, within the policy framework of Senate Bill 1, DCBS is currently limited to holding no more than six months of expenditures in reserve. In light of the possible cash flow needs in 2017-2019 and 2019-2021, DCBS would like to start a conversation with the Legislature about the best way to ensure stability of fees over the coming biennia and address the funding needs of the program. Please see federal platform discussion below and Section VI, Small Business Health Options Program (SHOP) for more details.
- Outreach and Marketing:** DCBS will be reporting on the current outreach and marketing plan and requesting an increase to the outreach and marketing expenditures, approximately \$1.7 million.
- Position Request:** DCBS will be requesting an increase in personal services and service and supply costs related to the position request. DCBS will be requesting permanent position authority for a total of eight positions. Although the request is for eight

permanent positions, the impact on future ending balance is limited to two positions. Of the eight positions, six are outreach center positions, and the current estimate projects the outreach center as a going concern and the positions are therefore already included in current projections. For more details, please see below.

The table below estimates the impact of these items on the Marketplace ending fund balance. The revised ending fund balance is calculated by adding the current revenue projections and subtracting the current expenditures as well as the increased expenditure projections that would result from adding the remaining Outreach and Marketing budget, Position Request, and removing the interest that was included in the current projection that is based on the higher ending fund balance.

**Oregon Health Insurance Marketplace Fund
Forecast Revenues, Expenses, and Fund Balances
(actual data through October 2015 and proposed requests)**

Status	Period Ending		Current Estimate		Current Estimate with Proposed Request					Revised Ending Fund Balance	Coverage Ratio
			Ending Fund Balance	Coverage Ratio	Current Revenue	Current Expense	Outreach & Marketing	Position Request	Interest Adjustment		
	FY 2015		\$0	-	\$0	\$0	\$0	\$0	\$0	\$0	-
Actual	Quarter	09/30/15	1,381,773	0.64	\$3,530,501	2,148,728	-	-	-	1,381,773	0.64
Actual	Month	10/31/2015	2,043,365		2,130,780	1,469,188	-	-	-	2,043,365	
Estimate	Month	11/30/215	6,053,882		5,207,335	1,196,819	-	-	-	6,053,882	
Estimate	Month	12/31/15	5,610,044	1.41	869,463	1,313,301	-	-	-	5,610,044	1.41
Estimate	Quarter	03/31/16	6,327,849	1.49	\$4,952,420	4,234,615	-	33,948	-	6,293,901	1.47
Estimate	Quarter	06/30/16	9,034,795	2.84	\$5,890,581	3,183,635	-	25,065	(57)	8,975,725	2.80
	FY End	05/26/62	\$ 6,327,849	2.84	\$ 22,581,081	\$ 13,546,286	\$ -	\$ 59,013	\$ (57)	\$ 8,975,725	2.80
Estimate	Quarter	09/30/16	9,889,048	4.19	\$3,214,524	2,360,271	425,000	54,239	(76)	9,350,663	3.29
Estimate	Quarter	12/31/16	10,987,382	5.25	\$3,189,406	2,091,072	425,000	54,239	(977)	9,968,781	3.88
Estimate	Quarter	03/31/17	10,936,553	4.33	\$2,472,759	2,523,589	425,000	54,239	(2,618)	9,436,094	3.14
Estimate	Quarter	06/30/17	11,308,139	3.60	\$3,514,615	3,143,029	425,000	54,239	(5,347)	9,323,094	2.77
	FY End	FY 2017	\$11,308,139	3.60	\$ 12,391,305	\$ 10,117,961	\$ 1,700,000	\$ 216,956	\$ (9,018)	\$ 9,323,094	2.77
Estimate	FY End	FY 2018	\$15,364,799	5.50	\$ 13,545,044	\$ 9,488,384	\$ 850,000	\$ 217,815	\$ (58,577)	\$ 12,253,362	4.01
Estimate	FY End	FY 2019	\$19,306,518	6.88	\$ 13,449,909	\$ 9,508,190	\$ 850,000	\$ 217,815	\$ (96,114)	\$ 15,031,151	4.89

Cost of the Federal Platform

For plan year 2016, the federal government will continue to provide its technology platform to Oregon at no charge. The federal government will begin charging in 2017. HHS recently issued a proposed Notice of Benefit and Payment Parameters for 2017, which included a proposed user fee rate of 3 percent of premiums for State-based Marketplaces like Oregon that use HealthCare.gov. HHS is considering reducing the rate for plan year 2017, perhaps to 1.5 percent or 2 percent.

The total cost of the federal platform each year will depend on the average cost of premiums and the number of people who enroll each year, because the cost is a percent of premiums. Below, DCBS has created some preliminary projections for what those costs might be per member per month and in total for the state.

At this time, DCBS does not know what the average premium will be for 2017, since insurers will not submit proposed rates for 2017 until spring 2016 and the average will depend on how many people enroll in each plan. However, as part of determining the assessment rate for 2016,

DCBS created a series of projections through calendar year 2019. In those projections, DCBS assumed an average premium of \$350 for medical and \$33 for dental for calendar years 2017 through 2019. The table below estimates the cost of using the federal platform expressed as a per member per month fee if the average premium is \$350 for medical and \$33 for dental.

Please note that this table and the one after it provide only the estimated cost of the federal platform and do not include any other costs associated with the Marketplace.

Potential Cost of the Federal Platform as a Per Member Per Month Fee				
	Assumed average premium	1.5 percent	2 percent	3 percent
Medical	\$350	\$5.25	\$7.00	\$10.50
Dental	\$33	\$0.50	\$0.66	\$0.99

The total cost of the platform will also depend on the number of Oregonians who enroll through the Marketplace. The table below provides estimated costs of the federal platform based on enrollment projections DCBS used when setting the 2016 assessment rate.

Potential Cost of the Federal Platform January 1, 2017 through June 30, 2019										
Period	Assumed Medical Enrollment	Assumed Dental Enrollment	Assumed Average Medical Premium	Assumed Average Dental Premium	Months	Total Medical Premiums	Total Dental Premiums	1.5 Percent of Premiums	2 Percent of Premiums	3 Percent of Premiums
Jan. 1, 2017 - Jun. 30, 2017	90886	12963	\$350	\$33	6	\$ 190,860,290	\$ 2,566,686	\$ 2,901,405	\$ 3,868,540	\$ 5,802,809
Jul. 1, 2017 - Dec. 31, 2017	111057	16755	\$350	\$33	6	\$ 233,218,986	\$ 3,317,487	\$ 3,548,047	\$ 4,730,729	\$ 7,096,094
Jan. 1, 2018 - June 30, 2018	97655	15734	\$350	\$33	6	\$ 205,075,652	\$ 3,115,404			\$ 6,245,732
Jul. 1, 2018 - Dec. 31, 2018	97655	15734	\$350	\$33	6	\$ 205,075,652	\$ 3,115,404			\$ 6,245,732
Jan. 1, 2019 - Jun. 30, 2019	107120	16206	\$350	\$33	6	\$ 224,952,899	\$ 3,208,825			\$ 6,844,852

Based on the projections above, the federal platform could cost:

- Between approximately \$2,901,000 and \$5,803,000 in fiscal year 2017
- Between approximately \$9,794,000 and \$13,342,000 in fiscal year 2018
- Approximately \$13,091,000 in fiscal year 2019

Currently, Oregon charges a per member per month flat fee of \$9.66 for medical plans and \$0.97 for dental plans. Those flat fees are equivalent to about 2.9 percent of medical premiums and 3.1 percent of dental premiums, as can be seen from the chart below.

2014 and 2015 Assessment Rates ²		
Medical	2014	2015
Average premium	\$326.26	\$337.24 (as of Nov.)
Per Member Per Month Assessment Fee	\$9.38	\$9.66
Percent of Premium	2.9 percent	2.9 percent

Dental	2014	2015
Average premium	\$27.00	\$31.31 (as of Nov.)
Per Member Per Month Assessment Fee	\$0.93	\$0.97
Percent of Premium	3.4 percent	3.1 percent

DCBS uses those flat fees to pay for everything associated with the marketplace, including its state-based call center, outreach and education programs, navigator program, plan management functions, administration, and operations. As a state-based marketplace, Oregon will continue to be responsible for those functions and will still need to collect fees to pay for them, in addition to ensuring that the federal government receives payment for use of HealthCare.gov. In early 2016, when DCBS determines what the per member per month fees for the state will be for 2017 plans, we will need to consider both state and federal costs and their impact on total premium costs.

It is important to note that if the federal government charges insurers 3 percent of premiums for use of HealthCare.gov, the total amount assessed to Marketplace premiums will greatly increase. Even if the federal government charges insurers directly instead of charging the state, policy makers will likely be concerned about the total cost and its impact on health insurance costs for Oregonians.

Oregon Revised Statute (ORS) 741.105 states that the total assessment charge for the Marketplace may not exceed 5 percent of premiums. To maintain total assessments at or below 5 percent, DCBS would have to reduce the charge for all expenses other than the federal platform from 2.9 percent to 2 percent or less, reducing the funds available for functions like administration, operations, outreach, and plan management by almost one-third. If the average premium in 2017 were \$350, that would leave DCBS with only about \$8.6 million in revenue for calendar year 2017 and make it difficult for the agency to properly fulfill the functions required by state and federal law.

As detailed below in the technology development section of this report, DCBS is in the process of collecting information about private vendor systems to compare with the proposed cost of the federal platform. DCBS will perform a cost-benefit analysis of the technology options available and report that information to the legislature once complete.

Position Management

² The percent of premium is determined by dividing the average premium cost by the per member per month flat fee.

Transferring the management of the Marketplace from a public corporation to a state agency allowed the state to take advantage of economies of scale and cost savings due to shared services. DCBS has 24 Marketplace employees as of LAB 2015-17. This includes 11 permanent program staff who are responsible for the core administrative and operational functions and 13 temporary call center representatives. For the sake of comparison, Cover Oregon employed more than 100 people in December 2014.

The limited duration call center staff came from Cover Oregon and brought with them a wealth of knowledge and experience regarding the Marketplace. They have been a crucial part of maintaining the stability and integrity of the Marketplace. The call center currently has four vacancies; three of these individuals have resigned to take other permanent jobs. DCBS has been assessing its ongoing call center needs since the transition and determined the need for six permanent call center positions.

During the transition, DCBS also determined that there was a large amount of work involved in federal reporting and analysis for the CMS and the Internal Revenue Services (IRS). The required reporting entails information security, privacy policies, and practices with a focus on personal identifiable information protection and compliance with IRS rules and federal regulation. There are a total of five reports that must be submitted to our federal partners ranging in size from 18-100 pages. The reports required include:

- CMS Minimum Acceptable Risk Standards Report (annually)
- CMS Privacy Impact Assessment (annually)
- CMS Plan of Action and Milestones (quarterly)
- IRS Correction Action Plan (two reports annually)
- IRS Safeguard Security Report (annually)

In addition to the reporting, DCBS must conduct annual policy review, compliance inspections, and incident response testing to ensure compliance with federal regulation. A limited duration position was created during the transition of Cover Oregon to assess the reporting requirements, and DCBS quickly determined that a permanent position would be more appropriate to meet the federal requirements. The position and expertise needed to perform this analysis and complete the required activities does not currently exist at DCBS. The position will require expert knowledge of IRS publication 1075, federal regulations, and the National Institute of Standards and Technology (NIST) 800 Series of policies, procedures, and guidelines.

Further, DCBS has experienced a 93 percent increase of contracting work due to the contracting needs of the Marketplace. DCBS's existing procurement and contracting staff do not have the capacity to perform this additional body of work. DCBS explored working with the Department of Administrative Services and hiring a limited duration position, but neither option would have provided DCBS with enough resources for this ongoing work. To ensure that the agency can meet these substantial, ongoing contracting needs, DCBS determined that a permanent full-time Procurement and Contract Specialist 3 is needed.

DCBS intends to submit a request during 2016 to:

- Add six permanent full-time call center positions.

- Remove 13 limited duration call center positions.
- Add one permanent full-time information technology services position
- Add one permanent full-time contract specialist

If approved, this request would reduce DCBS's overall limitation for 2015-2017 by \$370,000. The 2017-2019 estimated value of these positions is approximately \$1.5 million; for comparison, the 2015-2017 personal services budget for the call center is approximately \$2.3 million.

III. Technology Development

741.222(1)(b) "The development of the information technology system for the exchange"

Over the last few months, DCBS has been developing an RFP to collect information about fully functional and cost-effective technology solutions for both SHOP and the individual market. To develop the RFP, DCBS worked with the Robert Wood Johnson Foundation and the State Health Reform Access Network (SHRAN), both of which have considerable expertise and experience with state marketplace technology. SHRAN helped DCBS develop the business and technical specifications.

In addition, DCBS hired an independent technology company to review the RFP in its entirety to ensure the state receives adequate and substantial responses. The reviewer was charged with identifying risks, clarify issues, ambiguities, or omissions within the RFP. DCBS also worked closely with the Department of Justice to ensure legal sufficiency and integrity of the project and with the Department of Administrative Services to ensure the RFP complied with all procurement rules and processes. DCBS also has made sure to inform the Legislative Fiscal Office and the State Chief Information Office about the RFP.

In December, DCBS completed and released the RFP. Responses will be due at the end of January 2016. A week after DCBS receives responses, the agency will interview proposers and view demonstrations of their systems.

DCBS is only seeking responses from private vendors who have already implemented and operated an ACA-compliant technology solution, and DCBS expects proposers to fully explain their past experience. The RFP asks the private vendors to describe their solution, provide cost estimates, and explain how it would:

- Support the core operations of the marketplace;
- Be flexible enough to adapt to changing federal and state regulations, policies, and business rules;
- Interoperate with required external systems; and
- Utilize best practices.

Examples of this type of functionality include:

- A consumer and small business web portal;
- Eligibility determination;
- Plan enrollment;

- Plan management;
- Financial management;
- SHOP; and
- Consumer assistance activities such as notices, reporting, and administrative functions.

Once DCBS has all of the information necessary, it will prepare an analysis of all of the options to present to the legislature, including a cost-benefit analysis that compares the costs of the federal platform to costs of private vendor systems. DCBS will make a recommendation to the legislature about what technology platform would best serve the interests of the state. In accordance with SB 1, DCBS will need to seek approval from the legislature for any technology that costs more than \$1 million, and DCBS would also need to receive budget authority to pay for a system. In addition, the procurement of any technology system would be subject to the state's stage gate process.

DCBS will continue to provide updates about the RFP and technology solutions in subsequent reports.

IV. Coordination with the Oregon Health Authority

741.222(1)(C) "Efforts made, in collaboration with the Oregon Health Authority, to coordinate eligibility determination and enrollment processes for qualified health plans and the state medical assistance program"

DCBS continues to maintain a close working relationship with OHA, the agency that oversees the Oregon Health Plan (OHP), Oregon's Medicaid program, to ensure cross-agency collaboration between marketplace and Medicaid operations. Some areas of collaboration include:

Operations and Technology:

DCBS and OHA continue to work together on the management of the state's eligibility and enrollment systems, including coordination with HealthCare.gov and other federal systems. The coordination has ensured that there is no wrong door for applicants. Currently, Oregonians can apply for Medicaid either directly through an OHP PDF application or through HealthCare.gov, and those found ineligible for OHP can apply for a special enrollment period to sign up for a qualified health plan through HealthCare.gov.

DCBS is also coordinating with OHA on the implementation of OHA's new Medicaid eligibility and enrollment system, OregONEligibility (ONE), which began operating Dec. 15, 2015.

Outreach and Education:

DCBS and OHA are currently coordinating their outreach and education efforts, focusing on the open enrollment period for the Marketplace and the implementation of the ONE system. This includes but is not limited to:

- Partnering to provide a network of community partner organizations with more than 800 enrollment assisters capable of helping and enrolling both qualified health plan and OHP eligible people;
- Coordinating call center operations and information;
- Using OregonHealthCare.gov as the state’s website for information about both the Marketplace and OHP so people seeking information about either have a central resource available;
- Coordinating OHP and Marketplace messaging and materials; and
- Working together on stakeholder engagement, including on reports and recommendations requested by the legislature, such as for the proposed COFA islander premium assistance program (House Bill 2522, 2015 session) and Basic Health Plan (House Bill 2934, 2015 session). OHA led the work group looking in the possibilities of a Basic Health Plan and is responsible for providing the findings to legislature in a separate report. The report will outline a possible program that could be implemented through the Marketplace. DCBS can provide further information on this potential program in future reports.
- Exploring the possibilities associated with 1332 waivers. Section 1332 of the Affordable Care Act allows states to waive specific provisions of the Act in order to implement innovative state solutions to health care issues, such as establishing the Basic Health Plan.

V. Program Integration

741.222(1)(d) “The progress of integrating the duties and functions transferred to the Department of Consumer and Business Services”

Cover Oregon Transition

The transition of duties and functions from Cover Oregon to DCBS has been completed and went smoothly. In accordance with Senate Bill 1, Cover Oregon closed on June 30, 2015, and the Marketplace has been operating at DCBS since July 1, 2015.

Advisory Committee

Senate Bill 1 also established a health insurance marketplace committee. The committee will provide guidance and feedback on issues affecting the marketplace such as outreach, customer feedback, and insurance plan affordability. To help identify more candidates, DCBS extended the deadline for applications for the advisory committee to Dec. 8, 2015 and now plans to seek Senate confirmation for members of the committee in February 2016.

Federal and State Responsibilities

In addition to information on the cost of the federal platform, HHS’s recent proposed Notice of Benefit and Payment Parameters for 2017 included a description of the functions of State-Based Marketplaces like Oregon that use HealthCare.gov. The notice states:

Today, a number of State-based Marketplaces (SBEs) rely on HealthCare.gov’s technology to fulfill certain requirements related to individual market eligibility and enrollment. In future years, additional

states may wish to use the federal information technology (IT) platform for eligibility and enrollment for their individual and/or SHOP Marketplaces. We are proposing that these Marketplaces be known as SBMs on the Federal platform (SBM-FPs). These SBM-FPs retain primary responsibility to ensure all Marketplace requirements are met, but may do so through reliance on the FFM for its eligibility determinations and enrollment processing activities, as well as certain consumer call center services. The SBM-FPs also retain primary responsibility for performing all other Marketplace functions, including plan management, consumer assistance and outreach functions, and ongoing oversight and program integrity. We propose collecting user fees directly from QHP issuers operating in SBM-FP states, ensuring that SBM-FPs apply certain FFM QHP standards to their issuers, and coordinating with SBM-FPs to enforce those QHP standards on SBM-FP issuers.

The split in responsibilities proposed by HHS above matches the current split of functions between the state and federal government, except that Oregon currently collects assessments directly from insurers. The proposed rule also states:

HHS will seek to offer States the option to have HHS collect an additional user fee from issuers at a rate specified by the State to cover costs incurred by the State-based Exchange for the functions the State retains. If HHS grants requests to provide such services, States may be required to reimburse HHS any additional costs that are associated with HHS's provision of such service

To avoid the need to pay additional costs to HHS, DCBS would most likely need to continue to have a separate process for collecting assessments to cover the rest of its costs associated with the Marketplace.

Integration with the Senior Health Insurance Benefits Assistance Program

DCBS continues to look for ways to be more effective at administering its divisions and programs. One DCBS program that is very similar to the Marketplace program in terms of work and functions is the Senior Health Insurance Benefits Assistance (SHIBA) program. Currently part of the Oregon Insurance Division, SHIBA conducts outreach and uses trained volunteers to educate and advocate for Oregonians with Medicare. SHIBA's outreach and education work mirrors the Marketplace's in many ways, and both programs could benefit from collaboration.

In December 2015, DCBS began a project with the goal of looking at ways to integrate the programs 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. While DCBS intends to integrate the two programs, funding for the programs will remain separate and will not be comingled. Staff will cross over seamlessly and charge each program accordingly, and Marketplace funds will not be used to subsidize SHIBA. DCBS does not anticipate any immediate cost savings from the integration but does expect to create better internal collaboration and better service for Oregonians.

VI. Small Business Health Options Program (SHOP)

741.222(1)(e) “The progress in planning for, developing and implementing a Small Business Health Options Program, including the key decision points, timelines and a description of how the department is engaging stakeholders in the design and decision-making process for the SHOP”

Currently Oregon uses a direct enrollment, manual SHOP process. Any small business in Oregon with one to 50 employees can purchase a certified SHOP plan directly from one of the participating insurers. Upon request, the Marketplace will determine whether the small employer meets the requirements to participate in the SHOP program and potentially be eligible for the IRS small business tax credit. DCBS will continue to use this direct enrollment, manual process until the state adopts an automated process, which DCBS anticipates implementing in 2017.

For the last few months, DCBS has been collecting information about options for an automated SHOP process. DCBS has consulted with stakeholders, including but not limited to small businesses, associations, insurers, and agents, to better understand their needs and interest.

DCBS has also discussed the capabilities and cost of the federal SHOP platform with the federal government; however, Oregon will not be able to use that platform. The federal platform does not support the rating methodology that the Oregon Insurance Division requires for Oregon’s small group market, a methodology called composite rating. Composite rating is the practice of grouping all eligible employees together and assigning a single rating, regardless of individual factors (such as age, gender, or tobacco use) that may make somebody a higher or lower insurance risk. While the Oregon Insurance Division considered changing methodologies to one that the federal platform supports, it ultimately decided to continue to use composite rating going forward, which means that DCBS will need to pursue other options for an automated SHOP system.

In April 2015, DCBS released a request for information (RFI) to learn about private vendor platforms. Eight vendors operating health insurance technology platforms responded to the RFI. The responses provided helpful information and led to several key takeaways:

- The private vendor market is eager to set up an ACA-compliant SHOP;
- Several vendors have experience and credibility implementing ACA-compliant SHOP marketplaces;
- The experienced vendors have implemented SHOP in a short time frame (five to eight months) in other states; and
- There is a variety of purchase options (shared services model, lease-option, software as a service, or commercial off the shelf).

While the RFI proved helpful, it was limiting due to the fact that vendors did not provide detailed cost information in their responses. DCBS has requested cost information as part of the RFP released in December, as detailed in the technology development section of this report. After responses to the RFP have been received and reviewed, DCBS will initiate a decision-making process that includes stakeholder consultation and a cost-benefit analysis.

Once a solution is selected, DCBS intends to implement the automated SHOP system by January 2017. DCBS expects that an automated SHOP can be implemented in that timeframe, based on how quickly SHOP has been successfully implemented in other states. DCBS will develop detailed implementation plans and timelines after the RFP process is complete. Those plans will include a thorough risk assessment and include any necessary contingency plans should they be necessary. Until the automated SHOP system is in place, Oregon will continue to use the direct enrollment, manual process for SHOP.

Upon implementation, the automated SHOP system will allow employers to compare and choose different group health insurance plans from the Marketplace's health insurance companies.

To participate, an employer would choose the level of group coverage (bronze, silver, gold, or platinum) it wants to provide and the amount it's willing to contribute toward the cost. Employees would then be able to pick plans from any of the health insurers offering coverage in SHOP. An employee may opt for a higher level of coverage than that selected by the employer but must pay the difference in the cost.

Benefits of SHOP for employers include the following:

- The ability to offer its employees multiple plans from different health insurers, something typically only available to larger employers;
- Receipt of a single bill from the SHOP regardless of whether its employees select plans from different health insurers;
- Online plan selection, account management, and bill payment;
- Online employee enrollment through the SHOP; and
- A federal tax credit for eligible employers.

SHOP is a tool that allows small employers to provide group health coverage to their employees. SHOP does not enable an employer to reimburse an employee on a pre-tax basis for the employee's purchase of individual coverage.

VII. Liabilities

741.222(1)(f) "The outstanding liabilities, if any, carried over from the Oregon Health Insurance Exchange Corporation"

As a function of Senate Bill 1, DCBS took responsibility for the liabilities of Cover Oregon. Cover Oregon's liabilities were factored into the DCBS budget approved by the legislature for the 2015 – 2017 biennium. As of the date of this report, DCBS has:

- Assumed or assigned all Cover Oregon leases;
During the time of the transition of Cover Oregon functions to DCBS from March through June of 2015, Cover Oregon had lease agreements for three different properties:

- a. **Cherry Avenue:** The Original Cover Oregon offices located at 3414 Cherry Avenue NE in Salem, OR, had a 60-month lease ending 11/1/16 at \$14,129 per month. This property had already been sublet to a third party (Northwest Senior and Disability Services) prior to enactment of SB 1, and an agreement was reached with the property owner for the third party to assume the lease permanently, releasing Cover Oregon and DCBS from further liability effective June 30, 2015.
 - b. **Spinnaker Place:** The Cover Oregon Call center location located at 2250 McGilchrist Street SE in Salem, OR, had an 84-month lease ending 8/8/2020 at \$32,144 per month, not including unamortized tenant improvements (TI). Cover Oregon had already made arrangements to exit this lease due to a workforce reduction. The lease was terminated effective 3/31/2015, with \$294,000 paid at termination for unamortized TI allowance (which would have been due regardless of when or how the lease was terminated), and \$31,000 rent for waiver of 180-day notice for a total of \$325,000 in exit costs.
 - c. **Durham Plaza:** The Cover Oregon corporate headquarters located at 16760 SW Upper Boones Ferry Rd, #200 in Tigard, OR, was composed of a primary lease agreement with two amendments. The primary lease was for most of the office space in suite 200, with a 90-month lease ending on 4/1/2020 for \$47,259 per month, not including unamortized TI. Two more suites were added later, each on a separate amendment: Suite 105, on a 75-month term ending 4/1/2020 for \$4356 per month; and suite 106, on a 70-month term ending 4/1/2020 for \$5128 per month. DCBS retained this lease, and it currently houses a field office for Oregon OSHA, a division of DCBS, and the Workers' Compensation Board, both of which were already looking for a larger space to accommodate growth. The lease was assumed in its entirety by DCBS as of 7/1/2015.
- Taken over the process of assigning, renegotiating, or terminating all contracts as appropriate and set up a process for handling Cover Oregon accounts payable;

The table below lists all current Marketplace contracts, including contracts from Cover Oregon. All of these contracts have been factored into DCBS's budget for the Marketplace.

Status	Contract #	Contractor	Service	Contract amount	Effective date	Expiration
Active	DCBS-1514-15	Aaron Burns	Agent Storefront Program	\$11,000	Oct. 13, 2015	Mar. 1, 2016
Active	None - Credit card purchase	Amazon Web Services, Inc.	IT support (online agreement)	No Limit	N/A	Mar. 1, 2016
Inactive	CO 11-0001	Artemis Consulting	Provide professional facilitation	\$200,000	Sept. 27, 2011	Feb. 28, 2015
Active	DCBS-1515-15	Barlow Insurance	Agent Storefront Program	\$10,000	Oct. 13, 2015	Mar. 1, 2016
Inactive	DM #5334331-v1B	Berke Farah	Provide legal services	\$100,000	Jul. 31, 2014	Dec. 31, 2014
Inactive	DCBS-1444-14 / DASPS-2397-15	Business Quality Assurance	Two separate RFPs	N/A	N/A	N/A
Active	CO 13-0033	Carriers	To authorize CO to receive	\$0	Varied	Dec. 31, 2015

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			commissions			
Active	DCBS-1541-15	Cascade AIDS Project	Community Partner grant	\$33,334	Nov. 3, 2015	Feb. 29, 2016
Active	CO 13-0028	Center for Medicaid Services	Computer Matching agreement	\$0	N/A	Ongoing
Active	CO 13-0029	Center for Medicaid Services	Information exchange agreement	\$0	N/A	Ongoing
Active	CO 13-0030	Center for Medicaid Services	Master Interconnection Security agreement	\$0	N/A	Ongoing
Active	DCBS-5373-15	Chernoff, Vilhauer, McClung & Stenzel	Special Assistant Attorney General	\$40,000	March 10, 2015	Dec. 31, 2016
Inactive	CO 13-0021.3	Galt Foundation	Provide Service Center Temps	\$1,305,720	Jul. 24, 2013	May 30, 2015
Active	DCBS-5234-14	Garvey Schubert Barer	Special Assistant Attorney General	\$175,000	May 15, 2014	Dec. 31, 2015
Active	DCBS-2914-15	Grady Britton	Media Advertising	\$3,214,695	July 17, 2015	July 17, 2017
Active	DCBS-1516-15	Harry Abel Insurance	Agent Storefront Program	\$11,000	Oct. 13, 2015	Mar. 1, 2016
Active	DCBS-1517-15	HE Cross Company	Agent Storefront Program	\$11,000	Oct. 13, 2015	Mar. 1, 2016
Active	DCBS-1526-15	Health Plans in Oregon	Agent Storefront Program	\$11,000	Oct. 13, 2015	Mar. 1, 2016
Active	DCBS-1525-15	High Desert Insurance	Agent Storefront Program	\$11,000	Oct. 13, 2015	Mar. 1, 2016
Active	DCBS-1537-15	Insurance Lounge Inc.	Agent Storefront Program	\$11,000	Oct. 8, 2015	Mar. 1, 2016
Active	DCBS-1536-15	Insured by Gallegos	Agent Storefront Program	\$11,000	Oct. 8, 2015	Mar. 1, 2016
Active	CO # 12-0011 / DCBS-1156-15	Interactive Intelligence	Supports call center outbound call queue.	\$3,775,000	Nov. 8, 2012	Oct. 31, 2017
Active	TBD	JD Power & Associates	Data Use Agreement	\$0	pending	pending execution
Active	DCBS-1533-15	Jefferson State Financial Group	Agent Storefront Program	\$11,000	Oct. 8, 2015	Mar. 1, 2016
Active	DCBS-1522-15	JR Price & Associate/Valley Insurance	Agent Storefront Program	\$11,000	Oct. 8, 2015	Mar. 1, 2016
Active	DCBS-5233-14	Litigation Information Management	Document assistance in litigation	\$125,000	April 10, 2014	Dec. 31, 2015
Active	DCBS-1529-15	Littlejohn Insurance	Agent Storefront Program	\$11,000	Oct. 8, 2015	Mar. 1, 2016
Inactive	DM #5038617-v1A	McGuire Woods	Special Assistant Attorney General	\$150,000	Mar. 31, 2014	Dec. 31, 2014
Inactive	DCBS-1495-15	Market Decisions	Consumer Polling	\$99,618	May 28, 2015	Aug. 31, 2015
Active	DCBS-5095-13	Markowitz Herbold Glade & Mehlhaf	Special Assistant Attorney General	\$550,000	Dec. 17, 2013	Dec. 31, 2015
Active	DCBS-5173-14	Markowitz Herbold Glade & Mehlhaf	Special Assistant Attorney General	\$1,000,000	May 15, 2014	Dec. 31, 2015
Active	DASPS-1347-15/DCBS-1347-15	Maximus	IT Quality Assurance	\$57,000	Aug. 4, 2015	Aug. 31, 2016
Active	DCBS-1523-5	Modern Insurance Marketing	Agent Storefront Program	\$11,000	Oct. 21, 2015	Mar. 1, 2016
Active	CO 13-0031	NAIC/SERFF	Plan web services license agreement	No Limit	Aug. 7, 2013	Ongoing
Active	DAS WOC #147067	NIC USA	OregonHealthCare.gov web hosting	No Limit	Oct. 3, 2014	Dec. 31, 2021
Active	CO #13-007	North, Inc.	Media advertising for Enrollment Campaign. This contract will be replaced after 12/31/15 with Grady Britton contract DCBS-2419-15	\$21,376,471	March 15, 2013	Dec. 31, 2015
Active	DCBS-1534-15	NW Securities Advisors	Agent Storefront Program	\$11,000	Oct. 8, 2015	Mar. 1, 2016
Active	DCBS-1518-15	O'Leary Health	Agent Storefront Program	\$11,000	Oct. 13, 2015	Mar. 1, 2016

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Active	DCBS-1157-15	Oracle	Software licensing and technical support	No Limit	Mar. 14, 2013	Mar. 1, 2016
Active	DCBS-1519-15	Oregon Insurance Exchange	Agent Storefront Program	\$11,000	Oct. 8, 2015	Mar. 1, 2016
Active	DCBS-1539-15	Oregon Latino Health Coalition	Community Partner grant	\$67,000	Nov. 2, 2015	Feb. 29, 2016
Active	DCBS-1527-15	Pacific Benefit Planners	Agent Storefront Program	\$11,000	Oct. 14, 2015	Mar. 1, 2016
Active	None - Credit card purchase	Paylocity	Web Pay Access- payroll records archiving	\$500/year	Jul. 31, 2015	July 30, 2018
Inactive	CO 13-0021.1	Personnel Source	Provide Service Center Temps	\$2,608,752	Jul. 24, 2013	May 30, 2015
Active	DCBS-1538-15	Project Access NOW	Community Partner grant	\$100,000	Nov. 3, 2015	Feb. 29, 2016
Active	DCBS-1444-14	Quality assurance during CO transition	Cover Oregon transition to DCBS	N/A	N/A	N/A
Active	DCBS-1448-15	Quality assurance during CO transition	Cover Oregon transition to DCBS	N/A	N/A	N/A
Active	DCBS-1530-15	Revell Coy Insurance	Agent Storefront Program	\$10,000	Oct. 14, 2015	Mar. 1, 2016
Active	DCBS-1528-15	RJS & Associate Insurance	Agent Storefront Program	\$11,000	Oct. 22, 2015	Mar. 1, 2016
Inactive	CO 13-0021.4	Robert Half/Office Team	Provide Service Center Temps	\$4,901,558	Jul. 24, 2013	May 30, 2015
Inactive	CO 12-0012	Sabas Strategies	Provide consultation on legislative matters	\$255,000	Oct. 23, 2012	Aug. 31, 2015
Active	DCBS-1531-15	Simmons Agency	Agent Storefront Program	\$10,000	Oct. 8, 2015	Mar. 1, 2016
Active	DASPS-1397-15 / CO #14-0013 / DCBS-1155-15	Speridian Technology Inc.	Programming and support for CO Siebel system	\$6,512,300	Jun. 9, 2014	Dec. 31, 2018
Active	DCBS-1535-15	Susan Carney	Agent Storefront Program	\$11,000	Oct. 13, 2015	Mar. 1, 2016
Active	DCBS-1524-15	TNT Insurance Services	Agent Storefront Program	\$11,000	Oct. 13, 2015	Mar. 1, 2016
Active	DCBS-1532-15	Tom Eiden	Agent Storefront Program	\$11,000	Oct. 19, 2015	Mar. 1, 2016
Active	DCBS-1521-15	Tomlin Benefit Planning	Agent Storefront Program	\$11,000	Oct. 8, 2015	Mar. 1, 2016
Active	DCBS-1502-15	Tornai Consulting Inc.	Functional CO lead to HHS technology framework	\$950,000	Jan. 6, 2014	Dec. 31, 2015
Inactive	CO 13-0021.2	Ultimate Staffing Services	Provide Service Center Temps	\$1,394,248	Jul. 24, 2013	May 30, 2015
Active	DCBS-1522-15	Valley Insurance	Agent Storefront Program	\$11,000	Oct. 8, 2015	Mar. 1, 2016
Active	DCBS-1520-15	Valley Insurance Professionals	Agent Storefront Program	\$11,000	Oct. 19, 2015	Mar. 1, 2016
Inactive	None - Credit card purchase	WebEx	Video conferencing	\$2,700/month	Nov. 16, 2012	Feb.15, 2016
Inactive	None - Credit card purchase	Citrix	Go to Meeting	No Limit	N/A	N/A
Active	DCBS-2101-15	Enroll America	Online enrollment assistance For 2015 enrollment period	\$10,000/year	pending	

Status	Inter-Governmental Agreement #	Other Governmental Agency	Service	Contract Amount	Effective Date	Expiration
Inactive	56829	DAS	Technical Director services provided by Julie Bozzi	\$70, 537	Aug. 25, 2014	Mar. 31, 2015
Inactive	57166	DAS	Helpdesk Technician services provided by Yaro Turek	\$65,524	Aug. 26, 2014	Mar. 31, 2015
Inactive	CO 15-0003	DCBS	Provide technology staff	\$0	Mar. 11, 2015	June 30, 2015
Active	45A000007	DHS - SNAP	Confidential records	\$0	TBD	

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Active	CO 13-0026	DHS/OHA	Provide access/exchange protected information	\$0	Sep. 19, 2013	Ongoing
Active	CO 14-0022/45A000003	DOJ	SAAG	No limit	Feb. 17, 2015	Ongoing
Active	CO 13-0028**/45A000005	OAH	Appeals hearing process for disputes regarding eligibility determinations	No limit	March 7, 2014	Ongoing
Inactive	CO 13-0034	Oregon Commission for the Blind	Provide vending machines for staff and visitors	\$0	Sept. 30, 2013	June 30, 2015
Inactive	CO 13-0022	OED	Provide access to confidential information	\$42,700	May 2, 2013	June 30, 2015
Inactive	CO 13-0023	OED	Administrative/Legislative needs	unknown	Aug. 26, 2013	June 30, 2015
Active	CO 13-200/45A000006	OED	Limited access to confidential information	\$0	May 2, 2013	May 1, 2016
Active	CO 14-0019	OHA	Enrollment for in-person assistance services	\$0	Nov. 15, 2014	Dec. 31, 2015
Active	CO 14-0020/45A000008	OHA	Data Use Agreement	\$0	Oct. 23, 2014	Ongoing
Active	00A000073	OHA	Community Partnerships	\$0	June 4, 2015	Jun. 30, 2016
Active	CO 13-0018/45A000009	OHA	Coordination of eligibility assessment, determination and enrollment	\$0	Sept. 10, 2013	Ongoing
Active	45A000011	OHA	Personally Identifiable Information	\$0	Sept. 19, 2013	Ongoing
Inactive	CO 13-0005	Oregon Insurance Division	Establish responsibilities of parties regarding operation of Health Insurance Exchange	\$0	Apr. 8, 2013	Apr. 7, 2015
Active	45A000010	PEBB	PEBB benefits	\$0	Jan. 1, 2015	Dec. 31, 2015
Active	45A000012	SOS	Managing and payment for audit	\$0	Nov. 4, 2015	Ongoing

Status	Purchase order #	Vendor	Service	Contract Amount	Effective Date	Expiration
Active	15-001	Accurate Corporate Service	Storage of former Cover Oregon furniture	\$10,584	July 1, 2015	Dec. 31, 2015
Active	15-003	BAE Systems/Silver Sky	Email security and archiving. This service will continue to archive emails prior to July 1, 2015.	\$15,000	Sept. 1, 2015	Aug. 23, 2016
Active	15-002	SHI International Inc.	Engine service desk annual subscription fee	\$2,925	Aug. 24, 2015	Aug. 23, 2016

- Archived and decommissioned Cover Oregon’s supporting systems in coordination with the Oregon Health Authority (OHA);

Please see the attached Cover Oregon to Oregon Insurance Marketplace Data Systems Transition Report for more information (Attachment B). DCBS engaged a quality assurance (QA) vendor to assess the archiving and decommissioning process and ensure work was done in compliance with federal requirements, including those related to data retention schedules and safeguards.

Oregon’s dependency on the Oracle system will end in March 2016. Currently, OHA uses the Oracle solution for data entry of Medicaid/Medicare eligibility and enrollment information; that dependency will end once OHA migrates to the ONE system. DCBS uses the Oracle system for QHP enrollment corrections and 1095A processing from plan year 2014. That dependency will continue through February

2016. DCBS is currently working on a vendor-provided solution that will archive the data out of the Oracle solution and provide the 1095A and 1095B processing for DCBS and OHA. That full solution is on track to be implemented in January for OHA and in February for DCBS.

- Developed an agreement with OHA to govern cost allocation for IT services and systems;
 - a. The following table lists each IT contract shared by DCBS and OHA and cost allocated to each agency for the 2015-2017 biennium.

Software	Unit	Description	Quarterly Cost	# of Qtrs	'15-'17 Cost	OHA Share as of July 2015	OHA Share as of Aug 2015	OHA Share as of Sept 2015 (ongoing)	Projected OHA Transfer	DCBS Ongoing Share	DCBS 15-17 Cost
ININ Software	Call Center	Call Center Telephone System	187,500	8	1,500,000	90%	90%	90%	1,350,000	10%	150,000
Oracle Premiere*	Exchange	Hardware/ Architecture support	400,000	3	1,200,000	95%	95%	95%	1,140,000	5%	60,000
Oracle software*	Exchange	Software support	226,300	3	678,900	95%	95%	95%	644,955	5%	33,945
Oracle On Demand*	Exchange	Additional support services	1,100,000	3	3,300,000	95%	95%	95%	3,135,000	5%	165,000
Oracle Cloud*	Exchange	Stores enrollment data	387,000	3	1,161,000	95%	95%	95%	1,102,950	5%	58,050
Speridian (ongoing)	Exchange	Ongoing Maintenance	840,000	3	2,520,000	75%	85%	90%	2,212,000	10%	308,000
Speridian (SOW #2)	Exchange	Archiving solution	179,333	6	1,076,000			45%	488,000	55%	588,000
Amazon Cloud	Exchange	Stores electronic enrollment applications	48,000	8	384,000	80%	80%	80%	307,200	20%	76,800
Tornai Consulting	OHA	MAGI Project	60,000	2	120,000	100%	100%	100%	120,000	0%	-
Total:			NA		\$11,939,900				\$10,500,105		\$ 1,439,795

- Continued to cover legal services costs and factor in the associated legal liabilities into its budget planning.

The state of Oregon is currently involved in multi-faceted litigation in both state and federal court. A copy of the litigation summary that the Oregon Department of Justice (DOJ) provided to the Oregon Legislature in June 2015 is attached (Attachment C). The work involved in the litigation is primarily handled through professional services contracts with legal services firms, as well as through part-time DOJ staff and the equivalent of approximately 1.5 full-time internal DOJ staff spread over a number of employees. Generally, legal work in Oregon is

funded through a mix of General Fund dollars and Other Fund dollars, as appropriated by the legislature. Work on the false claims aspects of this case are primarily funded through Other Fund dollars.

As with any litigation, it is difficult to predict the cost with precision. We estimate that the Oregon Department of Justice will expend approximately \$2 million during the 2015-2017 biennium. Certain Oregon agencies are likely to expend additional amounts, depending on the progression of the litigation, although it is difficult to predict with accuracy at this time. Attached is a current ledger showing costs paid-to-date to legal services firms relating to the Oracle litigation and related investigations (Attachment D).

VIII. Federal Agreements

741.222(1)(g) “Any agreements entered into or modification of existing agreements with federal agencies necessitated by the department’s assumption of the responsibility for administering the exchange”

DCBS has not entered into any new agreements with federal agencies. As a function of Senate Bill 1, DCBS assumed responsibility for the information exchange agreement (IEA) with the federal government and the management of the federal grants awarded to Cover Oregon. DCBS is currently in the process of closing out the federal grants and completing all required reporting.

IX. Additional Information

741.222(1)(h) “Any other information requested by the leadership of the Legislative Assembly”

i. Questions from the Interim Senate Health Care Committee

1) What will the percentage of premiums be to pay for the technology platform?

HHS proposes a user fee of 3 percent for use of HealthCare.gov. For more information, please see the Financial Condition section of this report.

2) What will the cost per member per month be for running exchange with the technology platform?

Please see the heading “Cost of the Federal Platform” in the Financial Condition section of this report for information on the potential cost of running the exchange with the federal platform.

3) What is the status of the issues regarding incorrect estimated APTC and how is that being resolved?

For plan year 2014, Cover Oregon incorrectly estimated the amount of advanced premium tax credits some people were eligible to receive. Those people may have either received more or less APTC than they were entitled to. Everyone who receives APTC must reconcile the amount they received with the amount they were entitled to when they file their taxes with the IRS. For those who might have received more APTC than they should have, they would have to pay back the extra received to the federal government as part of that reconciliation process. Some people could have trouble paying back the amount owed, if significant. The IRS is willing to set up payment plans to help in such cases, but payment plans include fees and interest.

To address this issue, Cover Oregon and DCBS developed a claims process for people who were impacted by the erroneous estimates. If someone thinks Cover Oregon made an error in determining their 2014 Advance Premium Tax Credit, they can submit a claim to DCBS. For valid claims, DCBS will compensate the individual for extra costs related to tax credit calculation errors. DCBS cannot reimburse for taxes owed. However, on valid claims, DCBS will pay for the additional expense of one year's interest on the taxes that resulted from a Cover Oregon error, and can pay for fees associated with setting up an IRS payment plan. The compensation is available only for people affected by Cover Oregon errors.

4) How do Oregon's premiums compare with other states?

Oregon had some of the lowest rates of any state in 2014 and 2015, and insurers ended up experiencing significant losses. The cost of health insurance is directly affected by the cost of providing health care to Oregonians. The increases in 2016 help ensure that rates are adequate and that insurance companies are able to pay claims. While average rates have increased for Oregonians, they are still below the average of other HealthCare.gov states. In fact, 2016 Oregon rates are comparable to *last year's* rates in other HealthCare.gov states. For example, for a silver plan for a 27-year-old making \$27,000/year:

	2015	2016
Average premium for all HealthCare.gov states	\$224	\$240
Average premium for Oregon	\$183	\$226

Rate increase percentages in states in 2016 are directly related to the 2015 rates. States with large increases, similar to Oregon, had some of the lowest rates in 2015. The 10 least expensive states in 2015 averaged 20 percent rate increases in 2016. The 10 most expensive states in 2015 averaged 5 percent rate increases in 2016.

Oregon's 2016 rates are now comparable to rates in the other states in the region, as can be seen in the chart below.

Table 1: Monthly Silver Premiums						
for a 40 Year Old Non-Smoker Making \$30,000 / Year						
State	Major City	2nd Lowest Cost Silver			2015 Rank	2016 Rank
		Before Tax Credit				
		2015	2016	% Change from 2015		
Alaska	Anchorage	\$547	\$719	31.40%	50	50
California	Los Angeles	\$258	\$245	-5.00%	26	11
Colorado	Denver	\$211	\$279	32.20%	7	26
Idaho	Boise	\$210	\$273	30.00%	6	22
Montana	Billings	\$241	\$322	33.60%	17	40
Nevada	Las Vegas	\$237	\$261	10.10%	16	18
Oregon	Portland	\$213	\$261	22.50%	9	18
Utah	Salt Lake City	\$215	\$244	13.50%	11	10
Washington	Seattle	\$254	\$227	-10.60%	23	6

It's also worth noting that Oregonians who qualify for tax credits may experience less of a rate change than people who don't qualify. This is because the amount they pay for premiums is based on a percentage of their income. They won't have to pay more than that capped amount, no matter what the premium cost. The federal government covers the rest.

For example, for a 27-year-old earning \$27,000/year and buying a silver plan:

	2015	2016
Premium	\$183	\$226
Tax credit	\$40	\$83
Cost of premium after tax credit	\$143	\$143

Or for a family of four making \$60,000/year and buying a silver plan:

	2015	2016
Premium	\$664	\$817
Tax credit	\$257	\$412
Cost of premium after tax credit	\$407	\$405

ii. COFA Islander Premium Assistance Program (House Bill 2522, 2015 session)

House Bill 2522 requires DCBS to “develop recommendations for the creation of a premium assistance program for low-income COFA islanders to enable them to purchase health benefit plans through the health insurance exchange and to pay the out-of-pocket expenses incurred under the plans.”

In accordance with House Bill 2522 of 2015 (HB 2522), the Oregon Department of Consumer and Business Services (DCBS) developed a report for the Legislative Assembly and the interim

committees related to health regarding recommendations for the creation of a premium assistance program for low-income Compact of Free Association (COFA) islanders. DCBS developed its report with the input and feedback of an advisory group that included COFA islanders, insurers, advocacy groups, and the Oregon Health Authority.

COFA is a unique relationship between the United States and the independent nations of the Republic of Palau, the Republic of the Marshall Islands, and the Federated States of Micronesia. Low-income COFA islanders, excluding children, pregnant adults, and those in certain circumstances, are not eligible for Medicaid due to their immigration status. They can purchase insurance through the health insurance marketplace and receive subsidies from the federal government to help pay the costs. However, advocates and stakeholders believe the cost of health insurance, even after federal subsidies, is often too high for many low-income COFA islanders to afford.

As contemplated in DCBS's report, the proposed premium assistance program would create coverage equivalent to Medicaid for the 1,000 to 1,500 COFA islanders living in Oregon who would otherwise be eligible for Medicaid if not for their immigration status. The program could potentially leverage more than \$4,200,000 in federal subsidies per year to help pay for that coverage. For every \$1 the state would contribute to premiums, the federal government would contribute \$9. The program cost for the state would be between approximately \$1,039,000 and \$1,823,000 per year. This includes \$818,000 to \$1,602,000 per year for assistance to help pay for premiums and out-of-pocket costs and approximately \$221,000 per year for administration. DCBS would need about six months to develop the program and could begin enrolling participants during the 2017 plan year open enrollment period, which will begin in fall 2016.

Members of the Legislative Assembly may obtain a copy of the report online by visiting <https://www.oregonhealthcare.gov/reports-audits.html>.

iii. Eligibility and Enrollment Data

During the September 2015 legislative days, legislators requested current eligibility and enrollment data.

The following charts provide a snapshot of enrollment numbers through the 3rd quarter of 2015.

2015 Marketplace and Off Exchange Enrollment by Carrier³⁴

	Quarter 1			Quarter 2			Quarter 3		
	Exchange	Off exchange	Total	Exchange	Off exchange	Total	Exchange	Off exchange	Total
REPORTED TOTAL	107,605	132,838	240,443	107,497	133,566	241,063	102,109	131,942	234,051

³ As reported by carriers to DCBS.

⁴ This chart does not include the 423 people in grandfathered plans and plans that may not meet the definition of a health benefit plan but are included in the outside market total.

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ATRIO HEALTH PLANS, INC.	278	0	278	284	0	284	280	0	280
BRIDGESPAN HEALTH COMPANY	180	0	180	174	0	174	178	0	178
HEALTH NET HEALTH PLAN OF OREGON, INC.	0	1,726	1,726	0	1,619	1,619	0	1,481	1,481
HEALTH REPUBLIC INSURANCE COMPANY	2,537	1,340	3,877	2,896	1,777	4,673	2,544	1,700	4,244
KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST	6,336	11,430	17,766	6,194	11,009	17,203	6,087	10,952	17,039
LIFEWISE HEALTH PLAN OF OREGON INC.	26,385	18,530	44,915	27,128	18,001	45,129	25,733	17,776	43,509
MODA HEALTH PLAN, INC.	44,229	56,733	100,962	42,633	55,440	98,073	40,143	54,704	94,847
OREGON'S HEALTH CO-OP	9,919	0	9,919	10,204	0	10,204	9,649	0	9,649
PACIFICSOURCE HEALTH PLANS	2,188	6,025	8,213	2,164	5,870	8,034	2,098	5,737	7,835
PROVIDENCE HEALTH PLAN	15,553	12,710	28,263	15,820	13,647	29,467	15,397	14,185	29,582
REGENCE BLUECROSS BLUESHIELD OF OREGON	0	23,834	23,834	0	23,305	23,305	0	22,631	22,631
TIME INSURANCE COMPANY	0	510	510	0	2,898	2,898	0	2,776	2,776
TRILLIUM COMMUNITY HEALTH PLAN	0	0	0	0	0	0	0	0	0

3rd Quarter Marketplace Enrollment by Metal Tier⁵

Marketplace Participating Carriers	2015 Q3 Catastrophic	2015 Q3 Bronze	2015 Q3 Silver	2015 Q3 Gold	2015 Q3 Platinum	2015 Q3 Marketplace Total
Atrio	0	36	210	34	0	280
Bridgespan	1	49	105	23	0	178
HealthNet	0	0	0	0	0	0
Health Republic	251	739	497	194	863	2,544
Kaiser	142	1,035	3,917	993	0	6,087
LifeWise		11,551	11,485	2,697	0	25,733
Moda	244	8,919	27,267	3,713	0	40,143

⁵ As reported by Carriers to DCBS

Oregon's Health Co-op	0	2,744	6,231	674	0	9,649
PacificSource	30	388	1,571	109	0	2,098
Providence	6	186	14,360	845	0	15,397
Trillium	0	0	4	0	0	0
Total	674	25,647	65,647	9,282	863	102,109

Off Exchange Enrollment⁶

Outside Market - 2015 Q3							
Catastrophic	Bronze	Silver	Gold	Platinum	Total ACA Compliant Plans	Grandfathered & Transitional Plans	2015 Q3 Outside Market Total
0	26,765	48,490	25,230	1,564	102,049	29,893	131,942

DCBS has included additional 2015 data in Attachment A; however, that data has not been updated since DCBS's November 2015 legislative report. DCBS does not have access to more current data at this time but will update this information as it becomes available from various sources.

Please note that DCBS does not have access to data it considers accurate enough to report reliable estimates of the demographic breakdowns of the total qualified health plan (QHP) eligible population in Oregon by income, race, and age. As a state-based marketplace using HealthCare.gov, DCBS must rely on outside data sources about enrollment and population. Much of the data DCBS receives is at a summary level and comes from multiple sources that need to be combined and reconciled, which does not give DCBS access to the member data detail necessary to answer some questions. DCBS will continue to work with CMS, insurance carriers, and other organizations to obtain more detailed data on a more consistent basis so that we can continue to gain better understanding of the persons who are currently served or could be served by the Marketplace.

iv. Outreach Campaigns

2015-2017 DCBS Budget Note "The budget for the Department of Consumer and Business services includes funding for marketing and outreach efforts. DCBS is instructed to complete a plan and report on each of the publicity and publication campaigns either upcoming or

⁶ Another 400 members are enrolled in grandfathered and transitional plans offered by carriers that do not offer ACA compliant individual health plans in Oregon, so the total reported 3rd quarter enrollment in grandfathered and transitional plans is 30,293, bringing the outside market enrollment total to 132,342.

implemented for the Health Insurance Marketplace Program. The plan and report must be completed and submitted to the Joint Committee on Ways and Means prior to the beginning of the 2016 legislative session. This plan and report must include at a minimum:

A narrative description of each campaign;

- *The total amount of biennial expenditures of each campaign;*
- *The goals and objectives of each campaign;*
- *The expected results of each campaign activity; and*
- *Identification of the quantitative measures that directly demonstrate the effectiveness of the campaign with respect to the goals of the campaign.*

It is the intent of the legislature that the information provided by the plan and report is to be used to formulate potential Key Performance Measures related to the expenditure of funds for the publication, promotion, and outreach efforts undertaken by the agency.”

DCBS will provide the outreach campaign plan and report to the Joint Committee on Ways and Means prior to the beginning of the 2016 legislative session.

All of DCBS’s outreach campaigns will educate Oregonians about health insurance options available through the Marketplace, motivate them to enroll and renew their coverage, inform them of the resources available to help them effectively use their insurance and whom to call when they need advocacy services related to their insurance.

Starting Nov. 1, 2015, DCBS rolled out its outreach and education campaign plan for the 2016 plan year open enrollment period, which ends Jan. 31, 2016. The campaign:

- a. Educates Oregonians about the benefits of health coverage, how to enroll through the Marketplace, coverage options, tax credits, and subsidies, and
- b. Drives enrollment in the Marketplace.

DCBS’s 2016 open enrollment outreach campaign is very targeted. The federal government made a national cable buy that provides mass messaging, and DCBS has supplemented those efforts with targeted outreach to specific audience segments within Oregon, focusing on those eligible for qualified health plans and subsidies. Awareness in Oregon is high, so the campaign is straight forward and focuses on providing actionable information and facts to empower Oregonians to obtain coverage that best fits their needs.

Due to resource limitations, the campaign uses cost-effective and measurable tactics like grass roots outreach, promotional partnerships with businesses and other organizations, and digital paid media, instead of higher cost/harder to measure tactics like television ads. The effectiveness of all campaign elements will be measured and reviewed to allow DCBS to make adjustments both during the campaign and afterward for future campaigns. The total budget for the campaign is \$2,057,000.

The specific goals of the 2016 open enrollment outreach campaign are:

- 1) Maintain the percentage of qualified health plan, subsidy-eligible people who enrolled in insurance through the Marketplace.
 - a. Potential Key Performance Indicators (KPIs) include:
 - i. Are we reaching our audience?
 - ii. Are we providing a way for multicultural communities and non English speaking communities to get information and find assistance/support?
 - iii. Are we driving people to HealthCare.gov?
 - iv. Are we driving enrollment and re-enrollment?
 - v. Are we getting people to inquire and ask for help?
 - b. Potential measurement instruments include:
 - i. Paid and earned media analytics
 - ii. Oregon Insurance Division data calls
 - iii. Analytics from call center, inquiries, website, community partners, and agents
 - iv. Post-campaign consumer survey

- 2) Define the percentage of people who actively reenrolled (vs. passive enrollees) via the Marketplace at the end of the campaign.
 - a. Potential KPIs include:
 - i. Are we reaching our audience?
 - ii. What are enrollment numbers year over year?
 - b. Potential measurement instruments include:
 - i. Paid and earned media analytics
 - ii. Survey
 - iii. Year over year data

- 3) Build a trusted, credible reputation among current and potential customers of the Marketplace and overall positive reputation among key stakeholders.
 - a. Potential KPIs include:
 - i. Are current/potential customers aware that there are resources available to them?
 - ii. Do they use Healthcare.gov?
 - iii. Do enrollees know that there is localized help?
 - iv. How well did our key messages pull through in our communication, partner communication and media coverage?
 - b. Potential measurement instruments include:
 - i. Survey
 - ii. Community partner/agent/statewide partner feedback

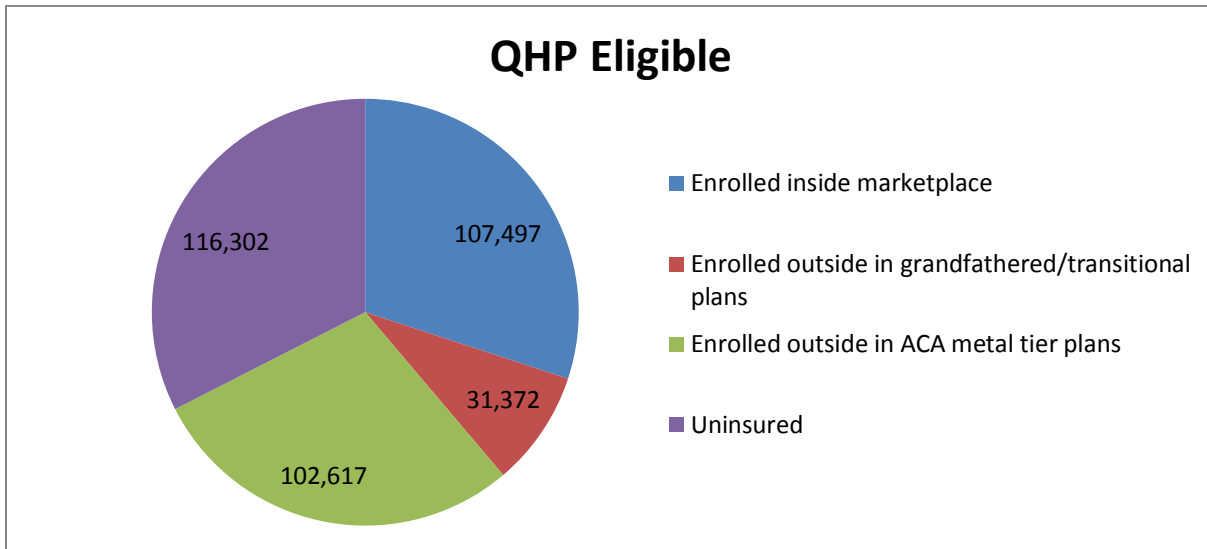
X. Closing Summary

Since its inception, the health insurance marketplace in Oregon has helped thousands of Oregonians get health insurance and take advantage of financial assistance to help pay for it.

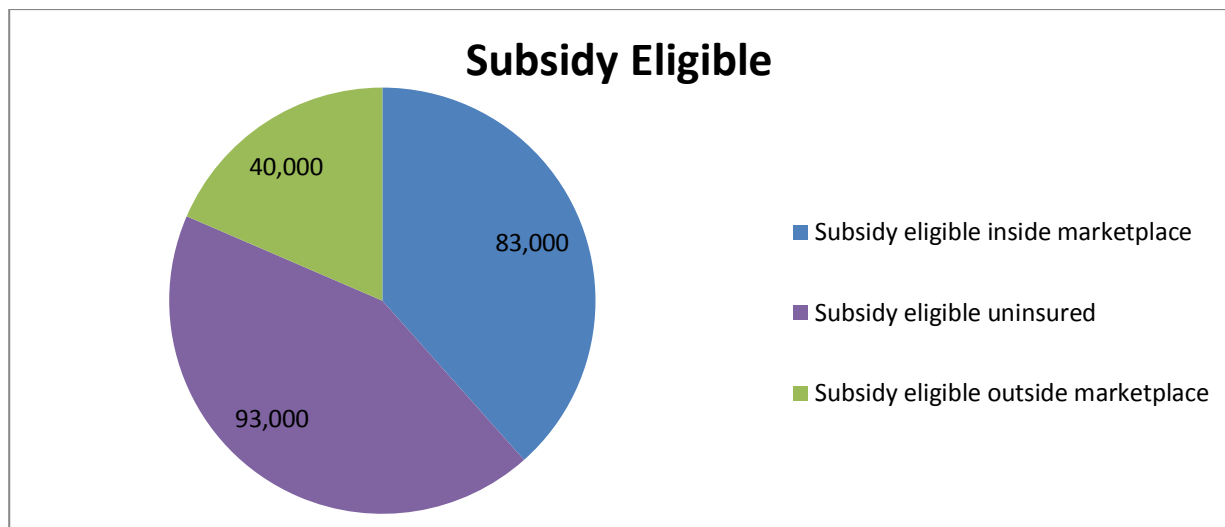
DCBS will ensure that the Marketplace continues to provide tools, resources, and education to help customers make informed decisions about both buying and using health care coverage. DCBS will continually improve the services that the Marketplace provides, using data and metrics to track progress, measure the effectiveness of tactics and strategies, and make decisions, all in an effort to better serve the needs of our customers, the people of Oregon. We look forward to reporting more information about the Marketplace in future reports to the legislature.

Attachment A: Eligibility and Enrollment Data

Eligibility for Qualified Health Plans (QHPs) (Last Updated November 2015)⁷⁸



Eligibility for Subsidies (Last Updated September 2015)⁹



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⁷ Best estimates based on demographic and plan selection data on persons who selected a plan at HealthCare.gov, enrollment data reported by carriers to the Oregon Insurance Division, and a U.S. Department of Health and Humans Services (HHS) commissioned analysis of Oregon’s eligible population.

⁸ This graph was corrected after it was first presented in September 2015. In September, the total enrolled outside in ACA metal tier plans was listed as 107,363 and the total enrolled outside in grandfathered/transitional plans was listed as 26,626. The total enrollment outside the marketplace was still 133,989, but the split was actually 102,617 in ACA metal tier plans and 31,372 in grandfathered/transitional plans.

⁹ Best estimates based on demographic and plan selection data on persons who selected a plan at HealthCare.gov, enrollment data reported by carriers to the Oregon Insurance Division, and a U.S. Department of Health and Humans Services (HHS) commissioned analysis of Oregon’s eligible population.

Marketplace Enrollment by Income Level as of June 30, 2015¹¹

2015 Enrollment through June 30, 2015	<100% FPL	100-150% FPL	150-200% FPL	200-250% FPL	250-300% FPL	300-400% FPL	>400% FPL	UNKNOWN INCOME - presumably most above subsidy level	Total
Percentage of Total Enrollees	1.70%	11.20%	30%	20%	12.50%	13%	3%	8.60%	100.00%
Number of Persons	1,827	12,040	32,249	21,499	13,437	13,975	3,225	9,245	107,497

Please note: Unfortunately, DCBS does not have access to data it considers accurate enough to report reliable estimates for a breakdown by income level of the total QHP eligible population for comparison.

Marketplace Enrollment with Subsidies as of June 30, 2015¹²

Enrolled with Advanced Premium Tax Credits (APTC)	77,153
Enrolled with Cost Share Reductions	45,318
Average APTC	\$196

Marketplace Special Enrollment Period (SEP) Enrollments as of June 30, 2015¹³

SEP	Enrollment
Loss of Coverage	7,224
Denial of Medicaid	1,258
Tax Season	1,481
All Other SEPs	1,852
Total	11,815

Marketplace Enrollment by Other Demographics as of June 30, 2015¹⁴

Race	AI/AN	Asian	Black	Latino	NativeH/PI	Multiracial	White	Unknown
Selected a Plan	377	6,214	708	3,770	124	1,567	60,493	38,769
Estimated	362	5,965	680	3,619	119	1,504	58,073	37,218

¹⁰ The estimated 93,000 subsidy eligible uninsured does not include uninsured who are ineligible to purchase QHPs.

¹¹ Estimate of the household incomes of the 107,497 persons who effectuated enrollment through healthcare.gov. The income categories used are those made available by HHS.

¹² Centers for Medicare and Medicaid Services September 8, 2015 fact sheet *June 30, 2015 Effectuated Enrollment Snapshot*

¹³ Centers for Medicare and Medicaid Services August 13, 2015 *2015 Special Enrollment Period Report – February 23 – June 30, 2015*

¹⁴ Adjusted data based on HHS reports of persons who selected a plan.

Effectuated								
Percent Total	0.3%	5.5%	0.6%	3.4%	0.1%	1.4%	54.0%	34.6%

Ages	0-17	18-25	26-34	35-44	45-54	55-64	65+	Unknown
Estimated Effectuated	6,853	7,853	18,233	17,186	20,937	34,984	180	1,271
Percent total	6%	7%	17%	16%	19%	33%	0%	1%

Please note: Unfortunately, DCBS does not have access to data it considers accurate enough to report reliable estimates for a breakdown by race and age of the total QHP eligible population for comparison.

Attachment B: Cover Oregon to Oregon Insurance Marketplace Data Systems Transition Report

Cover Oregon to Oregon Insurance Marketplace

Data Systems Transition

Background and Mission

On February 3, 2015 Governor Kate Brown signed into law legislation to establish DCBS as the successor agency to assume the responsibilities and commitments of Cover Oregon. The processes and structures to be transitioned included data, data systems, and electronic processes used by Cover Oregon. The key driver in the project was the transition of all services from Cover Oregon to the new work unit identified as the Oregon Insurance Marketplace (OrHIM) effective July 1, 2015.

Technology project requirements included:

- Identification of all data and data systems used by Cover Oregon.
- Relocation of hosted systems from Cover Oregon facilities to State of Oregon facilities.
- Architecture of Cover Oregon data and data systems for access and use within the facilities of DCBS, while maintaining architectural separation from existing DCBS systems.
- Relocation and/or implementation of infrastructure necessary for Call Center use at the DCBS facility in Salem no later than May 2015.
- Adherence to federal CMS and IRS data security, access and preservation rules, guidelines and agreements.
- Adherence to Oregon data retention laws, and guidelines provided by the transition legal support team.
- Preservation of necessary ongoing business functions, where data and data systems were needed for active use after June 30, 2015.
- Cessation of access rights to Cover Oregon systems for all Cover Oregon employees effective June 30, 2015.
- Maintenance of uninterrupted data exchange with federal authorities.
- Identification and decommissioning of data systems hosted by Cover Oregon but not intended for use after June 30, 2015; preservation of data for all such systems.
- Identification of all vendor or business partner hosted data systems (software as a service), and the extraction, transfer, and preservation of data from those systems.
- Functional support of Oracle hosted systems for continued use through March 2016, including help desk support for OrHIM and Oregon Health Authority (OHA) staff.
- Development and implementation of a transition strategy for coverage data maintained on the hosted Oracle systems, no later than March 2016.
- Preservation of registered domain names; pointing domains to new DCBS web content.

Methodology

A technology steering committee was formed with representatives from Cover Oregon (CO), Department of Consumer and Business Services (DCBS), Department of Justice (DOJ), Oregon Health Authority (OHA), and various contract business partners. The committee was chaired by Joel Metlen, DCBS Project Manager for the Cover Oregon transition. The representatives included business and technology expertise. The steering committee provided direction and resources as necessary to pursue the mission. The committee met weekly from project initiation through June 2015.

A working task force was formed to address the requirements of the steering committee. The task force included:

- Sandy Wheeler, DCBS Chief Information Officer (CIO)
- Sean Dawson, Cover Oregon CIO
- Russell Carleton, Project Technology Lead
- Stephen Jackson, Project Manager
- Cover Oregon technology staff including Bethany Anderson, Melissa Morris, DeAnna Harris, and Tracy Hanson.
- DCBS technology staff including Dan Palacios, Dana McLaughlin, Wayne Dueck, Brad McMahan and Craig Baldwin.

Project Timelines and Milestones

The IT component of the transition of Cover Oregon to OrHIM was driven by the following timelines and/or milestones:

January 2015	High level Strategic planning
February 3, 2015	Legislation enacted
February – April 2015	Discovery and Detail Planning
May 2015	Call center staff and infrastructure relocated to DCBS
June 13-14, 2015	Servers from Durham relocated from Durham to Salem
June 15 – 30, 2015	Extraction, Archiving and Shutdown
July 1, 2015 on	Continued use and support of selected systems by OrHIM

As of July 15, 2015, unresolved or deferred tasks include:

- Extraction and archiving of all historical Cover Oregon email, in cooperation with vendor Silversky.
- Discontinuation of Amazon Web Services, which continue to be actively used by OHA for customer data intake.
- Replacement, discontinuation and archiving of the Oracle CO Siebel system. OHA will fulfil their requirements with a replacement processing system. OrHIM will fulfil ongoing data management and reporting by porting the CO Siebel data to a replacement system, currently in the strategic planning phase.
- Retirement of the Peoplesoft system currently hosted on the Oracle hosted platform. This system will remain active as configured for closure and auditing purposes. At that time the data will be extracted and archived.

Project Scope

Technology teams from DCBS and Cover Oregon collaborated initially to identify and itemize all known systems and data repositories. These discussions were expanded with interviews with Cover Oregon business staff. The result of these discussions was the identification of data systems, their users, and the relationships and/or dependencies between systems. A diagram depicting those systems is included in this report as **Appendix A**.

Systems and data fell into a variety of categories which dictated different dispositions.

These categories included:

- Cover Oregon Hosted Systems (located physically at Cover Oregon facilities)
 - Hosted systems that were on physical servers.
 - Hosted systems that were on virtual servers.
 - Actively used hosted systems.
 - Actively used systems that would live beyond June 30, 2015
 - Actively used systems that would be used until June 30, 2015 but not thereafter.
 - Hosted systems once used but no longer used.
 - Hosted systems created for evaluation but never used.
 - Hosted system for which functions had been superseded by other systems.
- Oracle Hosted Systems (hosted by Oracle at their data center in Texas)
 - CO Siebel – Health Care Qualification
 - CO Siebel – Document Management
 - CO Siebel – data submission to CMS/IRS
 - Peoplesoft – enterprise accounting
- Software as a Service (hosted by vendor or other service provider)
 - Executable software access sites (for example, Adobe Creative Cloud)
 - Web creation and deployment sites, such as Amazon Web Services or WordPress
 - Data management services, such as HighRise (contacts) or JIRA (bug tracking) or Paylocity (payroll).
 - Social media sites, such as Facebook & Twitter
 - Communication sites, such as Go To Meeting, Google Docs, Dropbox
 - Email services, provided by Silversky

Approximately 50 data systems were identified for disposition. A list of identified systems and the disposition status of each is included at the end of this report.

The technology team classified and assessed each system for appropriate disposition. Disposition strategy documents were prepared for each system and forwarded to executive management and the legal team for review and approval.

Team members were assigned ownership for execution of each disposition plan. Team members prepared a System Archive Checklist for each system and annotated the execution of each plan. Two team members signed off on the disposition of each system, one primary and one confirming.

Archive Strategy

Archive processes were designed to capture data systems with data (images of Cover Oregon hosted systems) or data extracted from systems (unstructured data or data from non Cover Oregon hosted systems).

The overarching strategy for decommissioning of Cover Oregon systems not needed after June 30th was to create a “snapshot” of the data and system as it existed at the close of business of Cover Oregon. The snapshot was to be stored in a location that would be restricted in access, not able to be modified in any way. The thinking was that the data, if needed in the future, could be restored. The team used the analogy of taking each active Cover Oregon system and “putting it in a box” for safe keeping.

Archive Repositories

The term archive is used to reflect the long term storage and retention of data in a way that insures the right data is stored at the right time, that the data is non-volatile, backed up or protected, and available for approved access and discovery. These needs were addressed by implementing five storage volumes, based on variable system needs. Each volume is backed up through ETS backup services.

- The existing Cover Oregon volume used for unstructured LAN data remained active and in use as a living repository until June 30, 2015. Active staff with appropriate used rights continued to update data until that date. (VOLUME A)
 - User rights to update data on the Cover Oregon unstructured LAN volume were ended after June 30, 2015. All update rights to this volume have been deactivated. The volume has become the unstructured LAN archive volume.
 - Read only rights to the unstructured LAN data have be provided to selected DCBS staff for archival extracts or research.
 - DCBS has requested the backup of the Cover Oregon server taken by ETS on June 30, 2015 be marked for long term retention / legal hold.
- The existing volume on the Cover Oregon server used for ININ call recordings was set to read-only on June 30, 2015 and will become the call archive (VOLUME B). The same process used above will be used for this volume.
- A new volume was added to the Cover Oregon server to provide a location to store system images and data extracts of data systems used by Cover Oregon prior to June 30, 2015. This volume was used to store the snapshots discussed in the overarching strategy above. Update rights to this drive have been limited to IT staff responsible for extracting and storing system content. Archived systems and data can be recalled as needed for discovery or research. (VOLUME C)
- A new volume has been added to the Cover Oregon server for the purposes of serving ongoing Cover Oregon business needs after June 30, 2015. This includes data extracts or reports generated after June 30, which may be requested or required by CMS, auditors, or other OrHIM business staff. (VOLUME D)
- A new volume will be added to the Cover Oregon server as a location for storing ININ call recordings after June 30, 2015. (VOLUME E)
- A COPY of selected Cover Oregon unstructured LAN data has been replicated to the DCBS/OrHIM network, where Cover Oregon files will be made available to OrHIM staff for business continuity purposes. This copy will be read-only, and will be retained on the DCBS network for a limited time to ensure OrHIM staff have access to needed files to continue the Health Insurance Marketplace functions.

Summary – Volumes of the Cover Oregon File Server

- VOLUME A** Cover Oregon unstructured LAN data created prior to July 1, 2015, read-only .
- VOLUME B** ININ Call recordings from Cover Oregon period, prior to July 15, 2015., read-only.
- VOLUME C** Archive location for system images and data extracts; restricted update access to IT staff.
- VOLUME D** A storage area where Cover Oregon data can be updated after June 30, 2015. Managed by OrHIM staff, must exist until access to CO Siebel no longer required.
- VOLUME E** A storage area where ININ call recordings will be recorded after June 30, 2015.

Oracle / CO Siebel Systems

Oracle hosted systems, including CO Siebel and Peoplesoft, were treated with strategies different from other Cover Oregon systems. The CO Siebel system, used to qualify citizens for insurance coverage and other government services, was used by Cover Oregon for processing health insurance applications for calendar year 2014, but not for new applications after that year. However, OHA has continued to use the CO Siebel system, and will continue to use the system until a replacement system is implemented, expected to be the first quarter of 2016. Cover Oregon/OrHIM staff continue to update 2014 data, and the system is used to feed updated 2014 data to CMS/IRS each month.

Disposition of the data in the CO Siebel system and ongoing reporting to CMS/IRS after March 2016 remains a strategy under discussion. At this time, the CO Siebel system is actively maintained by DCBS, although the use is largely by OHA staff.

Since the Peoplesoft enterprise accounting system will continue to be accessed for accounting closure, auditing and end-of-year purposes, and since it is hosted on at the Oracle data center with the CO Siebel system, disposition of that system has been deferred as well.

System Disposition Summary

SYSTEM	TYPE	STAFF OWNER	DISPOSITION
Cover Oregon File Server (Unstructured LAN Data)	Physical Server	Carleton	Relocated to state servers, data update rights ended 6/30/2015. Backed up at ETS.
SVN Version Control	Physical Server	Hansen	Physical server managed by vendor Speridian. Moved from Durham to ETS. Continues in use.

ININ Telephone System	Physical Server	Morris	Servers relocated to ETS. Cover Oregon call Volume locked 6/30/2015, new Volume created for ongoing use.
Key Card Server	Physical Server	Morris	Physically attached to Durham building; administration of box passed to building administration.
Quickbooks	No Server	Harris	Quickbooks originally installed and configured on physical server, never used. Configuration exported and stored and the software removed from the server. Exported data stored in archive.
VCON Video Conferencing	Host Box on site a Durham	Hansen	iMac Mini used for connectivity to internet and source display devices; no data stored. Box replace and iMac Mini placed in physical archive.
Deploy Studio	Physical Server	Carleton	Intended for Apple updates, never used. Server placed in physical archive.
Manage Engine	Virtual Server	Hansen	Help desk software; server relocated to Salem. Backed up June 30, continues in use.
Lamp/WIKI/Internet Server	Virtual Server	Morris	Host server for WIKI and Cover Oregon intranet site. Intranet shut down and archived, WIKI archived and continues in use.
Certificate Server (test)	Virtual Server	Anderson	Note actively used by CO. Imaged and stored in archive; no ongoing live system.
WSUS Windows Update Servers	Virtual Server	Anderson	Function replaced by ETS WSUS servers. CO shut down, imaged, and archived
Symantec	Virtual Server	Hansen	Desktop security updates, not actively used by Cover Oregon; shut down, imaged, and archived
Active Directory Servers	Virtual Servers	Hansen	Access/logon management. Function moved to ETS AD servers; shut down, imaged, and archived.
TruCrypt	Virtual Server	Hansen	Installed for evaluation, never used. Shut down, imaged and archived.
SysAid	Virtual Server	Hansen	Installed for evaluation, never used. Shut down, imaged and archived.
Centrify	Virtual Server	Hansen	Mobile device management for Apple products. Shut down, imaged and archived.
JAMA Contour	Virtual Server	Harris	Business requirements, used early in CO initiation then not maintained. Shut

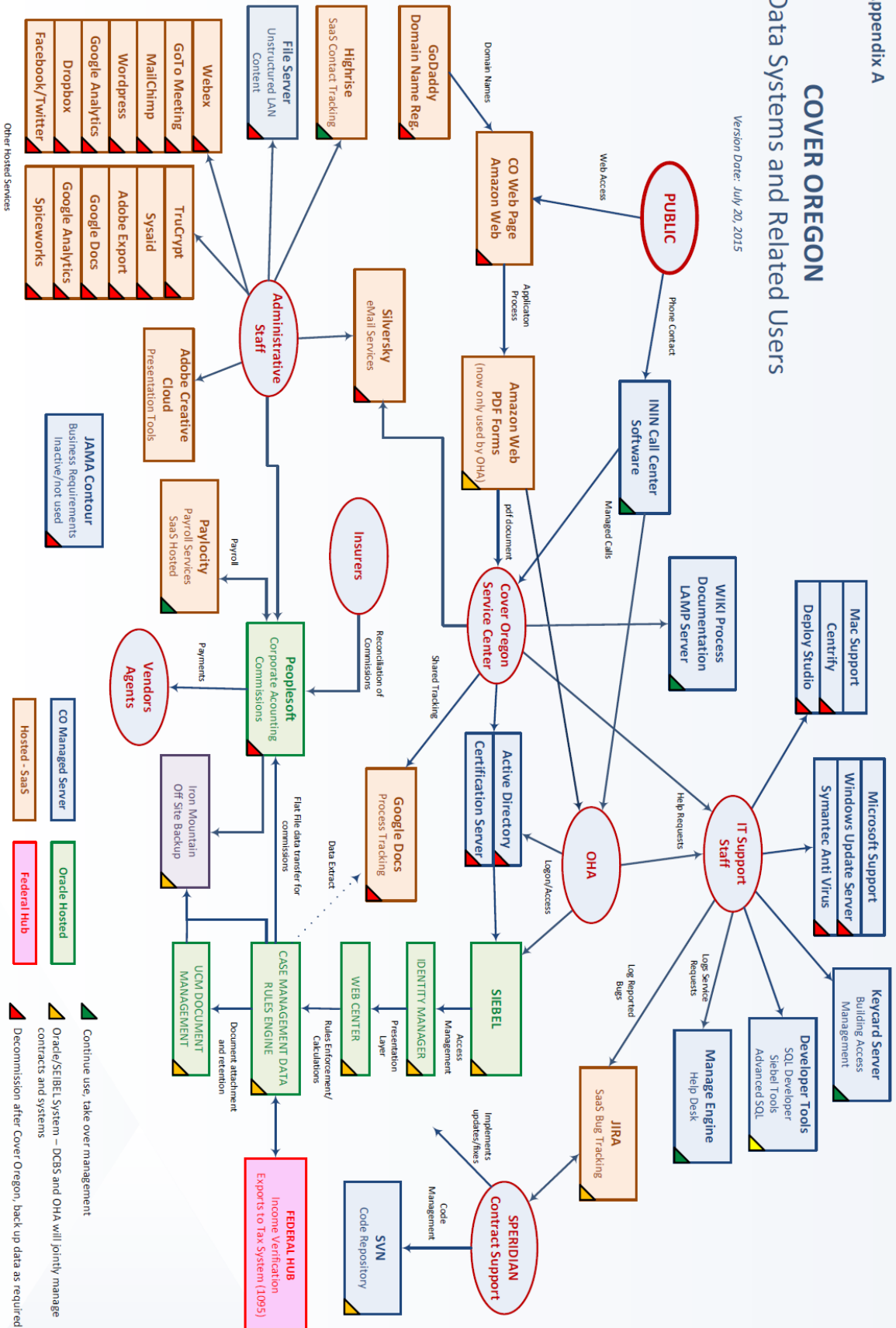
			down, imaged, archived.
JAMA Contour TEST	Virtual Server	Harris	Test server, never used for production. Shut down, imaged, archived.
JIRA (bug tracking)	Vendor Managed Server	Harris	Vendor server moved to ETS where the server will continue in use. Managed by Speridian. Data extract archived June 30.
WEBEX	SaaS	Anderson	Extracted and archived data; access and use discontinued June 30.
GoToMeeting	SaaS	Morris	Extracted and archived data; access and use discontinued June 30.
Adobe Creative Cloud	SaaS	Anderson	Extended license for OrHIM use; data stored on unstructured LAN and archived as referenced above.
Adobe Export	SaaS	Harris	No data, software only; license allowed to expire.
Google Docs	SaaS	Harris	Access ended June 30 and all data on the site moved to the archive.
Google Analytics	SaaS	Harris	Web site access statistics for Cover Oregon copied as screen prints and stored in archive.
WordPress	SaaS	Harris	Working web design content copied and stored in archive; access ended.
Facebook / Twitter	SaaS	Harris	Content archived and access suspended.
MailChip	SaaS	Harris	Download and archive email mailing lists; discontinue access.
GoDaddy Domain Name Service	SaaS	McLaughlin	Domain names parked or move to ETS domain repository; all domains redirected to new OrHIM site.
GoDaddy Intranet	SaaS	Harris	Copied HTML site code to archive, deactivated site.
Event Bright	SaaS	Harris	Inactive since Feb 2015. Extracted data, discontinued access to site.
Bill Tracker	SaaS	Harris	Extracted and archived history June 30, transferred access to OrHIM.
Spice Works	SaaS	Staff	Never used, no data. Collaborative technology advice network.
Amazon Web Services	SaaS		Host platform for Cover Oregon web site (now discontinued and archived) and modifiable PDFs used for intake, still used by OHA. Will remain active until 2016, managed for OHA by DCBS
Highrise	SaaS	Harris	Shared business contact repository with

			OHA. Access has been transferred from Cover Oregon to OrHIM.
Cision	SaaS	Hansen	Media distribution lists. Account discontinued, cannot be restored.
Paylocity	SaaS		Payroll services for Cover Oregon. Account pre-paid for 10 years; archive retention to be provided by vendor.
Dropbox	SaaS		Data exchange system based on individual secure email addresses. Cannot access, cannot recover access.
Silversky	SaaS		Email services for Cover Oregon. All access ended or restricted to OrHIM staff. Some boxes retained for forwarding or password processing. Data extracted June 30 for access through DCBS archiving tool.
Peoplesoft	SaaS (hosted)		Commercial account software hosted on Oracle servers. Use will continue until 2016 (closing, commission 1099s). Extract of data will be planned at that time.
CO Siebel	SaaS (hosted)		Health Insurance qualification processing, still actively used by OHA. Data stored and backed up at OHA. Ongoing access, retention and processing strategy under discussion. Oracle system ends march 2016.

Appendix A

COVER OREGON Data Systems and Related Users

Version Date: July 20, 2015



Attachment C: Litigation Summary

In 2011, the State hired a private contractor, Oracle America, Inc., both to modernize its social services systems and develop a health insurance exchange website through which Oregonians would shop for and obtain the insurance coverage required in the federal Affordable Care Act. In early 2013, the State transitioned the development of the health insurance exchange website to Cover Oregon. On October 1, 2013, when the website was to be fully operational for the public, it did not work and was never launched to the public. On April 25, 2014, the Cover Oregon Board voted to move to the federal website for certain services. In November 2014, Cover Oregon completed its transition to the federal exchange. In addition, the State's project to modernize its social services systems was also placed on hold in 2013.

In June 2014, the Oregon Attorney General launched a false claims investigation into Oracle's charges for both the State's modernization project and the Cover Oregon website. While the investigation was pending, on August 8, 2014, Oracle sued Cover Oregon in federal court for breach of contract and quantum meruit, claiming it was owed an additional \$23 million for its work. On September 8, 2014, Oracle amended its complaint to add the State as a defendant and added claims for copyright infringement and breach of the implied covenant of good faith and fair dealing against Cover Oregon. Since then, Oracle has dismissed its claims in federal court except for copyright violations. Oracle refiled its other claims against Cover Oregon, as counterclaims, in the State Court proceeding. The State currently has motions pending against Oracle's copyright claims in federal court based on 11th Amendment immunity.

After concluding the false claims investigation, on August 22, 2014, the Attorney General, the State, and Cover Oregon filed suit for damages against Oracle, Oracle's co-CEO, other current and former Oracle employees, and Mythics, Inc., an Oracle distributor, in Oregon State Circuit Court for Marion County for fraud, breach of contract, violations of the Oregon False Claims Act and the Oregon Racketeer Influenced and Corrupt Organizations Act. Since the lawsuit was filed, Oracle twice removed the case to the Oregon federal district court and the federal court twice remanded the case back to Marion County Circuit Court. As of April, 2014, the case is pending in state court and discovery is proceeding. The State seeks approximately \$240 million in damages, plus penalties, punitive damages, investigative fees, attorney's fees and costs. Oracle counterclaims for approximately \$23 million for alleged unpaid services provided to Cover Oregon between October 2013 and February 2014.

In February 2015, Oracle threatened to shut off the hosting services the State uses to run its Medicaid enrollment system. On February 13, 2015, the State filed an additional lawsuit in Marion County Circuit Court to enjoin Oracle from turning off service. On February 27, 2015, the Marion County court issued a preliminary injunction prohibiting Oracle from ceasing to provide hosting services for a period of one year. During this time, the State plans to transition to a Medicaid eligibility determination and enrollment system developed by the State of Kentucky which does not use Oracle products. The State expects the non-Oracle system to be operational in January 2016.

There are several ongoing federal investigations, including by the Government Accountability Office, the United States Grand Jury for the District of Oregon, and committees in both the United States House of Representative and Senate. The State is cooperating fully in those investigations.

Attachment D: Costs Paid-To-Date to Legal Services Firms Relating to the Oracle Litigation and Related Investigations

ORACLE CONTRACTOR COSTS

As of 11/2/15

Offense Work State v. Oracle	
Markowitz	\$2,420,976.91
Defense Work Oracle v. State	
Markowitz	\$1,716,699.85
Chernoff Vilhauer	\$ 42,153.97
Subtotal	\$1,758,853.82
Responses to USDOJ & Congressional Document Requests	
LIM	\$ 70,741.52
Garvey Schubert	\$ 444,628.52
Berke Farah	\$ 19,765.00
McGuire Woods	\$ 19,330.64
Subtotal	\$ 554,465.68
Total Contractor Costs	\$4,734,296.41
DOJ Costs	\$
Total Costs	\$