



September 23, 2019

To: Cameron Smith, DCBS Director

From: Health Insurance Marketplace Advisory Committee

Subject: Moving Oregon towards a fully state-based marketplace model

Dear Director Smith:

As you know, throughout the past year, the Health Insurance Marketplace Advisory Committee (Marketplace Advisory Committee or MAC) has been discussing the value of a potential transition to a fully state-based marketplace (SBM). All the information we have received indicates that there would be added value for Oregon, including improved customer service, the ability to more seamlessly implement state initiatives such as premium assistance programs, and reduced overall costs. Therefore, the committee recommends continuing to progress towards an SBM model starting with a request for proposals (RFP) from qualified and experienced vendors.

Oregon currently operates as a state-based marketplace on the federal platform (SBM-FP). This means that Oregonians use HealthCare.gov (the federal enrollment and eligibility technology platform) to enroll in individual insurance plans and apply for tax credits available through the marketplace. People requiring more help must call the associated HealthCare.gov consumer assistance center, which is staffed by federal contractors.

HealthCare.gov is managed by the federal Centers for Medicare and Medicaid Services (CMS). Oregon insurance companies currently pay a fee of 3 percent of premiums of individual insurance plans to CMS in order to sell plans through HealthCare.gov, and those costs pass on to the Oregonians paying those premiums. The fee for 2020 plans will be 2.5 percent, but due to the increase in insurance premiums, the amount to be paid may be the same as in 2019, despite the 0.5 percent reduction. As the MAC has discussed, the limitations of the federal platform are understandable given the number of different states it must support. For example:

- Because of the number of states HealthCare.gov must support, it is unable to accommodate state-specific requests for changes. While Oregon has authority over its own Marketplace, those HealthCare.gov limitations would make operational implementation of state health insurance initiatives exceedingly inefficient or, for some concepts, unattainable.

- Since the technology fee is a percent of total premium and premiums increase every year, cost for the use of HealthCare.gov has been and will continue to be difficult to predict. In addition, as the fee increases with insurance premiums, the cost of using HealthCare.gov increases without an increase or improvement in service. Because there is also no accounting for how the fee is applied, or a breakdown of total services provided per state, Oregon has no way of calculating the amount of actual services received for the fees paid.
- Oregon does not have ownership nor, at the very least, access to the enrollment data of its residents. This data has a multitude of potential uses, such as identifying patterns in underserved populations, tracking enrollment trends to inform meaningful improvements to the consumer experience, and collaborating with other agencies and entities to enact more comprehensive state health policy initiatives – all of which are now difficult or impossible due to the limited availability of information.
- The Marketplace helps Oregonians with complex consumer issues, such as information mismatches, in dealing with HealthCare.gov. In tracking these cases through resolution, and discussions with stakeholders that help consumers with enrollment, case notes indicate that the HealthCare.gov consumer assistance center representatives often do not possess state-specific knowledge, and that communication between assistance center silos can be problematic. As seen through escalated cases that come to the Oregon Health Insurance Marketplace, issues that could be resolved with a single phone call can sometimes take weeks or even months of phone calls to HealthCare.gov to resolve, creating frustration, anxiety, and consumer harm. While representing only a small fraction of total Marketplace enrollment, countless unnecessary hours are lost by these Oregonians and the people helping them before their issues are resolved.
- Oregon has the authority to extend the Marketplace open enrollment period to provide Oregonians more time to make informed decisions, but HealthCare.gov is unable to implement this for individual states.

In order to provide better consumer services and to be flexible enough to implement state health policy priorities and initiatives, Oregon would be well served by a transition to its own enrollment and eligibility technology. This transition would mean that Oregon would no longer use HealthCare.gov, or the associated consumer assistance call center, and would need to procure its own solution for each. It also requires that Oregon declare its intentions to become a state-based marketplace. The discussions of this past year assessed the benefits of this kind of transition against the associated costs and getting the sense of the overall value that could be realized in Oregon as an SBM.

As Oregon narrows its focus on the issues of health care cost and coverage for Oregonians, efforts such as the Health Care Cost Growth Benchmark program initiated by Senate Bill 889 (2019) and the 2018 Universal Access to Care Work Group created by the House Committee on Health Care will continue to develop recommendations to address these issues. While legislators pursue actualizing these recommendations with legislation such as a Medicaid buy-in pilot or a Health Care for Oregon Plan (SB 770, 2019), federal attacks on the Affordable Care Act

continue. This creates an urgency for Oregon to seek greater control over its individual health insurance market to protect those Oregonians seeking coverage there. Changing to an SBM model would put Oregon in a much better position to create solutions to implement the laws, rules, and policies resulting from these efforts.

The MAC has qualified the information presented to it with the guiding principles that an alternative to HealthCare.gov must result in all of the following:

1. Improved outcomes and customer service for Oregonians
2. Better alignment with the written statutory purpose of the Marketplace
3. Ownership of, and accountability for Oregon Marketplace enrollment and related metrics data
4. Lower overall costs to Oregonians and Marketplace stakeholders

Marketplace staff members analyzed the conditions in the similarly situated states of New Mexico and Nevada. Those states conducted requests for information (RFIs) to gather information from vendors with solutions available to states transitioning to a state-based marketplace. The Marketplace conducted its own RFI in spring 2019 and presented an overall assessment to the MAC in July. Given the information presented, and the content of the committee's discussions to date, the MAC is recommending moving forward towards a switch to an SBM, including preparations for the necessary associated requests for proposals (RFPs). The committee is aware of the potential obstacles and other risks associated with this change, but all currently available information indicates that a switch will fulfill the principles above, and it is incumbent upon the committee to recommend actions with the best possible outcomes for Oregon consumers.

The exchange-technology landscape has matured over the past five years. The submissions received in response to the RFI showed there is a stable and competitive market for technology and consumer assistance solutions, and the solutions have proven successful in other states. Though complex and with long timelines, an Oregon switch to an SBM has a high probability of success. We make this estimate expecting the Department of Consumer and Business Services will handle the transition process with appropriate caution, diligence, thoroughness, and transparency. These standards will be essential to succeeding in the transition. We would also expect that progress beyond each stage of a transition would be subject to ongoing analysis and affirmation of its estimated value to Oregon and Oregonians.

Considering these expectations, and seeking better access for Oregonians, the committee recommends continuing to progress towards becoming a fully state-based marketplace, beginning with a request for proposals from qualified and experienced companies.