Washington State Joint Select Committee on Health Reform Implementation
November 8, 2011
Howard "Rocky" King, Executive Director
Nora Leibowitz, Director of Implementation & Operations
Oregon Health Insurance Exchange Corporation

OREGON HEALTH INSURANCE EXCHANGE

PATH TO OREGON'S EXCHANGE

- 2007 – Oregon Health Policy Commission recommends an exchange
- 2008 – Oregon Health Fund Board recommends an exchange
- 2009 – Oregon Health Policy Board is tasked with developing a business plan for the exchange
- 2011 – Legislation passed exchange legislation (SB 99)
OREGON HEALTH INSURANCE EXCHANGE

SENATE BILL 99 – THE EXCHANGE

- Passed Oregon Senate May 4, 2011
  - 24 yeas and 5 nays and 1 absent
- Passed Oregon House June 3, 2011
  - 48 yeas and 12 nays
- Signed by Governor June 22, 2011
- 9th state to pass exchange legislation
- 1st state to pass with bipartisan vote

OREGON HEALTH INSURANCE EXCHANGE

THE EXCHANGE – GOVERNANCE

- Establishes Public Corporation
- Governed by 9 Member Board
- Individual and Small Business Consumer Advisory Committee
- Legislative Advisory Committee
THE GOVERNOR TAKES ACTION

- Names Interim Exchange Director July 1st
- Nominates Board of Directors and send names to Senate on Aug 2nd
- Senate confirms Exchange Board September 22nd
- First meeting of Exchange Board September 30th

THE EXCHANGE BOARD

- 2 Small Business Representatives
- 1 Large Business Representative
- 3 Consumer Representatives
- 1 Provider Representative
- Director, Oregon Health Authority
- Administrator, Insurance Division
THE EXCHANGE – WHAT IS IT?

- Internet based shopping mall
- Compare and purchase health insurance plans
- Eligibility for individual tax credits determined
- Information and grading of plans
- Both individuals and small employers

EXCHANGE FRAMEWORK

Placeholder Mission:

- Describes the essence of the Exchange while holding a burning match!
- Get on an elevator on the first floor and describe what the Exchange does before you reach the second floor!
OREGON HEALTH INSURANCE EXCHANGE

EXCHANGE FRAMEWORK

STRATEGIC PARTNERS

CUSTOMER CENTRIC

Insurance Companies

Consumers: Individuals, Small Businesses

Employers

Consumers

Stakeholder Organizations

Health Insurance Companies

Legislature

Legislature Oversight Committee

Department of Human Services (DHS)

Department of Consumer and Business Services (DCBS)

Oregon Health Authority (OHA)

OREGON HEALTH INSURANCE EXCHANGE

CORPORATE INFRASTRUCTURE

What we've done in 120 days:

Initial Staff

Contracts and procurement

By-laws and policies

Accounting, payroll and HR

Facilities

Communications planning

Telephone, computer and network systems
HUMAN RESOURCES AND STAFFING

Bringing talent from the private and public sectors together:
  • Oregon Health Authority
  • DCBS - Insurance Division
  • Consultants
  • Insurance Industry

HUMAN RESOURCES AND STAFFING

Philosophy of approaching initial work:

  It's a start-up!

  • Need to be flexible, nimble and responsive
  • Assign people to "circles of work" based on their strengths and skills
THE BOARD - INITIAL FOCUS

- Corporate implementation
- Board work plan and meeting schedule
- Come up with a name
- Exchange mission and objectives
- Appointment of executive director
- Draft business plan
- Public input

BUSINESS PLAN - DUE FEBRUARY 2012

Key elements of plan:
- Mission, objectives and governance
- Operations
  - Core competencies
  - Systems
- Communications
- Financials
- Evaluation
Key phases in the Business Plan

- Planning
- Building
- Testing
- Implementation
- Operations
- Evaluation

**CHALLENGES: TIMEFRAMES**

**START**
**JANUARY 1, 2014**
**OREGON HEALTH INSURANCE EXCHANGE**

**CHALLENGES: TIMEFRAMES**

<table>
<thead>
<tr>
<th>Event Description</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Confirmed, Staff Hired</td>
<td>September 2011</td>
</tr>
<tr>
<td>Legislature Reject Business Plan</td>
<td>February 2012</td>
</tr>
<tr>
<td>Level 1 Establishment Grant Through 2011</td>
<td>June 2012</td>
</tr>
<tr>
<td>HHS Certification of State Readiness</td>
<td>January 2013</td>
</tr>
<tr>
<td>IT Systems Testing</td>
<td>Early Spring 2013</td>
</tr>
<tr>
<td>IT Systems Fully Operational</td>
<td>By June 2013</td>
</tr>
<tr>
<td>Open Enrollment Starts</td>
<td>October 2013</td>
</tr>
<tr>
<td>Operating and Coverage Begins</td>
<td>January 2014</td>
</tr>
<tr>
<td>Financially Self-Sustaining</td>
<td>January 2015</td>
</tr>
</tbody>
</table>

**INDIVIDUAL AND SHOP**

**INDIVIDUAL MARKET EXCHANGE**

*Focus is on Individuals:*
- US citizens or legal residents
- Not incarcerated
- Resident of the state

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Tax credits for people between 138 – 400% FPL who don’t have affordable coverage options.

No cafeteria plan pre-tax treatments.

**SHOP SMALL GROUP MARKET**

*Focus is on Employers:*
Full-time employees of small businesses with up to 100 workers:
- States can limit to businesses with 50 or less until 2016
- In 2017, states can let in large groups with 100 or more

Sliding-scale tax credit:
- Less than 25 workers
- Average wages less than $50,000
- Maximum two-years, up to 50% of premium contribution
SHOP and Individual Market:
- Created technical assistance workgroup to identify policy issues and develop framework for considering options
- Group is made up of Exchange staff, consultants, industry experts and carrier representatives

- Will expand to include small businesses and their employees
- Will start with SHOP issues, then move to individual market design
**PROJECT UPDATE**

- SHOP Exchange
  - Small business tax credits
  - 4 Employer Options
  - Defined Contribution Model
  - Billing and payment through exchange

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**SHOP EXCHANGE**

Four small employer choices:
- **Traditional:** *Employees must enroll in carrier and plan selected by small employer*

<table>
<thead>
<tr>
<th></th>
<th>Carrier A</th>
<th>Carrier B</th>
<th>Carrier C</th>
<th>Carrier D</th>
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<tbody>
<tr>
<td>Platinum</td>
<td>$400</td>
<td>$395</td>
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**Plan Bundling:** Employees may select from carrier selected by small employer and from all plans offered by that carrier

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**Multiple Carrier/One Plan:** Employees may select from all carriers but limited to one benefit plan level selected by small employer

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**Shop Exchange**

- **Full Choice:** Employees may select from all carriers and from all plans

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**Reshaping the Individual Market**

- High Risk Pool
- Portability Market
- COBRA Enrollees
- Small Group Market
- Uninsured

**Individual Market**

- Medicaid Expansion
- Market Reforms
CHALLENGES: RISK ISSUES

Three federal mechanisms:
- Risk adjustment (starting in 2014)
- Transitional reinsurance program (2014-2016)
- Risk corridor program (2014-16)

Three state options:
- Oregon's Children's Reinsurance Program
- Oregon Medical Insurance Pool (OMIP)
- SHOP-specific reinsurance mechanism

CHALLENGES: COMPETING INTERESTS?

<table>
<thead>
<tr>
<th>Consumer</th>
<th>Insurance Industry</th>
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<tbody>
<tr>
<td>Quality</td>
<td>Price</td>
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The Exchange Board