



# MEMORANDUM

June 8, 2017

To: Jeremy Vandehey  
Health Care Policy Advisor to Governor Kate Brown

From: Patrick Allen  
Director, Department of Consumer and Business Services

Subject: House Bill 2391

### *Reinsurance Assessment Applicability to Disability Insurance*

The health benefit plan assessment is not applicable to disability insurance, or other lines of miscellaneous health insurance. For purposes of the assessment and reinsurance program, the -7 amendment to House Bill 2391 adopts the statutory definition of “health benefit plans.”<sup>1</sup> As currently defined, the term “health benefit plan” specifically excludes “coverage for accident only, specific disease or condition only, credit or disability income.”

### *Status of 1332 CMS State Waivers*

Although about eleven states have state legislation to pursue Section 1332 State Innovation Waivers, the Centers for Medicare and Medicaid Services (CMS) reports that only five states have submitted applications for Section 1332 State Innovation Waivers. Three of those states no longer have pending applications because the application has been approved, withdrawn, or deemed incomplete. These states and status of their application are as follows:

- **Hawaii** – CMS review is completed and 1332 waiver was approved and became effective Jan. 1, 2017
- **Alaska** – State received CMS Notice of Preliminary Determination of Completeness
- **Minnesota** – DCBS was notified that Minnesota has submitted its waiver application on May 31, 2017
- **California** – State has withdrawn its application for a 1332 waiver
- **Vermont** – State received CMS Notice of Preliminary Determination of Incompleteness and it is our understanding Vermont is no longer pursuing the waiver

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<sup>1</sup> ORS 743B.005(16)

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*Summary of Reinsurance Program Funding/Expenditures by calendar year*

With 1332 Waiver:

- 2018:
  - 25 million – OMIP ending fund balance
  - 3.5 million – OHIM remaining fund balance
  - 32 million – 1332 waiver funding
  - 28.5 million -- insurer premium tax
  - **Total to reinsurance: \$89 million**
  
- 2019: (accounts for some revenue in early 2019-21 biennium)
  - 32.5 million – insurer premium tax
  - 25 million – OMIP ending fund balance
  - 3.5 million – OHIM remaining fund balance
  - 34 million – 1332 waiver funding
  - **Total to reinsurance: \$95 million**

Without 1332 Waiver:

- 2018:
  - 50 million – OMIP ending fund balance
  - 7 million – OHIM remaining fund balance
  - 19 million – insurer premium tax
  - **Total to reinsurance: \$76 million**
  
- 2019:
  - work group will need to determine year-2 plan

*Long-term Oregon Health Plan Funding Solution*

As agreed to with the insurers, the Governor's Office, OHA and DCBS will convene an interim stakeholder workgroup to discuss solutions for longer term, broad-based Oregon Health Plan funding options for consideration after expiration of the insurer tax.