



# House Committee on Behavioral Health and Health Care

Department of Consumer and Business Services  
Andrew R. Stolfi, Director / Insurance Commissioner  
February 6, 2025



# The Oregon Reinsurance Program (ORP)

- Established in July 2017 (HB2391)
- Oregon special ballot measure, Measure 101
- 2% assessment on health insurance premiums
- Partially funded by the assessment, with the remainder paid by federal funds under Oregon's 1332 waiver (currently ends 2027)
- Reimburses health insurance companies on the individual marketplace for qualifying claims
- 21 states operate reinsurance programs
  - Inc: Alaska, California, Idaho, Montana, Washington
- Program has saved Oregonians almost 598 million to date

# The Oregon Reinsurance Program (ORP)

- Goals of program
  - stabilize the individual market
  - lower individual market health premiums by 6%
  - spreads the risk of high-cost claims
  - encourage insurance companies to offer plans in more parts of the state

# ORP Numbers

Calendar Year	Total Assessment Collected	Sent to OHA	Retained by DCBS	Federal Waiver	Reinsurance Payments
2017	\$70.8M	\$0	\$70.8M	\$0	\$0
2018	\$121.7M	\$143.7M	\$0	\$0	\$0
2019	\$193.2M	\$135.7M	\$21.9M	\$54.5M	\$90.0M
2020	\$254.6M	\$197.9M	\$11.1M	\$41.9M	\$87.3M
2021*	\$289.7M	\$227.2M	\$19.7M	\$54.4M	\$97.1M
2022	\$320.8M	\$213.2M	\$54.6M	\$55.0M	\$107.8M
2023	\$354.7M	\$332.1M	\$0	\$60.0M	\$103.8M
2024	\$372.1M	\$337.1M	\$0	\$60.0M	\$112.0M
<b>Total</b>	<b>\$1,977.7M</b>	<b>\$1,586.9M</b>	<b>\$325.8M</b>	<b>\$325.8M</b>	<b>\$598.0M</b>



# Benefits of Continuing ORP to Oregonians

- Continue the use of Federal Funds through 1332 waiver
- Lower individual market health premiums by 6%
- Stabilize the individual market by increasing choices to consumers
- Continue to reimburse health insurance companies and spread the risk of high-cost claims
- Oregon consumers may choose between 6 different health care plans on the individual market
- Minimum coverage of at least 4 carriers in all 36 counties



# Questions?



OREGON  
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February 6, 2025

# **Oregon Health Plan Financing and Medicaid Provider Assessment**

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# What we will cover:

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- Oregon Health Plan budget and budget drivers
- Medicaid overview
- Provider assessment overview and requirements
- Overview of current provider assessments
- 25-27 Governor's Recommended Budget



# OHP Budget Drivers & Risks

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## Caseloads

- Caseloads are a major cost driver for OHA and are sensitive to economic factors.

## Revenues

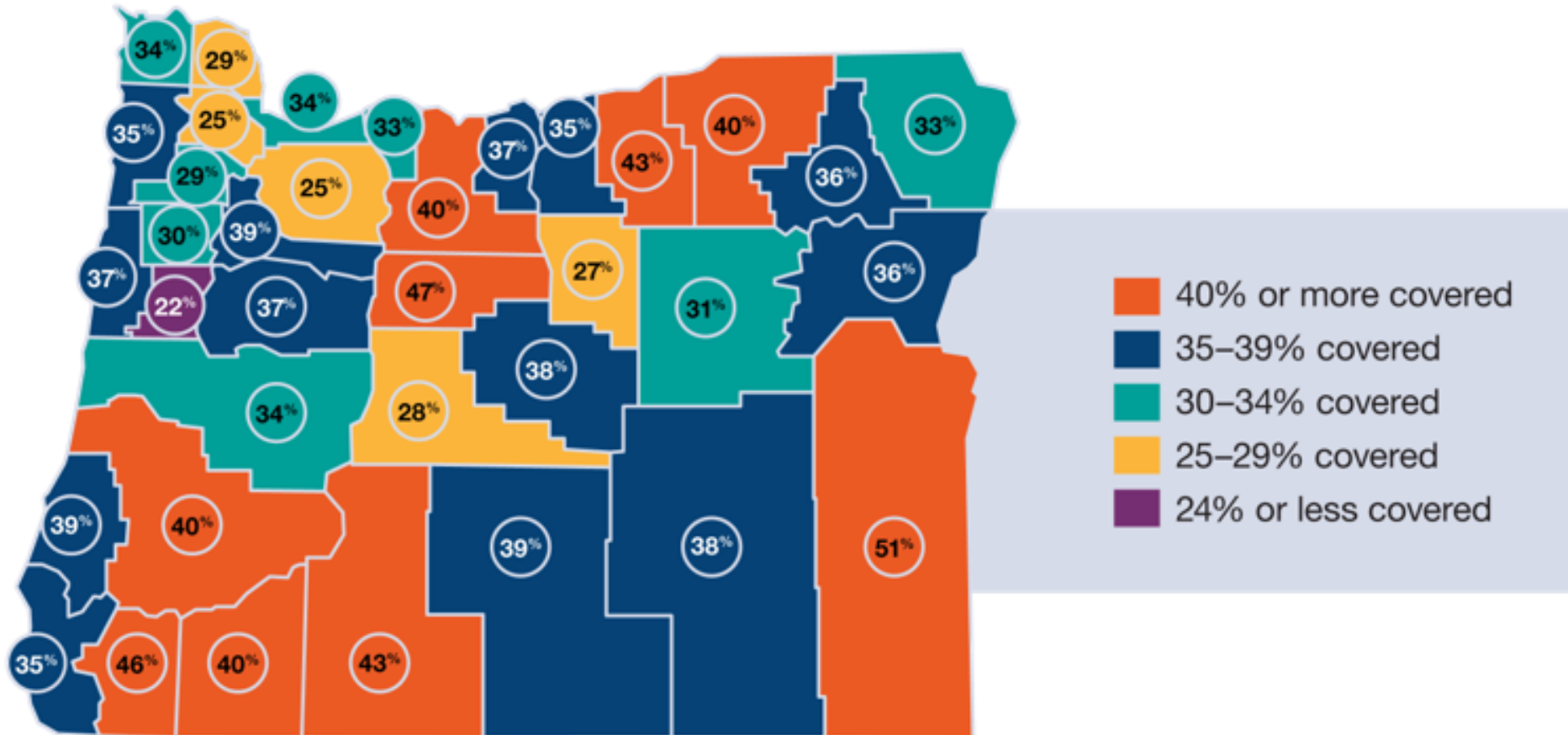
- Tobacco Tax revenues – history of ups and downs in forecasts
- Hospital and Insurers Assessment Renewals
- Federal match rates
  - Economic growth can result in decreased match rates

## Policy

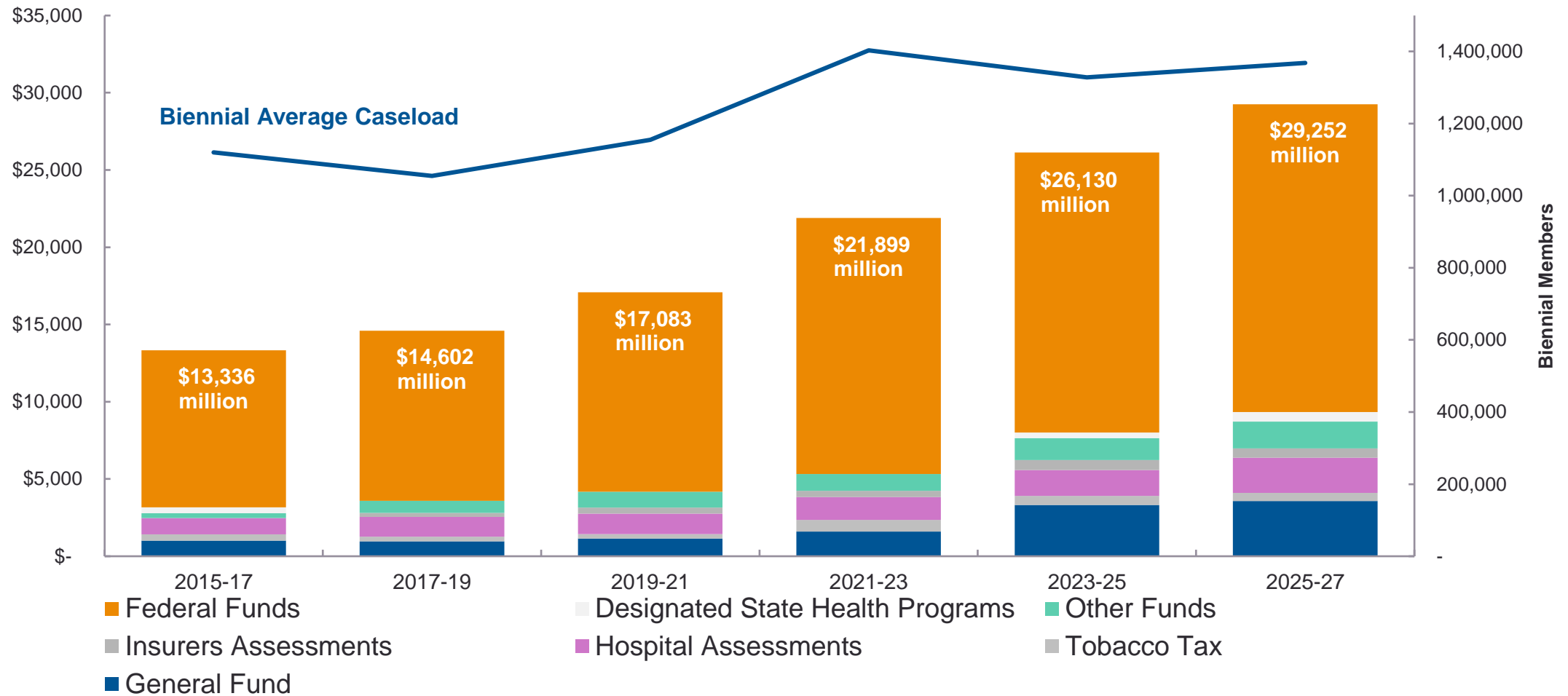
Uncertainty at the federal level

- Carceral Expansion
- Managed Care Access
- Medicaid Access
- Interoperability

# Medicaid Enrollment by County in 2024



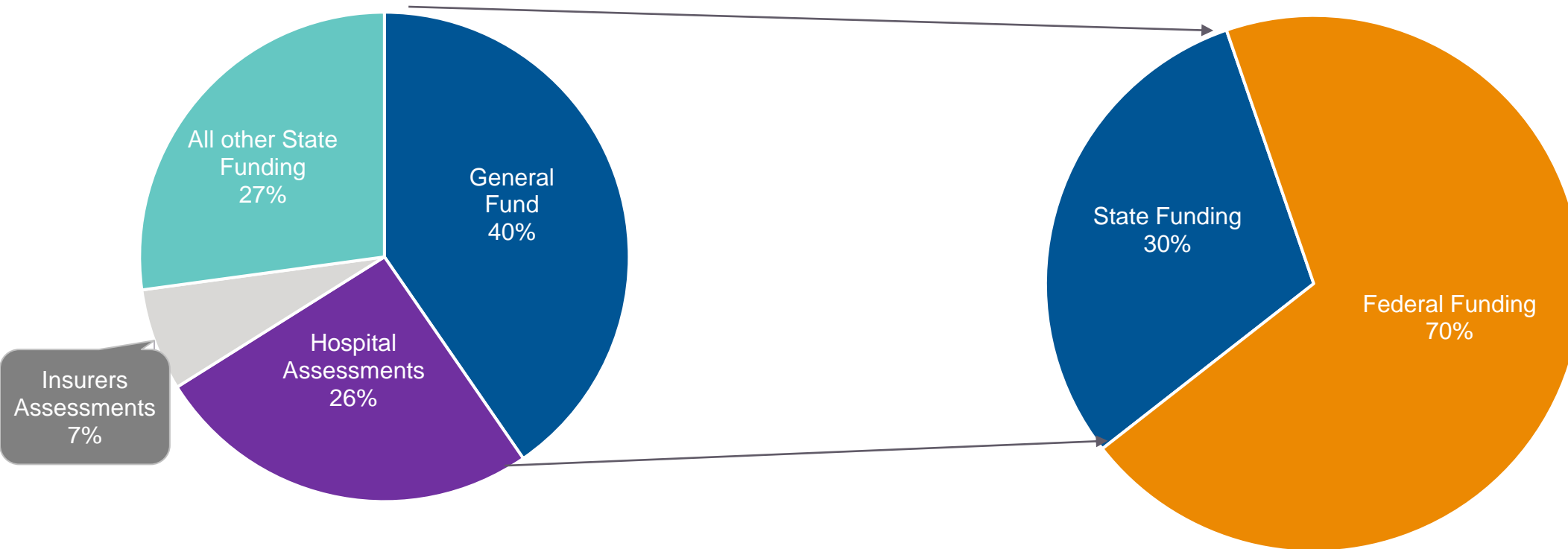
# Medicaid Historical Funding Sources



# Hospital Assessment funding is 26% of state funding for Oregon Health Plan in 2025-27

\$8.5 Billion State Funding in OHP

\$29.2 Billion Total Funding in OHP



\*All Other State Funding includes OHSU Transfer, Tobacco Tax, Drug Rebates, Tobacco Master Settlement Agreement and Leverage/Limitation funding



# What's a provider assessment?

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An assessment on health care providers used to cover the state's share of the Medicaid program, allowing the state to obtain federal matching funds.

# Oregon Assessments

Class	Rate	Notes	Legislation	Expiration
DRG	6%	Required to maintain equilibrium with hospitals	HB2010 (2019)	9/30/2025
A&B	6%	Required to maintain equilibrium with hospitals	HB2010 (2019)	9/30/2025
Insurer's	2%	Funds reinsurance program as well as OHP	HB2010 (2019)	12/31/2026
Nursing Facilities	6%	Program operated by ODHS	HB4162 (2018)	6/30/2026
Public GEMT	IGT	Voluntary	HB4030 (2016)	N/A
Private GEMT*	5%	Not operating yet, mandatory	HB2910 (2021)	N/A
OHSU IGT	IGT	87% of cost, reducing to 84% beginning 7/1/2025	HB2010 (2019)	N/A

\* OHA continues to implement the private GEMT program. Awaiting approval from CMS on state plan amendment, OFS system design, etc.

# Federal Rules for Provider Assessment

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In order to receive federal match, a provider assessment must be:

1. Broad-based: Assessment must be imposed on all providers within a class of services.
2. Uniform: Assessment must be imposed on all providers within a class of services at the same rate.
3. Not hold harmless: The state cannot *directly or indirectly guarantee* the paying entities will be repaid through increased Medicaid payments.

*Direct*: Cannot promise to make an individual payer whole for cost of assessment through increased reimbursement.

*Indirect*: Safe harbor if the rate on net patient review of an assessment (or combination of assessments if more than one) is not more than 6% of net patient revenue across the entire provider class.

# Permissible Classes (Current Oregon assessments bolded)

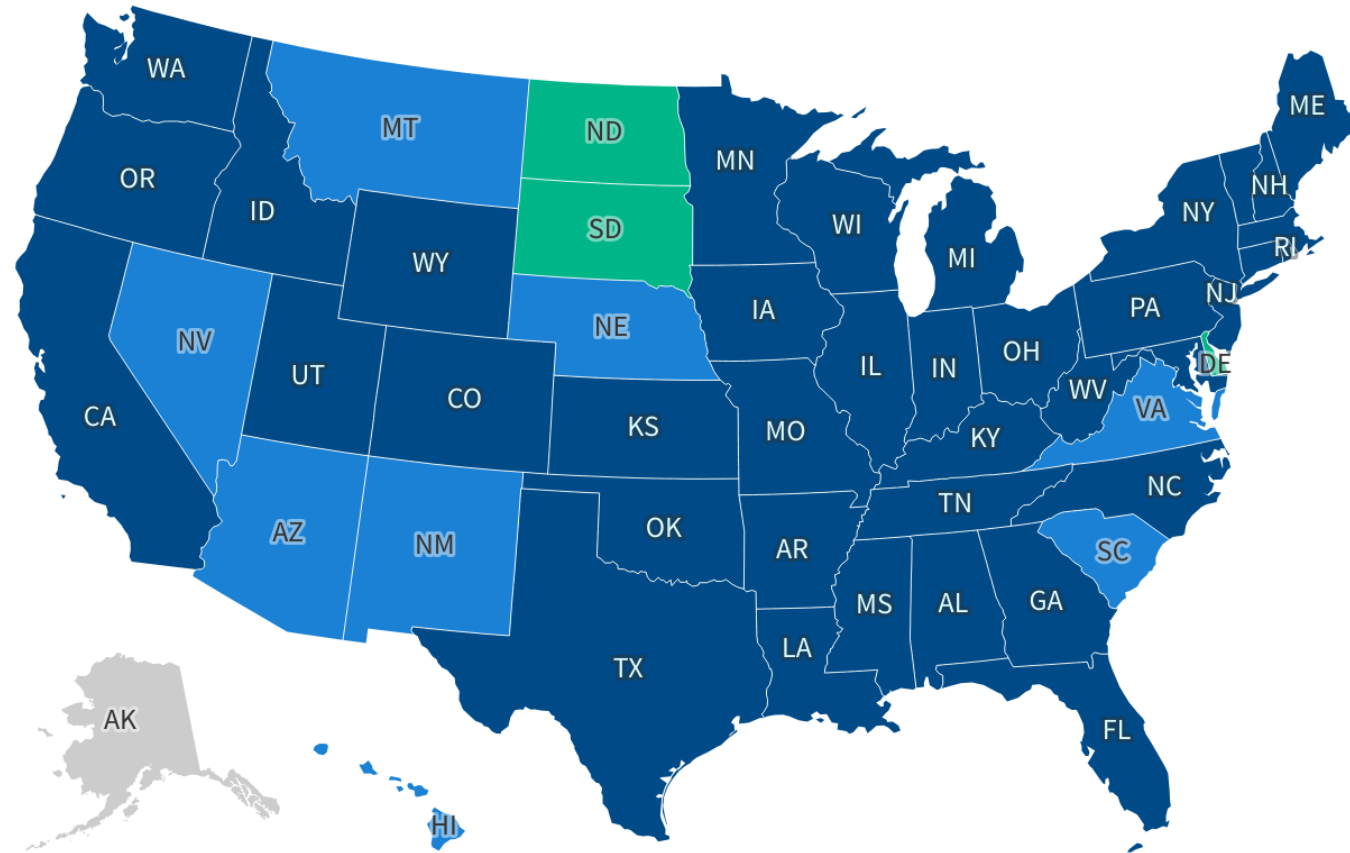
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1. **Inpatient hospital services;**
2. **Outpatient hospital services;**
3. **Nursing facility services** (other than services of intermediate care facilities for individuals with intellectual disabilities);
4. Intermediate care facility services;
5. Physician services;
6. Home health care services;
7. Outpatient prescription drugs;
8. **Services of managed care organizations (including CCOs, HMOs, PPOs,);**
9. Ambulatory surgical center services;
10. Dental services;
11. Podiatric services;
12. Chiropractic services;
13. Optometric/optician services;
14. Psychological services;
15. Therapist services;
16. Nursing services;
17. Laboratory and x-ray services. This definition does not include laboratory or x-ray services provided in a physician's office, hospital inpatient department, or hospital outpatient department;
18. **Emergency ambulance services;** and
19. Other health care items or services not listed above on which the State has enacted a licensing or certification fee.



# Provider Assessments Nationwide

■ 3+ Provider Taxes/Fees (39 states including DC) ■ 2 Provider Taxes/Fees (8 states) ■ 1 Provider Tax/Fee (3 states) ■ No Provider Taxes/Fees (1 state)



<https://www.kff.org/report-section/50-state-medicaid-budget-survey-fy-2024-2025-provider-rates-and-taxes/>

# Oregon Hospital Assessment Program

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Hospital assessment program was originally created in 2003 to generate revenue to expand coverage and increase hospital reimbursement levels.

The hospital assessment program was modified in the 2017 legislative session to include rural type A/B hospitals and exclude Oregon Health & Sciences University.

The program is currently used to fund:

- Oregon Health Plan, offsetting General Fund need
- Enhanced Hospital Payments and Rates
- Rural Hospital Quality & Access Pool
- Disproportionate Share Hospital Program (DSH)

# Provider and Insurer Assessment History

2003	Hospital program first created, used to replace general fund	Rate capped at 3%
2007	Hospital program extended for two years but limited to funding hospital services only	Rate capped at 1.5%
2009	<ul style="list-style-type: none"> <li>- Hospital program extended for four years to expand coverage to adults on OHP ("Standard" program)</li> <li>- Insurer assessment enacted for four years to expand coverage to children up to 300% FPL</li> </ul>	Rate capped at 5.5% then 6.0% Actual Average Rate: 3.12%  Rate set at 1%
2011	Hospital program rate increased to buy back hospital rate cuts	
2013	<ul style="list-style-type: none"> <li>- Extended for two years; created Hospital Transformation Performance Program</li> <li>- Insurer assessment expired and replaced instead with assessment to fund reinsurance program (2014-2016)</li> </ul>	Rate capped at 6.0% Actual Average Rate: 4.81%
2015	Hospital program extended for four years; HTPP funding split with CCOs	Rate capped at 6.0% Actual Average Rate: 5.55%
2017	<ul style="list-style-type: none"> <li>- DRG regular hospital assessment extended to 2021; true assessment of 0.7% to 2019; New assessment on rural hospitals</li> <li>- Insurer assessment re-enacted for two years.</li> </ul>	DRG hosp. rate: 5.3% +0.7% Rural hosp. rate: 4.0% Insurer rate: 1.5%
2019	Insurer assessment passed through 2026, hospital programs extended through September 2025.	DRG & Rural hosp. rate: 6.0% Insurer rate: 2.0%

\*Excluding long term care nursing home and ambulance assessment

# Hospital Program Payment Detail (in millions)

## 2025-27 Governor's Budget

	State Funds	Federal Funds	Total Funds	
Revenue	\$ 2,052	\$ 6,498	\$ 8,551	
Expenditures				
OHP	\$ 1,372	\$ 4,793	\$ 6,165	Federal Amount varies by eligibility category
Additional hospital payments				
Equilibrium - payments in aggregate				
Qualified Directed Payments (QDP)- Lg Hospitals (DRG)	\$ 475	\$ 1,191	\$ 1,666	Paid through CCO, directed to hospitals, based on services provided at hospitals for Medicaid clients.
Qualified Directed Payments (QDP)- Sm Hospitals (A&B)	\$ 84	\$ 200	\$ 284	
Fee-For-Service hospital enhanced payments	\$ 29	\$ 74	\$ 102	
Fee-For-Service Supplemental Payments (as needed)	\$ -	\$ -	\$ -	Optional payment made if QDP is short.
Sub Total for Equilibrium	\$ 588	\$ 1,465	\$ 2,052	
Hospital payments-addition to equilibrium				
Rate Buy Back	\$ 74	\$ 189	\$ 263	Static amount, added in 2011 to mitigate a rate cut
DSH3 Program Base Budget	\$ 19	\$ 52	\$ 71	Base Budget amount, originally covered all DSH allotment
Sub total	\$ 93	\$ 241	\$ 334	
Total Additional Hospital Payments	\$ 680	\$ 1,706	\$ 2,386	
Total Payments	\$ 2,052	\$ 6,498	\$ 8,551	



# HB 2010

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- Extends and aligns hospital and insurer assessments through 2032
- Provides OHA flexibility to leverage full federal funding for DRG hospital assessment (forthcoming amendment)
- Continues OHSU public mission and funding program through IGT (forthcoming amendment)
- Ongoing savings of 6% to consumer premiums through Oregon Reinsurance Program