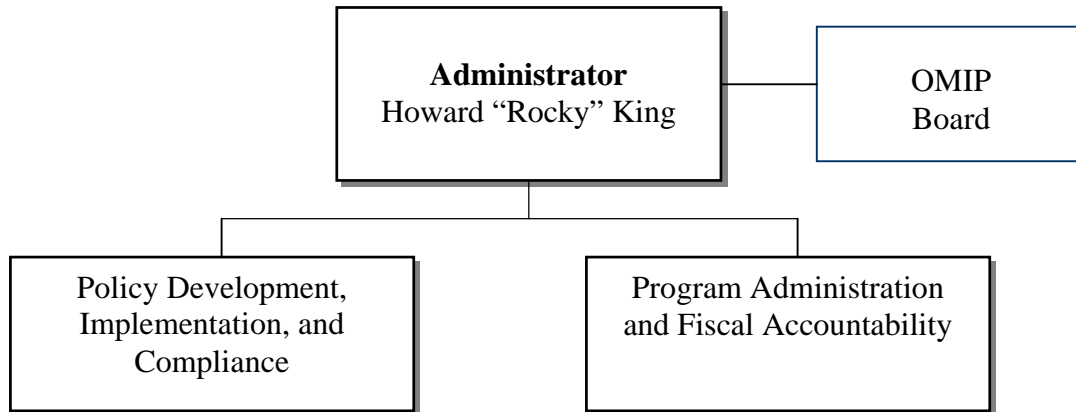


# OREGON MEDICAL INSURANCE POOL

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- Establish policy benefits, services, patient protections, and rates according to statutory requirements.
- Design policy contract benefits, delivery systems, and cost sharing.
- Establish eligibility criteria and processes.
- Review and audit third party administrator's eligibility and claims procedures.
- Resolve appeals.
- Provide legislative input.
- Establish and revise Oregon Administrative Rules.
- Track enrollments and terminations.

- Coordinate operations with the third party administrator
- Track and analyze claim costs, premiums received, state agency costs, and third party administration costs.
- Provide for and implement mechanisms for assessing insurance and reinsurance carriers in Oregon.
- Ensure fiscal ability to provide claims payments.
- Recommend policy direction and necessary action to Board.
- Conduct outreach services for promoting program awareness and accessibility.
- Provide customer service.

<b>Oregon Medical Insurance Pool</b>	
<b>2003-05</b>	<b>2005-07</b>
<b>Approved</b>	<b>Requested</b>
7 Positions	8 Positions
7.00 FTE	8.00 FTE
\$1,178,326	\$1,412,826

# OREGON MEDICAL INSURANCE POOL

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## Mission

The mission of the Oregon Medical Insurance Pool (OMIP) is to provide access to health benefit coverage to Oregonians unable to obtain insurance due to preexisting health conditions or who are without portability options.

OMIP directly reduces the state's overall uninsured rate by providing health insurance options to people who would otherwise be without coverage. Oregonians served by OMIP have either been turned down in the individual health insurance market because of their medical conditions; exhausted their employer-based COBRA benefits and have no other available options to continue coverage; or have left employment and moved out of their employer's plan service area and are not able to continue that coverage.

The pool protects enrollees by providing coverage for their expensive chronic diseases.

## What we do

OMIP issued its first health insurance policy in 1990 for people who were denied coverage in the private market, using BlueCross Blue Shield of Oregon (which later became Regence BlueCross Blue Shield) as the pool's third-party administrator (TPA). The pool has continued to grow since that time. In 1996, OMIP began providing a portability option for people who had been covered through a group plan but had exhausted their COBRA or did not have access to a commercial portability plan. In 1997, OMIP began allowing continuing coverage for Medicare enrollees who had 12 months of continuous OMIP coverage and received both Medicare Part A and B.

## Program delivery

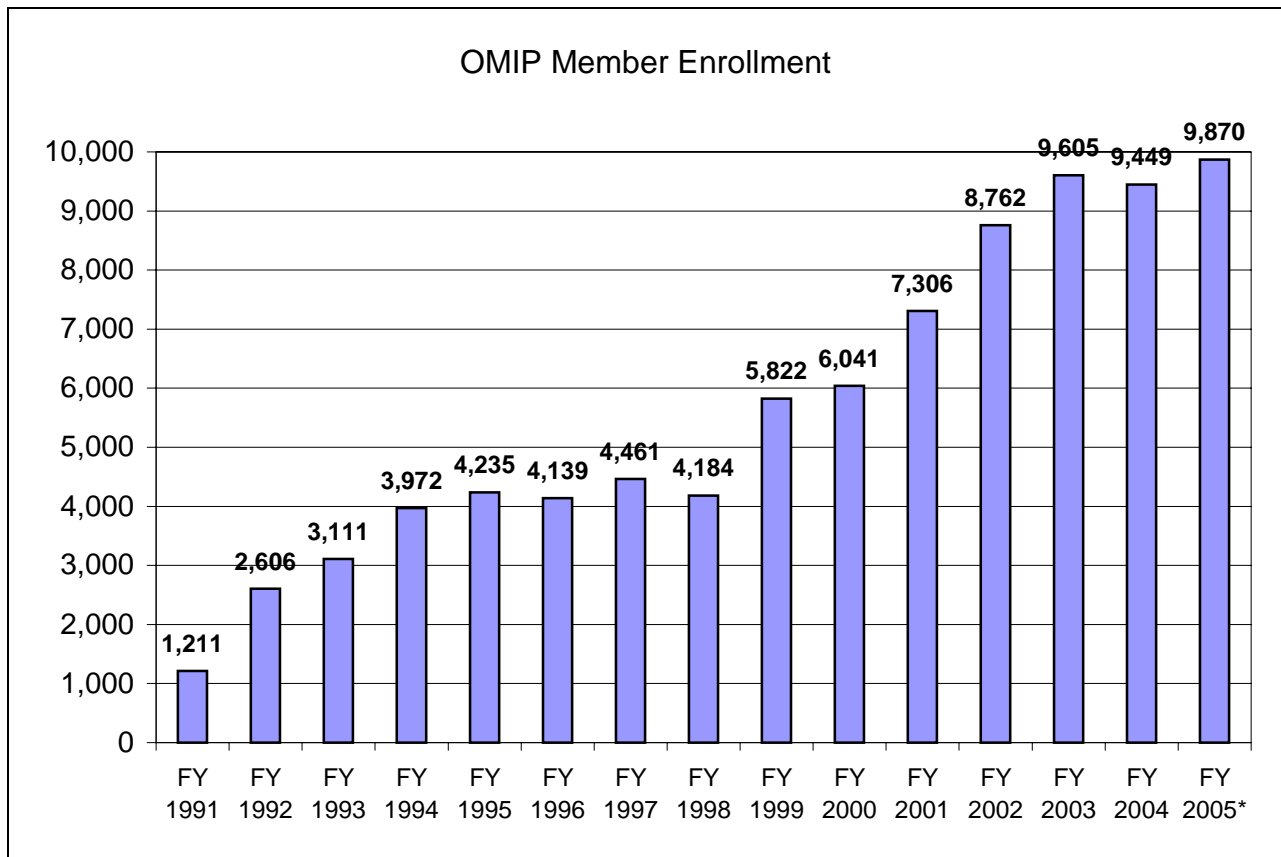
Eligibility: OMIP is not an entitlement program for low-income populations. Individuals obtain coverage in OMIP through either medical eligibility or portability eligibility, regardless of their income.

- In order to qualify for medical eligibility, individuals must have a medical condition which leads a commercial insurance carrier to refuse coverage or a health insurance agent to certify that an insurer will refuse coverage due to the risk of insuring that individual.
- In order to qualify for portability eligibility, individuals exhaust their COBRA coverage, move out of their prior insurance carrier's service area or the carrier no longer provides service in that area and they have no commercial portability option available through that carrier.

OMIP also serves a very small population of Medicare dual enrollees, for whom OMIP coverage is secondary. However, to be eligible as a dual Medicare-OMIP enrollee, individuals must have had 12 months of continuous OMIP coverage and sign up for both Medicare Part A and B. These stringent enrollment criteria for Medicare recipients exist because the OMIP program was never intended to compete with commercial Medicare supplement policies.

Approximately 80 percent of OMIP enrollment is through Medical eligibility, 19 percent through Portability, and less than 1 percent is Medicare dual-enrollment.

# OREGON MEDICAL INSURANCE POOL



\*FY 2005 data through Nov 2004

## Benefit plans

OMIP benefit plans mirror those in the commercial group health market. Prior to 2005, they included indemnity plans, preferred provider organization (PPO) plans and HMO plans. For the 2005 calendar year, OMIP offers a choice of four PPO plans with a range of deductibles and out-of-pocket costs at premiums that are lower than those of recent years. These plans, like those in the commercial market, include case management services, disease management programs, prior authorization requirements, a drug formulary and higher benefits when enrollees choose to use participating providers.

## Program administration: Public and private sector partnership

OMIP currently partners with a commercial third-party administrator (TPA), Regence BlueCross BlueShield of Oregon (Regence), through a contract to administer eligibility, enrollment, member services, reporting, and claims processing. OMIP works closely with TPA management and staff to coordinate operational and policy issues and to promote improvements in service delivery. Customer service initiatives include newsletters, rapid resolution of issues, correspondence turnaround times, web-site improvements, and customer surveys.

Every three years, OMIP solicits proposals from insurers to provide the TPA services for the program. Regence has been awarded the contract each year OMIP solicited proposals. Most recently, Regence competed with two other insurers, and OMIP awarded it a new contract for the 2005 – 2008 contract period, which begins in February 2005.

# OREGON MEDICAL INSURANCE POOL

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OMIP provides the following administrative services:

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>• Establishes policy benefits, services, patient protections, and rates according to statutory requirements.</li><li>• Designs policy contract benefits, delivery systems, and cost sharing.</li><li>• Establishes eligibility criteria and processes.</li><li>• Reviews and audits the TPA's eligibility and claims procedures.</li><li>• Resolves final appeals.</li><li>• Provides legislative input.</li><li>• Establishes and revises Oregon Administrative Rules.</li><li>• Tracks enrollments and terminations.</li></ul> | <ul style="list-style-type: none"><li>• Tracks and analyzes claim costs, premiums received, state agency costs, and TPA costs.</li><li>• Provides for and implements mechanisms for assessing insurance and reinsurance carriers in Oregon.</li><li>• Ensures fiscal ability to provide claims payments.</li><li>• Recommends policy direction and necessary action to the OMIP board.</li><li>• Conducts outreach services for promoting program awareness and accessibility.</li><li>• Provides customer service.</li><li>• Tracks and reviews customer satisfaction surveys.</li></ul> |
|--|---|

## Program funding sources

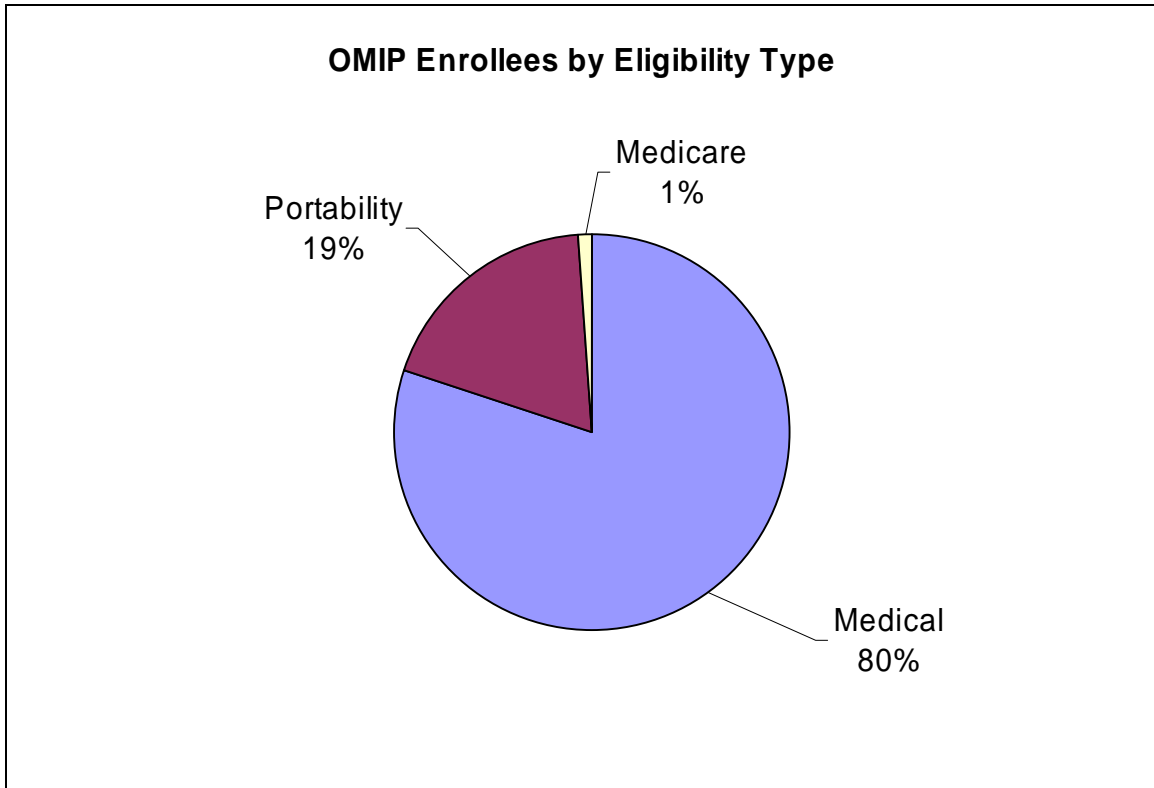
The funding methodology for OMIP allows the program to spread a portion of the medical risk associated with OMIP enrollees across both the enrollees and all licensed health insurers in the state. Since 1990, OMIP has operated with no General Fund money. The program has two funding sources:

- 1) OMIP charges premiums to its enrollees, which cover approximately 65 percent of the total program expenditures. Premiums can be as much as 25 percent higher than the commercial insurance market for the same coverage. In calendar year 2004, the average premium in OMIP was \$449.00 per policy, per month.
  
- 2) OMIP assesses licensed Oregon health insurers, re-insurers, and stop-loss carriers for any expenditures that exceed the premiums. This assessment funds approximately 35 percent of the program expenditures, and the payments are spread among the health insurers based on the total number of Oregonians that each covers. OMIP assesses insurers in January and July of each year based on a projection of expenditures for the next six months.

# OREGON MEDICAL INSURANCE POOL

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## Demographics of the OMIP Enrollees



### Gender

Female 63%  
Male 37%

### Age (Median = 52)

>60 28%  
20-60 56%  
<20 16%

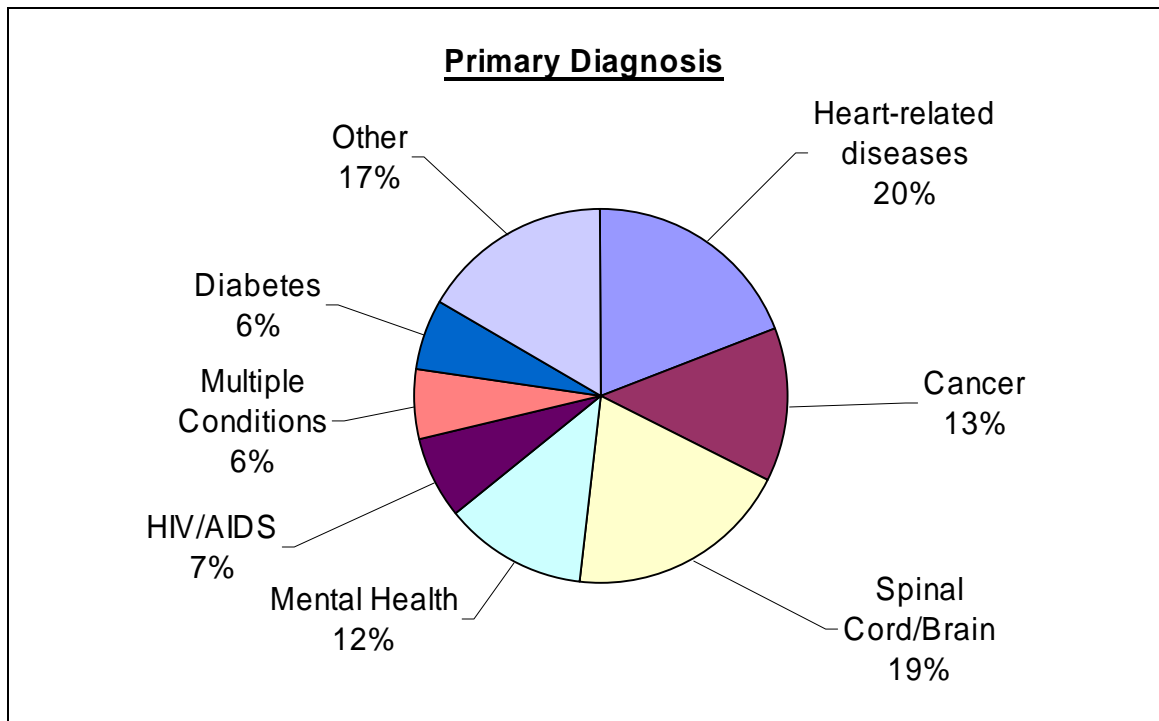
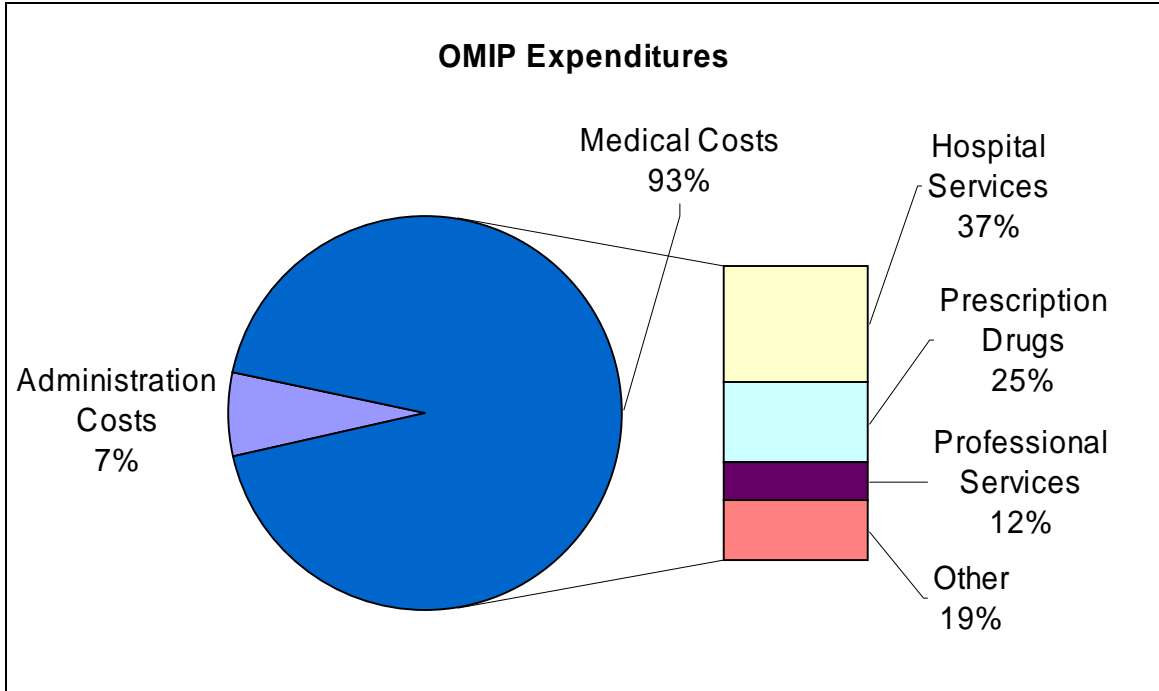
### Length of Enrollment

>3 years 31%  
1-3 years 38%  
<1 year 31%

60% of OMIP population earns less than \$35,000 annually.

# OREGON MEDICAL INSURANCE POOL

## What OMIP Expenditures Cover Health Care Costs



# OREGON MEDICAL INSURANCE POOL

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## Administrative expenses

The administrative cost for the TPA plus the state program management and staff during FY2005 is less than 7 percent of total expenditures.

- OMIP administration: State of Oregon administrative staff and supplies comprise 18 percent of administrative costs and 1 percent of total expenditures. Four of the eight FTE associated with the program are part time, and OMIP bills 90 percent of their time back to IPGB for services they provide to IPGB programs.
- TPA: TPA costs comprise 79 percent of administrative costs and 5 percent of total expenditures.
- Insurance agent fees: OMIP pays a one-time \$75 fee to Oregon licensed agents who assist an applicant in completing the OMIP application and obtaining coverage. Approximately 52 percent of the applications received are through agent contact. OMIP pays approximately \$20,000 per month in agent fees, which comprise 3 percent of administrative costs and 0.2 percent of total expenditures.

## **Reason for OMIP non-limited fund increase**

- The TPA administrative expense increases as the OMIP enrollment increases. OMIP pays the TPA a contracted dollar amount per enrollee per month. The OMIP Board has imposed no limit on the rate of growth in enrollment. OMIP projects that enrollment will increase as a result of projected increases in the Family Health Insurance Assistance Program (FHIAP), decreases in the availability of public programs such as the Medicaid Standard Benefit program, increases in the number of individuals who lose group coverage and increases in rejections of people for coverage by commercial insurers. OMIP assumes that enrollment growth will continue at rates that it has built into its budget projections.
- OMIP medical expenditures increase as the number of enrollees with chronic or expensive medical conditions increases and the general inflation in the cost of medical services increases in the market. The general medical cost inflation trends have been about 15 percent and OMIP expects the trend to continue, as it has in the insurance market. As stated in the paragraph above, OMIP expects that its enrollment of chronically and acutely ill people will continue to grow.

## Major budget drivers

- Health care trends, including utilization rates and health care costs.
- Enrollment growth
- Benefit designs have limited flexibility because the statute requires that they be tied to the approved Portability benefit designs.
- Premium limitation to keep it affordable for enrollees.
- Health care costs for OMIP population are characteristic of the most expensive 10 percent of a commercial book of business because most of the enrollees have chronic expensive medical conditions.

# OREGON MEDICAL INSURANCE POOL

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## Accomplishments, 2003-2005

- OMIP developed new PPO benefit plan options for 2005 that are easier for applicants to understand and offer a choice of cost sharing amounts and reduced premiums.
- Since its inception in 1990, OMIP has provided health care coverage to over 34,000 Oregonians. These people would have gone without health insurance because they either had health conditions that precluded them from being underwritten in the commercial individual health insurance market or they would not have had a portability option available to them.
- OMIP is one of the largest of the 32 state high-risk pools in the nation, both in the number of people insured and as a percentage of the state population.
- OMIP is the second largest carrier in FHIAP, a premium assistance program for lower-income Oregonians. At the end of calendar year 2004, nearly 1,600 OMIP enrollees were using a FHIAP subsidy to pay for their insurance coverage.
- For the tenth consecutive year administrative expenses for the operation of the program have remained below 7.5 percent of total expenditures; it has remained below 7 percent since 2002. The remaining funds have paid for the health care expenses of OMIP enrollees.
- OMIP enhanced its presence on the Internet by expanding information available on its Web site, including program information, statistics, publications and a downloadable application form.
- OMIP continued a series of public meetings for enrollees in six Oregon cities: Bend, Eugene, LaGrande, Medford, Portland and Salem.
- Several other states began to recognize Oregon's method for assessing insurers and re-insurers as a practical model for implementation in their risk pools.
- OMIP began receiving detailed claims, demographic and premium information electronically from the TPA in January 2004 as part of a strategic plan to develop in-house capability to produce ongoing and ad-hoc management and program reports.
- OMIP developed improved data summary reports reflecting program enrollment, revenue, medical costs, demographics, new enrollee input, satisfaction of current enrollees and satisfaction of terminated enrollees.
- OMIP implemented a revised Healthy Heart disease management program through the TPA to better control utilization and expenditures of persons at-risk of coronary disease or congestive heart failure.
- OMIP released a Request for Proposals and selected a contractor for a new three-year TPA contract for 2005-2008.
- OMIP began a monthly audit process for applications that the TPA processes.
- OMIP developed a TPA contract compliance and evaluation plan, including identification of financial and claims audit strategies and specification of critical data elements.

## Anticipated results, 2005-2007

- Reduce expenditures for drugs for enrollees who have HIV/AIDS and participate in the CAREAssist program by pursuing prescription drug discounts available for CAREAssist participants through Federally Qualified Health Centers.
- Develop data to evaluate the long-term impact of the TPA's Healthy Heart and Diabetes disease management programs.

# OREGON MEDICAL INSURANCE POOL

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- Develop new targeted and aggressive case management or disease management programs based on data that profile the OMIP population according to primary diseases and co-morbidities.
- Develop new policies or strategies to manage drug expenditures and utilization without compromising the health outcomes of OMIP clients, based on ongoing analysis of the impact of prescription drugs on claims and costs.
- Work with the insurance industry to explore alternatives to managing the growth of the assessment that insurers pay to cover the OMIP expenditures that enrollee premiums do not cover.
- Develop expanded ongoing reviews and data reports to assure that the performance of the TPA meets expectations in its contract with OMIP.
- Enhance the in-house electronic data set and capabilities with enhanced automated reporting, expanded analyses, and sophisticated data management to better evaluate trends in medical costs, utilization, administrative costs, premiums, enrollee satisfaction, reasons for termination, new enrollee understanding of their benefits, reasons for appeals, case management care, policy exception requests, phone call logs, and comparisons to commercial benefit plans.
- Incorporate applicable emerging Internet technology for the OMIP web site and application form. For example, as digital signatures and electronic forms management technology matures, determine if the program has statutory or administrative rule authority to implement that technology.
- Improve member communication and customer service. Continue the public meetings that began in 2000. Examine the customer satisfaction surveys to determine how to improve customer service, program management, or TPA management.
- OMIP will cooperate with other state agencies in Oregon to pursue federal matching funds (expended as Other Funds) for expenditures that exceed the premiums, thereby reducing the pressure on the amount of assessment dollars that Oregon insurers must pay.

## Key performance measures and related outcomes

- Increase in the number of Oregonians insured. As of November 2004, OMIP insured 9,870 enrollees.
- Maintain the total expenses of operating the program below 10 percent of claims and administration expenses. Expenses are currently at 6.48 percent.

### Links to Oregon Benchmarks

#### **Social Support #54**

*Percent of Oregonians without health insurance.*

OMIP helps to ensure the availability and affordability of health insurance.

# OREGON MEDICAL INSURANCE POOL

Program Data	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05*
Policies Issued	1,267	1,598	1,412	2,952	2,457	3,410	4,285	3,980	3,291	<b>1,296</b>
New Members Enrolled	1,464	1,886	1,599	3,410	2,840	3,894	4,944	4,564	3,634	<b>1,447</b>
Claims Paid	\$15,054,851	\$16,512,578	\$19,065,765	\$21,619,935	\$27,665,804	\$35,176,241	\$45,364,213	\$57,302,127	\$63,454,528	<b>\$24,200,599</b>
Premiums Received	\$9,326,627	\$9,007,088	\$10,246,838	\$12,819,787	\$17,533,000	\$21,811,481	\$27,924,971	\$35,976,490	\$42,549,558	<b>\$14,967,439</b>
Assessments Received	\$7,323,089	\$5,948,886	\$13,346,992	\$9,143,324	\$14,306,722	\$12,887,056	\$24,250,483	\$30,897,557	\$30,837,917	<b>\$26,580,170</b>
Loss Ratio	170.74%	194.88%	198.28%	180.84%	170.29%	173.72%	162.45%	159.28%	149.13%	<b>161.69%</b>
Administrative-TPA	\$673,499	\$839,075	\$927,376	\$1,189,976	\$1,546,330	\$1,830,300	\$2,361,141	\$3,346,511	\$3,059,192	<b>\$1,686,173</b>
Administrative-Agency	\$196,379	\$201,633	\$324,469	\$373,751	\$645,107	\$844,348	\$779,988	\$789,690	\$721,213	<b>\$332,787</b>
Percent Admin Cost	5.46%	5.93%	6.16%	6.74%	7.34%	7.16%	6.48%	6.79%	5.42%	<b>6.48%</b>

\*2004-05 totals through Nov 04, 2004-05 Assessments received includes the projected assessment for Jan 2005.

## Key issues and next steps

- Explore alternatives to the insurer assessment process that avoid unnecessary financial impact on enrollees, the private insurers and re-insurers, and the State of Oregon. The assessment covers expenditures that exceed those that the premiums cover. Premiums cover only about 65 percent to 70 percent of the program expenditures, and assessments have been \$25 million to \$30 million per year.
- Identify ways to keep the premiums of the OMIP plans as affordable as possible while maintaining a comprehensive benefit plan.
- Explore methods to control excessive enrollee utilization of health care services and the rising cost of health care, while maintaining enrollee health.
- Address reluctance of specialists to sign participating provider contracts in particular geographic areas of the state, particularly southern Oregon and central Oregon.
- Collaborate with the individual market carriers to develop strategies that enhance minority outreach for individual insurance coverage in the commercial market.
- Improve the OMIP database and reports for managing and evaluating the program.
- Identify and implement best practices and initiatives for better care management.
- Enhance customer service based on survey responses and contact with the enrollees.
- Enhance communication strategies that increase awareness and understanding of the program among enrollees, insurance agents, other state or federal agencies, providers, other state high risk pools, the general public and other interested parties.
- Other issues:
  - ✓ Commercial carriers may tighten their underwriting criteria and increase their declination of coverage rates, thereby increasing the demand for OMIP coverage.
  - ✓ Commercial carriers may increase their offerings of limited benefit plans or plans with 24 month waivers for certain medical conditions. This may decrease demand for OMIP coverage. However, receipt of an offer of these kinds of plans makes individuals eligible for OMIP coverage, so may increase OMIP demand.

# OREGON MEDICAL INSURANCE POOL

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## **Revenues**

OMIP is funded through member premiums and assessments on health insurance carriers licensed to do business in Oregon. By statute, OMIP rates for pool coverage cannot be more than 125 percent of rates established as applicable for individual risks in the commercial market. In 2005, the premiums are 11 percent above the market for comparable PPO plans. The wholesale switch from two indemnity plans, one HMO plan and one PPO plan to four different PPO plans resulted in an overall decrease in premiums.

# OREGON MEDICAL INSURANCE POOL

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## Governor's Balanced Budget

	Request	FTE
<b>2003-05 Legislatively Adopted Budget</b>	\$ 1,178,326	7.00
<b>Base Budget Adjustments</b>		
Net Cost of 2003-05 Position Actions:		
Administrative, Biennialized E-Board, Phase-outs	\$ 175,010	1.00
Estimated Cost of 2005-07 Merit Increase	\$ 22,641	-
<b>Subtotal: 2005-07 Base Budget</b>	<b>\$ 1,375,977</b>	<b>8.00</b>
<b>Essential Package 010—Non-PICS Adjustments</b>		
Vacancy factor adjustment.	\$ (2,855)	-
Non-PICS adjustments for unemployment, overtime, temporaries, and mass transit taxes calculated as .006 of base salaries and wages.	\$ 51,503	-
<b>Essential Package 030—Cost Adjustment for Inflation and Price List</b>		
Cost of Goods & Services Increase/(Decrease)	\$ 8,937	-
Increase/shift in State Government Service Charges.	\$ (15,948)	-
<b>Subtotal: 2005-07 Essential Budget Level</b>	<b>\$ 1,417,614</b>	<b>8.00</b>
<b>Policy Packages</b>		
Package 090 Analyst Adjustment	\$ (4,788)	-
<b>Total: 2005-07 Governor's Recommended Budget</b>	<b>\$ 1,412,826</b>	<b>8.00</b>

# OREGON MEDICAL INSURANCE POOL

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## Revenues and Disbursements

<b>2005-07 Beginning Balance</b>		\$ -
Revenues		
Charges for Services	\$ 558,766	
Interest Income	\$ 18,756	
Other Revenues	\$ 479,909	
Subtotal Revenues		\$ 1,057,431
Transfers		
Transfer In - Intrafund	\$ 531,689	
Transfer Out - Intrafund	\$ (171,452)	
Subtotal Transfers		\$ 360,237
Available Funds		\$ 1,417,668
Budget		\$ 1,412,826
<b>2005-07 Ending Balance</b>		\$ 4,842