

**Department of Consumer and Business Services
Rate Review Cycle III**

(Reported out of Subcommittee on 6/19/2013)

The Transportation and Economic Development Subcommittee recommends that the Joint Committee on Ways and Means approve a request from the Department of Consumer and Business Services to apply for a \$2 million Rate Review Cycle III federal grant from the U.S. Department of Health and Services.

The Department of Consumer and Business Services has twice been the recipient of federal grant funds to enhance the state's rate review process. Cycle I and Cycle II grant funds have assisted in increasing the scrutiny of rate filings as well as bolstering public participation in the rate review process. The Department of Health and Human Services notified the department that it is making available additional federal funds through a Rate Review Cycle III grant with the goal of continuing to support states in health insurance rate review processes.

If approved, the grant funds would be used to expand the health care pricing data collected, analyzed and displayed as part of rate review activities.

The Transportation and Economic Development Subcommittee recommends approval of the request.

Federal Grant Application Request
Department of Consumer and Business Services
Rate Review Cycle III

Analyst: Susie Jordan

Request: Approval to apply for up to \$2 million Rate Review Cycle III federal grant from the U.S. Department of Health and Human Services (DHHS).

Recommendation: Approve the request.

Analysis: The Department of Consumer and Business Services (DCBS) Insurance Division requests permission to apply for up to \$2 million under the Grants to States for Health Insurance Premium Review – Cycle III funding opportunity. Proposals are due August 1, 2013 and an award is anticipated by October 2013.

The Affordable Care Act established \$250 million grant program to be awarded in Federal Fiscal Years (FFY) 2010 through 2014 to support state health insurance rate reviews. DCBS received \$1 million in Cycle I and \$4 million in Cycle II to enhance the state's rate review process. These grants supported increased examination of rate filings by hiring additional actuarial staff, boosted public input into rate reviews by providing funding to a consumer group to provide comments on rate requests, to provide consumers better information about what drives health insurance premiums, and enhanced IT improvements to make rate filing information accessible and usable to consumers. According to DHHS, preliminary results indicate the effective rate review is helping states to slow down health insurance premium growth. Cycle III grants are expected to continue the rate review successes of Cycle I and II as well as provide greater support to Data Centers and ensure greater public access to health pricing data.

DCBS currently has authority to review and approve premium rates for health insurance plans offered to individuals, to small group employers (up to 50 employees), and for plans that provide portability coverage. Approximately 476,000 Oregon residents receive health insurance coverage within these categories of health insurance plans.

The grant funds would be used to expand the health care pricing data collected, analyzed and displayed as part of its rate review activities. DCBS will have to demonstrate how medical pricing data will be analyzed and presented to the public in an easily accessible manner and useable format as well as clearly document the connection between the use of pricing data and the state's rate review activities. The funds will also be used to continue both enhancing and expanding premium rate review activities. The grant has a maintenance-of-effort requirement, and grant funds cannot be used to finance existing expenditures on rate review activities.

The grant does not have a match requirement, but either substantially higher fees, or other state support, would likely be needed if the Legislature chooses to continue the expanded rate review activities after the federal monies are no longer available.

The Legislative Fiscal Office recommends approval of the submission of the Rate Review Grant and Consumer Assistance Grant applications. If successful, DCBS may need to return to request additional federal funds expenditure limitation from the Legislature in 2014.