



# Oregon

Kate Brown, Governor

Department of Consumer and Business Services

Central Services Division  
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January 22, 2016

The Honorable Senator Richard Devlin, Co-Chair  
The Honorable Representative Peter Buckley, Co-Chair  
Joint Committee on Ways and Means  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301-4048

Dear Co-Chairpersons:

## **Nature of the Request**

The Department of Consumer and Business Services requests the following adjustments to the agency's 2015-17 Legislatively Approved Budget. Additionally, in accordance with State Agency Fee Approval and Ratification Process, DCBS is requesting to ratify the Health Insurance Marketplace fees adopted by on March 17, 2015 with an effective date of January 1, 2016.

## **Agency Action**

### Health Insurance Marketplace:

Transferring the management of the Marketplace from a public corporation to state agency allowed the state to take advantage of economies of scale and cost savings due to shared services. DCBS has 24 Marketplace employees as of LAB 2015-17. This includes 11 permanent program staff responsible for the core administrative and operation functions and 13 limited duration outreach and call center representatives. For the sake of comparison, Cover Oregon employed more than 100 people in December 2014. Initial staffing levels were somewhat speculative, with the intent to refine our staffing forecast as we gained experience with operation of the Marketplace. We have determined our long-term staffing needs in three areas.

First, in the area of outreach, we have determined the need for a lower, but permanent, staffing level. The limited duration outreach and call center team came from Cover Oregon and brought a wealth of knowledge and experience regarding the Marketplace. They have been a crucial part of maintaining the stability and integrity of the Marketplace. During the transition of Cover Oregon to DCBS it was unknown what long-term level of staffing would be needed. DCBS hired people into limited duration positions to assess call volume and event activity so we could determine the level of staffing needed to properly serve Oregonians and their families. In order to maintain the stability and integrity of the Marketplace knowledge, DCBS has determined the need for six (6) permanent full-time positions for the outreach and call center team.

Second, subsequent to assuming responsibility for the Marketplace, we realized that there is a large amount of work involved in analysis and reporting to the Centers for Medicare and Medicaid Services (CMS) and the Internal Revenue Services (IRS) in order to maintain a Health Insurance Exchange program, and related to Cover Oregon's obligations from plan and tax year 2014. The required reporting entails information security, privacy policies and practices with a focus on personal identifiable information protection, and compliance with IRS rules and federal regulation. There are a total of five reports that must be submitted to our federal partners ranging in size from 18 to 100 pages. DCBS created a limited duration position during the transition of Cover Oregon to assess the reporting requirements and quickly determined that a permanent position would be more appropriate to meet the federal requirements. In addition to the reporting, DCBS must conduct annual policy review, compliance inspections, and incident response testing to remain in compliance with federal regulations. The position and expertise needed to perform this analysis and complete the required activities does not currently exist at DCBS. This position will require expert knowledge of IRS publication 1075, Federal Regulations, and National Institute of Standards and Technology (NIST) 800 Series of policies, procedures, and guidelines. In order to complete this work and maintain compliance with federal regulations, DCBS has determined the need for one (1) permanent full-time position for federal reporting, monitoring, and compliance.

Finally, DCBS has experienced a substantial increase in procurement work specifically related to information technology services. These services relate solely to operation of existing systems and are not related to any potential future work. DCBS' existing procurement and contracting staff do not have the skills or experience to perform this body of work. DCBS has determined the need for one (1) permanent full-time Procurement and Contract Specialist 3 to meet agency contracting needs.

#### Fee Approval

DCBS filed administrative rules 945-030-0030 and 945-030-0035 on November 6, 2015. The Marketplace administrative charges were originally adopted by rule amendment on March 17, 2015, with a January 1, 2016 effective date.

The rates are unchanged at:

- \$9.66 PMPM for health insurers offering qualified health plans through the Marketplace
- \$0.97 PMPM for health insurers offering stand alone dental plans through the Marketplace

#### **Action Requested**

##### **Health Insurance Marketplace (SCR 44000-015-00-00-00000):**

###### **I. Call Center positions:**

- Positions to be established, permanent positions, \$703,111, 6 positions, 4.02 FTE:
  - One Outreach and Education Manager (MMN X7006 AA – Salary Range 31X)
  - Five Program Analyst 2 (OA C0861 AA – Salary Range 27)
- Positions to be abolished, limited duration positions, <\$1,261,728>,

<13> positions, <7.52> FTE:

- Thirteen limited duration Program Analyst 2 (OA C0861 AA – Salary Range 27)
- Total position request: Other fund limitation: <\$558,617>, <7> positions, <3.50> FTE

II. Increase in expenditure limitation by restoring outreach and marketing budget to original funding request: Other fund expenditure limitation request: \$1,732,528, 0 positions, 0.00 FTE

**Shared Services (SCR 44000-017-00-00-00000):**

I. Shared Services positions related to the Marketplace:

- Positions to be established, permanent positions \$270,814, 2 positions, 1.34 FTE:
  - Procurement and Contract Specialist 3(OA C0438 AA – Salary Range 29)
  - Operations and Policy Analyst 4 (MMN X0873 AA – Salary Range 32)
- Positions to be abolished, limited duration position:
  - Operations and Policy Analyst 4 (MMN X0873 AA – Salary Range 32): <\$33,862>, <1> positions, <0.17> FTE
- Total position request: \$236,952, 1 positions, 1.17 FTE

DCBS is requesting ratification of the Health Insurance Marketplace fees related to Oregon administrative rules 945-030-0030 and 945-030-0035.

**Legislation Affected**

Approval of this request will increase Other Funds expenditure limitation established by Chapter Law 592, section 1 in the amount of \$236,952 and section 3 in the amount of \$1,173,911, Oregon Laws 2015 for the Department of Consumer and Business Services biennium 2015-17.

Sincerely,



Patrick M. Allen, Director

cc:

Matt Stayner, Legislative Fiscal Office  
Patrick Heath, DAS, Chief Financial Office  
Carolina Marquette, DCBS