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March 13, 2023

The Honorable Deb Patterson
Senate Committee on Health Care
900 Court St. NE
Salem, Oregon 97301

SUBJECT: SB 972 public hearing follow up

Dear Chair Patterson and Members of the Committee:

Oregon Health Authority (OHA) appreciated the opportunity to testify on March 8, 2023, at the public hearing for Senate Bill 972, the legislation that proposes transitioning Oregon's health insurance exchange from reliance on HealthCare.gov as a state-based marketplace on the federal platform (SBM-FP) to a full state-based marketplace (SBM).

OHA has considered the impacts to exchange fees if fewer people remain enrolled through the exchange after a transition to a Basic Health Plan. If all of those eligible for the BHP left the exchange, OHA estimates the premium increase related to the fee increase would be roughly \$3.89 per person per month (PMPM). This increase will likely be phased in over three years.

While OHA does not know what Marketplace vendor pricing model it will ultimately adopt after the request for proposals (RFP) process concludes, there are vendor models that offer PMPM pricing. If the Marketplace selects a PMPM pricing model, it may be possible to negotiate a decreasing PMPM fee (within certain thresholds) as fewer people enroll through the system. This would mitigate any fee-related premium increases resulting from enrollees leaving for the BHP.

Even with any fee-related premium increase that might result, the transition of Oregon's health insurance exchange to an SBM could result in savings for Oregonians because the resulting SBM fee (increased or not) will likely be significantly less than the current 2.25 percent of premium that is paid to the federal government for HealthCare.gov.

Sincerely,

James M. Schroeder
Interim Director