



March 8, 2023

Oregon Senate Committee on Health Care

RE: 3/8 Public Hearing and Support for SB 972

Dear Chair Patterson, Vice-Chair Hayden, and Members of the Committee,

Thank you for the opportunity to provide comments on Senate Bill 972, which will transition Oregon's health insurance exchange from the Healthcare.gov platform to a state-based platform. United States of Care (USofCare) is a non-partisan, non-profit organization working to ensure everyone has access to quality, affordable health care, regardless of health status, social need, or income. We work in states across the country to develop pragmatic policy solutions that are designed to respond to the needs of people. In Oregon, we have engaged in efforts to expand access to coverage and improve affordability through the creation of the Bridge Plan and were previously invited by the Interim Senate Health Committee to deliver [informational testimony](#) on the benefits of state-based marketplaces (SBMs). In the other states we work in, we highlight Oregon as a pioneer in providing high-quality health care, addressing health disparities, and increasing access to low-cost coverage options.

Despite this, Oregon continues to utilize the federally-facilitated marketplace (FFM), which limits the state's ability for further innovation. All of Oregon's neighboring states have SBMs, which enable these states to improve affordability, streamline enrollment, and advance equity. This will be increasingly important once the COVID-19 Public Health Emergency (PHE) ends in May and the Oregon Health Authority (OHA) begins the federally required process of redetermining eligibility for Oregonians covered by the Oregon Health Plan (OHP) starting in April. For these reasons, USofCare strongly supports SB 972 and respectfully requests your "aye" vote.

National Landscape and Current Challenges

Currently, [17 states](#) and the District of Columbia operate their own SBM, with six states having transitioned to a SBM in the last three years. In 2022, Kentucky, New Mexico, and Maine all successfully launched their SBMs, [anticipating](#) savings, new insurers entering the market, and increased enrollments. Much has been learned since Oregon's initial attempt at creating a SBM in 2011, and Oregon is now well-suited to leverage the experiences of other states to transition to a SBM successfully.

The FFM, known as Healthcare.gov, presents a number of challenges for states like Oregon because the federal platform cannot easily be tailored to each of the unique needs of the states that utilize it. SBMs, on the other hand, can coordinate eligibility and enrollment between the

Children’s Health Insurance Program (CHIP), Medicaid, and the marketplace, while better utilizing local experts and knowledge for those who need help enrolling. Healthcare.gov is a one-size model that does not fit all; it does not have the flexibility to develop tailored eligibility and enrollment systems and processes, allow for new and innovative health care policies, and tailor customer assistance for the residents who need it most. SB 972 will provide a better and more integrated infrastructure for people to access coverage, particularly as they transition between OHP, the Bridge Plan, and coverage on the individual market.

Many states that have transitioned to SBMs in recent years have facilitated a smooth and successful transition due to the wide array of software options available from vendors that have been developed over the past decade. These “off-the-shelf” SBMs are available for states to tailor to their needs rather than build wholly from scratch, limiting the risk to the state. As more states have recently implemented SBMs, they have [identified lessons learned and key considerations](#) that other states, including Oregon, can take into account to successfully implement a SBM as well.

How a State-Based Marketplace Will Respond to Oregon’s Needs

Improving Affordability

While SBMs clearly have benefits of their own, they also provide a platform for states to pursue more innovative policies to improve affordability. A recent analysis showed that, between 2014 and 2019, premiums in states that utilize the FFM increased at [nearly twice the rate](#) as premiums in California, Massachusetts, and Washington, which all operate SBMs. SB 972 will provide Oregon with the necessary infrastructure, tools, and flexibility required to pursue other innovative approaches to continue driving down health care costs for consumers. As detailed in the [Final Recommendations](#) of the Joint Task Force on the Bridge Health Care Program, implementation of certain features of the Bridge Health Plan require Oregon to operate its own platform instead of using the FFM.

SB 972 will fund the SBM through the same assessment on carriers wanting to offer coverage on the marketplace that exist currently. Any funding collected by the exchange that exceeds the cost of operations could be used to subsidize a state premium assistance program or other measures that increase the quality, reliability and availability of health insurance for all Oregonians while lowering the cost, as outlined in SB 972.

Streamlining Enrollment

A SBM will help to ensure Oregonians are able to maintain coverage, as a SBM brings tools and flexibilities that Healthcare.gov does not provide. Perhaps the most important of these flexibilities is the ability to allow more direct and effective communication between the marketplace and OHA. A SBM allows the marketplace to share eligibility and enrollment information with OHA in a more streamlined way, as the marketplace can be built with OHA’s unique infrastructure and technology needs in mind. Today, eligibility information from Medicaid-eligible applicants is transferred from Healthcare.gov to OHA and then finally to be processed. That processing comes with challenges, including [inconsistent data sharing](#) and a lag time in the dissemination of messaging shared by Healthcare.gov, which creates barriers to

timely outreach and enrollment. For people who are churning between Medicaid and marketplace coverage, SB 972 will create a much easier pathway to enrollment.

Advancing Equity

SB 972 will further OHA's [goal](#) to eliminate health inequities by 2030. Currently, Oregon's Coordinated Care Organization (CCO) model includes requirements for a centralized, community-based governance structure that prioritizes health equity within its service planning and delivery, which has been [successful](#) in providing cost-effective services while improving the health of Oregonians. Oregon is [actively taking steps](#) to extend similar principles and requirements to all regulated insurance products; transitioning to a SBM will help expand these goals to the Marketplace.

We applaud the Oregon legislature for its commitment to ensuring continuity of coverage for all Oregonians. United States of Care supports Senate Bill 972 and asks the committee to vote in favor of advancing this bill. Please consider the experts at United States of Care a resource; if you have any questions regarding our comments, please don't hesitate to reach out.

Sincerely,

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A state-based Marketplace (SBM) is a marketplace platform managed and maintained by the state for consumers to enroll in health care coverage in the individual market.

Benefits of a State-Based Marketplace

- ★ **More Affordable Coverage:** Early analysis [from Penn LDI](#) showed that premiums grew more slowly in states that operate a SBM than those with the FFM.
 - States operating a SBM saw premiums for the second-lowest silver plans grow 43% from 2016 - 2018 while FFM premiums rose by 75% in the same time period.
- ★ **Greater Savings for the State:** SBMs are primarily funded through “user fees” paid by plans to the state in order to offer coverage on the marketplace.
 - General funding from the state is not always required for ongoing SBM operations.
 - Kentucky is estimated to save at least [\\$15 million](#) a year after establishing a SBM.
- ★ **Reduced Health Care Costs:** Savings from a SBM can be repurposed to reduce people’s health care costs.
 - Pennsylvania’s new exchange is expected to bring savings to the state and be invested in a [reinsurance program](#) to further reduce people’s premiums.
- ★ **Tailored Marketplace Design:** States with SBMs can create their own state-specific open enrollment periods and special enrollment periods to best meet the needs of their people. They can also design search functions for things like prescription drugs, health care providers, and other coverage provisions that improve the shopping experience for consumers.
- ★ **Flexible Operations:** A SBM allows the marketplace to share eligibility and enrollment information with state agencies to coordinate and conserve resources and be built with a state’s unique infrastructure in mind.
 - A SBM allows states to [use data in real-time](#) to monitor how consumers interact with the website and the call center, and address problems or confusion quickly.
- ★ **Smooth Transition from the FFM:** There are now a wide array of “off-the-shelf” software options available from vendors to minimize coverage disruptions for people already on the exchange.

Leveraging a SBM to Pursue Innovative Health Care Solutions

States using the FFM are more limited in their ability to enact or oversee policies the way states operating SBMS can. SBMs provide a platform for states to more easily pursue innovative solutions to provide affordable coverage. Examples of these innovative strategies include:

- ★ A SBM has more options for creating a more streamlined enrollment process.
 - Auto-enrollment and so-called “easy enrollment.”
 - Ability to create systems and programs that enable applicants to easily pick and enroll in plans which can increase enrollment.
- ★ Allowing states with SBMs to pursue further policies aimed at making coverage more affordable for consumers such as state subsidy wraps to layer on top of federal subsidies, standardized plans, and public health insurance options.
 - Furthermore, states operating a SBM have an easier time distributing 1332 waiver pass-through funding, once approved.

National Landscape

[17 states](#) and the District of Columbia successfully operate their own state-based marketplace (SBM), with another 3 states operating a state-based exchange on the federal platform (SBM-FP). The remaining [30 states](#) use the federally facilitated marketplace (FFM). In recent years, a handful of states have successfully transitioned from the FFM to a SBM – many of whom have cited opportunities for flexibility and personalization, retention of user fees, and data collection as reasons for the transition. These states include Nevada, New Mexico, Maine, and Kentucky.