



Oregon

Kate Brown, Governor

Department of Consumer and Business Services

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November 9, 2015

Congress of the United States
House of Representatives
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515-6115

Dear Chairman Murphy, Ranking Member DeGette, and Distinguished Members of the Subcommittee on Oversight and Investigations:

Thank you for your October 26, 2015 correspondence regarding the September 29, 2015 Energy and Commerce Subcommittee on Oversight and Investigations hearing entitled "An Overdue Checkup: Examining the ACAS's State Insurance Marketplaces." This letter provides answers to the questions raised during the hearing and for the record that you included in your correspondence.

Additional Questions for the Record

The Honorable Susan W. Brooks

1. "In Indiana we have a significant population below 150% of the federal poverty level (FPL) enrolled in the Indiana Marketplace, the majority of which – those below 138% FPL – should have moved to the Healthy Indiana Plan (HIP) once it became available. The Administration, however, maintains a 'passive' re-enrollment where individuals are kept in the Marketplace even if they don't update their financial information; in many cases individuals are not informed that they may actually qualify for the less costly HIP program.
 - a. How do you view this omission? Is this a leadership issue? Is it an intentional lack of transparency?"

Thank you for the question. Unfortunately, I do not have enough information about how the Indiana Marketplace has developed to provide an answer.



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2. **“In Indiana, initial projections showed that 500,000 Hoosiers were eligible for tax subsidies through the federal marketplace. Instead, recent numbers show that enrollment is less than 150,000.
 - a. 350,000 is more than a minor calculation error. In your experience, how would you explain this vast discrepancy?”**

Unfortunately, I don't have enough information to answer on behalf of the state of Indiana. In Oregon, data shows that 357,788 are eligible to purchase insurance through the marketplace. Of those eligible, 107,497 enrolled through the marketplace. About 216,000 Oregonians are eligible for tax credits. Of those eligible, 83,000 enrolled through the marketplace.

The Honorable Bill Flores

“The State of Oregon is currently engaged in litigation with its contractors regarding its former state exchange, Cover Oregon.

1. **How does Oregon plan to pay for the cost of the litigation? What are the sources of funding Oregon is using or plans to use to cover the cost of litigation?”**

The state of Oregon is currently involved in multi-faceted litigation in both state and federal court. A copy of the litigation summary that the Oregon Department of Justice (DOJ) provided to the Oregon Legislature in June 2015 is attached (Attachment 1). The work involved in the litigation is primarily handled through professional services contracts with legal services firms, as well as through part-time DOJ staff and the equivalent of approximately 1.5 full time internal DOJ staff spread over a number of employees. Generally, legal work in Oregon is funded through a mix of General Fund dollars and Other Fund dollars, as appropriated by the legislature. Work on the false claims aspects of this case are primarily funded through Other Fund dollars.

2. **“How much does Oregon anticipate the litigation to cost?”**

As with any litigation, it is difficult to predict the cost with precision. We estimate that the Oregon Department of Justice will expend approximately \$2 million during the 2015-2017 biennium. Certain Oregon agencies are likely to expend additional amounts, depending on the progression of the litigation, although it is difficult to predict with accuracy at this time.

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3. **"Has Oregon established a budget itemizing past and current litigation expenses, as well as anticipated future litigation expenses?"**

Attached is a current ledger showing costs paid-to-date to legal services firms relating to the Oracle litigation and related investigations (Attachment 2).

Member Requests for the Record

The Honorable Tim Murphy

1. **"Please provide the committee with a detailed breakdown of the establishment and operational costs for the exchange that you represent."**

Please see the attached report (Attachment 3).

2. **"Is the exchange which you represent required to perform an audit examining how grant money was spent, either at the state or federal level? If so, please provide the committee with copies of any and all applicable audits."**

Please see the attached reports (Attachment 4).

3. **"What does the exchange you represent anticipate future costs to be? How will your state absorb those costs?"**

Since July 1, 2015, the Oregon Health Insurance Marketplace (OHIM) has been entirely funded by a monthly assessment on the premiums of insurance plans sold in the exchange. OHIM is not funded with any federal grant dollars. I've also attached a projected budget (Attachment 5).

The Honorable Larry Bucshon

1. **"Please provide an itemized accounting of all expenditures related to the \$305 million grant received by the state of Oregon in order to establish a state exchange."**

Please see the attached (Attachment 6).

The Honorable Susan W. Brooks

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1. **“Does CMS permit establishment grant dollars to be spent on the transitional costs to healthcare.gov?”**

Yes.

2. **“What are the transitional costs faced by the exchange you represent as it transitions to healthcare.gov?”**

Oregon transitioned to the federal marketplace in 2014. The costs were budgeted at roughly \$661,525; however, Cover Oregon did not cost allocate transition expenses separately so we do not know the final amount spent on the transition.

The Honorable Greg Walden

1. **“Did Oregon incur any additional costs when it migrated to healthcare.gov?”**

Oregon transitioned to the federal marketplace in 2014. The costs for the State of Oregon QHP transition were budgeted at \$661,525. However, Cover Oregon did not cost allocate transition expenses separately so we don't know how much was finally spent on the transition.

If the subcommittee has any questions about this letter, please contact me at

[REDACTED]

Sincerely,

[REDACTED]

Patrick M. Allen
Director
Oregon Department of Consumer and Business Services