

HEALTH INSURANCE

A Better Health Insurance Market for Oregon

Options for Oregon to Maintain Consumer Access to Affordable Health Insurance

Oregon's online marketplace for individual health insurance is a critical resource for people who do not have insurance through an employer-provided plan or government program.

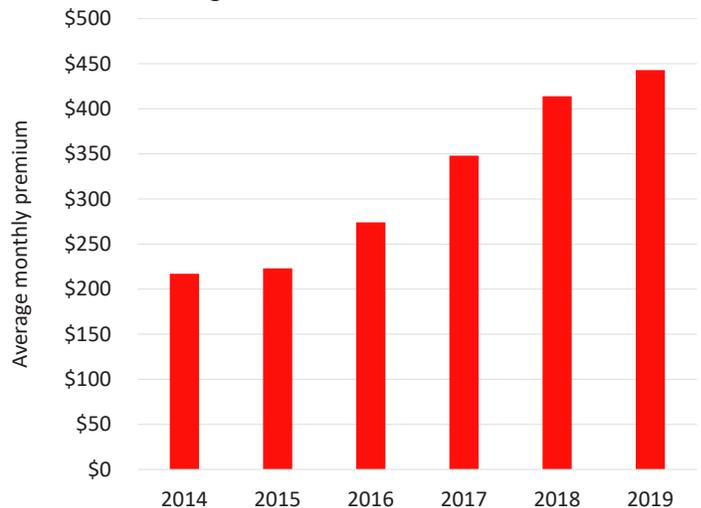
Health Care and Health Insurance Are Expensive

- In 2014, \$31.9 billion was spent on health care in Oregon, an average of \$8,000 per person. Spending has increased since then.
- The high cost of health care means that Oregonians who buy insurance for themselves and their families without the help of an employer or public program face high and rising costs. The average monthly premium for the second-cheapest “silver” level plan in Oregon’s individual marketplace is \$443 in 2019, nearly double what it was in 2014. Silver plans are intended to balance moderate premiums with moderate coverage.

Threats to Oregon’s Individual Insurance Market

The federal Affordable Care Act (ACA) sought to address multiple problems with health care, including by creating an insurance exchange where individuals could purchase comprehensive insurance at a reasonable price. Recent federal policy changes – some planned in the ACA and some unexpected decisions by Congress

and the Trump administration – coupled with continually rising health care costs, have begun to undermine the individual insurance market. That means it will be more difficult for individual Oregon consumers to obtain affordable, comprehensive health insurance coverage. Indeed, insurance enrollment in the exchange fell by 5 percent during the 2019 open enrollment period compared to the 2018 open enrollment period – the first enrollment decline in the history of the exchange.



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Options for Oregon to Help Support a Functioning Individual Market for Health Insurance

To achieve long-term stability for all consumers, Oregon must pursue options for reducing the high cost of health care. But Oregon can adopt a number of policies to help stabilize the individual insurance market now by reducing uncertainty and risk for insurers and encouraging healthier consumers to continue to buy insurance coverage.

Adopt a State-Level Individual Insurance Mandate

Oregon could require all Oregonians to have health insurance or pay a tax penalty, compelling healthier customers into the market, lowering the average premium, and maintaining a steady level of risk for insurers. Massachusetts, New Jersey, Vermont, and Washington, D.C., have all adopted their own individual insurance mandates. Tax revenue from individuals who opt to pay the penalty instead of purchasing insurance could be used to help further stabilize the insurance market.

Explore a Public Option

A public option would allow individual consumers to purchase a government-supported health plan akin to the Oregon Health Plan, which is the state's Medicaid insurance program. Consumers would pay premiums on an ongoing basis to help cover costs, and the state may need to subsidize premiums for some consumers. A public option could increase choice for consumers in counties with few options. Risks of a public option include driving private insurers out of some counties if the public option puts downward pressure on premiums, and splitting patients into healthy and unhealth risk pools. No state has yet created a public option and Oregon would have to be a pioneer on this policy.

Protect Consumers Not Eligible for Tax Credits

To cover federally mandated benefits that the federal government has stopped subsidizing, Oregon has allowed insurers to raise rates on benchmark insurance plans, enabling insurers to cover their costs and triggering higher federal tax credits for many consumers purchasing insurance on the exchange. However, consumers who earn too much to qualify for federal aid have had to pay more. Oregon could revise its rules so that premium increases are largely limited to consumers who receive federal tax credits. This approach is vulnerable to additional federal policy changes.

Consider Enhancements to the Oregon Reinsurance Program

Currently, Oregon pays for 50 percent of the medical bills for patients with insurance in the individual market and who incur expenses between \$95,000 and \$1 million. Changes to reinsurance could potentially reduce insurer risk and enable them to charge lower premiums. For example, instead of or in addition to its current program, Oregon could focus on patients with potentially high-cost medical conditions and try to improve management of their health. Experience in Maine and Alaska suggests this could reduce rate increases and allow better management of care for high-risk patients.

Transfer Operation of the Online Health Care Market to the State

Oregon insurers will pay an estimated \$25 million to \$30 million to the federal government in 2019 for operating the state's online health exchange, up from \$16 million in 2018. A state-run platform could be cheaper. Nevada, for example, expects to save \$5.5 million in the first year by switching to a state-run exchange. Platform control could also enable more effective outreach and assistance to individuals who need insurance, potentially increasing the number of people who successfully enroll.