



THEODORE R. KULONGOSKI
GOVERNOR

May 5, 2010

The Honorable Kathleen Sebelius, Secretary
United States Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Sebelius:

I am writing in response to your letter of April 2, 2010 to inform you that the State of Oregon is interested in participating in the temporary federal high risk pool program. Oregon looks forward to partnering with CMS in implementing this first phase of national health care reform. We propose using the Oregon Medical Insurance Pool (OMIP) to implement the federal high risk pool if federal requirements for implementation and operation can be mutually agreed upon.

OMIP has an extended track record of successfully administering coverage for chronically ill, high risk individuals since 1990. We do this under a Third Party Administrator contract with Regence BlueCross BlueShield of Oregon, which has had years of experience with the pool since its inception. OMIP has had the consistent support of the insurance industry, which currently contributes funds through a semi-annual assessment to cover half of the pool's costs. The remainder of the cost is covered by enrollee premiums. The State of Oregon and federal governments have not contributed any funds to support the ongoing operation of the OMIP.

Oregon has been a partner with CMS in establishing innovative programs to provide health care coverage for uninsured individuals, through waiver programs, state plan designs and creative use of OMIP. When the federal government expanded requirements for portability coverage, Oregon responded with a comprehensive alternative mechanism that designated OMIP as the portability option for individuals who lost group insurance and exhausted COBRA coverage, but did not have a commercial portability available to them. In addition, when the Health Coverage Tax Credit program (HCTC) was established for individuals who lost their jobs to foreign competition or who lost their pensions due to company bankruptcy, Oregon designated OMIP as the state's qualified health plan for these individuals to take advantage of available federal premium subsidies.

In a state-federal partnership to implement the federal high risk pool, we request consideration of the following:

1. We are concerned that there may be an expectation under the Maintenance of Effort (MOE) requirement that Oregon will maintain the 2009 expenditure levels in its current state high risk pool. We expect that OMIP will lose enrollment over the next years partly due to the fact that individuals without prior coverage who otherwise would be eligible for OMIP will enroll in the federal high risk pool.

OMIP enrollment will also be impacted by our new Healthy Kids program that provides coverage and subsidies for children in either the CHIP program or through special contracts with commercial insurers. This initiative has been a high priority of my administration. It is a program that provides guaranteed issue health insurance coverage with no pre-existing condition limitations for all children in the State. I am pleased to see that the federal health reform bill includes a requirement that all commercial carriers must provide guaranteed issue coverage for children and exclude the use of pre-existing condition limitations. These federal requirements in combination with Oregon's Healthy Kids program should eliminate the need of any child in Oregon to obtain coverage from either OMIP or the federal high risk pool.

2. We seek an assurance that Oregon will have no liability to cover any costs related to the federal high risk pool in the event the federal allocation is exhausted. We expect that the federal government will bear the cost of any claims costs that exceed enrollee premiums. Consequently, we anticipate working with the Division of High Risk Pool Programs to develop policies and procedures to monitor and control the enrollment in and projected costs of Oregon's federal high risk pool. We seek assurance that Oregon's federal allocation will be sufficient to cover all costs.

We would appreciate the flexibility to implement the federal high risk pool under the following principles that will benefit Oregonians eligible for coverage:

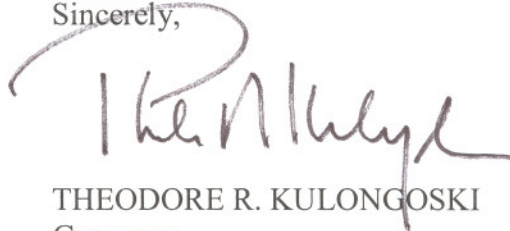
- Offer a single application for both OMIP and the federal high risk pool to avoid confusion, expedite eligibility determination and promote timely enrollment.
- Administer the federal high risk pool using the current Third Party Administrator arrangement with Regence BlueCross BlueShield of Oregon to minimize any start-up training or administrative costs and take advantage of current infrastructure efficiencies to process applications, provide customer service, pay claims, and implement disease and care management programs relevant to the population.

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- Establish comprehensive benefit plan designs as consistent as possible with the current OMIP benefit designs to minimize confusion for enrollees and assure consistency in administration.
- Allow coordination by the OMIP Board of Directors, which is a nine-member board that includes four insurance industry executives, a physician, two public representatives, the Oregon Insurance Commissioner and the Director of the Oregon Health Authority. This coordination will assure consistency in the implementation of policy issues that apply to both pools and a comprehensive perspective on the operation of the federal high risk pool.

The State of Oregon sincerely appreciates the opportunity to partner again with CMS by expanding coverage to uninsured Oregonians through the federal high risk pool. If the above issues can be worked out, Oregon would be interested in participating in the temporary federal high risk pool program.

Sincerely,



THEODORE R. KULONGOSKI
Governor

TRK:tn:tj:ab
Oregon Congressional Delegation
Dan DeSimone, Oregon Federal Affairs Director