

Oregon Medical Insurance Pool – DRAFT FOR APPROVAL
Board Meeting Minutes
May 28, 2015
Wilsonville Training Center – Clackamas Community College
Wilsonville, Oregon

Board Members Present

Patrick Allen, Department of Consumer and Business Services (DCBS)
Jason Beyrouthy, Business Representative
Chris Ellertson, Non-designated Representative, Board Vice-Chair
William Ely, HMO Representative
Paul Harmon, Domestic Insurance Representative
Ken Provencher, Health Care Services Contractor Representative
Robin Richardson, Reinsurer Representative, Board Chair
Jennifer Sherman, Business Representative
Suzan Turley, Public Representative

Board Members Absent

Robert Gluckman, M.D., Non-designated Representative

OMIP Staff Present

Don Myron – Oregon Medical Insurance Pool (OMIP) OHA
Cindy Lacey – OTRP Operations and Policy Analyst - OHA
Matt Smith – OHA Budget Analyst
Craig Urbani – OTRP Program Manager – OHA

Others Present

Lorraine Odell – OHA – Office of Fiscal Services (OFS)
Robert Johnson – OHA – Office of Fiscal Services (OFS)
Jeff Wheeler - Department of Justice (DOJ)
Deanna Laidler- Department of Justice (DOJ)
Tony Andrade - Moss Adams LLP
Meagan Dahlgren – Cambia Health Solutions
Nick Van Vleet - Cambia Health Solutions
Jennifer Yeh - Cambia Health Solutions
Steven Villanueva – Regence
Kendra Hogue– The Lund Report

Others Present on Telephone

Francis Orejudos - Moss Adams LLP
David Paszkiewicz - Moss Adams LLP

Mr. Richardson called the meeting to order at 1:04 pm.

Announcement

Mr. Richardson informed the group that Mr. Ballas has officially retired, December was his last meeting. Mr. Richardson thanked him for his service to the board and expressed best wishes on his retirement. OHA director, Lynne Saxton will need to appoint a new board member to replace him.

Approval of Minutes

Mr. Provencher moved for approval of the minutes of the December 17, 2014 meeting. The motion was seconded by Mr. Ely. No discussion. The motion was approved unanimously.

OMIP Audit Update

Project Summary – Claims Testing

Summaries of the audit are in the board packet. Mr. Orejudos reported that Moss Adams was engaged by the Oregon Medical Insurance Pool (“OMIP”) Board to conduct an independent audit of medical claims for the State Program processed by its third party claims administrator, Regence BlueCross BlueShield of Oregon (“Regence”). To support OMIP’s objectives, Moss Adams performed a Medical Claims Audit to test the performance of Regence’s processing of the State Program medical claims.

Moss Adams conducted on-site claims testing during the week of January 12 at Regence’s Portland, Oregon claims office. A random stratified sample of 210 claims was selected from a population of claims paid from October 1, 2011 through September 30, 2014.

Each claim was reviewed comprehensively from the point of submission through payment to ascertain that claims received were paid correctly and accurately. Details supporting the audit findings are provided in the audit report. Additionally, the report presents observations and recommendations and a listing of errors and their amounts. Errors, dollar amounts, and accuracy measures presented are based upon agreed errors.

Moss Adams’ results of the claim audit show that Regence’s Financial and Procedural Accuracy results exceeded industry standards. Moss Adams’ Processing Accuracy results also exceeded Regence’s self-reported results.

Moss Adams would like to thank Regence for their assistance and support of this claim audit engagement. Regence’s staff was excellent to work with and maintained clear and open lines of communication with the project team throughout the duration of our work.

There were no questions about the report.

Project Summary – Refunds Testing

Mr. Orejudos reported Moss Adams was engaged by the Oregon Medical Insurance Pool (“OMIP”) Board to conduct an independent audit of refunds for the State Program processed by its third party claims administrator, Regence BlueCross BlueShield of Oregon (“Regence”). To support OMIP’s objectives, Moss Adams performed a Refund Assessment Audit to evaluate whether refunds have been credited correctly within Regence's claims system and OMIP's financial records of the state program. These refunds are a result of overpaid claims that have been reimbursed by providers and members.

In order to test how refunds were credited in Regence’s claims system, Moss Adams conducted an on-site refund assessment audit during the week of January 15 at Regence’s Portland, Oregon claims office. Mr. Andrade said a sample of 75 refunds was selected from a population of refunds received and processed from October 1, 2011 through September 30, 2014. Each refund was reviewed within the Payment Reduction module in the Facets system to determine if refunds and automatic overpayment recoveries were duplicated for each refund received and whether the refund was active (open) or inactive (closed). Each refund was also evaluated to determine if it reconciled to the refund financial sample report provided.

Details supporting the audit findings are provided in the audit report. Also included were observations and recommendations for management’s consideration.

Moss Adams would like to thank OMIP and Regence for their assistance and support of this refund audit engagement. OMIP and Regence’s staff was excellent to work with and maintained clear and open lines of communication with the project team throughout the duration of our work.

There were no questions about the report.

Regence Audit Response

The Regence audit response was presented by Mr. Van Vleet. He thanked everyone for their cooperation, they agree with the issues that were found. Ad hoc reports were reviewed to check for additional overpayments. Eight dialysis members were identified for a total amount of \$147,000 in overpayments that will be credited back to the program.

Mr. Richardson asked Mr. Myron if he had anything to add to the report. Mr. Myron indicated the audit recommendations from Moss Adams were pursued and the ad hoc reports Mr. Van Vleet previously discussed resulted in overpayments being credited back to the program.

Office of Financial Services (OFS) Audit

Mr. Johnson reported OFS staff used the same methodology as the FMIP reconciliation. Claim and premium refund samples, as well as previously unbilled claims were walked through the system from beginning to end. Supporting documentation was provided by Regence upon request. A report was distributed that showed the total amount originally billed with resulting adjustments to the final amount due for OMIP. There was a TMIP adjustment that increased the amount for OMIP and decreased the TMIP final amount. The amounts are reported per year as requested in the last board meeting.

Mr. Richardson appreciated the details and reminded the board this work was done to ensure due diligence in closing the programs. FMIP was under a strict time frame and had to be completed prior to OMIP, this wraps up the OMIP program and included some adjustments for TMIP; which is OHA's responsibility. He was pleased with the thorough work done by Moss Adams, Regence, OMIP and OFS staff.

There were no questions or comments about the report.

After a five minute break, the Board went into executive session at 1:30pm.

Executive Session

Mr. Richardson read the following statement: *The Oregon Medical Insurance Pool Board will now meet in executive session. The executive session is held pursuant to ORS 192.660 (2) (f) which allows the board to meet in executive session to consider information or records that are exempt from public inspection, such as written advice from its attorney, and to consult with counsel concerning the legal rights and duties of the Board with regard to current litigation or litigation likely to be filed.*

Representatives of the news media and essential OMIP staff are allowed to attend the executive session. All other members of the audience are asked to leave the room. Representatives of the news media are specifically directed not to report on any of the deliberations during the executive session, except to state the general subject of the session as previously announced. The Board may not vote on issues in Executive Session. At the end of the Executive Session, we will return to open session and welcome the audience back into the room and back onto the phone.

Mr. Harmon recused himself from the executive session.

The executive session started at 1:35pm.

The public portion of the meeting was reopened at 2:25pm.

Mr. Richardson read the Department of Justice's proposed final payment resolution for OMIP.

PROPOSED RESOLUTIONS OF THE OREGON MEDICAL INSURANCE POOL BOARD
May 28, 2015

The Oregon Medical Insurance Pool Board hereby adopts the following resolutions:

1. RESOLVED: OMIP is authorized to and shall pay its Third Party Administrator (TPA) Regence Blue Cross/Blue Shield of Oregon (Regence) the sum of \$7,100,753.29 (the "Final OMIP Payment")¹ for Regence's administration of the state medical insurance pool program described in ORS 735.600 through 735.650 (the "State Program"), subject to the following conditions precedent:
 - a. OMIP and OHA staff have verified the Final OMIP payment amount as satisfying Regence's TPA contract² with OMIP (the "TPA Contract"), or otherwise adjusted the final payment amount as staff consider necessary to satisfy the TPA Contract; and
 - b. OMIP and Regence enter into the agreement described in Resolution #2, below.
2. RESOLVED: OMIP shall not make the Final OMIP Payment to Regence until OMIP and Regence have entered into an agreement (the "OMIP Final Payment Agreement"), approved by the Oregon Department of Justice, that conditions OMIP's payment on the following:
 - a. Regence certifying under penalty of false claims act liability, that Regence's invoices for the Final OMIP Payment satisfy the terms and conditions of the TPA Contract (except as to timely submission);
 - b. The Final OMIP Payment is the final payment that Regence will receive from OMIP for the State Program and discharges all monetary obligations of OMIP to Regence for State Program administration under the TPA Contract;
 - c. The Final OMIP Payment sets no precedent for OHA payment to Regence for administration of TMIP³;
 - d. Regence waives any appeal of or challenge to the correctness of the Final OMIP Payment;
 - e. Regence promises to indemnify OMIP against all claims arising out of Regence's acts or omissions under the TPA Contract as third party administrator of the State Program;
 - f. Regence reimbursing OMIP \$307,907.19 for OMIP's expenses (OMIP and OHA staff time, DOJ fees, and Moss Adams' costs) incurred for combined activities of the Federal Program

¹ This amount is based on Regence's preliminary reconciled final invoice in the amount of \$7,100,753.29 dated May 27, 2015 that was submitted to OMIP for outstanding amounts owed to Regence under the State Program.

² The TPA Contract, which has been amended and restated twice and subsequently amended, became effective on December 1, 2007. Pursuant to the TPA Contract, Regence provides TPA services of both the Federal Program and the State Program for OMIP. Coverage end dates were 6/30/13 for the Federal Program, and 12/31/13 for the State Program. The run-out period concluded on 12/31/14 for the Federal Program and on 4/30/15 for the State Program.

³ The Temporary Medical Insurance Program established under ORS 413.033 and ORS 413.042.

- g. and the State Program, resulting from Regence's errors or untimely invoice submissions to OMIP under the TPA Contact; and
- h. Regence representing and warranting that it has adjusted, refunded, or both, all claims identified in the February 5, 2015 State Program Claims Audit prepared by Moss Adams.

Mr. Allen moved to adopt the final payment resolution with amendments. The motion was seconded by Ms. Turley. Discussion: The general intent is closure of the contract and time is of the essence. Amendments require OMIP to: (1) pay Regence no more than the sum provided in the Preliminary OMIP Final Payment Invoice, (2) subject to OMIP and Regence first entering into a Final OMIP Payment agreement on or before July 1, 2015; and (3) condition OMIP's payment obligation on those conditions established by resolution #2.

A vote was called, Mr. Harmon abstained; the motion for approval of the amended resolution was carried with no further discussion.

Mr. Richardson indicated this wraps up the FMIP and OMIP programs and specifically thanked everyone for all their efforts.

OMIP Assessment Reserve Update

Mr. Smith presented a summary memo of the OMIP reserve forecast. The remaining balances in the reserve fund were reviewed. The projected figures remain conservative. The forecasted credit amount to apply in calendar year 15 is approximately 7.34 million.

Action item: After Regence has been paid in full, Mr. Richardson wants a final accounting of the OMIP reserve for the board as soon as possible.

OTRP Implementation Update presented by Mr. Urbani

An updated FAQ is included in the board packet.

The data call sent to insurers in December is complete. A big thank you to the Insurance Division for their help in requesting this data. The data received includes Portability and Children's Reinsurance Program enrollment as of December 31, 2013.

The total number of lives eligible for the OTRP program is 24,049. This breaks down as 10,617 Portability, 9,931 Oregon Medical Insurance Pool, 2,283 Children's Reinsurance Program, and 1,218 Federal Medical Insurance Pool members.

Staff is currently working with insurers to identify 2014 lives with more than \$30,000 in claims. Insurers will be asked to submit their entire list of 2014 individual enrollment for the tagging process, to determine future years' eligibility,

since there can be no extended break in coverage. Members moving in and out of Medicaid remain eligible for the life of the program.

The 2014 assessment has been completed, there are no outstanding amounts due. The 2015 assessment will be completed by the end of the year using the first quarter 2015 enrollment report for the assessed life count. Additional OMIP surplus funds will be credited on the 2015 invoice.

A decision was made that OMIP staff will be able to handle member tagging and claims processing internally, a request for proposal (RFP) will not be submitted. This saves money in administrative costs.

We continue to work with the Oregon Insurance Division on finalizing the rules, more work needs done now that a RFP is not required, as the rules were written with a third party administrator in mind.

A decision from CMS regarding their 2014 Transitional Reinsurance coinsurance rate is expected by June 30, 2015.

The OTRP program sunsets on July 1, 2017, all business must be completed including claims payments and final refunds of outstanding credits. The short run-out period at the end of the program was discussed. Final claims need to be submitted by March 31, 2017 for reimbursement by June 30, 2017. This is inconsistent with the federal reinsurance program. Any changes would need to be made in the next legislative session. Mr. Provencher suggested the State runout period should match the Federal program.

Action item: Can the sunset date be extended to match CMS? Mr. Provencher thought the next CEO meeting would be a good place to start since program staff cannot introduce legislative concepts.

Mr. Ellertson asked what the dispute process will be for the program. Mr. Urbani explained any issues will be handled on a case by case basis, up to and including an administrative hearing if necessary. The most likely dispute scenario would be regarding member eligibility as claims will be aggregate per insurer. Mr. Richardson suggested carriers take a look to validate the tagging process after the first payment is processed.

Next meeting

To be determined

Public Testimony

No public testimony

Mr. Richardson adjourned the meeting at 3:17 PM