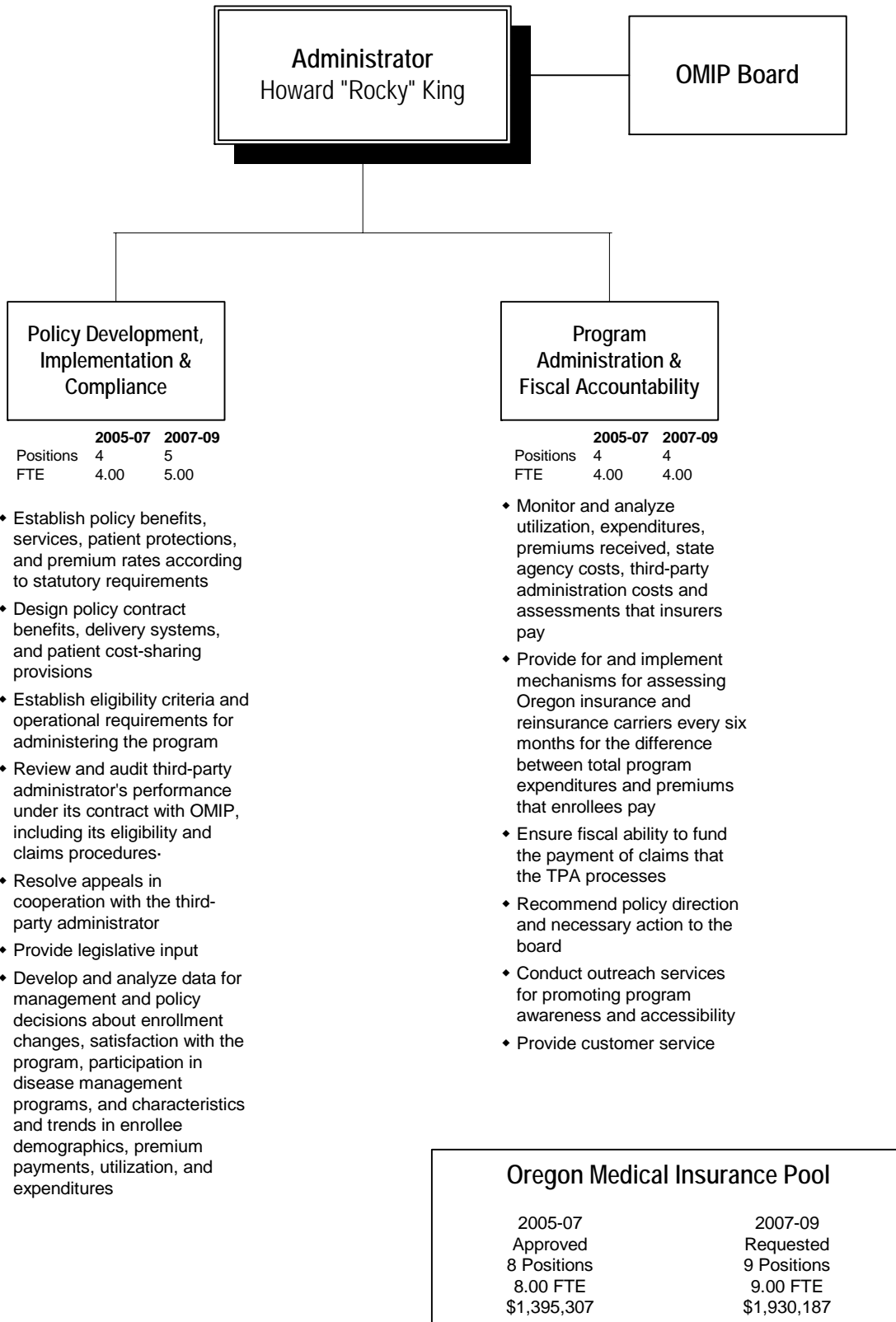


OREGON MEDICAL INSURANCE POOL



OREGON MEDICAL INSURANCE POOL

Mission

To reduce the state's uninsured rate by providing health insurance options to people who would otherwise be without coverage. The pool also protects enrollees by providing coverage for their expensive chronic diseases.

What we do

The Oregon Medical Insurance Pool (OMIP) is the high-risk health insurance pool for the State of Oregon. Oregonians served by OMIP have either been turned down in the individual health insurance market because of their medical conditions; exhausted their employer-based COBRA benefits and have no other available options to continue coverage; or have left employment and moved out of their employer's plan service area and are not able to continue that coverage; or are eligible for the Federal Health Coverage Tax Credit (HCTC).

OMIP contracts with a third-party administrator (TPA), Regence BlueCross Blue Shield of Oregon, which handles day-to-day operations of the plan. OMIP provides the following administrative services:

- Establishes policy benefits, services, patient protections, rates, and eligibility criteria and processes.
- Conducts outreach services for promoting program awareness and accessibility.
- Reviews and audits the TPA's eligibility and claims procedures.
- Resolves final appeals.
- Provides legislative input and establishes and revises Oregon Administrative Rules.
- Tracks and analyzes data such as enrollments and terminations, claim costs, premiums received, state agency costs, and TPA costs.
- Provides for and implements mechanisms for assessing insurance and reinsurance carriers in Oregon.
- Recommends policy direction and necessary action to the OMIP board.

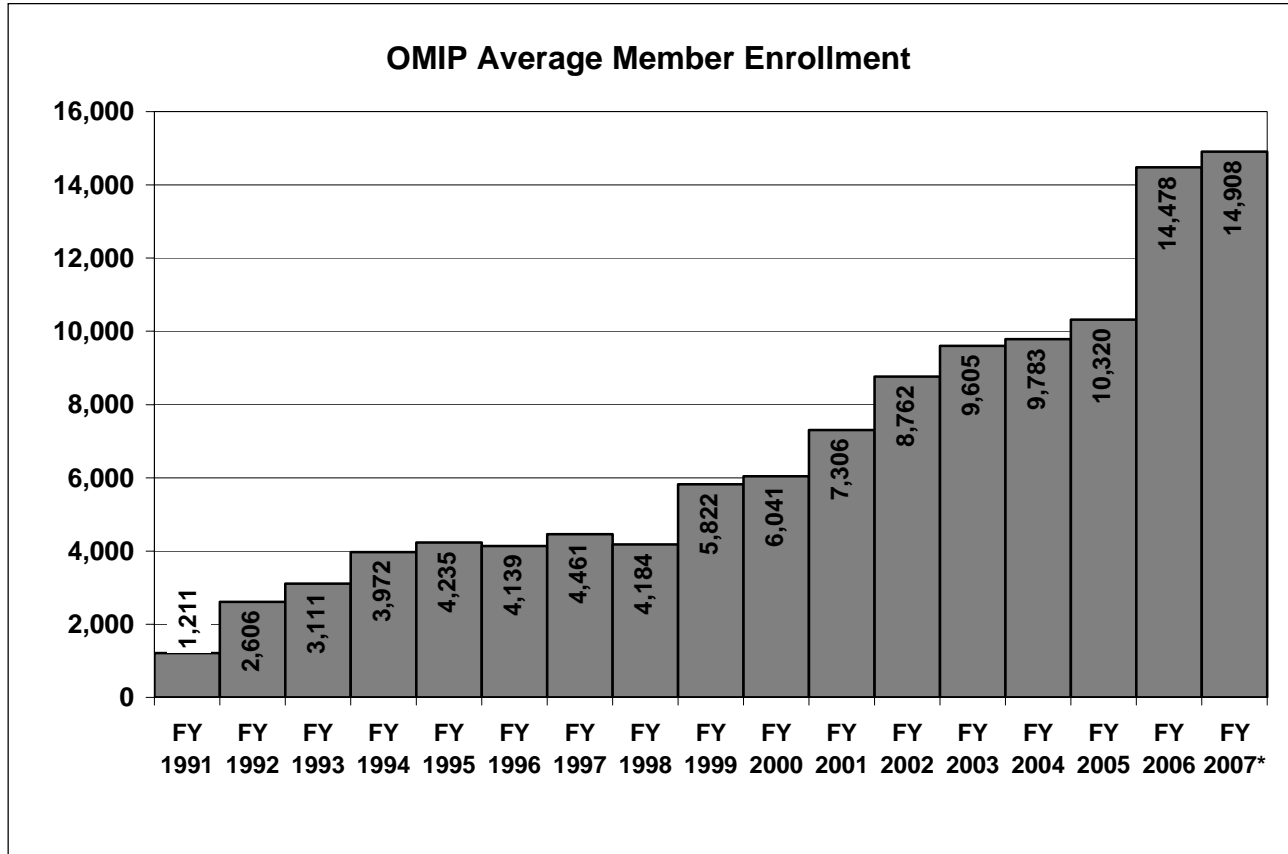
Program delivery

OMIP benefit plans mirror those in the commercial group PPO health market. The plans include case management services, disease management programs, prior authorization requirements, a drug formulary, and higher benefits when enrollees choose to use participating providers.

Some individuals who enroll in OMIP receive premium and other out-of-pocket health insurance subsidies from special state and federal programs. As of November 2006, 71.6 percent of the approximately 15,000 enrollees received no subsidy, 24 percent received a state Family Health Insurance Assistance Program (FHIAP) subsidy, 4 percent received a federal CAREAssist subsidy, and 0.3 percent received an HCTC subsidy.

OMIP receives its guidance from a nine-member board, eight of which the director of the Department of Consumer and Business Services appoints. The director also serves on the board.

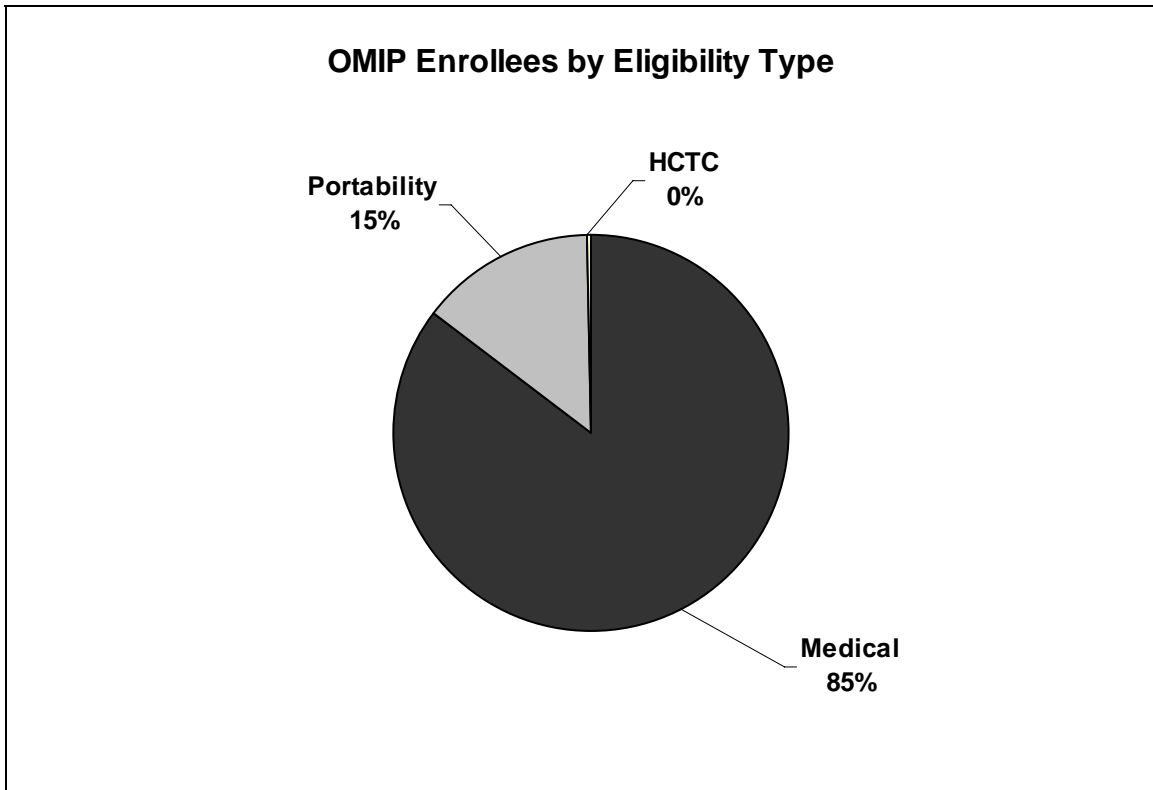
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*FY 2007 data through November 2006

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Demographics of the OMIP Enrollees



Gender:

Female 61%
Male 39%

Length of Enrollment:

>3 years 28%
1-3 years 40%
<1 year 32%

Age (Median = 50):

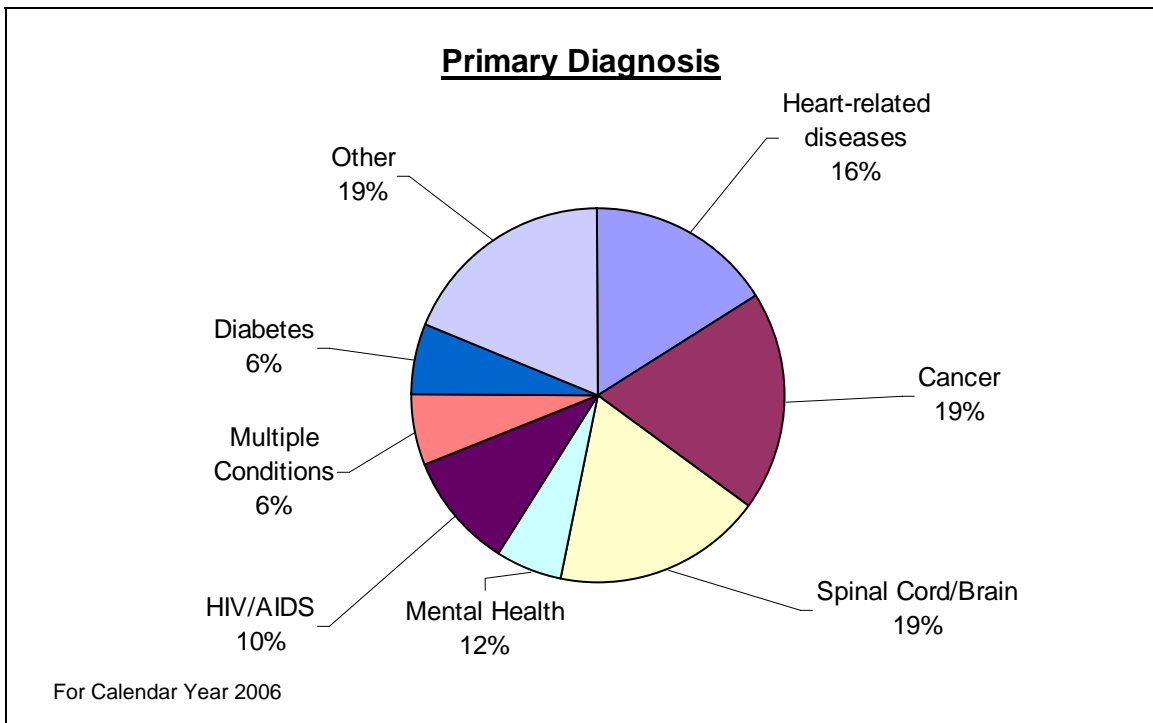
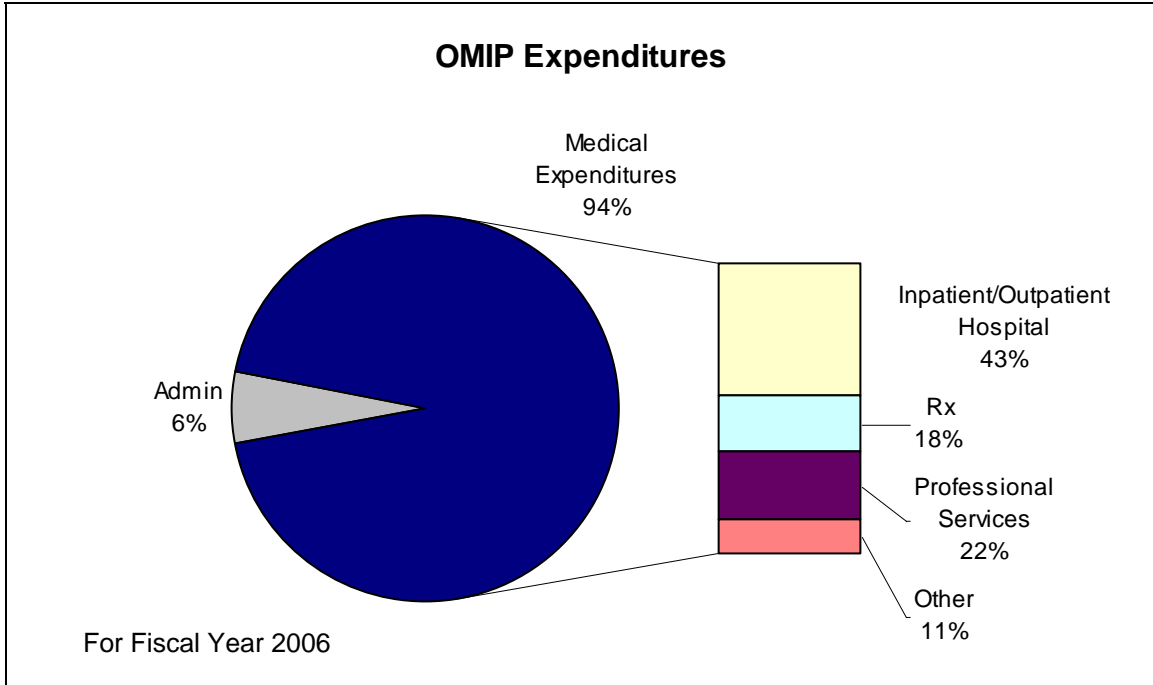
>60 21%
20-60 72%
<20 7%

66% of OMIP population earns less than \$35,000 annually.

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What OMIP Expenditures Cover

Health Care Costs



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Accomplishments, 2005-2007

1. Oregonians who cannot obtain commercial health insurance have an option for coverage through OMIP. In 2005-2007, OMIP increased enrollment beyond 15,000 individuals.

To give more individuals a chance to obtain coverage, OMIP:

- Secured legislative approval for statutory changes that created a new eligibility category for individuals who have lost their jobs due to foreign trade. Other legislative changes increased flexibility in designing benefit plans and administering the program.
- Provided expanded education to agents and social workers about OMIP through the Education, Information, and Outreach section of the Office of Private Health Partnerships.

2. OMIP enrollees have more support in managing their health care and benefits. The board:

- Worked with the third-party administrator (TPA) to increase the number of case managers and support staff to more aggressively target and manage the more seriously ill OMIP enrollees.
- Provided opportunities for OMIP enrollees to interact directly with OMIP management about the program through forums conducted in six cities.
- Added a smoking cessation program as a new benefit.
- Added a new benefit for enrollees, at no cost to them, that makes classes available throughout the state, in cooperation with initiatives in the Oregon Health Division, to educate enrollees in preventive maintenance and self-management of their chronic illnesses.

3. OMIP took several initiatives to reduce expenditures, control utilization, and keep its funding stable. The board:

- Reduced expenditures for drugs for enrollees who have HIV/AIDS by finalizing an arrangement with the CAREAssist program to share 50 percent of its rebates for medications that OMIP covers. The agreement expands the rebate to 100 percent, less an administrative fee, at the start of the 2007-2009 biennium.
- Received a federal grant award to support reduction of the generic copayment and adoption of a generic preference benefit.
- Revised the generic drug benefit plan to encourage generic utilization.
- Worked with the TPA to increase the generic use rate to approximately 60 percent, thereby controlling the rate of increase in drug expenditures for OMIP.
- Enhanced the in-house electronic data set and reports to better evaluate trends and develop initiatives to control utilization and expenditures.
- Received a federal grant award of \$2.375 million to offset losses in the pool.
- Worked with actuaries from the major domestic insurers and the Oregon insurance industry to develop recommendations to revise the model for projecting assessments that the insurers pay to cover losses in the pool.

4. To ensure the third-party administrator meets the pool's needs, OMIP:

- Issued the request for proposals for the OMIP third-party administrator contract covering the period February 2008 through January 2011. OMIP periodically issues RFPs for the TPA contract to make sure the contract is cost-effective.

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- Developed and expanded ongoing reviews and data reports to ensure that the performance of the TPA meets expectations in its contract with OMIP.

5. Enrollees and other customers have benefited from improved customer service. OMIP:

- Revised the benefit plans to a set of PPO choices that are simpler to understand.
- Revised the OMIP Web site to include more information and provide easier navigation for a variety of audiences, including enrollees, health care policymakers, and insurers affected by the OMIP assessment.

Anticipated results, 2007-2009

- Enhance case management and disease-management programs through the TPA to better control quality of care and manage medical-service utilization and costs for seriously ill enrollees.
- Develop and implement new strategies with the TPA to help manage prescription drug use and costs.
- Enhance the model for projecting insurer assessments based on input from the commercial insurer and Insurance Division actuaries, to avoid unnecessary financial impact on enrollees, private insurers and re-insurers, and the State of Oregon.
- Enhance the methodology for developing premium rates based on input from the commercial insurer and Insurance Division actuaries.
- Enhance the promotion and availability of classes that educate enrollees in preventive maintenance and self-management of their chronic illnesses.
- Enhance performance-related TPA-monitoring measures using electronically collected data and OMIP's audits of particular TPA activities.
- Expand the capabilities of the claims database management system to enhance ongoing analysis of demographic and disease characteristics; utilization and expenditure trends; premium levels; enrollee satisfaction; and health policy issues such as health coverage, access, and financing. Such analyses will help OMIP identify opportunities to better control utilization and costs.
- Expand the administrative rules to better explain policies and operational aspects of OMIP.
- Enhance communication strategies that increase awareness and understanding of the program among enrollees, insurance agents, other state or federal agencies, providers, other state high-risk pools, the general public, and other interested parties.
- Provide program, policy, and administrative support to related health care coverage issues or programs that arise from deliberations of the Legislature and the Governor's office.
- Identify ways to keep OMIP plan premiums as affordable as possible while maintaining a comprehensive benefit plan.

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Key performance measures and related outcomes

- *Increase in the number of Oregonians insured.* As of November 2006, OMIP insured 14,984 enrollees.
- *Maintain the total expenses of operating the program below 10 percent of claims and administration expenses.* Expenses are currently at 5.7 percent.

Program Data	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07*
Policies Issued	2,952	2,457	3,410	4,285	3,980	3,291	5,846	8,009	1,739
New Members	3,410	2,840	3,894	4,944	4,564	6,636	10,270	10,745	1,858
Claims Paid	\$21,619,935	\$27,665,804	\$35,176,241	\$45,364,213	\$56,947,942	\$65,947,214	\$74,518,357	\$95,448,563	\$48,376,211
Premiums Received	\$12,819,787	\$17,533,000	\$21,811,481	\$27,924,971	\$35,642,854	\$44,267,501	\$47,542,848	\$65,504,544	\$1,046,864
Assessment Received	\$9,143,324	\$14,306,722	\$12,887,056	\$24,250,483	\$30,897,557	\$21,062,888	\$25,404,135	\$39,726,689	\$42,212,568
Loss Ratio	181%	170%	174%	174%	171%	158%	166%	154%	178%
Admin-TPA	\$1,189,976	\$1,546,330	\$1,830,300	\$2,165,391	\$3,186,761	\$2,850,657	\$3,419,083	\$4,625,167	\$2,237,481
Admin-Agency	\$373,751	\$645,107	\$844,348	\$779,988	\$798,690	\$721,213	\$655,234	\$665,863	\$290,612
Percent Admin	6.74%	7.34%	7.16%	6.48%	6.79%	5.42%	5.52%	5.66%	5.11%

*2006-07 totals through November 2006. 2006-07 Assessments received includes the projected assessment for January 2007.

Revenues

OMIP is funded through member premiums and assessments on health insurance carriers licensed to do business in Oregon. By statute, OMIP rates for pool coverage cannot be more than 125 percent of rates established as applicable for individual risks in the commercial market. In 2005, the premiums were 11 percent above the market for comparable PPO plans. The wholesale switch from two indemnity plans, one HMO plan, and one PPO plan to four different PPO plans resulted in an overall decrease in premiums.

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Governor's Recommended Budget

	Request	FTE
2005-07 Legislatively Adopted Budget	\$ 1,395,307	8.00
Base Budget Adjustments		
Net Cost of 2005-07 Position Actions:		
Administrative, Biennialized E-Board, Phase-outs	\$ 365,120	1.00
Estimated Cost of 2007-09 Merit Increase	\$ 46,313	-
Subtotal: 2007-09 Base Budget	\$ 1,806,740	9.00
Essential Package 010 - Non-PICS Adjustments		
Vacancy factor adjustment.	\$ 32,974	-
Non-PICS adjustments for unemployment, overtime, temporaries, and mass transit taxes calculated as .006 of base salaries and wages.	\$ 16,511	-
Essential Package 021/022 - Phase in/outs	\$ -	-
Essential Package 030 - Cost Adjustment for Inflation and Price List		
Cost of Goods & Services Increase/(Decrease)	\$ 10,645	-
Increase/shift in State Government Service Charges.	\$ 63,317	-
Essential Package 060 - Technical Adjustments	\$ -	-
Subtotal: 2007-09 Essential Budget Level	\$ 1,930,187	9.00
Policy Packages		
	\$ -	-
Total: 2007-09 Governor's Recommended Budget	\$ 1,930,187	9.00

OREGON MEDICAL INSURANCE POOL

Revenues and Disbursements

2007-09 Beginning Balance		\$ -
Revenues		
Charges for Services	\$ 556,654	\$ -
Interest Income	\$ 21,108	\$ -
Subtotal Revenues		\$ 577,762
Transfers		
Transfer In - Intrafund	\$ 1,593,268	\$ -
Transfer Out - Intrafund	\$ (240,762)	\$ -
Subtotal Transfers		\$ 1,352,506
Available Funds		\$ 1,930,268
Budget		\$ 1,930,187
2007-09 Ending Balance		\$ 81