



Oregon
Tina Kotek, Governor



September 1, 2025

The Honorable Scott Bessent
Secretary of the Treasury
Dept. of the Treasury
1500 Pennsylvania Ave. NW
Washington, D.C. 20220

The Honorable Robert F. Kennedy Jr.
Secretary of Health and Human Services
Department of Health and Human Services
200 Independence Ave. SW
Washington, D.C. 20201

Dear Secretaries Bessent and Kennedy Jr.:

The State of Oregon is pleased to submit this letter of intent to apply for a five-year extension of Oregon's Department of Consumer and Business Services (DCBS) Section 1332 State Innovation Waiver. Section 1312(c)(1) of the Patient Protection and Affordable Care Act (ACA) is waived for years 2022 through 2027 to allow the state to implement a reinsurance program. We are requesting that Section 1312(c)(1) be waived for an additional five years for the period of 2028-2032. Other than the extension, we are not proposing significant changes to our waiver. The waiver will continue to adhere to the guardrails established by Section 1332 and principles laid out in guidance from the Centers for Medicare and Medicaid Services (CMS).

In 2017, through House Bill (HB) 2391, Oregon establishing the Oregon Reinsurance Program (ORP) to address rising health insurance premiums in our state. It was bipartisan legislation, garnering support from Democrats and Republicans in both chambers of the Oregon Legislature. In 2019, HB 2010 (O.L. Chapter 2 §18-26 (2019)) enhanced the program by allowing the state to apply for a five-year extension of our 1332 waiver to continue reinsurance through 2027. In addition, in March 2025, through HB 2010, the Oregon Legislature extended the State of Oregon's ability to fund the ORP through Dec. 31, 2032.

Successful since its inception in 2018, ORP has reduced premium rates each year from 2018 to 2024 by an average of 8.5 percent and we are projecting a 9.7 percent reduction in 2025 for Oregonians who purchased health insurance in the individual market. Oregon continues to meet the waiver's expectations to deliver high-quality health care to residents throughout the state and fulfill the guidance outlined in the CMS State Relief and Empowerment Waiver guardrails.

Oregon's individual market enrollment both on and off the exchange for years 2022 (197,037), 2023 (183,289), 2024 (178,821), and 2025 (168,896) demonstrates the broad range of health care options offered to Oregon consumers. As a result, Oregon's ACA's Waiver and ORP helps lower premium rates on the health insurance marketplace. In addition, ORP notably improved rate stability and plan options for the rural areas of the state that historically have had the highest premiums. Oregon has six insurance plans options with at least five plans in each of Oregon's seven zones throughout 36 counties that have remained in the market since the program's inception.

Our goals for the next five years and beyond center on maintaining the premium reductions achieved in the program's previous years. During the 2025 rate review period, we implemented an updated analytical process to review the impact of reinsurance on premium rates. We plan to implement additional process improvements for the 2026 rate review, including a more extensive analysis of the program's effect by geographic rating region and plan metal tier. We also plan to use the care management protocols eligible health insurance carriers submitted during the 2026 rate review to better understand and align carriers' strategies for managing care and cost of care for members whose healthcare claims reach the ORP attachment points for a given year. (i.e., members whose claims are eligible for reinsurance).

Finally, DCBS has contracted with NovaRest Actuarial Consulting to study the effect of reinsurance on the subsidy-eligible enrollee population and to assist the Oregon Division of Financial Regulation to help stabilize the health insurance market in Oregon. These process improvements will strengthen our reinsurance program and support Oregon's broader efforts to make health care more affordable for our residents.

The ORP has been successful in achieving our State's goals to lower healthcare plan premium cost, stabilize the individual health insurance market, and expand the footprint of healthcare plans options throughout the state. The ACA 1332 State Innovation and Empowerment Waiver in conjunction with the ORP has helped over 175,000 Oregonians annually, attain affordable high-quality healthcare. Oregon wants to build upon that success with continued federal support through a Section 1332 waiver extension. We intend to submit our extension application by Dec. 30, 2026.

Thank you in advance for considering our application. We look forward to engaging with you in the coming months.

Sincerely,



T.K. Keen
Department of Consumer and Business Services
Oregon Division of Financial Regulation - Administrator
Acting Oregon Insurance Commissioner

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Consumer Information and Insurance Oversight
200 Independence Avenue SW
Washington, DC 20201



September 30, 2025

VIA ELECTRONIC MAIL: TK.KEEN@dcbs.oregon.gov

T.K. Keen
Acting Insurance Commissioner and Administrator
Oregon Division of Financial Regulation
Department of Consumer and Business Services
350 Winter St. NE
Salem, OR 97309

Dear Acting Commissioner Keen:

Thank you for your September 1, 2025, letter of intent (LOI) to apply for an extension of Oregon's State Innovation Waiver (section 1332 waiver) under Section 1332 of the Affordable Care Act (ACA). I am sending this letter from the Center for Consumer Information and Insurance Oversight (CCIIO) within the Centers for Medicare & Medicaid Services (CMS) under the Department of Health and Human Services (HHS), as well as on behalf of the Department of the Treasury (collectively, "the Departments").

The Departments acknowledge that Oregon (also referred to as the "State") has informed them at least one year prior to the waiver's end date, as required by the specific terms and conditions (STCs) governing the State's waiver,¹ of the State's intent to apply for continuation of the waiver. The Departments confirm that the State's anticipated section 1332 waiver application, as described below, may be submitted and will be reviewed as a waiver extension request. The requirements for the State's waiver extension application are enclosed with this letter. If the extension is approved, the Departments may determine the waiver extension will be subject to additional or revised requirements, which will be provided in the extension STCs.

The State's currently approved waiver of the ACA requirement for the single risk pool contained in ACA section 1312(c)(1) allows the State to operate a state-based reinsurance program for the individual health insurance market from January 1, 2023, through December 31, 2027. As described in the LOI, the State seeks to waive ACA section 1312(c)(1) for an additional waiver period of five years from January 1, 2028, through December 31, 2032. The State aims to continue implementing the section 1332 waiver to support Oregon's continued success in making health insurance more affordable and accessible to its residents.

¹ See STC 10. The applicable STCs are available here: <https://www.cms.gov/files/document/1332-or-extension-approval-letter-stcs.pdf>

A waiver extension is an extension of the existing waiver terms and does not propose any changes to the existing waiver that are not otherwise allowable under the State's STCs, or that could impact any of the section 1332 statutory guardrails or program design. Given that the State has not indicated any intentions to change any features of its waiver plan (except for the extended time period), the State may proceed with submitting an application for a waiver extension. The Departments encourage the State to submit its waiver extension application sufficiently in advance of the requested waiver effective date, ideally no later than the first quarter of 2027.

The enclosed document further outlines the application requirements for the State's waiver extension. Once the Departments receive the State's waiver extension application, they will conduct a preliminary review to determine if the application is complete or will identify if elements are missing from the application by written notice. Please note, the State is not authorized to implement any aspect of the proposed waiver extension without prior written approval by the Departments. This letter does not constitute any pre-determination nor an intent to approve or disapprove the State's proposed extension request.

Please send your acknowledgement of this letter and any communications and questions regarding program matters or official correspondence concerning the waiver to Meril Pothen at Meril.Pothen@cms.hhs.gov or stateinnovationwaivers@cms.hhs.gov.

We look forward to working with you and your staff. Please do not hesitate to contact us if you have any questions.

Sincerely,



Peter Nelson
Deputy Administrator and Director, Center for Consumer Information & Insurance Oversight
Centers for Medicare & Medicaid Services

CC: Kenneth Kies, Assistant Secretary, Tax Policy, U.S. Department of the Treasury
The Honorable Tina Kotek, Governor, State of Oregon
Sean O'Day, Interim Director, Oregon Department of Consumer and Business Services (DCBS)
Kirsten Anderson, Acting Administrator, Central Services Division, DCBS
Alex Cheng, Deputy Administrator, Division of Financial Regulation (DFR), DCBS
Lily Sobolik, Acting Deputy Administrator, DFR, DCBS
Joel Payton, Reinsurance Program Manager, DFR, DCBS

Enclosure

Specific Requirements for Oregon's Waiver Extension Application

The Departments will conduct a preliminary review of Oregon's (hereafter referred to as the "State") waiver extension application and make a preliminary determination as to whether it is complete within approximately 30 days after it is submitted to stateinnovationwaivers@cms.hhs.gov. If the Departments determine that the application is complete, the application will be made public through the HHS website, and a 30-day federal public comment period will commence while the application is under review. If the Departments determine that the application is not complete, the Departments will send the State a written notice of the elements missing from the application. The State's waiver extension application must include the following:

- (1) A detailed description of the extension request, including the desired time period for the extension. The State must confirm there are no changes to its currently approved waiver plan for the new waiver period that are otherwise not allowable under the state's STCs, or that could impact any of the section 1332 statutory guardrails or program design. The state should include a timeline and discussion of implementation of the waiver plan during the extension period. For an application for an extension of an approved waiver plan with no change, the State may restate that there is no change to the implementation plan provided in its initial waiver application.
- (2) Updated economic or actuarial analyses and certifications for the extension period. Such analyses should address any changes that have occurred since approval of the State's current waiver plan in state or federal law, regulations, or sub-regulatory guidance, the state insurance market, or to the waiver program that are allowable under the STCs and impact waiver assumptions and projections. The narrative should also explain any proposed technical changes the State has not previously shared with the Departments via its reporting requirements.

If there have been no significant policy changes impacting the assumptions used to create the 10-year budget in the State's most recent application, the assumptions that go into the analyses may only need to be updated for the second 5 years of a 10-year budget (i.e., a table with updated projections and assumptions).

For state reinsurance waivers, the economic and actuarial analyses should include, at a minimum, for both the with-waiver and without-waiver baseline scenarios, 5-year projections for:

- Total Exchange enrollment including:
 - Subsidized (i.e., advanced premium tax credit (APTC)) enrollment on the Exchange;
 - Unsubsidized enrollment on the Exchange;
- Enrollment off the Exchange, to the extent available;
- Statewide average second lowest cost silver plan (SLCSP) premiums (aggregate and per member per month (PMPM)) (note: rating area-level premium data is not required for waiver extension applications);
- Statewide average gross and net premiums (aggregate and PMPM);
- APTC (aggregate and PMPM);
- State funding for the waiver plan;

- State reinsurance reimbursements, if applicable; and
 - Pass-through funding (e.g., federal premium tax credit (PTC) savings net any offsets, such as increased user fees), if applicable.
- (3) A list of provision(s) of the law that the State seeks to waive and reasons for the specific request(s). For an extension application based on the current waiver plan with no change, the State may simply restate that there is no change to the provision(s) waived as provided in its most recent approved waiver plan.

If the State is seeking pass-through funding, include an explanation of how the waiver plan would result in individuals or employers qualifying for less federal financial assistance (e.g., PTCs, small businesses tax credits, or cost-sharing reductions) under the proposed waiver than without the waiver. Also explain how the State plans to use the pass-through funding.

- (4) Preliminary evaluation data and analysis of observable outcomes from the existing waiver program, including quantitative or qualitative information describing why the State believes the program did or did not meet the statutory guardrails. For example, the State should provide information comparing the originally projected impact of the waiver to the actual outcomes observed (e.g., premiums, enrollment, expected claims reimbursements).
- (5) Evidence of sufficient authority under state law(s) in order to meet the ACA section 1332(b)(2)(A) requirement for purposes of pursuing the requested extension.
- (6) An explanation and evidence of the process to ensure meaningful public input on the extension request, which must include:
- a. For a state with one or more Federally recognized Indian tribes within its borders, providing a separate process for meaningful consultation with such tribes, and providing written evidence of the State's compliance with this requirement;
 - b. Publicly posting the submitted LOI on the State's website to ensure that the public is aware that the State is contemplating a waiver extension request; and
 - c. Publicly posting the waiver extension application on the State's website upon its submission of the waiver extension application to the Departments.

For a waiver extension application, the State does not have to meet all of the public notice requirements specified for new waiver applications in 31 C.F.R. § 33.112 and 45 C.F.R. § 155.1312 (e.g., holding two public hearings and providing a 30-day comment period) to fulfill paragraph (5) above. However, the State must ensure and demonstrate there was an opportunity for meaningful public input on the extension request. For example, the State may choose to hold one public hearing or provide an amended or shorter comment period, or some combination of both. If the State holds one public hearing, it can use its annual public forum for the dual purposes of gathering input on the existing waiver as well as the extension application request.

- (7) The Departments may request additional information and/or analysis to evaluate and reach a decision on the requested extension.