HB 2934: Basic Health Plan Stakeholder Group

October 8th, 2015
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Presentation Overview

- Summarize discussion from September 16th
- Oregon Marketplace presentation
- Introduce principles framework
- Review straw proposals
- Identify key considerations for the Oregon Legislature

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Basic Health Program (BHP) Overview

- The Affordable Care Act (ACA) gives states the option to establish a BHP for:
  - Individuals above 138% FPL up through 200% FPL who are ineligible for Medicaid or CHIP, and who do not have access to affordable employer coverage; and
  - Individuals at or below 138% of FPL who are ineligible for Medicaid due to immigration status.
- Federal government gives states 95% of what would have been spent on tax credits in the marketplace.
- Must offer two health plans; plans must include all essential 10 health benefits (EHB).
- Monthly premiums and cost sharing cannot exceed the amount the individual would have paid for coverage in the marketplace.

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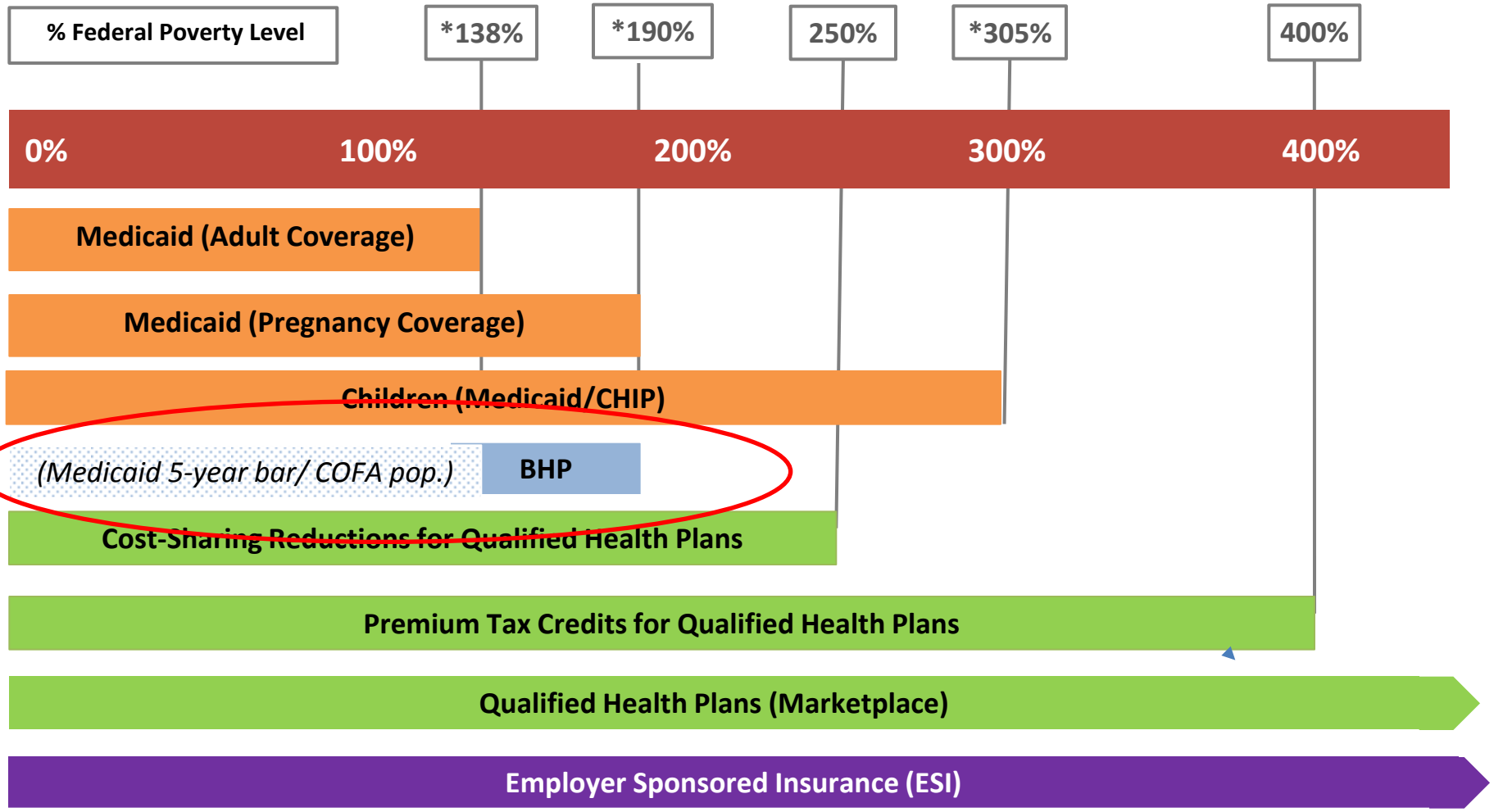
How BHP Could Fit into Oregon's Coverage Landscape



*Indicates the 5% across-the-board income disregard in Medicaid and CHIP. (Illustration adapted from the Washington State Health Care Authority.)

Requirements of HB 2934

- Requires OHA to convene a stakeholder group to provide recommendations to Legislative Assembly concerning the BHP.
- OHA must report recommendations to interim legislative committees no later than Dec. 1, 2015.
- Recommendations need to address "*the policy, operational, and financial"* preferences of the group in the "design and operation" of a BHP.
- Recommendations should further the goals of the Legislative Assembly of "*reducing the cost of health care and ensuring all residents*" of Oregon have equal access to health care.

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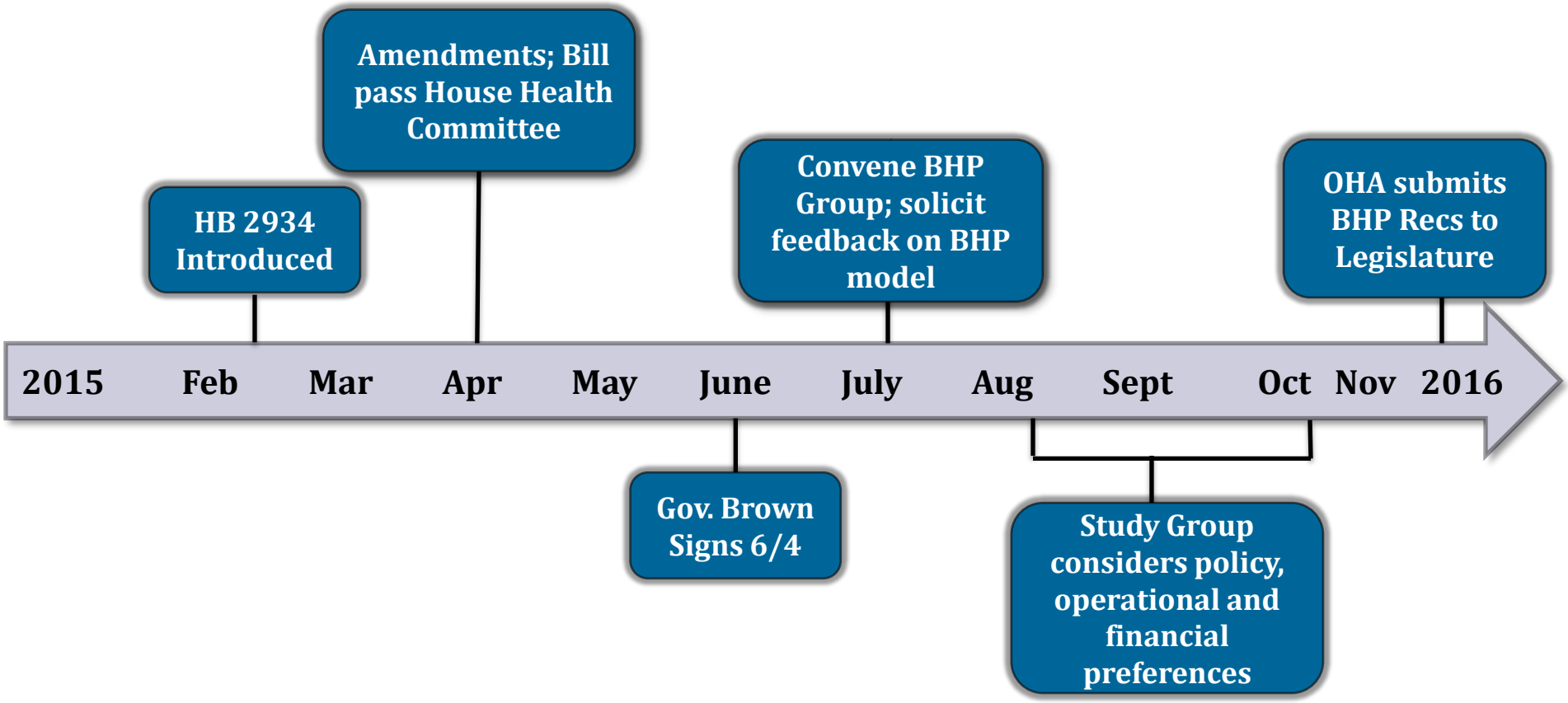
Timeline: HB 2934
BHP Stakeholder Group



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Revised Work plan/Timeline

Stakeholder group: four meetings

- **July 2nd —** initial convening of stakeholder group; outlined key findings from 2014 BHP study.
- **July 29th —** review federal guidance related to the BHP; consider consumer affordability, premium and cost-sharing options for BHP, and level of benefit coverage.
- **Aug. 13th —** review potential delivery systems, contracting and provider networks, and provider reimbursement.
- **September 16th —** review operational and financing considerations; identify initial design preferences
- **Oct 8th—** finalize recommendations.

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Revised Work plan/Timeline (cont.)

Report submission

- **October** — OHA staff finalize written recommendations for Legislature
- **November** — OHA submits recommendations to the Legislature
- **January (2016)** — presentation to House Committee on Health – Interim Legislative Days (**tentative*)

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Scope of Recommendations: HB 2934

Program Design

Consumer Preferences

- Premiums and out-of-pocket costs
- Level of benefit coverage

Delivery System and Fiscal Preferences

- Plan offerings, procurement and contracting
- Provider reimbursement
- Network adequacy

Operations

- Enrollment period
- Disenrollment procedures for non-payment of premium
- Administrative financing (i.e. collection of premiums)
- Federally-facilitated Marketplace - feasibility
- Coordination of insurance affordability plans (IAPs) (OHP/Marketplace)

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Scope of Recommendations: HB 2934 (cont.)

Additional Considerations

Federal requirements*

- Ensure two standard health plans from at least two offerors (consumer choice); *possibility of federal exemption*
- Competitive contracting process for selecting standard health plans; *no federal exemptions allowed*

Financing

- Potential need for state general fund to support program
- Administrative expenditures
- Volatility in Marketplace (premiums)
- Carrier and provider participation

IT Systems – eligibility , enrollment and renewal

- Federally-facilitated Marketplace – federal feasibility
- Oregon's ONE Medicaid eligibility system
- Ability to monitor cost-sharing compliance

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*per 42 CFR 600.420(a)(2); 600.410(c)(1) and 600.410(c)(3).

BHP: Advantages and Disadvantages*

Potential Advantages

- Affordability: More low-income individuals able to afford coverage by reducing premiums and cost sharing for low-income individuals
- Expand coverage to remaining uninsured 0-200% FPL
- Reduce churn: may smooth transitions as incomes fluctuate at 138% FPL
- BHP as a policy to spread coordinated care model (CCM)
- Offer additional benefit coverage; encourage appropriate use of primary and preventive care (e.g. removing copays)
- Address mixed eligibility for public coverage for families and children (<200% FPL)

Potential Disadvantages

- Federal funding may not cover cost of plans; State may have financial exposure
- Funding for start-up and ongoing administrative costs
- Exchange volume will decline; potential impact unknown beyond 2016

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*As of Sept. 16th, 2015

Oregon Marketplace

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Cost-sharing Reductions

Example of 2016 Cost Sharing Reduction Plans with Reduced Copays, Coinsurance, Deductible and Maximum Out-of-Pocket						
1-person Household	Required Annual Contribution to Premium	Deductible	Maximum Out-of-Pocket	Primary Care Copay	Generic Drug Copay	In-Patient Coinsurance
133% FPL - 94% AV	$318	$100	$750	$10	$5	10%
150% FPL - 87% AV	$719	$850	$1,500	$15	$10	10%*
200% FPL - 73% AV	$1,509	$2,500	$4,300	$35	$15	30%*

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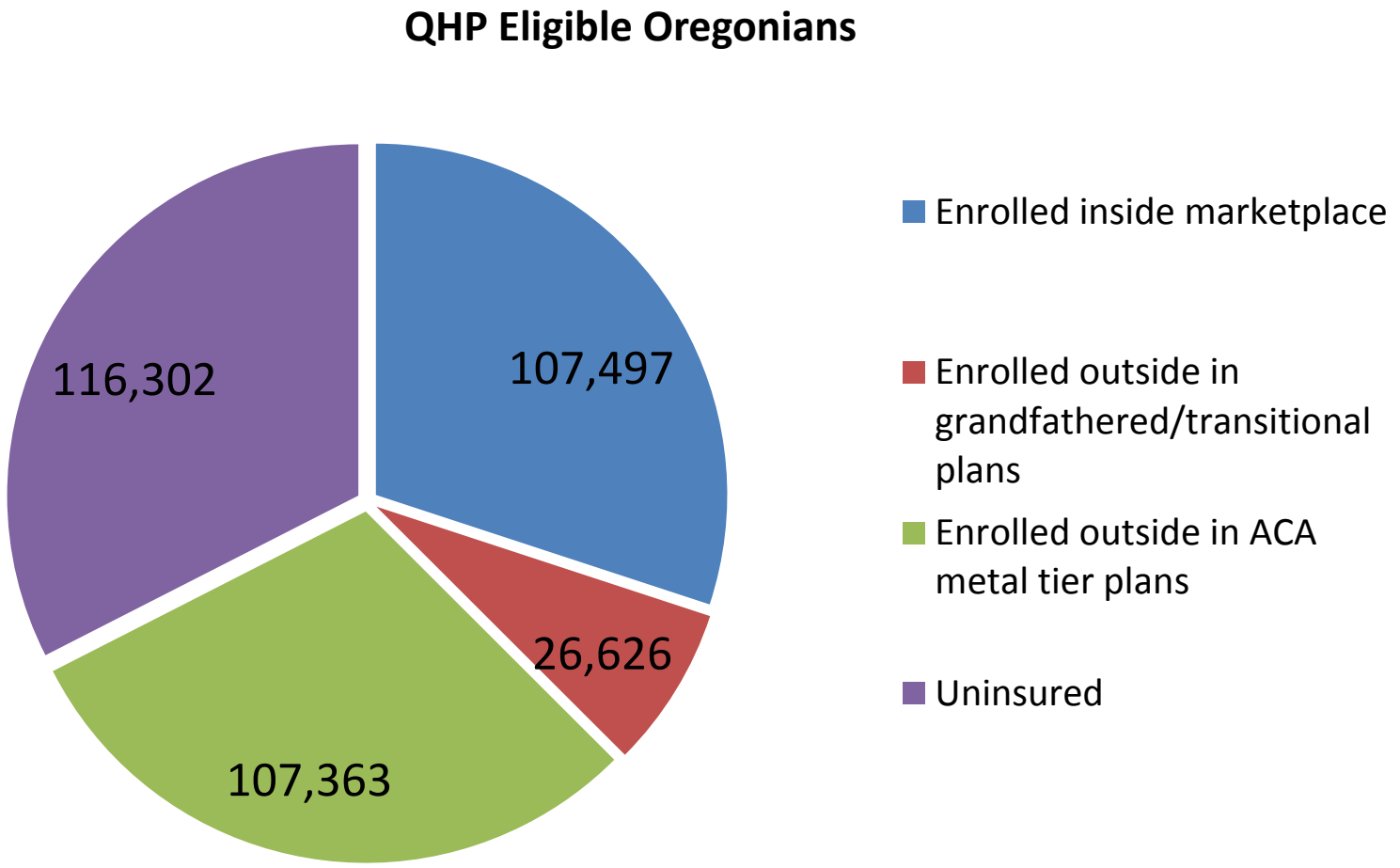
Eligibility for QHPs and Subsidies



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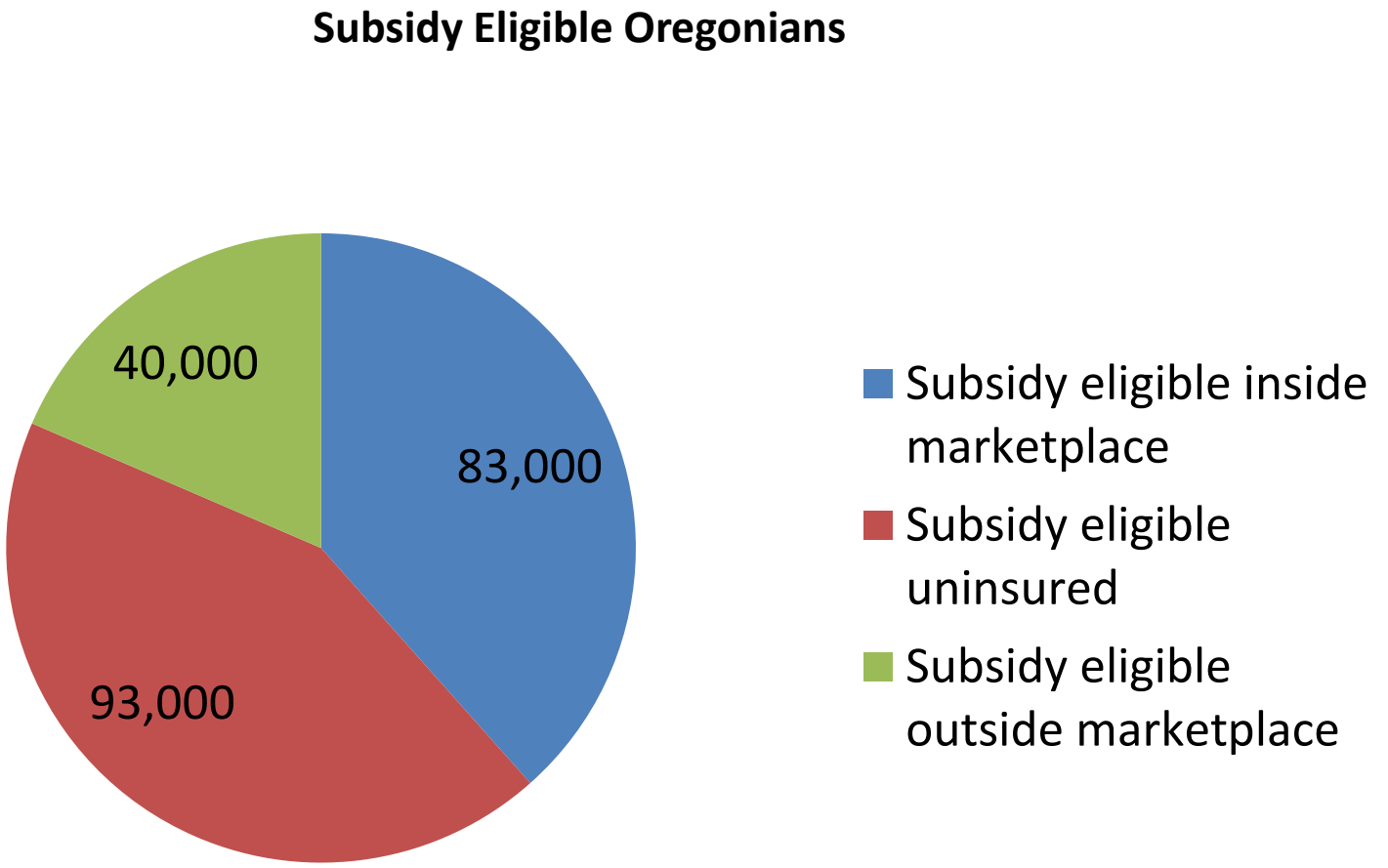
Eligibility for QHPs and Subsidies (cont.)



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Oregon Health Plan: Pregnancy Coverage

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OHP Pregnancy Coverage - *Forthcoming*

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HB 2934:
Draft Principles and Straw Models

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BHP Scenarios*

Options in Oregon to offer Standard Health Plans:

1.Marketplace: competitive contracting process for commercial health plans to offer BHP options

2.CCOs: seek federal permission to waive the two plan requirement; contract directly w/ CCOs to offer BHP

- Would require federal permission to waive the "two plan" and requirement
- Limit consumer choice

3.Stand alone option: state contract directly with carriers to offer BHP (e.g. PEBB/OEBB)

4.Alterative model: competitive contracting among CCOs and QHP carriers through Marketplace (pending federal/state approval)

*Gray boxes indicate potential BHP scenarios identified as not being "preferable" among the group as of Sept. 16th, 2015

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BHP Principles *(*draft*)*

- Increase access to affordable coverage for uninsured including those ineligible for Medicaid and Oregon's COFA population
- Increase affordability of coverage for Oregonians
- Adopt and spread the Coordinated Care Model (CCM)
- Promote a sustainable and predictable rate of growth (e.g. 3.4 percent in Medicaid, PEBB, and OEBB)
- Sponsor an accountable care model using a measurement framework to incentivize quality and population health improvements
- Reduce churn: minimize and mitigate the frequency of and impact from coverage transitions among insurance affordability programs
- Other principles?

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BHP Straw Models		
	Option A: State Administered	**Option B: Hybrid Marketplace**
Delivery System	CCOs offer BHP	CCOs and Commercial Carriers compete for BHP enrollees using CCM
Benefit Coverage	OHP Plus with Dental	EHB w/o dental; dental as standalone plan available for OOP purchase
Provider Reimbursement	Medicare (~77% of commercial)	Average of Medicaid & Commercial (~81% of commercial)
Member Cost-sharing/Premiums (monthly)	<138% FPL, $0; 138-150% FPL, $10; 151-175% FPL, $20; > 175% FPL , $40	
Eligibility & Enrollment	Oregon Medicaid eligibility system; 12-month continuous eligibility	FFM eligibility system; open enrollment period
Consumer Choice	Limited to CCOs available per region; requires federal exception	Multiple plan offerings
Administrative Functions (Client services, grievances, premium billing)	OHA Medicaid	Marketplace and carriers
Rate of Growth (annualized sustainable rate of growth)	3.4%	
Implementation Timeframe	Enabling legislation in 2017; Implementation in 2018 contingent on federal approval and IT feasibility	

BHP Program Design & Financing Input(s)(millions)*

BHP Program Elements	Design Options (Scenario 1) †	BHP Program (+/ -)
1. Benefit Coverage: OHP Plus (*92% of cost difference b/w OHP and EHB is dental)	$21.34	
2. Premiums (program revenue)		
$10 monthly premiums with incomes >175% FPL	($2.6-$3.5)	
$10 monthly premiums with incomes > 150% FPL	($5.5-$6.7)	
$10 monthly premiums with incomes 138-150% FPL, $20 premiums 151-175% FPL, and $40 above 175% FPL	($17.3-19.1)	
3. Provider Reimbursement: commercial	$76.95-$79.57	
4. Standard Health Plans expense (8-15%) (92% and 85% MLR)		
8% (92% medical loss ratio MLR)	$15.49-$17.35	
15% (85% medical loss ratio MLR)	$45.49-$48.79	
5. Administrative Expenses (Premium billing)	$15.38-$17.19	
Net – Surplus/(Deficit)		

† (program revenue)/program expense

*Listed in the table are potential design aspects of the BHP program identified as “modifiable” that could change the “bottom line” fiscal result as modeled by Wakely and Urban in the 2014. However, further analysis is needed to accurately and correctly determine the magnitude of these policy options.

Next Steps

- Finalize and submit recommendations to Oregon Legislature

HB 2934 report due to the Legislature by December 2015

Oregon Basic Health Program Study report (2014) prepared by Wakely Consulting Group and the Urban Institute

Report available at:
http://www.oregon.gov/oha/OHPR/docs/OregonBasicHealthPlanReport_11.10.2014.pdf

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