

2013-15 Policy Option Package

Agency Name: Oregon Health Authority / Department of Human Services
Program Area Name: Medical Assistance Program / Aging and People with Disabilities
Program Name: Medicare Buy-in/ Post Acute Services
Policy Option Package Initiative: Medicare Buy-in/ Post Acute Services Transfer to OHA
Policy Option Package Title: Medicare Buy-in/ Post Acute Services Transfer to OHA
Policy Option Package Number: 201
Related Legislation:
Program Funding Team: Healthy People

Summary
Statement:

This Policy Option Package transfers budgetary authority for Medicare Buy-in and Nursing Facility post acute services from the Department of Human Services to the Oregon Health Authority.

	General Fund	Other Funds	Federal Funds	Total Funds
<u>Policy Option Package Pricing:</u>	\$125,968,532	\$0	\$221,783,403	\$347,751,935

Issue

Should the Department of Human Services continue to manage the budgets for Medicare Premiums, Medicare Skilled Nursing Facility Coinsurance and OHP Post Hospital Extended Care?

Information and Analysis

The Department of Human Services and the Oregon Health Authority will begin operating as separate agencies for the first time in the 2011-2013 biennium. In general, all health care related budgets are now under the management of the Oregon Health Authority. A few notable exceptions exist, however. Those exceptions include:

Medicare Buy-in: This budget pays the premiums for low-income individuals who cannot afford to pay it themselves. If these premiums were not paid, the Oregon Health Plan would become the first payer on all health claims, resulting in significantly higher costs. As a result, this program is often referred to as a Medicare Savings Program. Its existence and participation is critical to reducing overall expenditures in the Oregon Health Plan. Pooling these resources for Coordinated Care Organization (CCO) contracts may provide additional leverage and purchasing power that would not otherwise be available if the budget remained with DHS.

Medicare Extended Care (Medicare Skilled Nursing Facility coinsurance): Currently, DHS manages the budget for this benefit. This is a Medicare health-related benefit intended to rehabilitate individuals after a period of hospitalization. Medicare pays days 1-20 in full and imposes a coinsurance amount on days 21-100. Transferring this budget to the Oregon Health Authority will give Coordinated Care Organizations the incentive to ensure cost shifts do not occur (e.g. premature hospital discharges) and provide oversight of overall health outcomes.

Oregon Health Plan Post Hospital Extended Care: This benefit mirrors the Medicare skilled nursing facility benefit for individuals without Medicare coverage. The Oregon Health Plan benefit provides for 20 days of nursing facility coverage after a qualifying hospital stay. Again, transferring this budget to the Oregon Health Authority will give CCOs the incentive to monitor and manage the full continuum of health-related care.

Recommendation: Transfer the following budgets from the Department of Human Services to the Oregon Health Authority during reshoot:

Categories	Clients	Cost Per Case	Total Funds (24-months)	General Funds
Medicare Buy-in (Part A)	5,178	\$469.98	\$58,406,125	\$21,915,280
Medicare Buy-in (Part B)	107,220	\$106.06	\$272,911,118	\$97,888,421
Nursing Facilities Extended Care	125	\$4,608.40	\$13,825,200	\$5,186,305
Nursing Facilities OHP PHEC	10	\$10,872.88	\$2,609,492	\$978,526
		Total:	\$347,751,935	\$125,968,532

Transferring these expenditures will allow the Oregon Health Authority to pool these resources and leverage greater purchasing power with the initiatives under consideration. Additionally, it will incent CCOs to manage the full continuum of care for individuals enrolled in their organizations.

Approved:

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