

HB 2934: Basic Health Plan Stakeholder Group

**July 2, 2015
Oregon Health Authority**

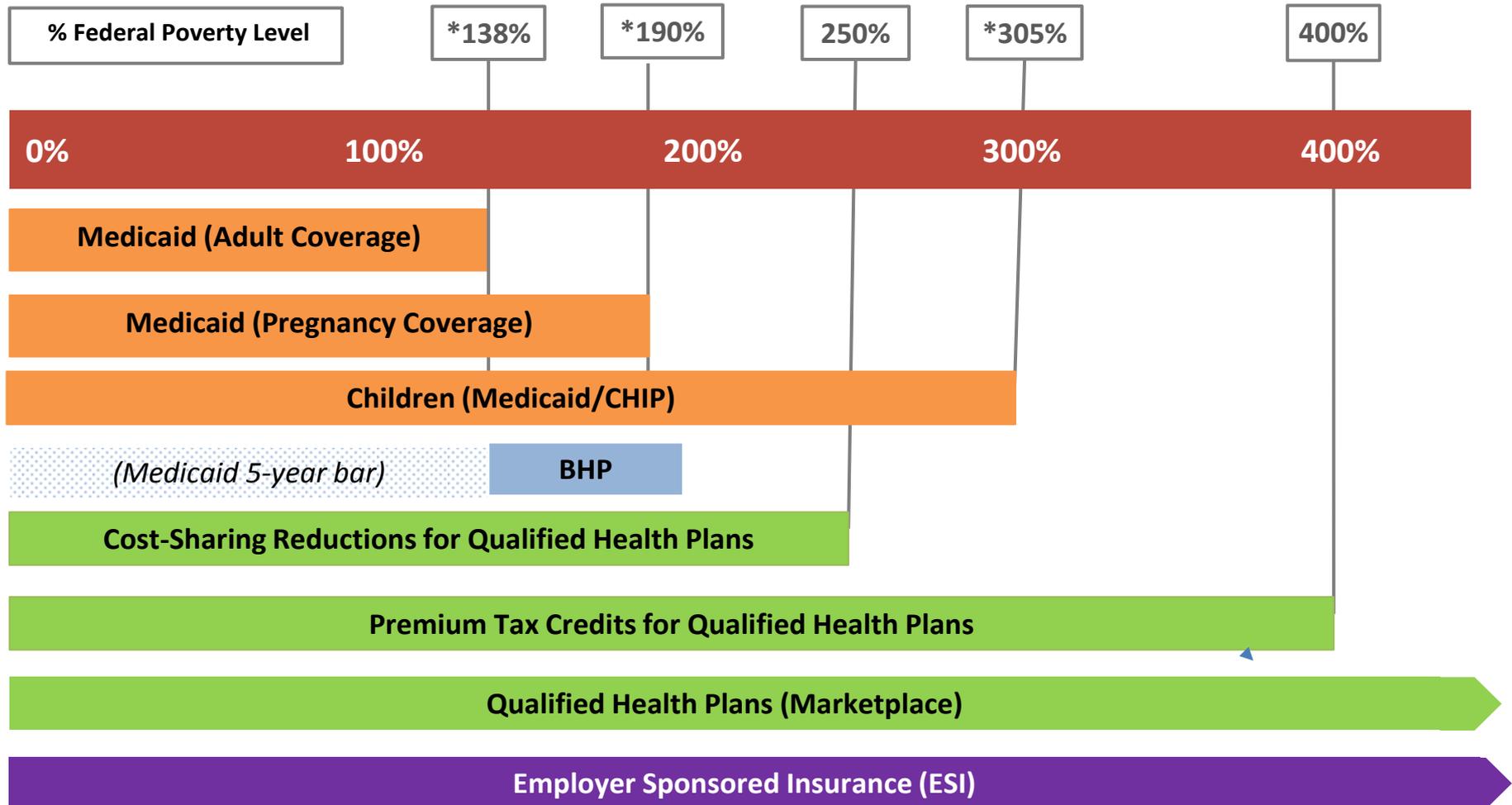
Presentation Overview

- Overview on the federal Basic Health Program (BHP)
- Summary of Oregon's BHP stakeholder engagement process (2013-15)
- Review of HB 4109 (2014)
 - BHP Study – approach and results
- Future meetings for HB 2934
 - BHP stakeholder process (2015)

Basic Health Program (BHP) Overview

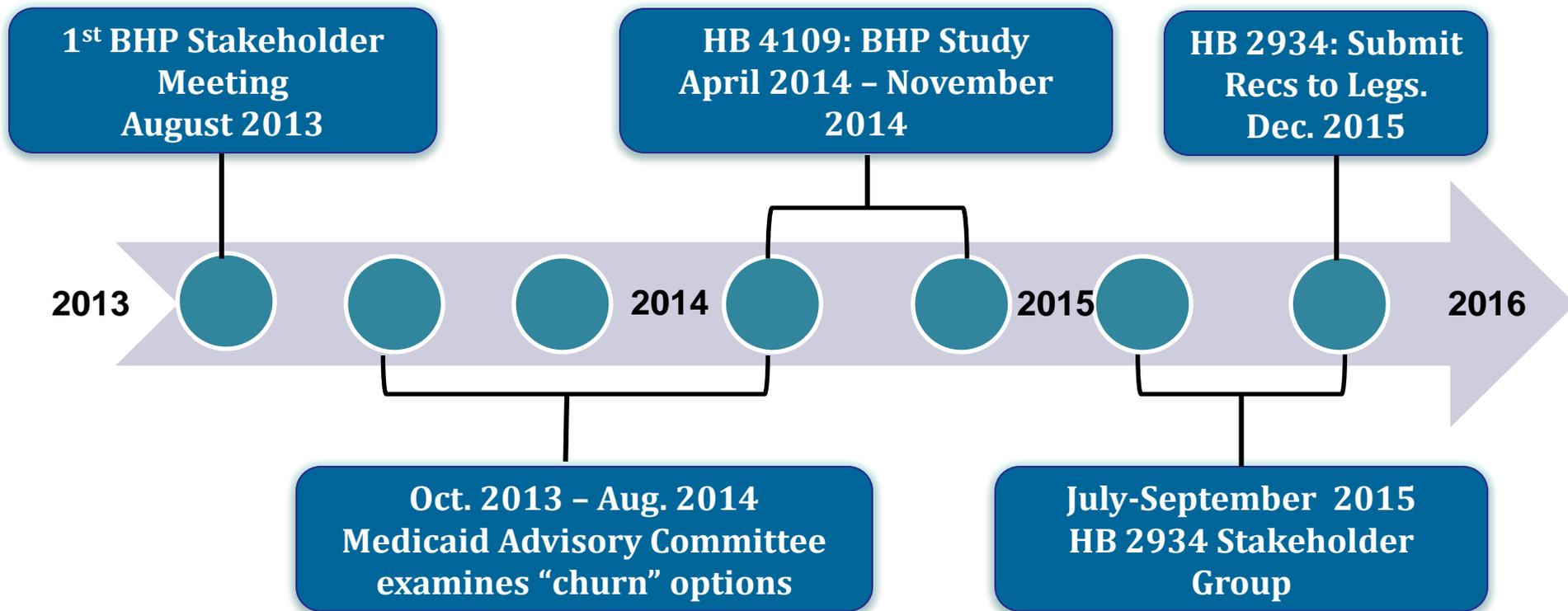
- The Affordable Care Act (ACA) gives states the option to establish a BHP for:
 - Individuals above 138% FPL up through 200% FPL who are ineligible for Medicaid or CHIP, and who do not have access to affordable employer coverage; and
 - Individuals at or below 138% of FPL who are ineligible for Medicaid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

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.)

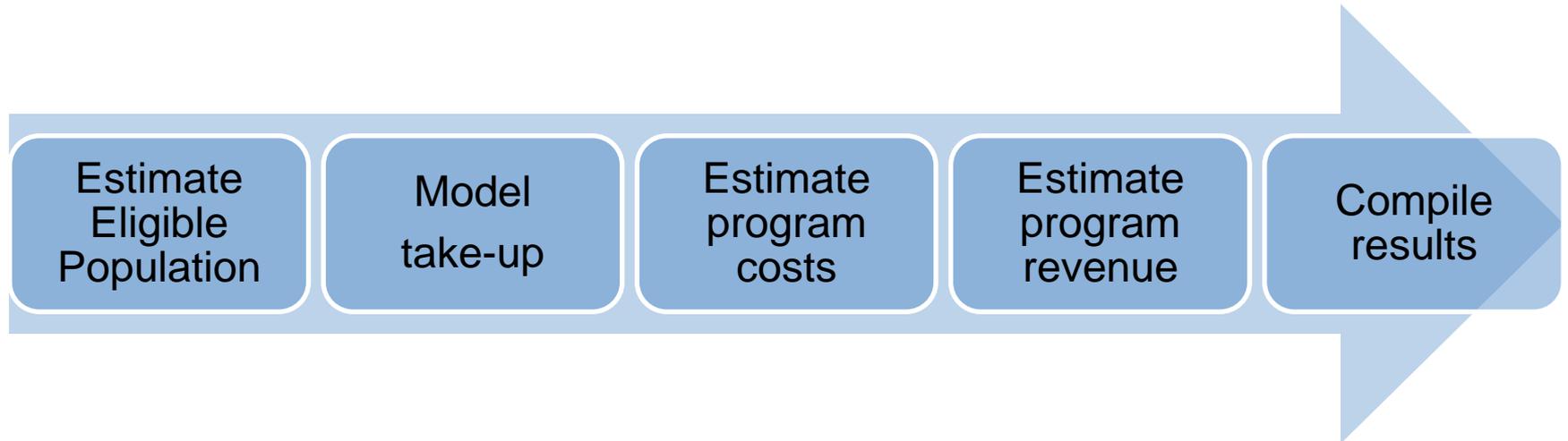
Timeline of BHP Stakeholder Engagement in Oregon



HB 4109: Study Objectives (2014)

- Fulfill requirements of House Bill 4109
 - Directed OHA to commission a study of the costs and impacts of operating a BHP in Oregon
- Identify the following with respect to potential OR BHP
 - BHP eligible and expected enrolled populations
 - Estimated State fiscal impact for 2016
 - BHP consumer impact, including affordability
 - Marketplace and commercial insurance impact
 - Preliminary range of State administrative costs
 - Other considerations

HB 4109: BHP Study (2014)



Scenarios Modeled

	Scenario 1	Scenario 2
Covered Benefits	a. Commercial EHB b. OHP Plus	a. Commercial EHB b. OHP Plus
Provider Reimbursement level	Medicaid	Commercial
Member Premium	\$0	<138% FPL: \$0 138 – 200% FPL: 50% of QHP level
Member Cost Sharing	\$0	<138% FPL: \$0 138 – 200% FPL: 50% of QHP level

Estimated BHP Eligibility & Enrollment (2016)

Eligibility: an estimated 87,600 people would qualify for BHP in 2016.

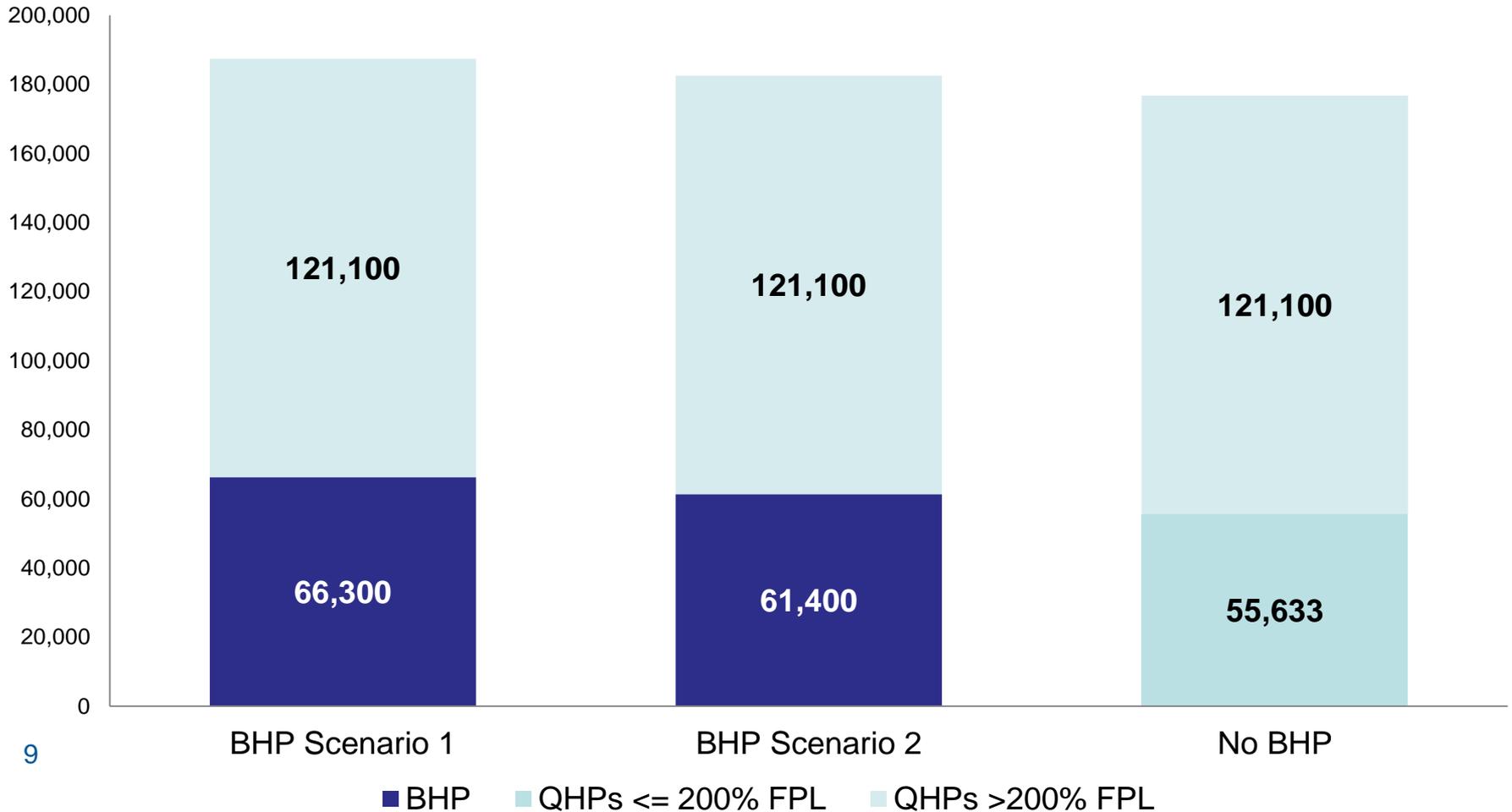
Enrollment: somewhat affected by BHP affordability

- 76% take up (66,300 individuals) with \$0 premiums and cost sharing
- 70% take up (61,400 individuals) when premiums and out-of-pocket costs are about half of what they would be in the Marketplace

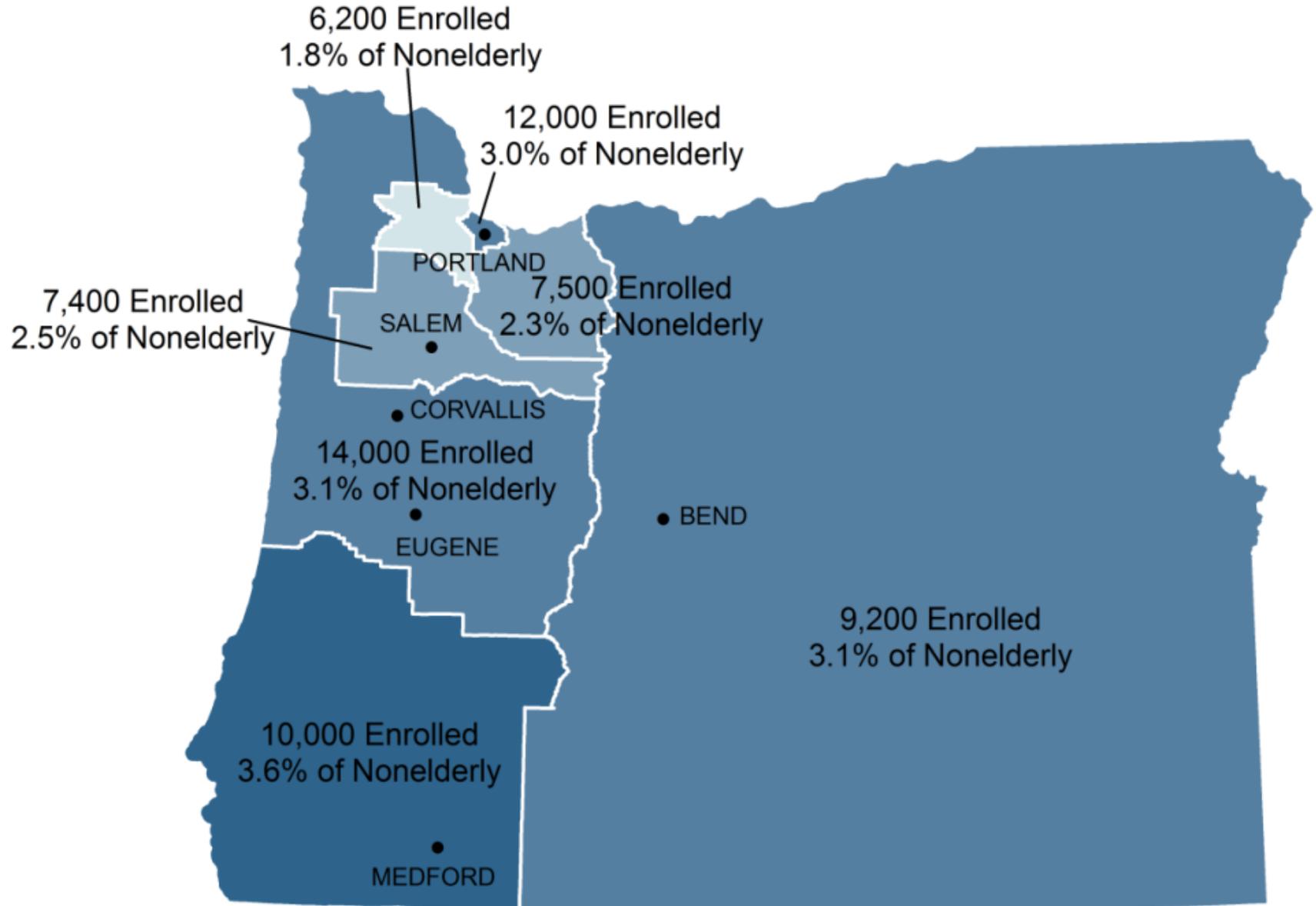
Impact on insurance coverage:

- Would reduce number of uninsured by 5,400-9,900 (under 200% FPL; based on pre ACA survey data 2009-11)
- Would offer coverage to 4,700 lawfully resident non-citizens (<138% FPL) who do not currently qualify for Medicaid

Projected Enrollment in BHP and QHPs (2016)



Projected BHP Enrollees by Region (2016)



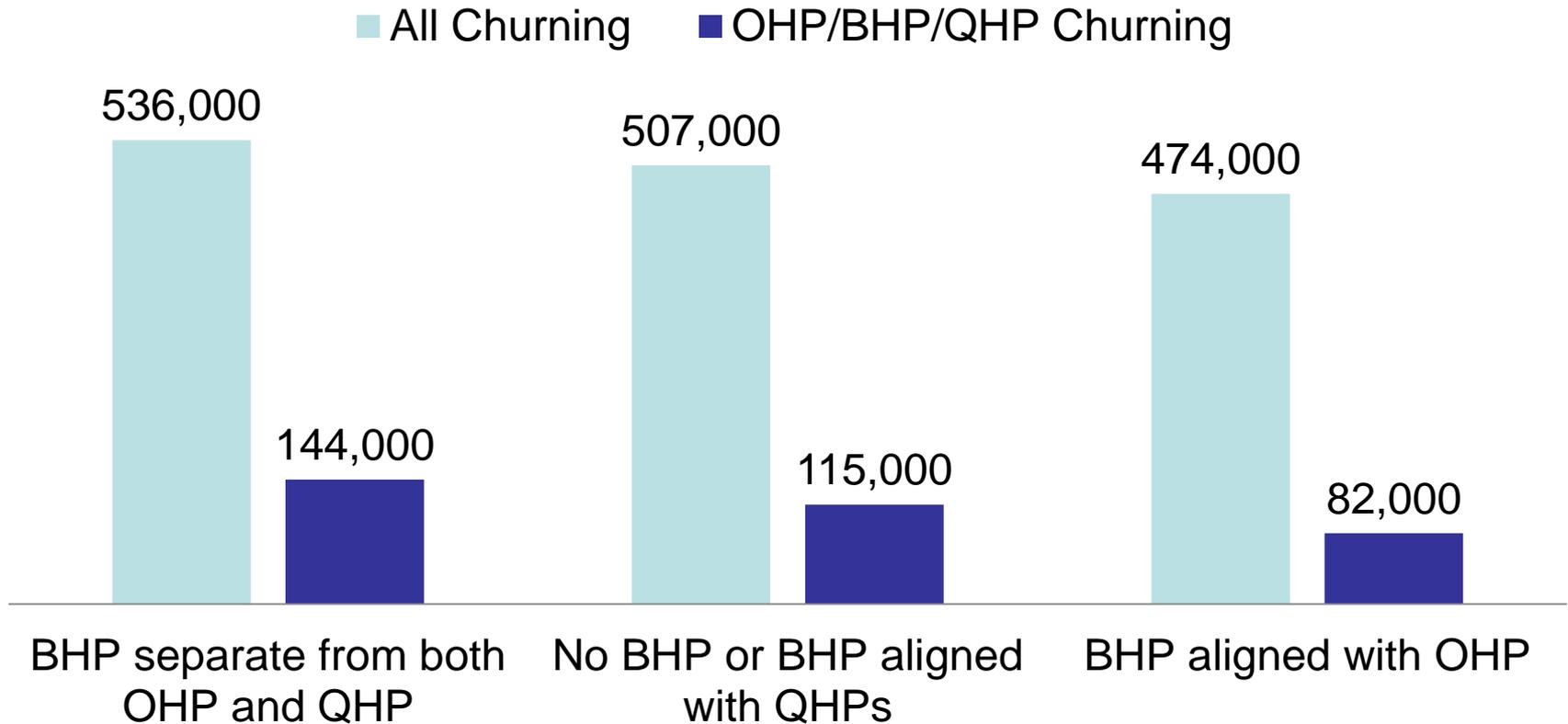
Impact to Consumers (2016)

Consumer affordability: Estimated annual savings of \$1,590 (scenario 1) or \$800 (scenario 2) per adult

Churning would continue to exist with BHP:

- Churn rates estimated to increase by 25% if BHP plans are distinct from QHPs and CCOs; or decrease by 29% if offered by CCOs
- Consumers may experience “more or less” interrupted courses of treatment or provider relationships depending on delivery system; possibly fewer choices of plans or providers.
- Most churning is between eligibility and ineligibility for assistance in general, not between specific programs.
- BHP could reduce mid-year churning if implemented with 12-month continuous eligibility (albeit by raising state costs); scenario not modeled.

Estimated Churning Among Non-Elderly Adults, 2016-2017



Impact to Oregon's Marketplace (2016)

- BHP estimated to reduce the size of Oregon's exchange Marketplace by nearly a third (30 percent), from a projected 187,000 to 131,000 in 2016.
- Fewer covered lives could result in less carrier participation but consultants feel that marketplace destabilization is highly unlikely.
- BHP would increase premiums in the individual market (in & outside exchange) by 1%.

Financial Impact to State (2016)

Table 1: Summary of Scenarios Modeled and Key Results

	Scenario 1a	Scenario 1b	Scenario 2a	Scenario 2b
Covered Benefits	EHB	OHP Plus	EHB	OHP Plus
Provider Reimbursement Level	Medicaid		Commercial	
Member Premium/Cost Sharing (*Relative to QHP Coverage)	\$0		<138% FPL: \$0 138 – 200% FPL: 50%	
Expected BHP Enrollees	66,300		61,400	
Consumer Savings (annual)	\$1,590		\$800	
Revenue (federal + member)	\$208 million	\$208 million	\$191 million	\$191 million
Claim + carrier expense	\$194 million	\$217 million	\$303 million	\$325 million
State admin expenses	\$15 million	\$15 million	\$17 million	\$17 million
Net: Surplus or (Deficit)	(\$1.6 million)	(\$25 million)	(\$97 million)	(\$119 million)

State Administrative Costs (2016)

- Preliminary estimates of state administrative costs developed based on Massachusetts experience in CommCare and include:
 - Eligibility & enrollment systems, call center, outreach & communications, actuarial and legal, appeals, staffing, and general administration
- First year costs may be significantly different from ongoing costs

Table 2: Estimated Operating Expense in 2016 (in millions)

	Low	Best Guess	High
Total Administrative Expenses - No Premium Billing	\$12.3 million	\$15.3 million	\$18.4 million
Total Administrative Expenses - w/Premium Billing	\$14.9 million	\$18.3 million	\$22.5 million

Potential Areas for State Budget Savings (2016)

- Potential for state budget savings by including additional groups or services in BHP, e.g.:
 - Moving pregnant women between 138-185% FPL from OHP to BHP
 - Covering lawfully present, pregnant immigrant women below 138% FPL through BHP rather than CHIP
 - Requiring BHP plans to include mental health and substance abuse services beyond EHB
- Actual estimates of potential state budget savings not developed due to limited funding and scope of study as specified in HB 4105

Key Assumptions and Limitations

- Projected 2016 Federal BHP payments and program costs were based on 2015 second lowest cost silver plan premiums
 - Potential year-to-year changes that may not track with true medical cost trends
 - Assumes underlying provider reimbursements for BHP similar to commercial reimbursements
 - Financial impact is modeled using 2014/2015 data
 - 2016 projections may not be representative of future year impacts
 - See the full report for additional assumptions and limitations

Key Results: 2014 Oregon BHP Study

- An estimated 87,600 people would *qualify* for BHP in 2016; 61,400-66,300 individuals would *enroll*.
 - 55,000 individuals would transition from Marketplace to BHP
 - Slight decline in overall uninsured (approx. 5,400-9,900)
 - Consumer savings of approx. \$800 - \$1,590 per year
- BHP program would marginally impact the individual market risk pool, carrier interest in the Marketplace, and Marketplace stability.
- No modeled scenario yielded a financial “break even” point for Oregon.
 - Projected deficits in 2016 of \$1.6 - \$119 million.

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

Report available at:

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

HB 2934 Stakeholder Group (2015)

Upcoming Meetings

Dates & Times:

- July 29th, 8-10am
- August 13th, 8-10am
- September 16th, 3-5pm

Location:

OHA Transformation Center, 421 SW Oak St., PDX, Suite 775 (7th floor, Training Room)

HB 2934 report due to the Legislature by December 2015