

HB 2934: Basic Health Plan Stakeholder Group

**July 29, 2015
Oregon Health Authority**

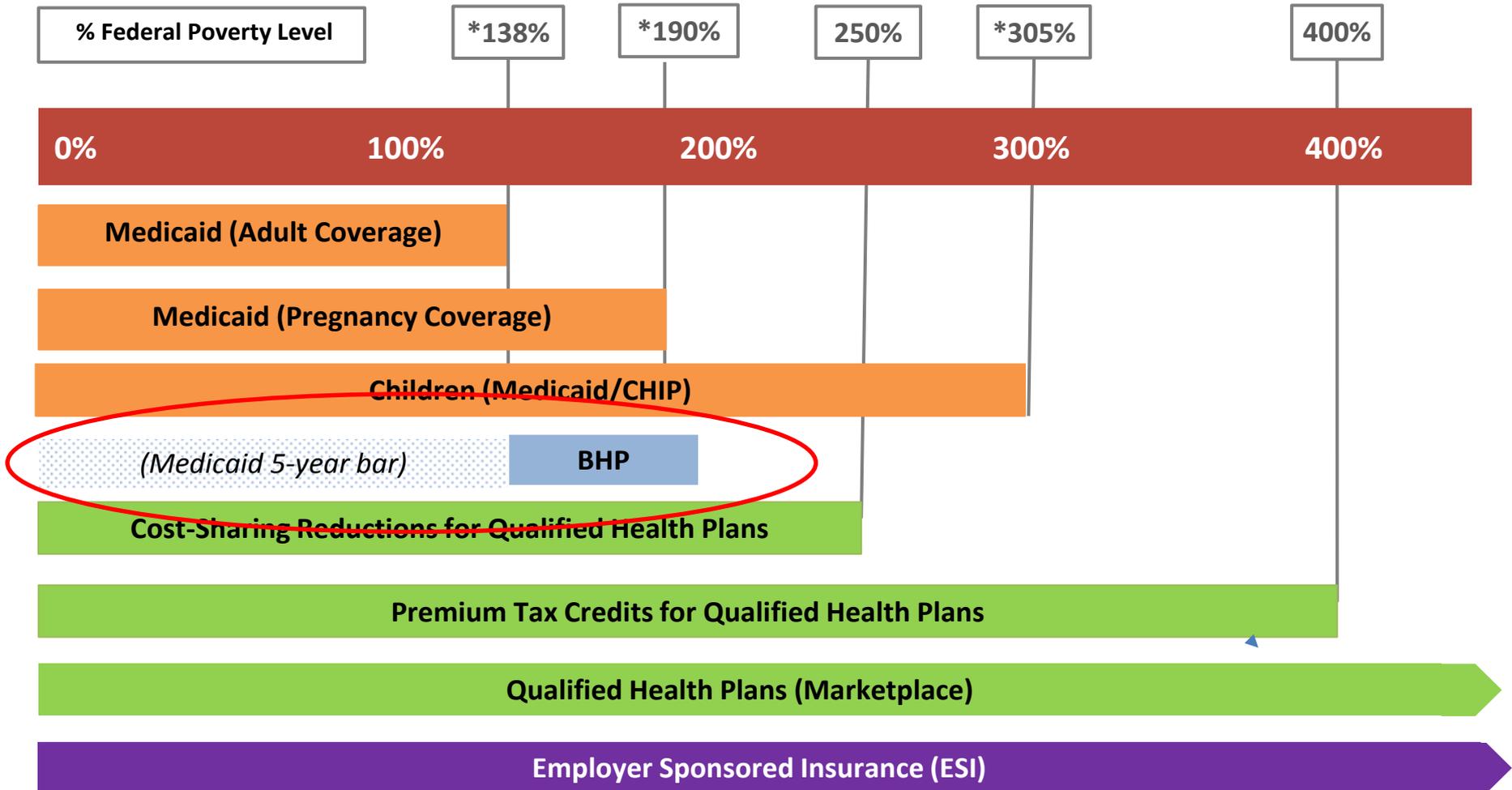
Presentation Overview

- Rep. M. Greenlick – Chair, Oregon House Health Committee
- Overview – HB 2934, work plan, and timeline
- BHP Study (2014) – consumer impact: key results
- Input from stakeholder group: consumer preferences
- Future meetings

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.

How BHP Could Fit into Oregon's Coverage Landscape

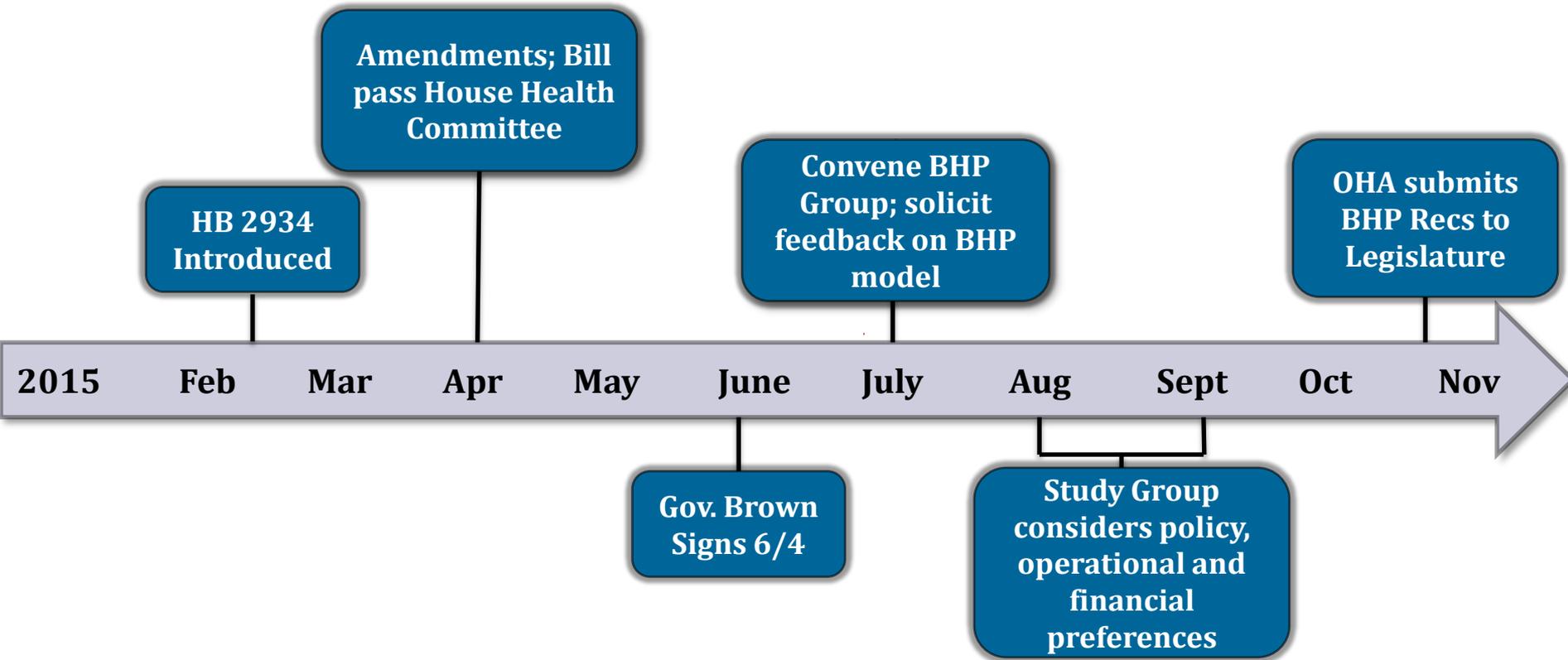


*Indicates the 5% across-the-board income disregard in Medicaid and CHIP. (Illustration adapted from the Washington State Health Care Authority.)

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.

Timeline: HB 2934 BHP Stakeholder Group



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; review straw models and finalize recommendations for legislature.
- ***Fifth meeting*** — if necessary (TBD)

Work plan/Timeline (cont.)

Report submission

- **September/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*)

HB 4109 BHP Study (2014)

Per the requirements of House Bill 4109, the study estimated:

- Eligible BHP population including individuals likely to enroll
- Consumer affordability and continuity of coverage
- Impact to Oregon's Marketplace
- Potential federal funding for BHP
- State implementation and administrative costs

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

Consumer Enrollment

Eligibility: Who can apply

- Oregon resident
- Under age 65
- Citizen or lawfully present non-citizen*
- Not eligible for Medicaid and CHIP
- Household income between 138% & 200% of FPL
- Household income below 200% of FPL if an individual is a lawfully present non-citizen, ineligible for Medicaid due to such non-citizen status

*See National Immigration Law Center ([NILC](#))

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

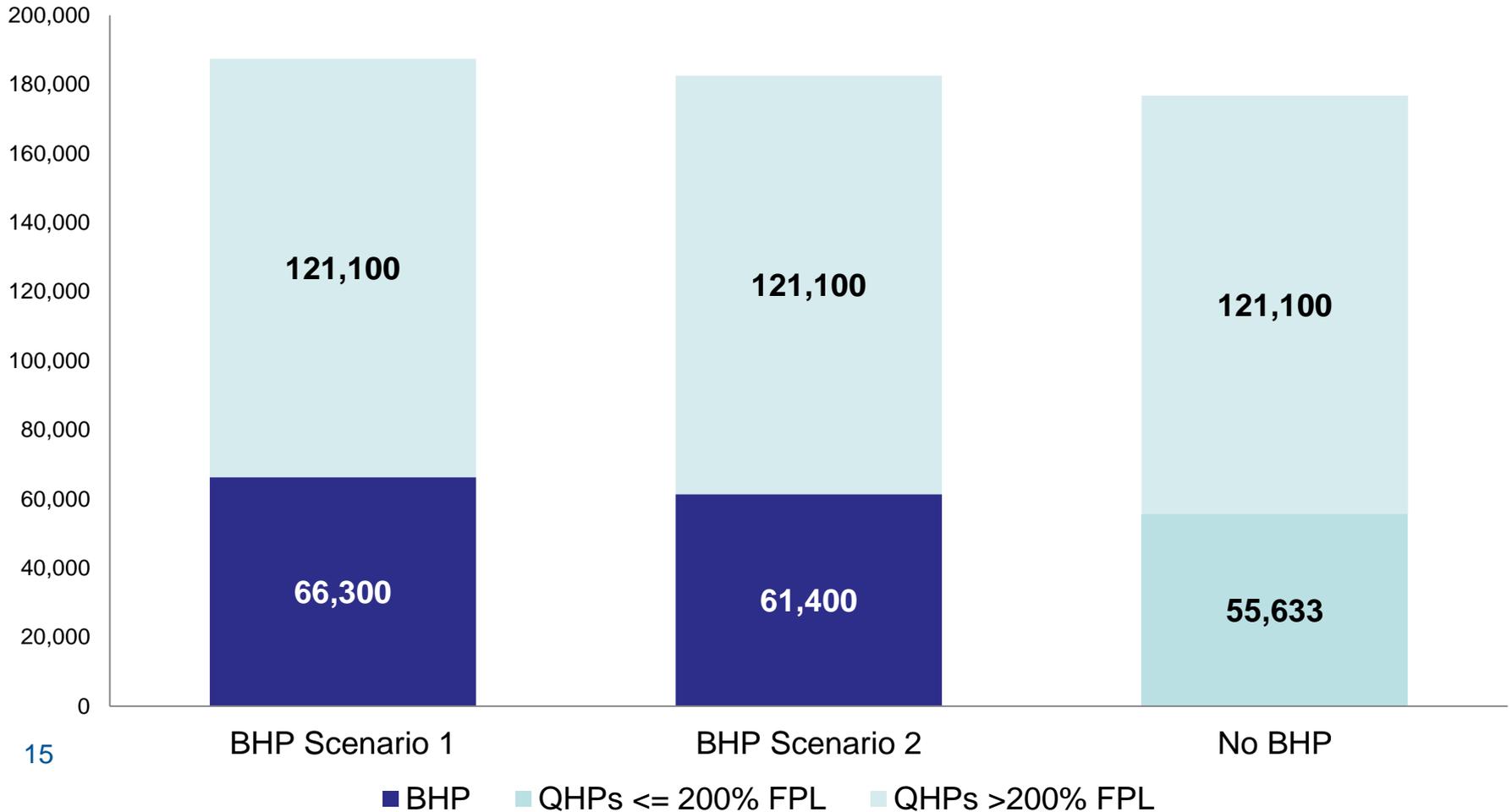
Impact on insurance coverage:

- 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

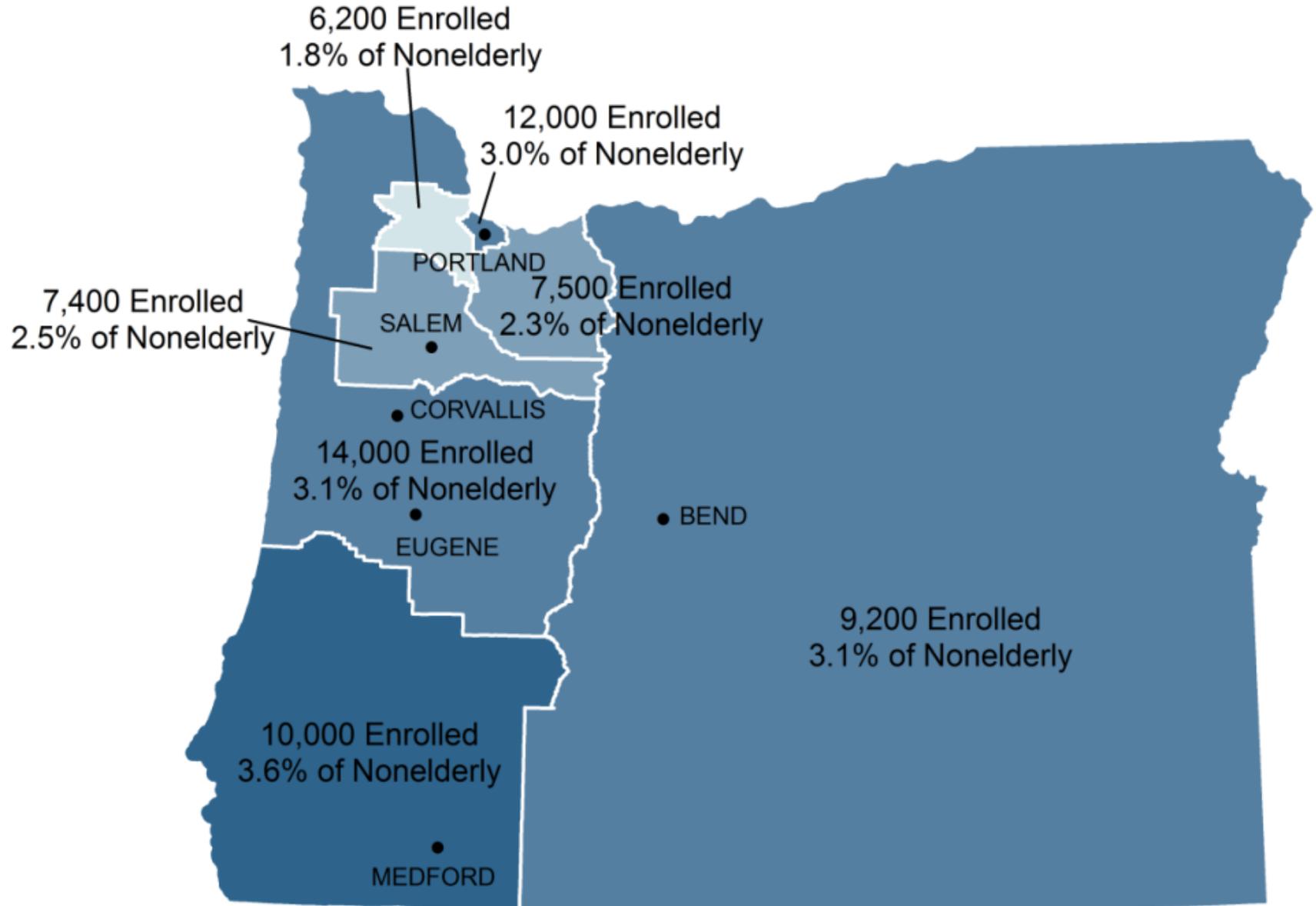
Table 5.1 – Comparison of Projected ACA-Compliant Individual Market Population with and without BHP

Population Type	Scenario	
	1a / b	2a / b
Total Individual Market - Without BHP	210,700	210,700
BHP - Previous Individual Market	52,300	52,200
BHP - Previous Uninsured	7,600	3,200
BHP – Legal Immigrants <138% FPL	5,700	5,700
BHP - All Other	700	300
Total Individual Market - With BHP	155,000	155,100
Total BHP	66,300	61,400

Projected Enrollment in BHP and QHPs (2016)



Projected BHP Enrollees by Region (2016)



Benefit Coverage

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

Table 3.3 – Summary of Expected BHP Claims Expense for Each Scenario

	Scenario 1a	Scenario 1b	Scenario 2a	Scenario 2b
Covered Benefits	EHB	OHP Plus	EHB	OHP Plus
Provider Reimbursement Level	Medicaid		Commercial	
Enrollee Premium / Cost Sharing (Relative to QHP Benchmark Coverage)	\$0		<138% FPL: \$0 138 – 200% FPL: 50%	
Expected BHP Enrollees	66,339		61,389	
Projected 2016 Claims Expense (\$000s)	\$178,230	\$199,570	\$257,805	\$276,517
Projected 2016 Claims Expense Per Enrollee Per Year	\$2,687	\$3,008	\$4,200	\$4,504

Benefit Coverage Differences

Benefit Category	Age Category		
	21-44	45-54	55-64
Adult Dental	\$24.69	\$24.69	\$24.69
Chiropractic	\$0.25	\$0.30	\$0.34
Non-Emerg. Transportation	\$0.76	\$0.76	\$0.76
Unlimited IP Rehab	\$0.24	\$0.24	\$0.24
Unlimited PT/OT/ST	\$0.02	\$0.02	\$0.02
Unlimited DME	\$0.82	\$0.82	\$0.82
Total	\$26.78	\$26.82	\$26.87

- Additional OHP benefits estimated at \$27 PMPM

Consumer Affordability/Impact

Premiums and Cost Sharing

- Premiums:
 - May not exceed the premium a person would pay if she were enrolled in the second lowest cost silver plan, after accounting for APTC and CSR
- Cost Sharing:
 - Cannot exceed cost sharing under platinum-level plan (actuarial value 94%) if HH income is at or below 150% of FLP
 - Cannot exceed cost sharing under gold-level plan (actuarial value 87%) if HH income is above 150% and below 200% of FLP
 - Similar cost sharing in CHIP and the Medicaid (e.g., out-of-pocket maximums, no copayments for preventive services, etc.)

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

Member Premium for QHP vs. BHP

- The following table compares BHP premiums under scenarios 2a/2b to premiums for the second lowest cost silver plan in the Marketplace
- Premiums for scenarios 1a/1b are \$0

FPL	Premium as % of Income		Premium for Single Household		Premium for Household of 4	
	Marketplace	BHP	Marketplace	BHP	Marketplace	BHP
100%	2.0%	0%	\$19	\$0	\$40	\$0
138%	3.3%	1.6%	\$44	\$22	\$90	\$45
150%	4.0%	2.0%	\$58	\$29	\$119	\$60
175%	5.2%	2.6%	\$88	\$44	\$179	\$90
200%	6.3%	3.2%	\$123	\$61	\$250	\$125

Table 4.4 – Comparison of Average Annual Out-of-Pocket Expense for Each Scenario

Previous Coverage	No BHP			BHP			Consumer Savings in BHP
	Member Premium	Cost Sharing	Total	Member Premium	Cost Sharing	Total	
Scenarios 1a / b							
Individual ACA	\$1,076	\$513	\$1,589	\$0	\$0	\$0	\$1,589
Uninsured	\$0	\$3,955	\$3,955	\$0	\$0	\$0	\$3,955
Scenarios 2a / b							
Individual ACA	\$1,072	\$510	\$1,582	\$533	\$250	\$783	\$799
Uninsured	\$0	\$3,538	\$3,538	\$273	\$145	\$418	\$3,120

Use of Premiums to Generate Revenue

- Scenario 1a/b: \$10 monthly premiums with incomes >175% FPL would yield \$2.6-\$3.5 million in revenue
- Scenario 1a/b: \$10 monthly premiums with incomes > 150% FPL would yield \$5.5-\$6.7 million in revenue
- Scenario 1a/b: \$10 monthly premiums with incomes 138-150% FPL, \$20 premiums 151-175% FPL, and \$40 above 175% FPL would yield between \$17.3-\$19.1 million revenue
- Higher premiums would reduce participation; the number of uninsured could increase as a result.
- 2014 study did not model any potential estimates

Fiscal Effects of Various Adjustments to Scenarios 1a and 1b (thousands)

	Scenario 1a	Scenario 1b
<i>Net deficit shown in table 3.4</i>	<i>(\$1,611)</i>	<i>(\$24,806)</i>
<i>Adjustment #1: charging \$10 monthly premiums above 175% FPL</i>		
<i>High-enrollment end of range</i>		
<i>Total cost effect of adjustment (premiums raised)</i>	<i>\$2,820</i>	<i>\$2,820</i>
<i>Net Surplus/(Deficit)</i>	<i>\$1,210</i>	<i>(\$21,986)</i>
<i>Low-enrollment end of range</i>		
<i>Premiums raised</i>	<i>\$2,520</i>	<i>\$2,520</i>
<i>Lost federal revenue</i>	<i>(\$7,824)</i>	<i>(\$7,824)</i>
<i>Reduced state expenditures</i>	<i>\$7,885</i>	<i>\$8,760</i>
<i>Total cost effect of adjustment</i>	<i>\$2,581</i>	<i>\$3,455</i>
<i>Net Surplus/(Deficit)</i>	<i>\$971</i>	<i>(\$21,351)</i>
<i>Adjustment #2: charging \$10 monthly premiums above 150% FPL</i>		
<i>High-enrollment end of range</i>		
<i>Total cost effect of adjustment (premiums raised)</i>	<i>\$5,892</i>	<i>\$5,892</i>
<i>Net Surplus/(Deficit)</i>	<i>\$4,282</i>	<i>(\$18,914)</i>
<i>Low-enrollment end of range</i>		
<i>Premiums raised</i>	<i>\$5,388</i>	<i>\$5,388</i>
<i>Lost federal revenue</i>	<i>(\$13,145)</i>	<i>(\$13,145)</i>
<i>Reduced state expenditures</i>	<i>\$13,246</i>	<i>\$14,716</i>
<i>Total cost effect of adjustment</i>	<i>\$5,490</i>	<i>\$6,959</i>
<i>Net Surplus/(Deficit)</i>	<i>\$3,880</i>	<i>(\$17,847)</i>
<i>Adjustment #3: charging \$10 monthly premiums at 138-150% FPL, \$20 at 151-175% FPL, and \$40 above 175% FPL</i>		
<i>High-enrollment end of range</i>		
<i>Total cost effect of adjustment (premiums raised)</i>	<i>\$18,924</i>	<i>\$18,924</i>
<i>Net Surplus/(Deficit)</i>	<i>\$17,314</i>	<i>(\$5,882)</i>
<i>Low-enrollment end of range</i>		
<i>Premiums raised</i>	<i>\$17,220</i>	<i>\$17,220</i>
<i>Lost federal revenue</i>	<i>(\$15,648)</i>	<i>(\$15,648)</i>
<i>Reduced state expenditures</i>	<i>\$15,770</i>	<i>\$17,519</i>
<i>Total cost effect of adjustment</i>	<i>\$17,341</i>	<i>\$19,091</i>
<i>Net Surplus/(Deficit)</i>	<i>\$15,731</i>	<i>(\$5,715)</i>

Consumer Preferences

Consumer Preferences: Initial Thoughts?

Benefit coverage option:

1. Medicaid/Oregon Health Plan
 - OHP *Plus* for adults
2. 2017 EHB benchmark plan (qualified health plans via Marketplace)
 - PacificSource Preferred Deductible

Consumer out-of-pocket option(s):

1. Scenario a: No premiums or cost-sharing: 0-200% FPL
 - Average annual savings of \$1,600 per adult
2. Scenario b: Graduated cost-sharing
 - Average annual savings of \$800 per adults
 - No cost-sharing \$0 <138% FPL
 - 50% cost-sharing for 139-200% FPL

Next Steps

- **Aug. 13th** — review potential delivery systems, contracting and provider networks, and provider reimbursement.

[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

HB 2934 Stakeholder Group (2015)

Upcoming Meetings

Dates & Times:

- 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