

HB 2934: Basic Health Program (BHP) Stakeholder Group

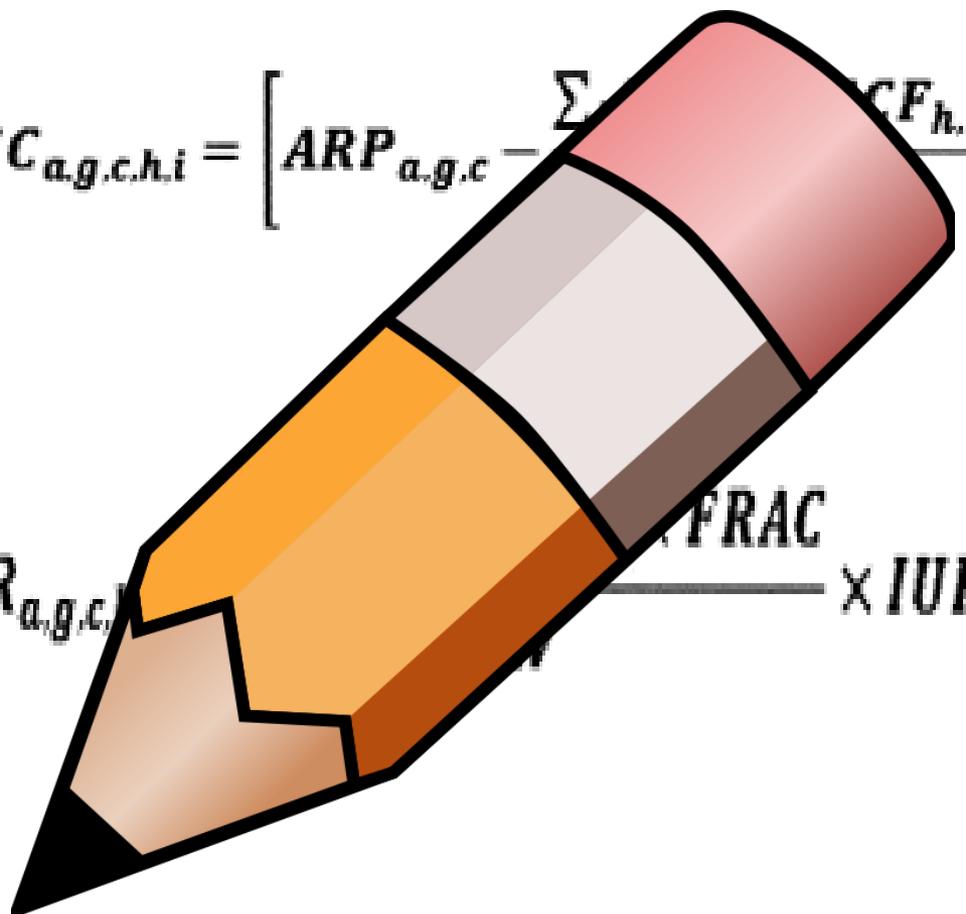
**October 8th, 2015
Oregon Health Authority**

Presentation Overview

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

Equation (1): $PTC_{a,g,c,h,i} = \left[ARP_{a,g,c} - \frac{\sum CF_{h,i,j}}{FRAC} \right] \times IRF \times 95\%$

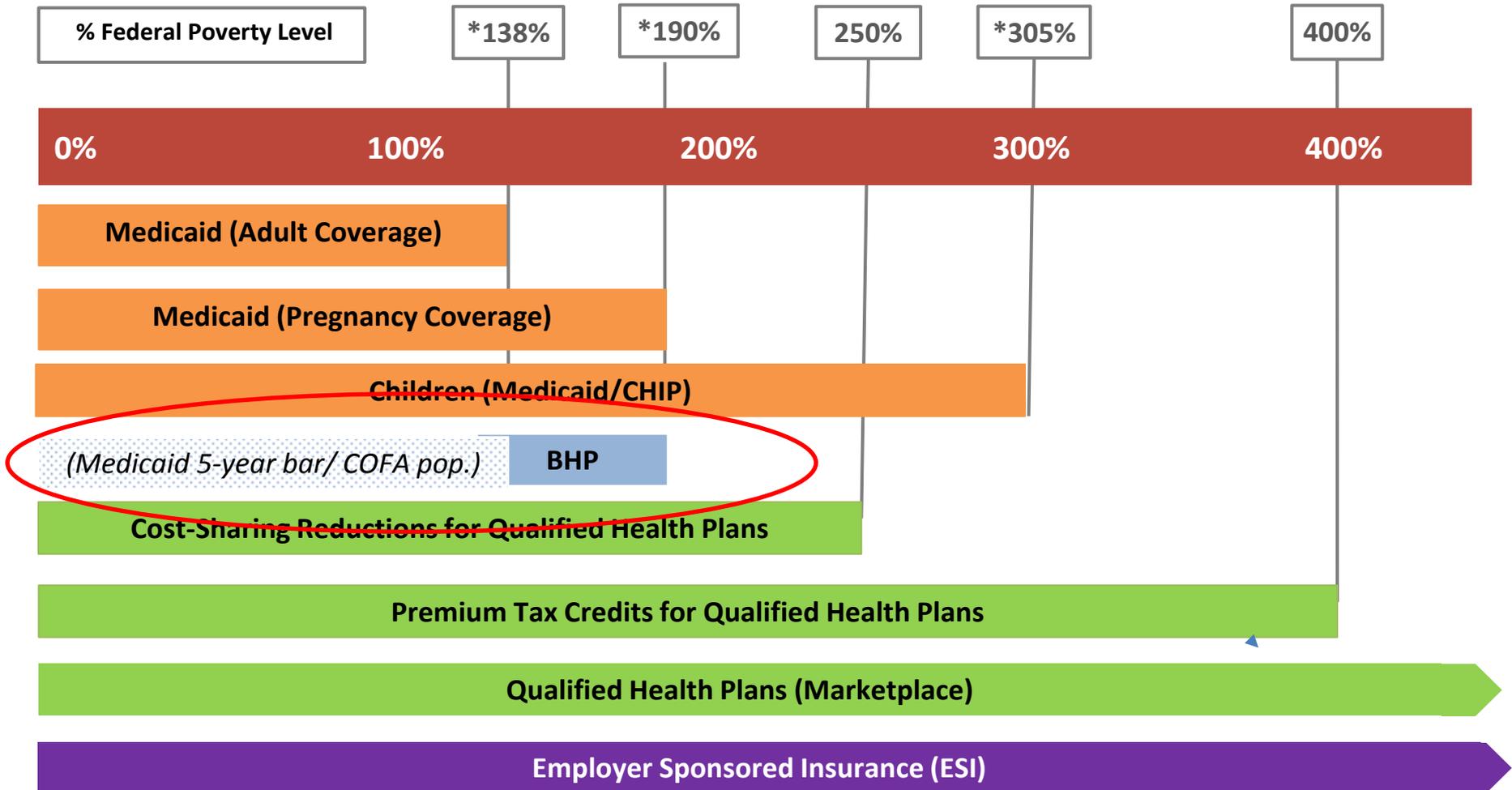
Equation (2): $CSR_{a,g,c,h,i} = \left[\frac{PTC_{a,g,c,h,i}}{FRAC} \right] \times IUF_{h,i} \times \Delta AV_{h,i} \times 95\%$



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

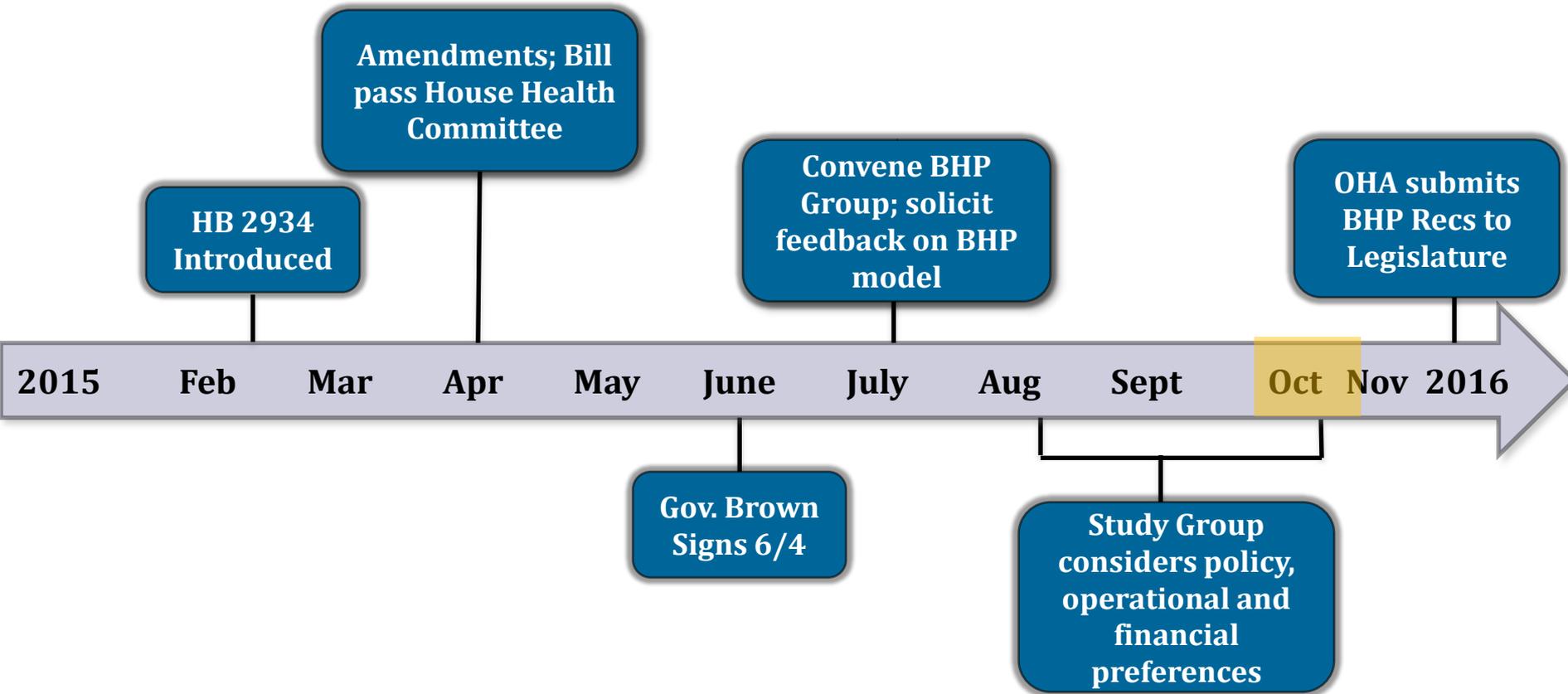


*Indicates the 5% across-the-board income disregard in Medicaid and CHIP. (Illustration adapted from the Washington State Health Care Authority.)

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



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.

Revised Work plan/Timeline (cont.)

Report submission

- **October** — OHA staff finalize written recommendations for Legislature
- **November** — OHA submits recommendations to the Legislature
- **November (15) and/or January (16)** — presentation to House Committee on Health – Interim Legislative Days (**tentative*)

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)
- Coordination of insurance affordability plans (IAPs)
(OHP/Marketplace)

Scope of Recommendations: HB 2934 (cont.)

Additional Considerations

- **Federal requirements***
 - Ensure two standard health plans from at least two carriers (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

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

Oregon Marketplace

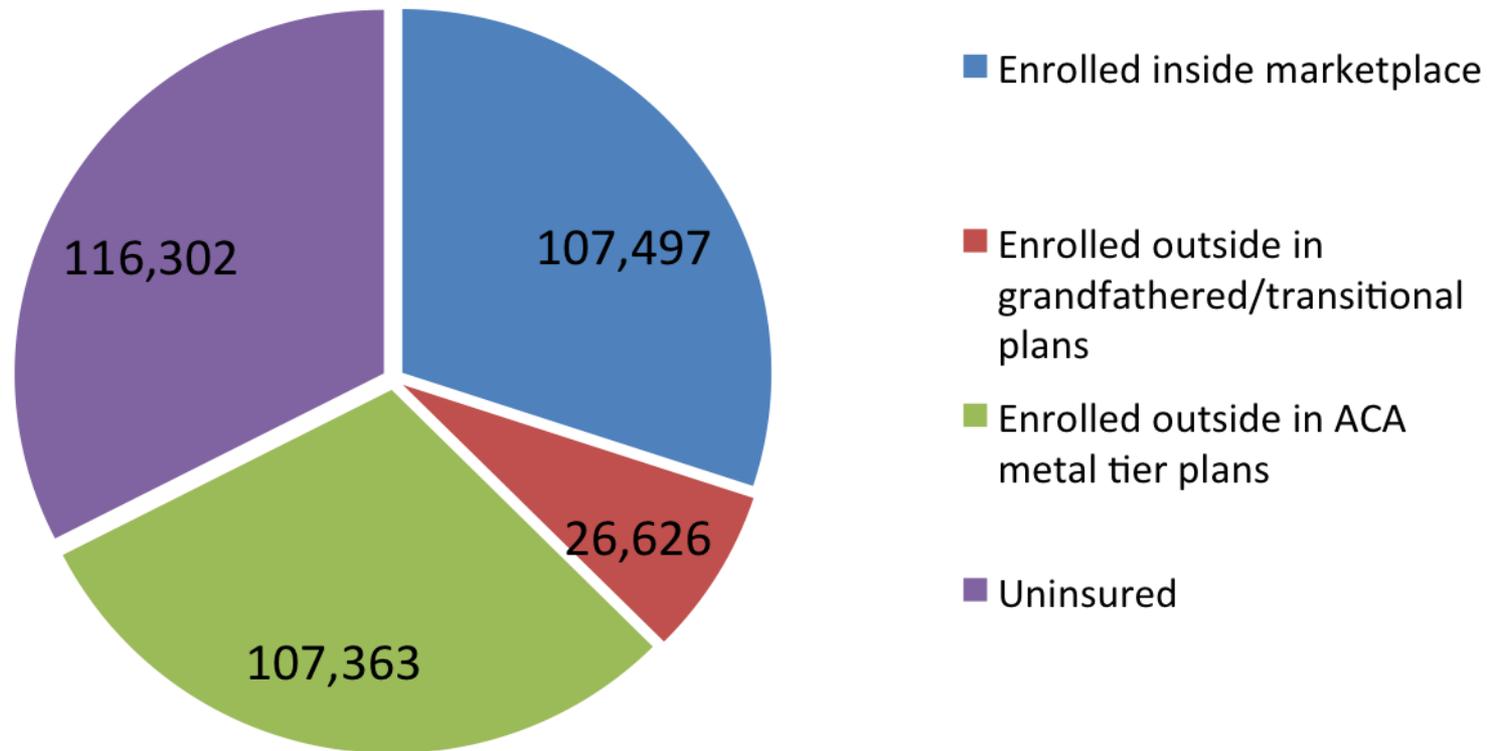
Cost-sharing Reductions

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%*

Eligibility for QHPs and Subsidies*

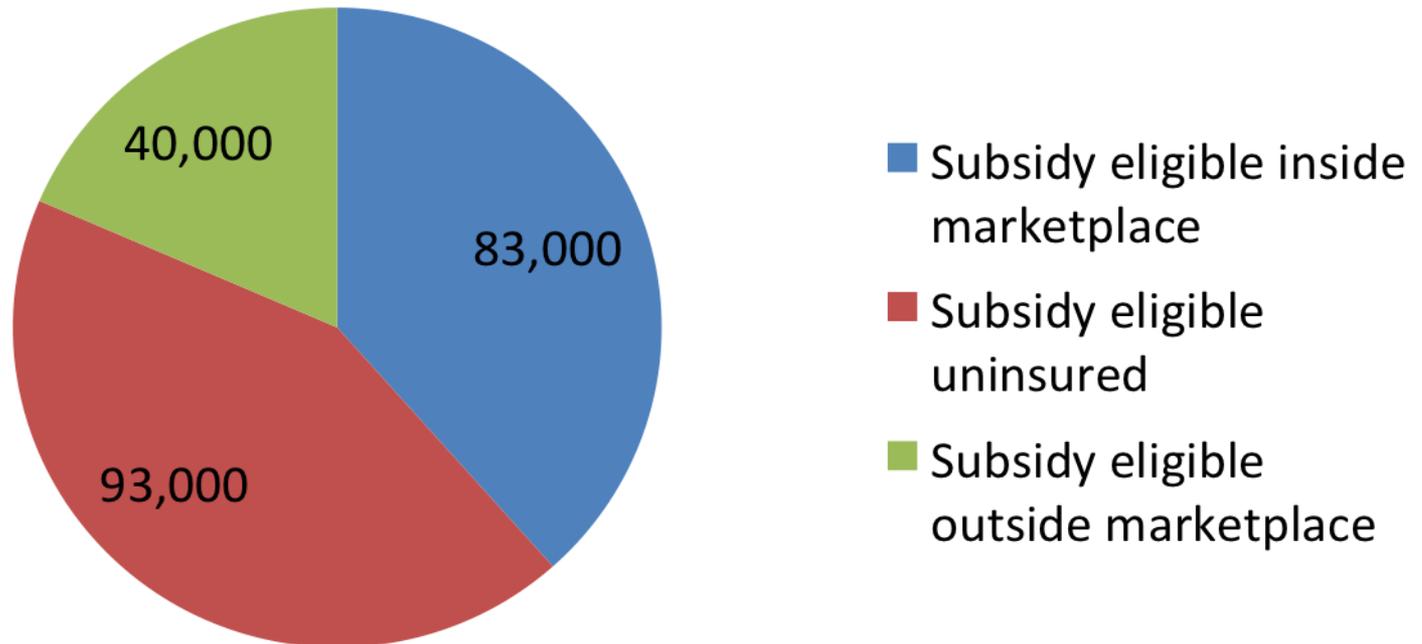
QHP Eligible Oregonians



*Best estimates based on demographic and plan selection data on persons who selected a plan at HealthCare.gov, enrollment data reported by carriers to the Oregon Insurance Division, and a U.S. Department of Health and Human Services (HHS) commissioned analysis of Oregon's eligible population.

Eligibility for QHPs and Subsidies (cont.)

Subsidy Eligible Oregonians



Marketplace Enrollment by Income Level*

2015 Enrollment through June 30, 2015	<100% FPL	100-150% FPL	150-200% FPL	200-250% FPL	250-300% FPL	300-400% FPL	>400% FPL	UNKNOWN INCOME - presumably most above subsidy level	Total
Percentage of Total Enrollees	1.70%	11.20%	30%	20%	12.50%	13%	3%	8.60%	100.00%
Number of Persons	1,827	12,040	32,249	21,499	13,437	13,975	3,225	9,245	107,497

*Estimate of the household incomes of the 107,497 persons who effectuated enrollment through healthcare.gov. The income categories used are those made available by HHS.

Uninsured QHP Eligible Below 200% FPL*

Approximate QHP Eligible Uninsured Below 200% FPL Estimate made by HHS commissioned consultant during open enrollment in February 2015, when 99,000 persons of all incomes had selected a Marketplace plan.				
Predicted Health Risk	Low	Medium	High	Total
138-150% FPL	2,054	359	525	2,938
150-200% FPL	15,345	2,838	3,925	22,108
			Total	25,046

Marketplace Enrollment with Subsidies*

Enrolled with Advanced Premium Tax Credits (APTC)	77,153
Enrolled with Cost Share Reductions	45,318
Average APTC	\$196

*Centers for Medicare and Medicaid Services September 8, 2015 fact sheet *June 30, 2015 Effectuated Enrollment Snapshot*

Oregon Health Plan: Pregnancy Related Coverage

OHP Pregnancy Related Coverage in Oregon

Pregnancy Related Coverage in Oregon Health Plan							
	CAWEM Prenatal*			CAWEM		133-185 % of FPL	
	CY 2013	CY 2014	CY 2015**	CY 2013	CY 2014	CY 2013	CY 2014
Total Member Months of Coverage	20,195	30,340	-	33,671	1,910	676,286	662,316
Total Recipients	2,175	3,177	-	3,648	1,910	3,125	2,631
Total Service Costs	\$20,924,547	\$30,070,763-		\$8,898,133	\$1,541,152	\$37,148,470	\$33,160,606
Federal FMAP	74.44%	74.44%	98.07%	64.40%	64.40%	64.40%	64.40%
Federal Share (FF)	\$15,576,233	\$22,384,676		\$5,730,398	\$993,118	\$23,923,615	\$21,368,695
State Share (GF/OF)	\$5,348,314	\$7,686,087		\$3,167,735	\$548,034	\$13,224,855	\$11,791,911

* Percentage of CAWEM eligible for federal BHP coverage is unknown (CX)

**Starting Oct. 2015 States with Title XXI (CHIP) programs will receive 23% bonus in FMAP = 98%

***HB 2934:
Draft Principles and Straw Models***

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. Alternative 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

BHP Principles (**draft**)

1. Increase access to coverage for the uninsured including those ineligible for Medicaid (5-year bar) and Oregon's COFA population
2. Increase affordability of coverage for Oregonians
3. Spread the Coordinated Care Model (CCM)
4. Promote a sustainable and predictable rate of growth (e.g. 3.4 percent in Medicaid, PEBB, and OEBC)
5. Foster accountable care using a measurement framework to incentivize quality and population health improvement
6. Reduce churn: minimize and mitigate the frequency of and impact from coverage transitions
7. Other principles?

BHP Straw Model: Option A State Administered

Delivery System	CCOs offer BHP
Benefit Coverage	OHP Plus with Dental
Provider Reimbursement	Medicare (~77% 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
Consumer Choice	Limited to CCOs available per region; requires federal exception
Administrative Functions (Client services, grievances, premium billing)	OHA Medicaid
Rate of Growth (annualized sustainable rate of growth)	3.4%
²⁴ Implementation Timeframe	Enabling legislation in 2017; Implementation in 2018 contingent on federal approval and IT feasibility

BHP Straw Model Option B: Marketplace

Delivery System

CCOs and Commercial Carriers compete for BHP enrollees using CCM

Benefit Coverage

EHB w/o dental;
dental as standalone plan available for OOP purchase

Provider Reimbursement

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

FFM eligibility system; open enrollment period

Consumer Choice

Multiple plan offerings

Administrative Functions (Client services, grievances, premium billing)

Marketplace and carriers

Rate of Growth (annualized sustainable rate of growth)

3.4%

25

Implementation Timeframe

Enabling legislation in 2017;
Implementation in 2018 contingent on federal approval and
IT feasibility

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	

See Handout

Report Outline

- Summarize workgroup process
- Highlight set of advantages and disadvantages
- Describe key principles for the legislature to consider
- Recommended straw model for designing the BHP
- Other considerations the group wants to ensure are conveyed in your report to the legislature?

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