

# **HB 2934: Basic Health Plan Stakeholder Group**

**September 16<sup>th</sup>, 2015  
Oregon Health Authority**

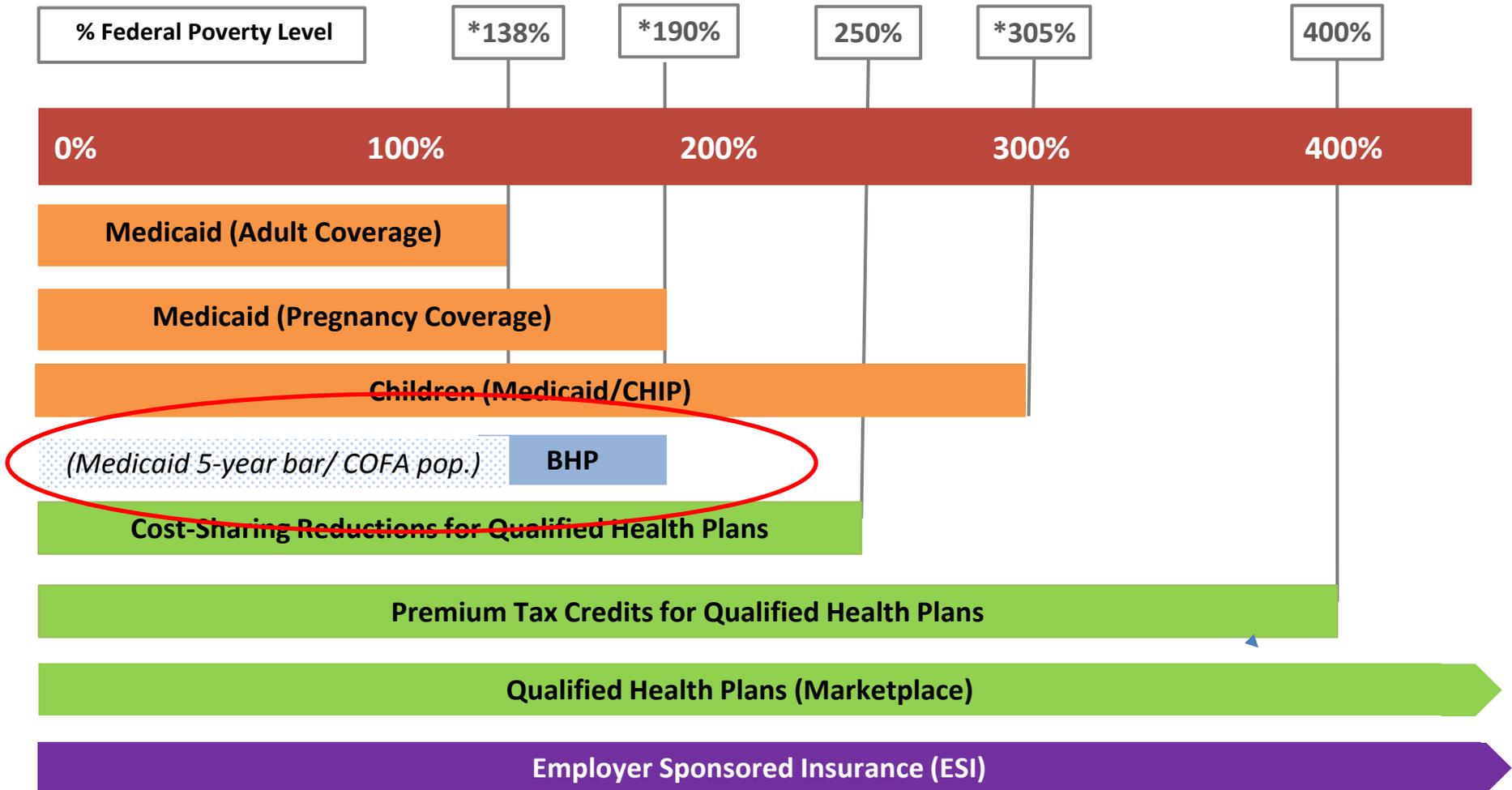
# Presentation Overview

- Revised process: August 13<sup>th</sup> meeting recap
- Oregon Marketplace
- BHP Study (2014) – operational and financing considerations
- Input from stakeholder group on program design (cont.)
  - Scenario 1A

# 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

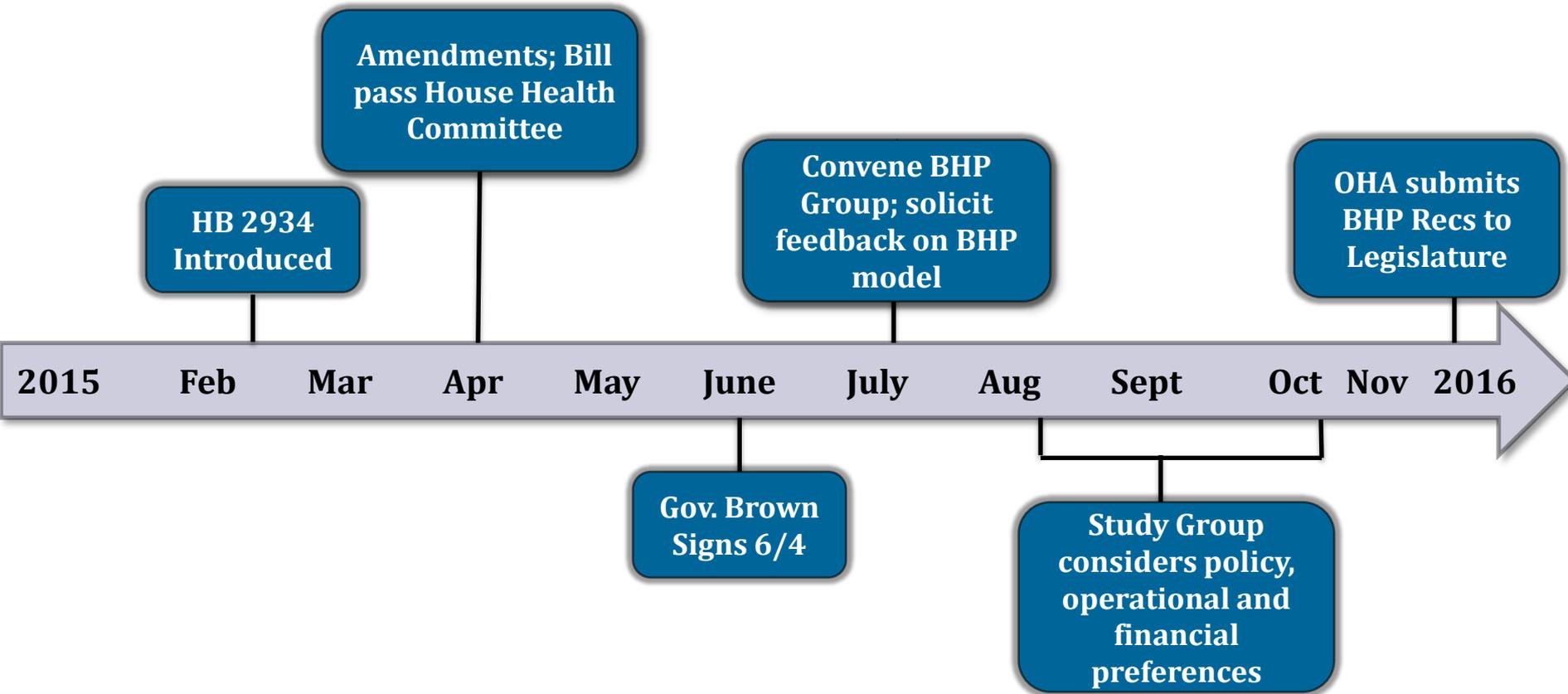


\*Indicates the 5% across-the-board income disregard in Medicaid and CHIP. (Illustration adapted from the Washington State Health Care Authority.)

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

# Scope of Recommendations: HB 2934

## ○ Requirements for 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 Considerations**

- 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)

# BHP Evaluation Lens: Advantages and Disadvantages

## ○ Potential Advantages

- Reduced premiums and cost sharing for low-income individuals
- More low-income individuals able to afford coverage
- 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)

## ○ Potential Disadvantages

- Federal funding may not cover cost of plans; State will have financial exposure
- Identify funding source for start-up and ongoing administrative costs
- New transition point is created at 200% of the FPL.
- Exchange volume will decline; potential impact

# Policy and Operational Constraints

## ○ Federal requirements

- Ensure two standard health plans from at least two offerors (consumer choice)
- Competitive contracting process for selecting standard health plans

## ○ 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
- Ability to monitor cost-sharing compliance

# OREGON MARKETPLACE

# 2016 Marketplace Premiums and APTC

Individual Required to Pay				Total Premium with APTC			
1-Person Household 2016	Household Income (2015 FPL)	Percentage of income Individual will pay toward premium for 2 <sup>nd</sup> lowest silver*	Premium Cap (annual maximum contribution to premium paid by the individual)	Second Lowest Silver Plan Premium*	Number of Months Premiums Paid	Annual Premium	Total Covered by CMS with Advanced Payment Tax Credits (APTC)**
133% FPL	\$15,654	2%	\$318	\$261	12	\$3,132	\$2,814
150% FPL	\$17,655	4%	\$719	\$261	12	\$3,132	\$2,413
200% FPL	\$23,540	6%	\$1,509	\$261	12	\$3,132	\$1,623
250% FPL	\$29,425	8%	\$2,407	\$261	12	\$3,132	\$775
300% FPL	\$35,310	10%	\$ 3,411	\$261	12	\$3,132	\$ -
400% FPL	\$46,962	10%	\$4,537	\$261	12	\$3,132	\$ -

\*Based on 2<sup>nd</sup> lowest approved standard plan silver rate for age 40, single, non-tobacco users in Portland metro.

\*\*Does not include savings for those who also qualify for cost share reduction, which may reduce their coinsurance, copays, deductibles and maximum out-of-pocket. A 1person household at 300% of FPL could qualify for APTC in some areas of the state, such as Eastern Oregon , Deschutes Co., and some coastal counties where premiums exceed the affordability premium cap set for APTC.

# Oregon Marketplace 2015

## Marketplace Enrollment (2<sup>nd</sup> quarter, 2015)\*

Plan types	Catastro phic	Bronze	Silver	Gold	Platinum	2015 Marketplace Total	2014 Marketplace Total	2014 to 2015 Marketplace Change +/-
<b>Total</b>	752	27,839	68,713	9,294	899	107,497	76,514	30,983

## Marketplace Enrollment <200 % FPL (2<sup>nd</sup> quarter, 2015) \*\*

0-200% FPL	2015 Marketplace Total	% Enrollment in QHP <200% FPL
47,380	107,497	42.3%

## Adult Dental Plan Enrollment\*\*\*

2015 Marketplace Total +	% Enrollment in QHP <200% FPL
21,592	-

\* Data Source: OID Quarterly Enrollment Reports

\*\* Information reported by Department of Human and Health Services (DHHS)

\*\*\* Adults with dental-only plans: unknown what number/percentage of adults <200% FPL enrolled in QHPs purchased dental

+ Enrollment is an average from 2<sup>nd</sup> quarter, 2015

# Health Plans and Delivery System Considerations

SOURCE: Wakely BHP Model -- 2014 Report

# HB 4109: BHP Study (2014)

## Scenarios Modeled

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

## Table 3.4 – Total Projected BHP Cash Flows for 2016 (thousands)

		Scenario 1a	Scenario 1b	Scenario 2a	Scenario 2b
		Medicaid Reimb.		Commercial Reimb.	
<b>Revenue</b>	Federal BHP Payment	\$207,498	\$207,498	\$191,573	\$191,573
	Member Premium	\$0	\$0	\$31,779	\$31,779
<b>Claim and Carrier Expense</b>	Claim Expense Liability	\$178,230	\$199,570	\$257,805	\$276,517
	Standard Health Plan Expenses [1]	\$15,498	\$17,354	\$45,495	\$48,797
<b>Net</b>	Surplus/(Deficit), Excluding State Admin	\$13,769	(\$9,426)	(\$79,948)	(\$101,962)
<b>Admin Expenses</b>	State Admin Expenses [2]	\$15,380	\$15,380	\$17,179	\$17,179
<b>Net</b>	Surplus/(Deficit)	(\$1,611)	(\$24,806)	(\$97,127)	(\$119,141)
<b>Net Per Enrollee Per Year</b>	Surplus/(Deficit) [3]	(\$24)	(\$374)	(\$1,582)	(\$1,941)

[1] Standard Health Plan Expenses are based on assumed loss ratios of 92% for scenarios 1a /1b and 85% for scenarios 2a / 2b.

[2] State administrative expenses are assumed to be \$19.32 PMPM/\$23.32 PMPM for Scenarios 1/2. This assumption is based on the analysis described in Section 6, BHP operational considerations. Note that federal BHP payments cannot be used to directly offset state administrative expenses; however, the State can charge a fee to the standard health plan issuers that can be built into plan rates and thus offset by federal BHP payments.

[3] There may be other offsetting savings to the state resulting from the implementation of BHP. These are explored further in section 7 of this report.

## Financial Impact to State

- Wakely found a 2016 federal funding shortfall for each scenario:

Scenario :	1a	1b	2a	2b
Shortfall (millions):	\$1.6	\$24.8	\$97.1	\$119.1

- Major difference involves Scenarios 2a/2b vs. Scenarios 1a/1b. Why? Higher provider reimbursement with Scenarios 2a/2b.
- Other state budget effects need to be factored in.

# BHP: Delivery System/Carrier 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 “competitive contracting process” and contract directly w/ CCOs to offer BHP
  - Would require federal permission to waive the “two plan” and “competitive contracting” requirements
  - Limit consumer choice compared with existing Marketplace
3. Stand alone option: state contract directly with carriers to offer BHP (e.g. PEBB/OEBB)
4. Hybrid-model: competitive contracting among CCOs and QHP carriers through Marketplace (pending federal/state approval)

# BHP Preferred Scenario

	Scenario 1
<b>Covered Benefits</b>	a. Commercial EHB b. OHP Plus
<b>Provider Reimbursement level</b>	Medicaid
<b>Member Premium (tiered approach)</b>	<138% FPL: \$0 139-150% FPL: \$10 151-175% FPL: \$20 176-200% FPL: \$40
<b>Member Cost Sharing</b>	\$0

## Table 1 – Program Design & Financing Input(s)(millions)\*

BHP Program Elements	Design Options (Scenario 1) †	BHP Program (+/-)
<b>1. Benefit Coverage:</b> OHP Plus (*92% of cost difference b/w OHP and EHB is dental)	\$21.34	
<b>2. Premiums (program revenue)</b>		
\$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)	
<b>3. Provider Reimbursement:</b> commercial	\$76.95-\$79.57	
<b>4. Standard Health Plans expense (8-15%) (92% and 85% MLR)</b>		
8% (92% medical loss ratio MLR)	\$15.49-\$17.35	
15% (85% medical loss ratio MLR )	\$45.49-\$48.79	
<b>5. Administrative Expenses</b> (Premium billing)	\$15.38-\$17.19	
<b>Net – Surplus/(Deficit)</b>		

† (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.

## Table 2: Approaches to Designing a BHP

BHP Program Elements	Design Preferences
<b>1. Benefit Coverage (OHP/EHB)</b>	
<b>2. Premiums</b> (i.e. graduated structure)	
<b>3. Provider Reimbursement</b> <ul style="list-style-type: none"> <li>• Medicaid or commercial</li> </ul>	
<b>4. Standard Health Plans expense (92% and 85% MLR)</b>	
<b>5. Administrative Considerations</b> <ul style="list-style-type: none"> <li>• Premium collection/billing</li> <li>• Consequences of non-payment (disenrollment)</li> </ul>	
<b>6. Eligibility Determinations/Enrollment Functions</b> <ul style="list-style-type: none"> <li>• Ongoing vs. open enrollment</li> </ul>	<i>Not modeled</i>
<b>7. Enrollment and Eligibility</b> <ul style="list-style-type: none"> <li>• Enrollment criteria: ongoing, continuous vs. open enrollment periods</li> <li>• Eligibility criteria: Medicaid, current monthly income vs. Marketplace, projected annual income</li> <li>• Coverage limitations: retroactive coverage or prospective coverage</li> </ul>	<i>Not modeled</i>
<b>8. Technological Considerations (Health.gov/FFM)</b>	<i>Not modeled</i>



INCREASE



DECREASE



NO CHANGE/NO DIFFERENCE

# Next Steps

- **Oct. 6<sup>th</sup>** — propose and finalize draft recommendations.

[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](http://www.oregon.gov/oha/OHPR/docs/OregonBasicHealthPlanReport_11.10.2014.pdf)

# HB 2934 Stakeholder Group (2015)

## Upcoming Meetings

### Dates & Times:

- October 8<sup>th</sup> 8-10am  
(\*final meeting)

### Location:

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

**HB 2934 report due to the Legislature by December 2015**