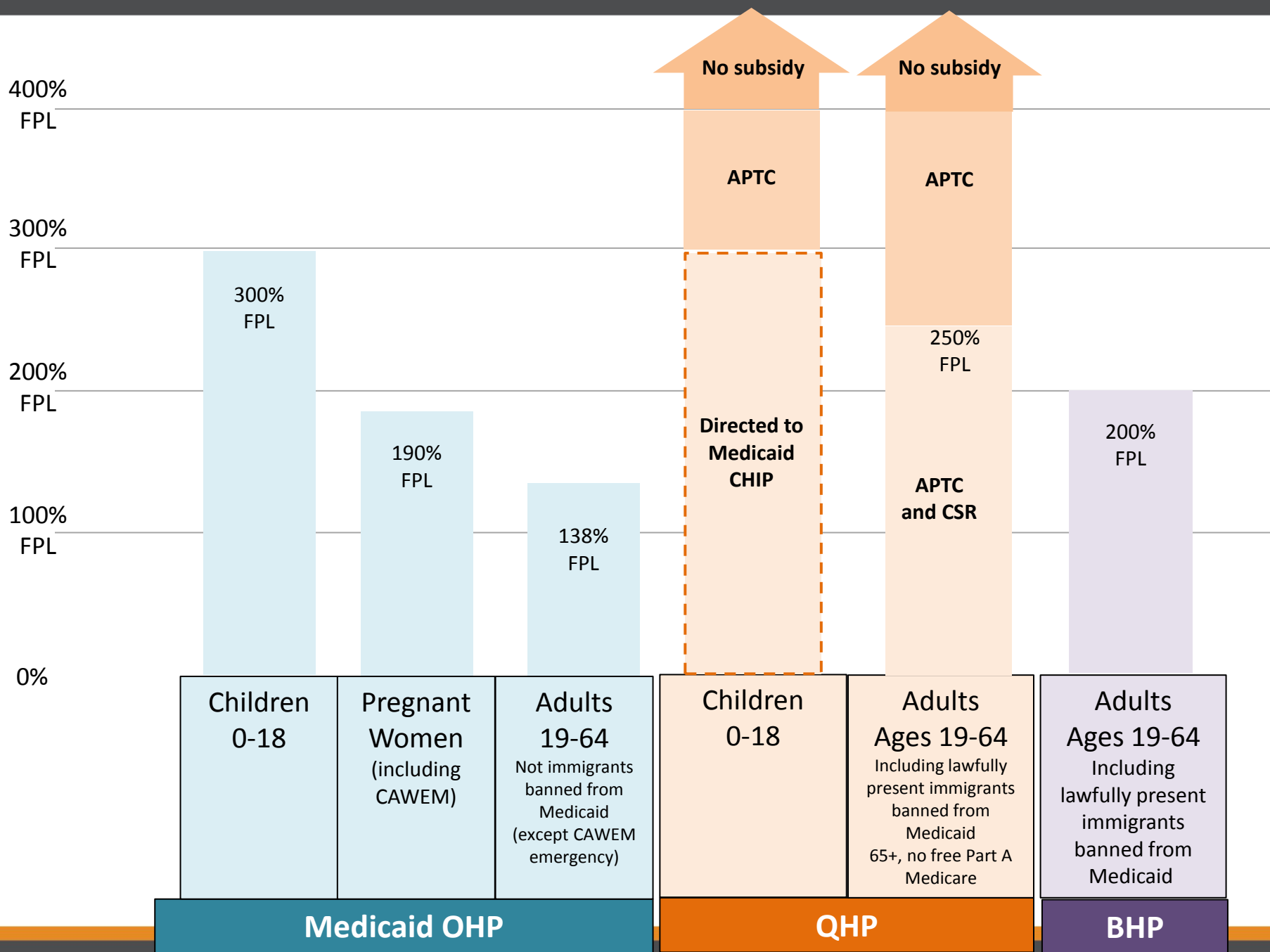




Basic Health Program Policy Report

November 9, 2016



BHP Consideration in Oregon

- **HB 4109** OHA submitted Wakely/Urban 2014 BHP Study, with no proposal, to 2015 Legislature.
- **HB 2934** Stakeholder group convened July – Sept. 2015 to consider BHP design.
 - Stakeholder BHP recommendations submitted to 2015 Legislature, resulting in HB 4017
- **HB 4017** directed DCBS, with advisory groups, to:
 - Consider and report on BHP recommendations (1331 waiver).
 - Consider and report on state innovation 1332 waiver, including alternative approaches for achieving the BHP objectives.

Recommendations for Proposed BHP

HB 2934 Stakeholder Group 2015

- No premium <138% FPL
- Graduated premiums (50% of QHP) >138% FPL
- No cost-sharing for everyone <200%
- 12-month continuous enrollment
- Medicaid equivalent medical benefits
- No adult dental (interested in/price out)
- Provider reimbursement 82% of commercial

This is Scenario 1, the Proposed BHP.
Wakely/Urban also modeled 7 variations.

Recommendations (cont.)

HB 2934 Stakeholder Group 2015

- BHP participants to enroll through Internet portal
- CCOs & insurers to offer standard plans that cover same medical services as OHP, using principles of Oregon's coordinated care model (CCM).
- Annual sustainable fixed rate of growth; methodology and rate set by legislature

Affordability & Access

- 2016 52K enrollees in QHPs < 200% FPL
 - Enrollment <200% FPL would increase to 79K persons
 - Enrollment <200% FPL would increase to 66K persons, without 12-month continuous enrollment.
- Would increase affordability for most persons eligible to enroll.
 - Wavely/Urban - Consumer savings \$1,085 *average* per capita compared to QHP enrollees

Affordability & Access (cont.)

- In a BHP, choice is eliminated; everyone enrolls in the same coverage.
 - Some consumers who intentionally choose a bronze plan would see their total health care coverage costs increase.

Equity & Disparities

- A BHP would increase equity with \$0 premium & no cost-sharing for Medicaid-ineligible lawfully present immigrants <138% FPL.
- Increases equity for low-income persons compared to those enrolled in very generous ESI offerings.
- BHP would increase the disparities that already exist between those categories of persons < 200% FPL who can enroll in a highly subsidized QHP and those who cannot (e.g., family glitch, 65+).

Uninsured Rate

- The proposed BHP predicted to reduce number of BHP eligible uninsured persons from 24,600 to 12,400.

Individual Market Stability

- BHP would have a separate risk pool from individual health plans (QHPs).
 - Increased enrollment of younger, low health-risk persons in BHP would not improve individual health plan risk pool.
- BHP is predicted to result in contributing 1.5% to individual health plan rate increases.
 - Weakly assumed that all carriers would estimate the same impact as this study did.

Churning & Simplicity

- BHP would add a third set of eligibility and enrollment standards.
- Annual estimated churning among 3 programs
 - 44K persons eligible for OHP & BHP
 - 39K persons eligible for QHP & BHP
- BHP enrollees are not required to reconcile their income and subsidy in annual tax return.

Additional Considerations

- Other state experiences
 - New York
 - Minnesota
 - Washington and other states that considered
- IT system options
 - Utilize and customize federal platform
 - Develop an Oregon-run eligibility system

BHP Cost Projections

- Projected annual deficit \$62.8 M
 - Federal revenue for the BHP is 95% of APTC and CSR, calculated as if the BHP enrollee had been in a QHP.
 - States must also fund or offset additional reductions in premiums or cost-sharing.
 - BHP additional projected administrative costs for the state and for health plans to establish and maintain does not include IT development.

BHP Proposed - Scenario 1	BHP-like Alternative State QHP Wrap-around Subsidy
95% APTC & CSR if enrollees were in QHP	100% APTC & CSR (5% = \$18.3 M savings)
Separate eligibility, enrollment & administration (\$20.3 M)	Integrated with QHP eligibility, enrollment & administration (Expected savings TBD)
1331 Waiver	Expect no waiver is necessary
Stakeholder recommendations – could operationalize most. Single portal would require Oregon-run IT.	Stakeholder recommendations – could operationalize most, except 12-month continuous enrollment. Oregon wrap-around IT only for subsidy administration.
Must offer standard plan. Everyone <200% FPL has no choice.	May give consumers <200% FPL choice of any metal level QHP; narrow choice for state subsidy (e.g., certain silver plan(s)).
Ages 19-64 only	Ages 19-64; age 65+ pay Part A Medicare

<p style="text-align: center;">BHP Proposed - Scenario 1</p>	<p style="text-align: center;">BHP-like Alternative State wrap-around Subsidy</p>
<p>Eligibility churning among three programs OHP, BHP & QHP</p>	<p>Eligibility churning between two programs OHP & QHP</p>
<p>Creates a new risk pool for BHP enrollees; Predicted 1.5% rate increase in individual market</p>	<p>Retains enrollees in the single risk pool for individual health plans; expect modest improvement in risk pool demographics</p>
<p>Must comply with federal regulations for BHP 1331 waiver; changes require federal approval.</p>	<p>State-run subsidy program may allow more flexible integration with other potential Oregon or national health reforms. e.g.,</p> <ul style="list-style-type: none"> • HB 2828 considerations • Possible FHIAP-like program for family glitch

MAC Potential Recommendations

- A 1331 waiver BHP
- A BHP-like alternative within QHP structure
- Add targeted subsidies for certain QHP enrollees (e.g., expand COFA model to everyone <138% FPL barred from Medicaid because of immigration status)
- Advocate federal changes to family glitch rule
- Reinstate FHIAP-like program for family glitch people
- Advocate federal changes to QMB to increase equity for Medicare beneficiaries < 200% FPL
- Maintain status quo

Next Steps

- Advisory Committee advises DCBS Director
- DCBS will present its BHP findings and recommendations and the Advisory Committee's advice during December 2016 legislative days