



# Alignment with the Patient Protection and Affordable Care Act

Senate Health Care Committee

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*Judy Mohr Peterson  
Medical Assistance Programs  
Oregon Health Authority*

*Bruce Goldberg, MD Director,  
Director  
Oregon Health Authority*

# Oregon's Strategic Approach



- **To move away from traditional budget balancing actions:**
  - Cut people from care
  - Cut provider rates
  - Cut services

# Oregon's Strategic Approach

## *Health Reform 2.0*



- Changing care model to bend the cost curve
- Align purchasing of care model- begin with Oregon Health Plan – extend to other state purchasing and align with private sector purchasing

# Oregon's Strategic Approach Coordinated Care Organizations



- Serve Oregon Health Plan (Medicaid) members
- 15 across the state
- Coordinate mental and physical health care
- Global budget
- Designed to encourage wellness, not just treat illness
- Prevention, chronic disease management, community health workers
- Improving the way people receive care



# Coverage and Access to Care in Medicaid

- **Medicaid/Children's Health Insurance Program (CHIP)**
  - Coverage expansion for low income adults up to 138% of poverty (2014)
  - Enhanced federal funding for new eligibles
    - 100% in 2014-16
    - 95% in 2017
    - 94% in 2018
    - 93% in 2019
    - 90% in 2020 and beyond



# Medicaid/Oregon Health Plan

- Currently covers children up to 300% Federal Poverty Level (FPL), categorical adults and about 60,000 non-categorical adults through OHP standard lottery.
- ACA allows expansion to all adults age 19-65 with incomes less than 138% FPL
  - Single person – \$15,856 year
  - Family of four - \$32,499
- Expert analysis of financial implications to Oregon completed in January

**Table 2. ACA Medicaid Expansion Projected Financial Effect on Oregon by Funding Source, 2014 to 2020***(Dollars in millions)*

Type of Effect	Effect on General Fund Expenditures	Effect on Other/Lottery Funds Expenditures	New Federal Funding and Tax Revenue	Net Effect on Health Care Expenditures
Expansion to newly eligible (excludes OHP Standard)	\$433		\$9,913	\$10,346
New enrollment by previously eligible (welcome mat effect)	\$158		\$278	\$436
<b>New Coverage Subtotal</b>	<b>\$591</b>	-	<b>\$10,191</b>	<b>\$10,782</b>
Transitioning select Medicaid enrollees to newly eligible category	(\$24)		\$24	-
Savings to state programs for uninsured	(\$204)			(\$204)
Transitioning OHP Standard to newly eligible category		(\$1,072)	\$1,072	-
Premium reductions for PEGB & OEGB	(\$93)	(\$37)		(\$130)
<b>Savings Subtotal</b>	<b>(\$321)</b>	<b>(\$1,109)</b>	<b>\$24</b>	<b>(\$334)</b>
<b>Net Cost of Coverage</b>	<b>\$270</b>	<b>(\$1,109)</b>	<b>\$11,286</b>	<b>\$10,448</b>
State tax revenue from economic activity	(\$349)		\$349	-
<b>Net Effect of Expansion</b>	<b>(\$79)</b>	<b>(\$1,109)</b>	<b>\$11,635</b>	<b>\$10,448</b>

Notes: Positive numbers represent expenditures; negative numbers (in parentheses) represent program savings or revenue offsets. Numbers that appear twice in a row represent a change in funding source (general or other funds to federal funds).



## Impact of ACA

- ~180,000 uninsured adults could come on to the Oregon Health Plan next biennium
  - ~2/3 below poverty
  - ~1/3 living under 50% of poverty
- Diminished cost shift to those with insurance.
- County mental health and community corrections programs and mental health and drug courts, should see many of those they currently provide services to, having OHP coverage.

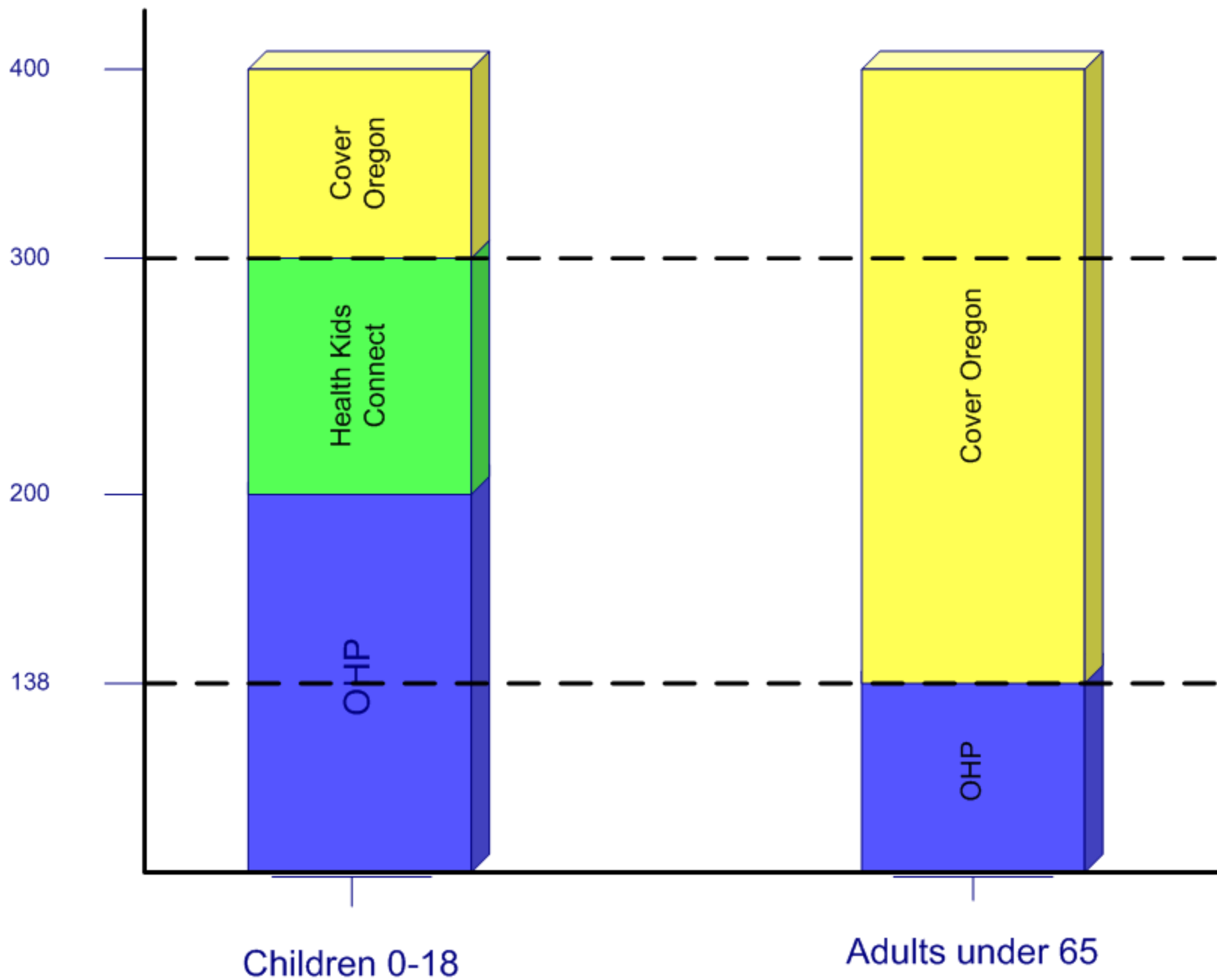




## Program changes

- More efficient eligibility and enrollment through Cover Oregon web site and customer service call centers
- Single OHP Benefit Package – OHP Plus
  - Federal requirement for essential benefit package
  - OHP Standard does not meet federal benchmark
  - Medicaid Advisory Committee had a strong public process to recommend Oregon's Medicaid benefit

# Federal Poverty





# Children

- Currently:
  - 380,000 children in OHP
  - 7,900 children in Healthy Kids Connect
- HB 2091 - OHP for children under 300% FPL
- Policy, fiscal and technical rationale follow



# Policy

- Children get a better benefit that is more affordable for families.
- There will be more continuity of care for children as ¼ of children fell off of HKC because of non-payment of premiums.
- It is likely that more families will cover their children if in OHP.
- Children in OHP will be in CCO's and cost growth held to 3.4%.
- It will be easier for families to enroll in OHP 1/1/14 through the insurance exchange web portal.



# Fiscal

- There are savings of ~ \$12 million GF for the 13-15 biennium
- It is expensive to administer a program for a small number of children



# Technical

- With ACA changes Jan 1, 2014, families between 200-300% will be split with parents in the insurance exchange and children in either OHP (with HB2091) or HKC (without HB2091).
- The single web portal to enroll families in coverage will allow for enrollment of children in OHP and parents in Cover Oregon (the exchange).
- The portal is unable to enroll children in HKC at this time. (*Technically too difficult and too expensive to program the needed system changes within the time frame to get the exchange operational.*)



## Future Plans

- Opportunity to give families choice of OHP or to purchase insurance on the exchange in 2015/16 using CHIP dollars



# Statutory Changes

- HB 2859: Alignment of state law with changes to federal Medicaid and Children's Health Insurance Program Laws
  - Makes technical and definitional fixes to clarify responsibilities of DHS and OHA in determining eligibility for public and medical assistance.
  - Makes changes in state statutes regarding medical assistance eligibility to conform with changes in federal law.
  - Allows Cover Oregon to be included in the transfer of information and delegation of duties for medical assistance eligibility determinations.





# Statutory Changes

- HB 2091: Transition children under 300% (FPL) to the Oregon Health Plan and phase out Healthy Kids Connect program
  - This bill ends the HKC program and transitions the HKC children to OHP, starting in October for newly eligible kids and taking one year for transition of current enrollees.