

HB 2091

Relating to private health option of Health Care for All Oregon Children program

HB 2091 repeals the private health option in Health Care for All Oregon Children Program, or Healthy Kids Connect, and moves all children currently enrolled in that option to the Oregon Health Plan. This affects children whose family incomes are between 200% and 300% of federal poverty level, subject to federal approval and the availability of federal funds.

The bill results in a General Fund savings of \$11.9 million for the Oregon Health Authority in the 2013-15 biennium. Total Funds are reduced by \$42.3 million. The adjustment will be included in HB 5030, the budget bill for the Oregon Health Authority.

The Human Services Subcommittee recommends HB 2091-A be reported out do pass.

Joint Committee on Ways and Means

Carrier – House: Rep. Greenlick
Carrier – Senate: Sen. Steiner Hayward

Revenue: No revenue impact

Fiscal: Fiscal statement issued

Action: Do Pass the A-Engrossed Measure

Vote:

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

Prepared By: Linda Ames, Legislative Fiscal Office

Meeting Date: May 17, 2013

WHAT THE MEASURE DOES: Abolishes private option in health Care for All Oregon Children program. Allows coverage for up to 300 percent of federal poverty guidelines with federal financial participation. Allows either Department of Human Services (DHS) or Oregon Health Authority (OHA) to enroll eligible child. Requires OHA to seek federal financial participation. Requires OHA to give written notice to responsible adults regarding end of private option and to ensure orderly transfer of enrollees to another medical assistance program.

ISSUES DISCUSSED:

- Fiscal impact
- Issues related to parents and children enrolled in different health coverage
- Technical system limitations for enrollment

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: In 2010, the federal government enacted the Affordable Care Act (ACA). The ACA aims to decrease the number of uninsured Americans and reduce the overall costs of health care. The ACA creates mandates, subsidies and tax credits to employers and individuals to in order to increase the coverage rate.

Four key pieces of legislation bring Oregon into compliance with the provisions of the ACA and update related programs:

- House Bill 2240-A implements federal requirements in the Oregon insurance code and abolishes programs which become obsolete with the provisions of the ACA.
- House Bill 3458-A establishes the Oregon Reinsurance Program in the Oregon Health Authority. The program will help to stabilize rates and premiums for the market by providing supplemental reinsurance payments to insurers.
- House Bill 2859-A updates Oregon's medical assistance programs to reflect federal Medicaid and Children's Health Insurance Program changes.
- House Bill 2091-A updates the Health Care for All Oregon Children Program to reflect federal requirements.

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2091 - A

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Kim To
Reviewed by: Linda Ames
Date: 4/16/2013

Measure Description:

Abolishes private health option in Health Care for All Oregon Children Program (Healthy Kids)

Government Unit(s) Affected:

Oregon Health Authority (OHA)

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Summary of Net Expenditure Impact – Oregon Health Authority

	2013-15 Biennium
General Fund	(11,856,702)
Other Funds	41,738
Federal Funds	(30,489,108)
Total Funds	(\$42,304,072)
Positions	(2)
FTE	(16.81)

Analysis:

House Bill 2091 A-Engrossed repeals the private health option in Health Care for All Oregon Children Program (Healthy Kids) and moves all children currently enrolled in that option to the Medical Assistance Programs (MAP). The bill authorizes coverage of all children whose family incomes are 0 to 300 percent of the federal poverty level (FPL), as long as federal financial participation is available for the costs of coverage. The bill contains an emergency clause, and is effective on passage.

Passage of this bill is anticipated to achieve savings for the state. Under current law, Healthy Kids provides private insurance options for children in families with income over 200 percent and up to and including 300 percent of the FPL. Options include Healthy KidsConnect (HKC) which provides plans offered through private market insurance carriers, and Healthy Kids Employer Sponsored Insurance (HK ESI) which covers children on a parent's employer plan. House Bill 2091 abolishes all these private insurance options, and expands eligibility for the medical assistance program. The bill requires OHA to request approval from US Health and Human Services to obtain federal financial participation in paying the costs to provide this coverage for the expanded population. Assuming federal approval, the bill then requires the authority, in cooperation with carriers, to transfer children currently enrolled in the private health option into direct medical assistance coverage by June 30, 2015. Calculations in this fiscal impact statement assume that all children will be transitioned out of Healthy KidsConnect by the end of December 2013.

Expenditure Impact – Closing Healthy Kids

	2013-15 Biennium
General Fund	(22,100,723)
Other Funds	41,738
Federal Funds	(59,684,426)
Total Funds	(\$81,743,411)
Positions	(3)
FTE	(17.81)

Passage of this bill will result in an increase in the population for whom MAP administers benefits. In addition to the cost of this increased population, MAP will incur project planning and implementation costs in order to transition all programs from OPHP to MAP. OHA estimates the cost of the population increase to be approximately \$39,439,339 Total Funds for the 2013-15 biennium. In addition, OHA anticipates establishing one limited duration project manager position to coordinate the transition and implementation of all programs. This administrative cost of is estimated at \$201,973 Total Funds [\$101,162 General Fund] for the 2013-15 biennium.

Expenditure Impact – Medical Assistance Programs (MAP)

	2013-15 Biennium
General Fund	10,244,021
Other Funds	0
Federal Funds	29,195,318
Total Funds	\$39,439,339
Positions	1
FTE	1.00

These adjustments will be included in House Bill 5030, the Oregon Health Authority budget bill.