

Testimony in Support of HB 2934

by Janet Bauer, Policy Analyst, Before House Committee on Health Care

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Good afternoon, Chair Greenlick, Co-chairs Hayden and Nosse and members of the committee. My name is Janet Bauer. I am a policy analyst with the Oregon Center for Public Policy. OCPP participates in the Inclusion, Affordability and Innovation Coalition, which supports consideration of a Basic Health Program in Oregon.

I want to thank the legislature for the great work it has done in the area of health care reform. Oregon has made great strides. By one report, 95 percent of Oregonians are now covered.

Our work, however, is not finished. Some 120,000 Oregonians who are now required by law to have health insurance are not insured. The majority of them make too much to qualify for the Oregon Health Plan, yet too little to afford commercial coverage — even with generous federal tax subsidies. (See [Uninsured Despite the Mandate](#), OCPP, 1/27/14).

How can Oregon continue to make progress in extending health coverage to everyone? Basic Health offers a way forward. It's potentially a win-win approach for Oregon families, health care providers and the state.

Basic Health is an option under the Affordable Care Act for states to cover low-income working-age residents. Instead of getting subsidized coverage in Oregon's marketplace, the state would offer the coverage at lower costs to the consumer. The federal government would pick up most, if not all, of the cost by redirecting to the state the dollars it would otherwise spend on subsidizing commercial coverage for the population.

In the last session, you commissioned a study to find out whether a Basic Health Program would be a good for Oregon.

As you may know, the study brought good news. Under Basic Health, the share of low-income adults eligible for marketplace coverage who are uninsured would drop from 17 percent to as low as 5.8 percent. If offered an OHP benefit package, these individuals would gain access to services not typically covered by marketplace plans, such as adult dental coverage.

The low-income families would likely see out-of-pocket costs shrink, improving their economic security. About 56,000 Oregonians living paycheck to paycheck could save on average as much as \$1,600 per year.

Basic Health could bring other benefits, such as boosting provider payments in the Oregon Health Plan and reducing administrative costs incurred when individuals frequently switch from OHP and marketplace plans when their income fluctuates, a phenomenon known as “churn.”

Also good news is that Oregon’s marketplace is expected to remain stable, despite losing some consumers.

Lastly, Oregon could operate a program at little to no cost to Oregon’s budget. The federal funds would cover the bulk of program costs. By taking advantage of budget cost-saving opportunities that a Basic Health Program would create, Oregon’s program could fully pencil out or even generate a modest surplus.

In sum, the study found that Basic Health could increase health coverage, provide critically-needed benefits, increase the economic security of many low-income families while keeping the marketplace sound — all of this at little or no cost to the state. What’s not to like?

Realizing the potential of Basic Health depends on a well-designed program. The next step is for Oregon to roll up its sleeves and figure out those details.

This brings us to House Bill 2934. The bill asks the Oregon Health Authority to design a program blueprint. With those details hammered out with public input among all stakeholders, the legislature could then decide whether to implement the program.

I urge your support of the House Bill 2934 to design a Basic Health blueprint.

Thank you for the opportunity to testify before you today.