

Testimony in Support of HB 2934 A

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

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Good afternoon, Chair Monnes Anderson, Vice-Chair Kruse 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.

Oregon has made great strides recently in health reform. By one report, 95 percent of Oregonians now have health insurance.

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 coverage at a lower cost to the consumer. Federal dollars would cover most of the costs. Those dollars would come from the federal government redirecting to Oregon the money the feds would otherwise spend on subsidizing commercial coverage in the exchange for the Basic Health 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 6 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.

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.

In sum, the study found that Basic Health could increase health coverage, provide critically-needed benefits like adult dental services, increase the economic security of low-income families — all at little or no cost to the state.

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 A. The bill asks the Oregon Health Authority to lead a consensus process among stakeholders to recommend to the legislature the details of a Basic Health Program. With those recommendations, the legislature could then decide whether to implement the program.

I urge your support of the House Bill 2934 A to develop recommendations on the design of a Basic Health Program.

Thank you for the opportunity to testify before you today.