

May 8, 2015

TO: The Honorable Senator Laurie Monnes Anderson, Chair
Senate Committee on Health Care

FROM: Lisa Angus
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Oregon Health Authority

SUBJECT: HB 2934 – Basic Health Program (BHP) Stakeholder Group

Chair Monnes Anderson and Members of the Committee,

In response to testimony provided at a public hearing on House Bill 2934 on March 8th, 2014, the Oregon Health Authority (OHA) was asked by the chair of the House Committee on Health Care to provide additional information. The engrossed bill would require OHA to convene a stakeholder group tasked with providing recommendations to the Legislative Assembly on the federal Basic Health Program (BHP). The BHP is an insurance affordability program (IAP) established by the federal Affordable Care Act (ACA), that offers coverage in lieu of Marketplace coverage for individuals with incomes between 138-200% of the federal poverty level (FPL) and for individuals lawfully present up to 200 FPL but do not qualify for Medicaid due to their immigration status.

States considering the BHP must make a number of policy and operational decisions prior to requesting federal approval. To date, only two states currently offer the BHP—both of which support a state-based Marketplace (SBM). As of 2015, Oregon relies on the Federal Facilitated Marketplace (FFM) to determine eligibility for federal subsidies through the Marketplace. In April 2015, the Centers for Medicare and Medicaid Services (CMS) informed Oregon they are unable to develop and modify the federal eligibility system (FFM) needed to implement the BHP in Oregon in 2016 or 2017.

If passed, HB 2934 will task OHA with convening a stakeholder group to examine key policy issues related to the BHP in the context of Oregon's health care system.

- *Affordability*: determine premiums and establish cost-sharing level for BHP enrollees. Would Oregon want to protect consumers between 138-200% FPL from all costs, or perhaps ask individuals at the higher end of the income range to contribute to premiums or absorb some cost sharing?
- *Delivery system*: determine whether the program would be offered through coordinated care organizations (CCOs) or through qualified health plans (QHPs) available through the Marketplace. If offered through CCOs, Oregon would likely require federal approval to waive the requirement that consumers have a choice of at least two carriers.

- *Eligibility and enrollment*: opt for ongoing enrollment (as in Medicaid) or align enrollment with the Marketplace open enrollment period(s); decide whether consumers would have continuous 12 month eligibility once enrolled.
- *Benefit coverage*: determine what benefits BHP plans would cover. The minimum standard is the essential health benefits (EHB) offered in the Marketplace. Oregon could decide to offer more generous coverage to match Medicaid, or some other level of coverage.
- *Provider reimbursement*: Medicaid, commercial, or negotiate rates upon selection of BHP carrier(s). Provider rates will likely effect issues of consumer affordability, provider participation and network adequacy, carrier interest, and overall financial viability of the program.

A number of operational and financial questions also would have to be addressed if the Oregon Legislature were to direct OHA to submit a formal BHP application to CMS:

- *State eligibility systems*: as Oregon adopts Kentucky's Medicaid eligibility technology, and if the federal government at a future date is able to support BHP through the FFM, would OHA be able to implement the necessary customizations to accommodate BHP plans and enrollment in Oregon?
- *Financing*: federal funds cannot be used for development, start-up, or ongoing administration costs. Consequently, what source(s) of funding would be available for BHP start-up (including eligibility system modifications, plan procurement, actuarial work, etc.) and ongoing administration (consumer outreach & assistance, premium billing if relevant, appeals, general program costs).

In closing, OHA recognizes that policy decisions related to the BHP are solely the discretion of the Legislature. The agency also acknowledges and appreciates the level of engagement with and collaboration among Oregon community partners that support the BHP.