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# A Comprehensive Assessment of Four Options for Financing Health Care Delivery in Oregon

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This report describes four options for financing health care for residents of the state of Oregon and compares the projected impacts and feasibility of each option. The Single Payer option and the Health Care Ingenuity Plan would achieve universal coverage, while the Public Option would add a state-sponsored plan to the Affordable Care Act (ACA) Marketplace. Under the Status Quo option, Oregon would maintain its expansion of Medicaid and subsidies for nongroup coverage through the ACA Marketplace.

## Research Questions

- 1 What effects would three proposed options to reform health care financing in Oregon (based on Oregon House Bill 3260) have on health care financing and delivery relative to the Status Quo?
- 2 For each option, what are the important

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The state could cover all residents under the Single Payer option with little change in overall health care costs, but doing so would require cuts to provider payment rates that could worsen access to care, and implementation hurdles may be insurmountable. The Health Care Ingenuity Plan, a state-managed plan featuring competition among private plans, would also achieve universal coverage and would sever the employer–health insurance link, but the provider payment rates would likely be set too high, so health care costs would increase. The Public Option would be the easiest of the three options to implement, but because it would not affect many people, it would be an incremental improvement to the Status Quo. Policymakers will need to weigh these options against their desire for change to balance the benefits with the trade-offs.

considerations regarding implementation and feasibility?

## Key Findings

### Projected Effects of Single Payer Option in 2020

- Enrollment would increase.
- Financial barriers to accessing care would be significantly reduced for low- and middle-income individuals.
- Total health system costs in Oregon would not change much.
- Aggregate provider reimbursement would decrease.
- System congestion would increase.
- There are major hurdles to federal approval that might require federal legislation.
- Implementation would require significant changes to state administration and roles.

### Projected Effects of Health Care Ingenuity Plan in 2020

- Enrollment would increase.
- Financial barriers to accessing care would be reduced for low-income individuals.
- Total health system costs in Oregon would increase.
- Aggregate provider reimbursement would increase.
- System congestion would decrease.
- There are major hurdles to federal approval.

- Implementation would require potentially significant changes to state administration.

## Projected Effects of Public Option in 2020

- Enrollment would increase modestly.
- Financial barriers to accessing care would be slightly reduced.
- Total health system costs in Oregon would decrease.
- Aggregate provider reimbursement would decrease.
- System congestion would increase slightly.
- Federal approval would not face major hurdles.
- Implementation would be feasible.

## Recommendations

- Should Oregon want to achieve universal coverage, Single Payer and the Health Care Ingenuity Plan (HCIP) are the most promising options. Adding a Public Option to the Marketplace will not expand coverage substantially over current levels.
- To effectively implement a Single Payer plan, Oregon should (1) prioritize discussions with federal government officials regarding the feasibility of the necessary waivers and seek legal counsel to determine whether an ERISA challenge is likely and how to avoid one, and (2) review CMS approaches to payment and seek input from providers to assess how payment changes could be enacted in a manner that promotes high-quality health care and maintains sufficient provider engagement.
- If Oregon wishes to pursue the HCIP approach, several important next steps would be to (1) identify and implement solutions to reduce the overall cost of HCIP, such as offering a public plan to compete with private plans or prohibiting or limiting supplemental coverage, and (2) work with federal policymakers to identify a mechanism for recouping the estimated \$1.8 billion in new federal tax revenue that would result from wage passbacks.
- If state policymakers want to take a more incremental approach to change, the Public Option provides a step short of universal coverage that could have modest positive impacts and would be simpler to implement and less disruptive in the

short term than the other two options assessed. Implementing a Public Option could be used as a step toward more expansive reform.

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