Joint Task Force on Universal Health Care

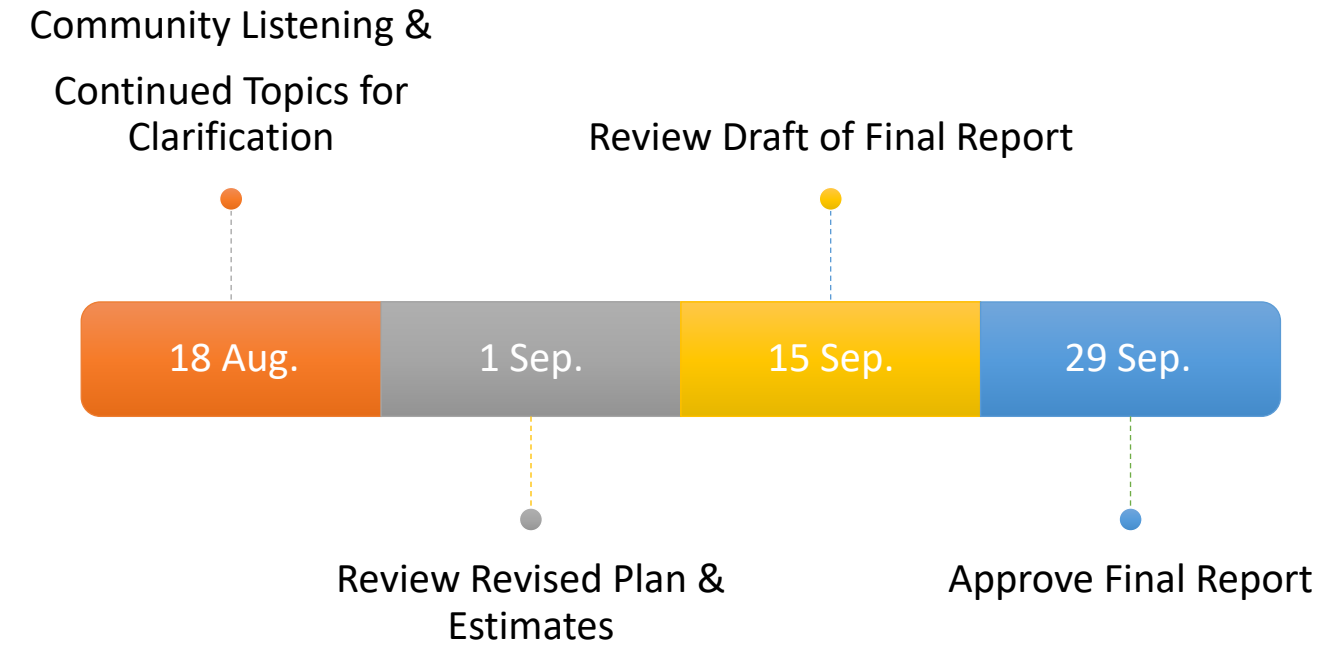
August 18, 2022

1 – 5 pm

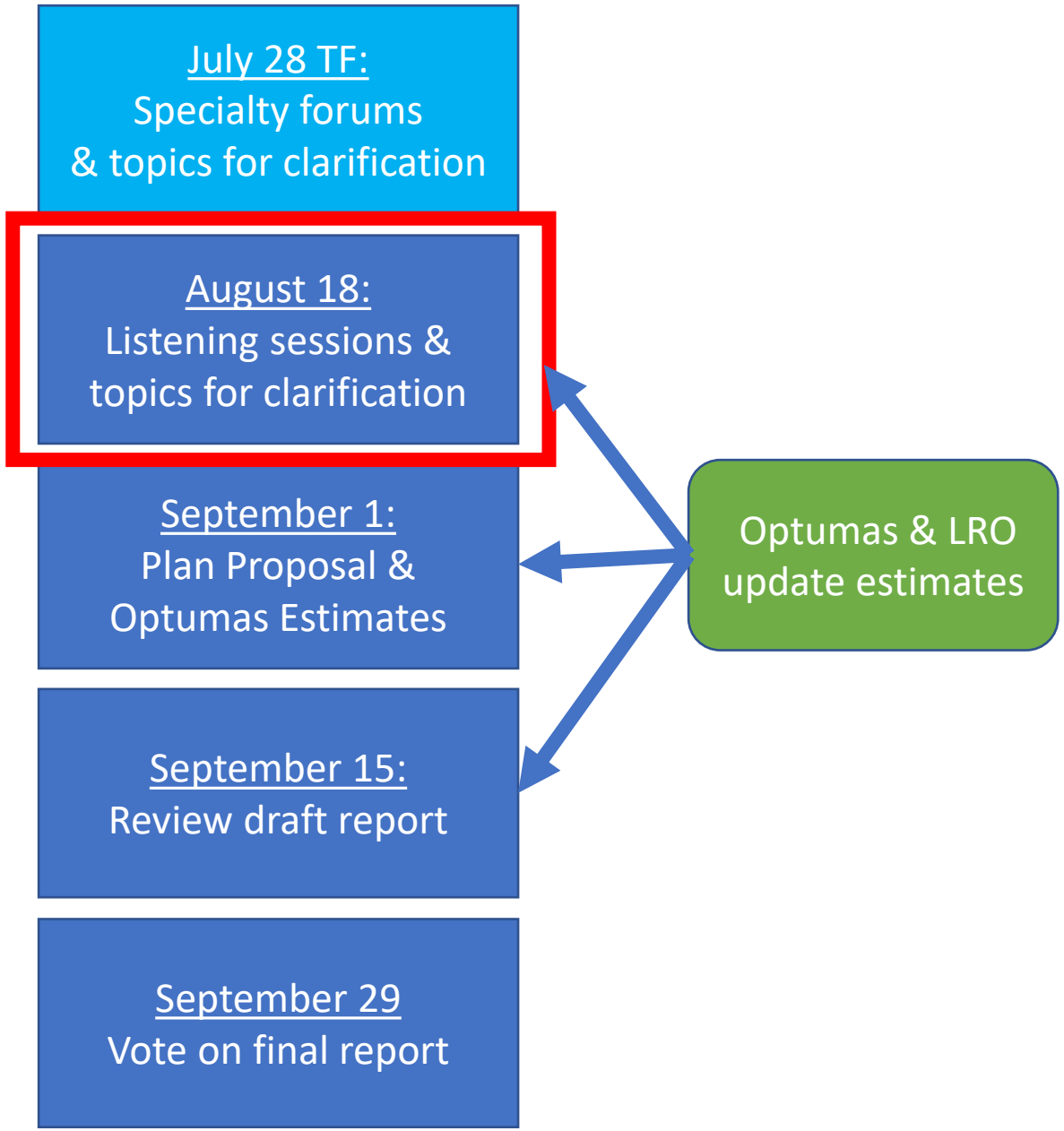
Today's Agenda

- ODE: Transition Plan
- *BREAK*
- Lara Media Report
- *BREAK*
- Issues for Clarification
- Public Comment & Wrap-up

The Home Stretch



Process for Revising Plan Proposal



Public Comment

August 18, 2022

Outstanding Design Element: Transition Plan

Member comments & Draft Recommendations

Joint Task Force on Universal Care

August 18, 2022

SB 770

Succinct statements about the actions needed

Priority objectives to complete the transition to a universal system

Timeline for actions and recommendations

Member Comments - Summary

Task Force should recommend the 2023 Legislature create the initial Universal Health Plan Board
The Board should be responsible for the oversight of all transition activities (instead of a Transition Commission)
Specify start-up costs, reserves, staffing

Priority Objectives

- Waivers/Approvals
- ~~Behavioral Health~~
- Workforce
- Funding: Specifics

Timeline: Transition to Implementation

Transition (2023 -2024)

- Waivers/Approvals
- Workforce Readiness
- Agency Integration
- Funding details

Implementation (2025 -2026)

- Establishing benefit plan
- Setting budgets/rates
- Installing operational systems (claims, reimbursement, etc.)

Two Proposals

1. Transition Commission

- Recommend that the legislature establish a commission in 2023 to address specific transition objectives (waivers, revenues) and report back to the Legislature prior to the 2025 session

2. Founder Governance Board

- Recommend that the Legislature establish the Founder Governance Board of the Universal Health Plan in 2023

Transition Commission

- Concept from SB 770, as introduced (Section 23)
- 5-7 compensated members (Vermont, Maryland)
- Focus on waivers & technical details of federal and state funding
- Report on specifics for implementation of plan (start-up costs, reserves, payment systems, reporting, quality, transparency, and program integrity)
- Would mirror California's report: "A dedicated team [. . .] informed by engagement with federal authorities, tasked with convening stakeholders"

Draft Recommendation: Transition Commission

The Task Force recommends, in the 2023 session, that the Legislative Assembly establish the Universal Health Plan Transition Commission.

- The Transition Commission will determine the specific actions and resources needed to implement the Universal Health Plan, including but not limited to federal approvals, state and federal revenues, workforce readiness, agency integration, start-up costs, reserves, and systems for payment, reporting, quality, and program integrity.
- The Transition Commission will develop recommendations for legislation in advance of the 2025 Legislative Session.

Founder Governance Board

Recommend that the Legislature establish the Founder Governance Board of the Universal Health Plan in 2023.

- Board members address start up priorities (delivery system, waivers, macroeconomic analysis, reserves, funding, tribal relationship)
- Board prepares bill draft for 2025 Legislature implementing the Universal Health Plan
- Board continuously engages Oregon communities

Discussion: Founder Governance Board

- **Is the Plan Proposal sufficiently developed for the Legislature to establish the Board?**

  Yes. 3 years of hard work has made solid progress but the next step needs more time, support and resources to resolve remaining challenges. Establishing a Founder Board would do that.

- **Is it premature to create the Board without a revenue plan or federal permissions?**

  No. A very credible argument can be made that without this step and the recognition and support that come with it progress will be unlikely. There is significant technical and relationship work to be done. This effort needs to step up to another level to succeed at that.

Draft Recommendation: Founder Governance Board

The Task Force on Universal Health Care recommends that the 2023 Legislature create the Founding Governing Board of the Universal Health Plan within the Department of Administrative Services and provide the authority and funding to:

1) Develop, in collaboration with a representative health care delivery advisory committee, a plan to organize Oregon's health care system to deliver care in a single payer system which is aligned with the Purposes, Values and Principles of SB 770 of 2019.
2) Organize and draft Medicaid, Medicare, and ACA waivers as needed
3) Complete a macroeconomic analysis of the implementation approaches suggested by the Task Force
4) Organize a continuous engagement process with Oregon communities
5) Initiate and maintain a government-to-government relationship with Oregon tribes
6) Prepares bill draft for the 2025 Legislature Implementing the Universal Health Plan

Task Force Options

	Transition Commission	Founder Governance Board
Composition	Small, technical team (TBD by Legislature)	9 members (five full-time, four part-time)
Duration	Sunset in 2025. Legislature would establish Board in 2025 to implement Plan	Ongoing. Founder Board would implement Plan in 2025 upon legislative action
Function/ Authority	• Transition tasks (waivers, revenues) • Report to Legislature	• Transition tasks (waivers, revenues) • Report to Legislature • Advisory Committee

Intermission

Topics for Review, Continued

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Single Payer Operating Budget

Optumas: The Single Payer operating budget will be $3.5B, which is ~6% of $54B health expenses.

ERA Work Group: An Operating Budget of $2.3B is feasible and saves $1.2B. Assume 4% of $54B = $2.3B.

Clarification: A lower Operating Budget may not provide adequate funding to achieve other sources of savings.

Task Force Options:

- Use recommended actuarial estimate of 6%

OR

- Continue to assume lower rate of 4%

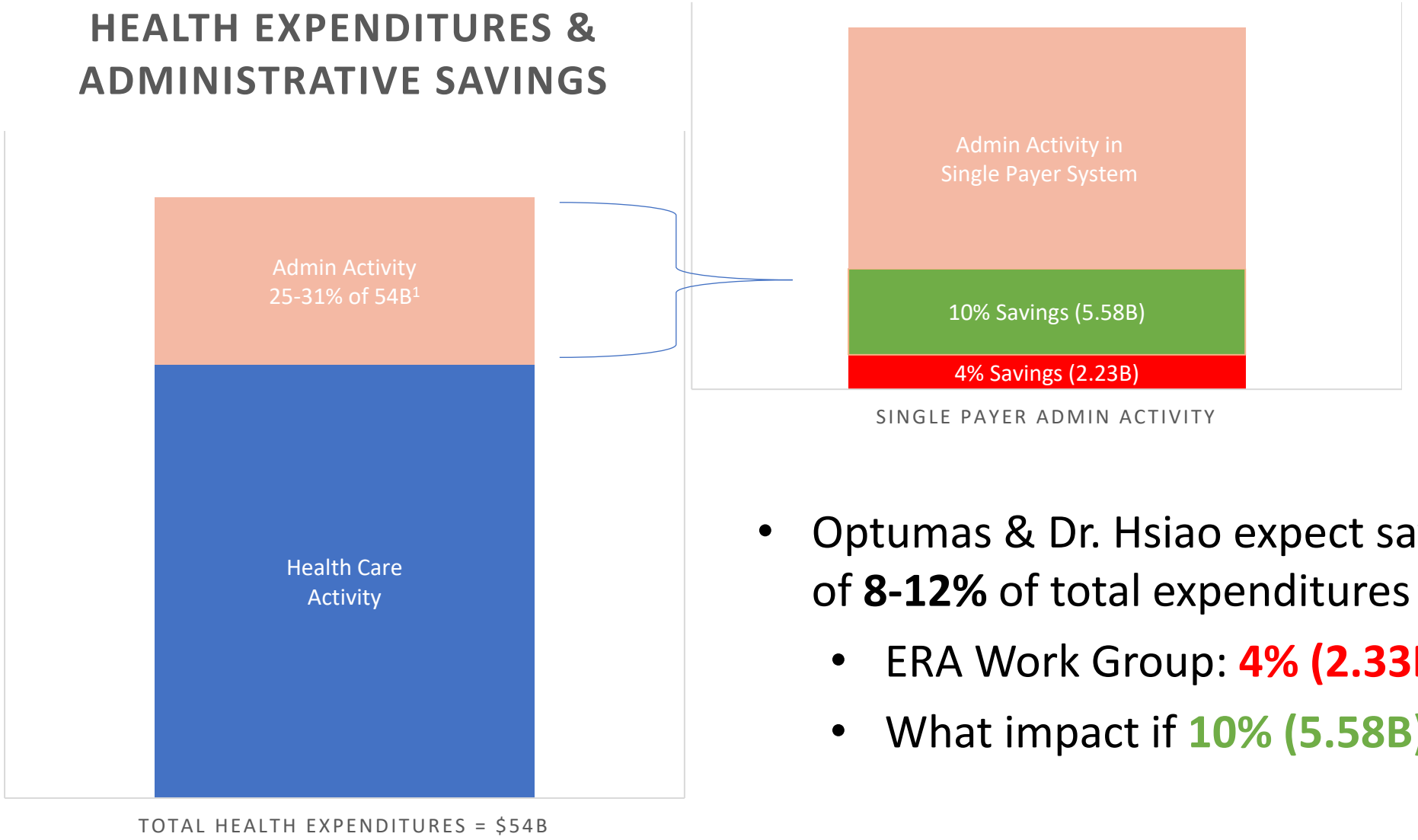
Are more savings needed?

Payroll Taxes and Personal Income Taxes (PIT) combine with state and federal revenues to fund the Plan. Changes to expenditure assumptions can be reflected in the PIT rates:

Expenditure Impact on PIT	
Exclude non-resident employees	- $1.35B
Assume 6% operating expenses	$1.20B
Preliminary PIT estimate:	$8.5B
Updated PIT estimate:	**$8.35B**

Income as % of Quasi FPL	**Example Rates (8.35)**
<150%	0.0%
150-200%	0.0%
200-250%	1.0%
250-300%	2.0%
300-400%	2.75%
400%+	**9.0%**

HEALTH EXPENDITURES & ADMINISTRATIVE SAVINGS



- Optumas & Dr. Hsiao expect savings of **8-12%** of total expenditures
  - ERA Work Group: **4% (2.33B)**
  - What impact if **10% (5.58B)**?

[1]Richman et al, "Billing And Insurance–Related Administrative Costs: A Cross-National Analysis," HEALTH AFFAIRS 41, NO. 8 (2022): 1098–1106.

	2022 Poverty			
HH Size	100% FPL	200% FPL	300% FPL	400% FPL
1	13,590	27,180	40,770	54,360
2	18,310	36,620	54,930	73,240
3	23,030	46,060	69,090	92,120
4	27,750	55,500	83,250	111,000
5	32,470	64,940	97,410	129,880

Task Force Options:

- Assume 4% savings, with 9% top PIT rate

OR

- Assume 10% savings, with 5.5% top PIT rate

Income as % of Quasi FPL	4% Savings (PIT = $8.35B)	10% Savings (PIT = 5.0B)
<150%	0.0%	**0.0%**
150-200%	0.0%	**0.0%**
200-250%	1.0%	**0.5%**
250-300%	2.0%	**1.0%**
300-400%	2.75%	**1.5%**
400%+	9.0%	**5.5%**

Payroll Tax – Small Employers

Member comments: Concern about impact on small employers not currently required to cover employees. Exclude small employers (<25)? Size is easy for employers to game—consider not only # of employees but also revenue/employee.

Clarification(s): none.

Task Force Options:

- Direct future governing body to study the economic impact on employers of different sizes and develop policies, **OR**
- Members create policy to address impact on small employers

Medicare Clarifications - Optumas

Member comments:

- Model includes cost of tracking Medicare. What impact?
- Consider scenarios with and without change to federal law

Task Force plan:

Members and staff will address Medicare in member summary and plan analysis.

Medicare - Clarifications

Clarification(s):

- Optumas assumes that Oregon's single payer will secure the federal government's contribution to the cost of care for Medicare-eligible Oregonians.
- It is assumed that CMS will continue to require reporting of costs/services for Medicare-eligible enrollees
- ERA Work Group assumes Medicare-eligible residents will continue to pay Part B ($1.96b) **and** Part D ($141m) premiums, off-setting the need for new revenue.
- To the extent taxpayers aged 65 or over have wage income, they could be affected by the payroll tax. To the extent they have income other than Social Security, they could be affected by the income tax.
- PIT and payroll tax policies would need to be further developed to estimate revenues from people over age 65.

Medicare Estimates

Comparison of Modeled Expenditures and Revenues with and without Medicare (2026 basis - Optumas Assumed Administrative Costs - Results in Billions)				
	Total Costs	Administration Component Only	New State Fund Revenue Need	Assumed Administrative Load
With Medicare	$57.13	$3.42	$22.61	6.36%
Without Medicare	$41.44	$2.37	$21.12	6.06%
Incremental Change	**-$15.69**	**-$1.05**	**-$1.49**	**-0.30%**

"With Medicare": UHP secures federal funds and provides PEBB-like benefits to Oregon's Medicare-eligible, supplemented by new revenues. Medicare-eligible population pays Part B, Part D, payroll tax, and PIT; further analysis needed.

"Without Medicare": Medicare-eligible Oregonians continue to enroll in Medicare plans, pay Medicare premiums, and receive care reimbursed by Medicare. (Revenue estimates include this population; further analysis needed if this population is removed from revenue estimates).

Clarification: Cost difference of including vs. excluding Medicare-eligible Oregonians in UHP is driven by rebalancing rates for providers. If Medicare-eligible are not included, reimbursement rates are higher on balance, reducing the potential savings of the "without Medicare" scenario.

Why is the total dollar impact of removing Medicare less than the projected total expense for that same population?

This counter intuitive result stems from several policy interactions across populations in the model. While the primary driver is pricing normalization, other policy interactions occur as well.

Pricing Normalization with Medicare			
Percent of Aggregate	**Percent of Total (Status Quo)**	**Relative Pricing - Status Quo (% of Medicare)**	**Normalized Pricing – Single-payer (% of Medicare)**
Commercial	48%	170%	130%
Medicare	27%	100%	130%
Medicaid	25%	85%	130%
Total	**100%**	**130%**	**130%**
Pricing Normalization without Medicare			
Commercial	66%	170%	141%
Medicare	0%	0%	0%
Medicaid	34%	85%	141%
Total	**100%**	**141%**	**141%**

*Sample statistics for illustration only

When Medicare is removed from the single-payer model:

Weighted average price goes up

Expenditures for remaining populations go up

A portion of costs that were attributed to Medicare in the single-payer model move to remaining populations

Final Report Update

Chair Goldberg

August 18, 2022

Member Summary

Today to Sept 1	Draft Member Summary
TF Mtg Sept. 1	Review Draft Summary
Sept. 2 to 13	Members revise Draft Summary
TF Mtg Sept. 15	Review Final Draft
TF Mtg Sept. 29	Members submit Final Summary to TF

Technical Report

- Draft Technical Report
- Project Team distributes initial draft
- Members review draft of Technical Report
- Members submit written feedback to project team
- Project team incorporates feedback, finalizes Report

Member Summary Deadlines

- *Aug. 24:* Member Summary to staff to review and post for 9/1 meeting.
- Sept 6: Member summary to staff to review and post for 9/15 meeting.

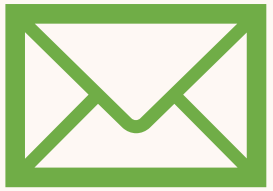
Wrapping Up

Next meetings:

September 1, 1-5 pm

September 15, 1-5 pm

September 29, 1-5 pm



Questions and comments:

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