

Legislative Fiscal Office

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Joint Committee on Ways and Means

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To: Capital Construction Subcommittee

From: Tom MacDonald, Legislative Fiscal Office

Date: February 25, 2022

Subject: HB 4035 – Relating to health care
Work Session Recommendations

HB 4035 requires the Oregon Health Authority to plan for redetermining the eligibility of medical assistance clients (Medicaid enrollees) once the federal COVID-19 public health emergency (PHE) ends and to develop a “bridge program” to continue providing health care coverage to individuals who continually lose coverage due to income fluctuations. The redetermination process must include robust communications, outreach and navigation assistance for Medicaid clients.

OHA, the Department of Human Services, and Department of Consumer and Business Services must immediately convene a community and partner workgroup to advise the agencies on strategies to help Medicaid enrollees navigate the redetermination process and transition to coverage through the health insurance exchange. OHA must also seek recommendations from the workgroup for additional changes to the redeterminations process that can be supported within OHA’s legislatively approved budget.

By May 31, 2022, OHA shall report to the Legislative Assembly on the redetermination process, operational timelines, implementation risks, and how appropriations will be used to complete the process. OHA must maintain the progress of the redetermination process on its website.

To minimize disruptions in coverage for populations at risk of losing coverage, OHA may phase-in redeterminations by population and allow individuals up to 90 days to respond to information requests related to their redeterminations. OHA must seek federal approval to maximize federal funding during extended timelines.

The measure creates a task force to develop a proposal for a bridge program to provide and improve the continuity of coverage for individuals who regularly enroll/disenroll from Medicaid due to their income, with income capped at 200 percent of the federal poverty level. The task force must complete its proposal and submit its report by July 1, 2022 with recommendations on funding needs, the potential development of additional federal waivers, and suggested timelines for phasing in the program. If the federal PHE is extended

beyond April 16, 2022, the task force has until September 1, 2022 to submit its report. The measure specifies certain criteria the proposal must meet.

To secure federal participation for the bridge program developed by the task force, and upon majority vote of the Oregon Health Policy Board, OHA must request federal approval from the Centers for Medicare and Medicaid Services for a Medicaid demonstration project (42 U.S.C. 1315), a basic health plan (42 U.S.C. 18051), a state innovation waiver (42 U.S.C. 18052), or any other federal approval needed for the bridge program. If necessary to forestall the termination of coverage for individuals at or below 200% of the poverty level while this request is pending, OHA shall seek federal approval to create a temporary medical assistance program category.

The estimated fiscal impact for 2021-23 is \$589.8 million total funds (\$163.2 million General Fund) and 120 positions (73.88 FTE) in OHA and DHS. Of this, \$520.5 million total funds (\$119.4 million General Fund) represent caseload costs in OHA from the redetermination process and the bridge plan. Additional costs in OHA support contracts and 26 positions for call center staffing, member and community outreach, system navigation, the monthly dashboard, and task force support. Costs in DHS total \$37.1 million (\$18.4 million General Fund), for contracts and positions for the additional eligibility and call center work, required system updates, outreach, and member communications.

Importantly, the OHA/DHS fiscal impact is based on the PHE ending April 16, 2022. If the emergency is extended by another 90-days, costs for the bridge plan will shift to the 2023-25 biennium.

The Legislative Policy and Research Office will support the work of the task force and may need two limited duration analysts to support this work, which LPRO anticipates supporting with existing resources. Compensation for task force members with incomes at or below 400% of the federal poverty level is indeterminate and will depend on the number eligible.

Recommended Change #1 (-A4 Amendment)

- Limits enrollment in the temporary medical assistance category to the earliest of the redetermination phase-out period or date on which individuals are enrolled in the bridge program.
- Directs OHA to begin disenrolling members if the federal government has not approved agency's bridge plan request 60 days before the redetermination phase-out period.
- Requires task force to identify potential disruptions to the individual and group markets and provide report by December 31, 2022 with recommendations to alleviate disruptions.
- Adds March 1, 2023 reporting requirement for OHA to report to Legislative Assembly on any waivers granted or other federal approvals; how the redetermination process has been implemented; and any substantial changes to the timeline.
- Establishes Bridge Plan Fund consisting of federal revenue received by OHA to administer the bridge program. This provision becomes operative upon federal approval for federal financial participation in the bridge plan.
- Clarifies eligibility for the bridge program regarding individuals who do not for Medicaid but do qualify for advance premium tax credits.

- Authorizes task force members other than legislators and who have incomes of no more than 400% FPL to reimbursement for expenses Task force members who are members of the legislature are entitled to per diem.
- Updates legislative goals section.
- Expands appointments to task force.

LFO recommends approval of the -A4 amendment.

Recommended Change #2 (-A6 amendment)

Includes \$120 million General Fund appropriation for this work, with the understanding the Department of Administrative Services will unschedule all but \$30 million.

LFO recommends approval of the -A6 amendment.

Final Subcommittee Action

LFO recommends that HB 4035, as amended by the -A4 and -A6 amendments, be moved to the Ways and Means Full Committee.

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____