

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 4035 - A4

81st Oregon Legislative Assembly – 2022 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Requires Oregon Health Authority to make recommendations for options to improve access to medical assistance program.

Government Unit(s) Affected:

Department of Human Services (DHS), Legislative Policy and Research Office (LPRO), Task Force/Committee/Workgroup, Oregon Health Authority (OHA), Legislative Assembly, Department of Consumer and Business Services (DCBS)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2021-23 Biennium	2023-25 Biennium
General Fund	\$163,247,742	\$133,471,248
Other Funds	561,641	255,373
Federal Funds	425,690,042	169,401,169
Total Funds	\$589,499,425	\$303,127,790
Positions	120	120
FTE	73.88	107.48

Analysis:

HB 4035 - A4 states that it is the goal of the Legislative Assembly to develop a medical assistance redetermination process that supports the Legislative Assembly’s goals of maintaining access to insurance coverage and reducing the rate of uninsurance; provide up to 90 days for individuals to respond to requests for information necessary to renew their coverage under the medical assistance program and provide adequate time for individuals to transition to other coverage if they are leaving the medical assistance program; maximize health care coverage and maintain enrollment in the medical assistance program for as many eligible individuals as possible; create new options for affordable health insurance coverage that allows for continuity of coverage for individuals who frequently enroll and disenroll in the medical assistance program due to fluctuations in income; adopt processes and policies that maintain or improve the current reductions in uninsured rates for priority populations; and forestall termination of coverage under the medical assistance program for current medical assistance program enrollees with incomes at or below 200% of the federal poverty guidelines until the end of the phase out period- presumably the date by which the Centers for Medicare and Medicaid Services (CMS) requires medical assistance program determinations to be completed for medical assistance program enrollees who were granted continuous enrollment due to the public health emergency related to COVID-19- contingent on federal approval of, and federal financial participation in, the costs of a bridge program.

The Oregon Health Authority (OHA), in collaboration with the Department of Human Services (DHS) and the Department of Consumer and Business Services (DCBS), is to seek federal approval to secure federal financial participation in the costs of program changes necessary to carry out the goals above within OHA’s legislatively

approved budget (LAB). OHA, in consultation with DHS and DCBS, is also directed to develop a process to conduct medical assistance redeterminations following the end of the federal public health emergency for COVID-19, which is to include robust communications, outreach, and navigation assistance for medical assistance program enrollees during the redetermination process. OHA may seek any necessary federal approval to maximize federal financial participation in the costs of the medical assistance program redeterminations and to ensure continuity of care for medical assistance program enrollees until the end of the phase out period, within the constraints of the OHA's LAB and federal resources.

A report describing the process, including an operational timeline, risks to successful implementation, and how OHA will use appropriations from the Legislative Assembly to complete the redeterminations is to be submitted to the interim committees of the Legislative Assembly related to health, the subcommittee of the Joint Interim Committee on Ways and Means related to human services, the President of the Senate, the Speaker of the House of Representatives, and the Legislative Fiscal Officer no later than May 31, 2022. OHA is to report to the same entities on or before March 1, 2023 on any waivers or other approvals granted by CMS, how the redetermination process has been implemented, and any substantial changes to the timeline for completion of the redetermination process. OHA, in collaboration with DHS and DCBS, is to immediately convene a community and partner workgroup to develop an outreach and enrollment assistance program and a communications strategy, within OHA's LAB, and include recommendations of the work group in the reports required above.

To minimize the risk of disruptions in coverage or care for high-risk populations or populations at risk of becoming uninsured, OHA and DCBS may phase in redeterminations by population; and adjust timelines for up to 90 days, to obtain eligibility information from medical assistance program enrollees or to terminate coverage for enrollees, within the LAB, to allow for adequate outreach and enrollment assistance to enrollees losing coverage. OHA is to seek federal approval to maximize federal funding during the extended timelines.

OHA and DHS may also temporarily waive limits on disclosure of enrollee information to promote greater information sharing with community partners that assist individuals reapplying for or seeking to maintain eligibility in the medical assistance program, or who are in transition to coverage under the health insurance exchange. OHA and DHS must ensure appropriate consumer protections are considered before waiving any specific statutory requirements. OHA and DHS may adopt rules or conduct emergency procurements necessary to ensure rules and resources are in place when needed to implement the process for conducting medical assistance redeterminations until the end of the phase out period.

This measure establishes a task force to create a bridge program to provide affordable health insurance coverage and improve the continuity of coverage for individuals who regularly enroll and disenroll in the medical assistance program or other health care coverage due to frequent fluctuations in income, with the task force to begin meeting by March 31, 2022. The task force must complete the proposal for a bridge program and prepare a report containing recommendations and a request for additional funding, if necessary, to the interim committees of the Legislative Assembly related to health, the subcommittee of the Joint Interim Committee on Ways and Means related to human services, the President of the Senate, the Speaker of the House of Representatives, and the Legislative Fiscal Officer, no later than July 31, 2022. If the federal public health emergency related to COVID-19 is extended beyond April 16, 2022, the task force has until September 1, 2022 to complete the proposal and submit a report. No later than December 31, 2022, the task force is to submit recommendations to the Legislative Assembly to alleviate disruptions to health care coverage for individuals and small employers in the state. The Director of the Legislative Policy and Research Office is to provide staff support to the task force.

OHA, in collaboration with DCBS and with the approval of the Oregon Health Policy Board by a majority vote, is to request various approvals from CMS, and implement a bridge program upon CMS approval. At the next regular session of the Legislative Assembly, OHA is to report on details of the federal approval, a plan for implementation of the bridge program, and recommended or needed legislative or budgetary actions. While the CMS request is pending, OHA is to seek federal approval to create a temporary medical assistance program category with federal financial participation for individuals who are not eligible for medical assistance but are likely to qualify for the

bridge program, if this step is necessary to forestall termination of medical assistance for these individuals. If CMS approval is not granted by the 60th day before the end of the phase out period, OHA is to begin disenrolling individuals unless CMS allows enrollment to a later date.

This measure creates the Bridge Plan Fund, separate and distinct from the General Fund, which consists of Federal Funds received by OHA to administer the bridge program. Funds are continuously appropriated to OHA. This is operative upon receipt of federal approval to secure federal financial participation in the costs of the bridge program.

Starting June 30, 2023, OHA is directed to administer a bridge program.

This measure declares an emergency and takes effect on passage.

Oregon Health Authority

The total cost for the Oregon Health Authority is estimated at \$552.7 million total funds in the 2021-23 biennium, and \$283.5 million total funds in the 2023-25 biennium. Costs could vary based on the duration of the public health emergency and support received from the Centers for Medicare and Medicaid Services.

Caseload costs are estimated at approximately \$520.5 million total funds, including \$119.4 million General Fund and \$401.1 million Federal Funds in the 2021-23 biennium, and \$256.1 million total funds, including \$102.4 million General Fund and \$153.7 million Federal Funds in the 2023-25 biennium. Additional costs include updates to the Medicaid Management Information System; staff to work on the program, marketing, and outreach with community partners; actuarial staffing and contracts for rate setting; contracts for consulting and analysis of bridge plan proposals; and costs to provide a comprehensive outreach plan for Oregon Health Plan members.

The agency would also create 11 permanent, full-time positions, including three Operations and Policy Analyst 2s, three Operations and Policy Analyst 3s, two Operations and Policy Analyst 4s, one Administrative Specialist 2, one Actuary, and one Information Systems Specialist 7; and six limited duration, full-time positions (each 0.63 FTE in 2021-23 and 0.38 FTE in 2023-25, excluding one position at 0.63 FTE), including a Research Analyst 3, Project Manager 3, two Operations and Policy Analyst 4s, Operations and Policy Analyst 3, and a Principal Executive Manager F. Additionally OHA would hire eight other limited duration full-time positions (each 0.54 FTE in 2021-23 and 0.46 FTE in 2023-25), including a Principal Executive Manager D, three Program Analyst 2s, a Program Analyst 3, a Training and Development Specialist 2, a Data Resources Manager, and a Program Analyst 3. Finally, the agency would hire one limited duration, full-time Public Affairs Specialist 3 (0.63 FTE in 2021-23 and 0.25 FTE in 2023-25).

Department of Human Services

The Department of Human Services (DHS) anticipates costs of approximately \$36.8 million total funds in the 2021-23 biennium and \$19.6 million total funds in the 2023-25 biennium, with approximately half of funding from the General Fund and half from Federal Funds. This includes staffing for updates to the agency's ONE system to handle an increased caseload and new case type; call center staff to assist with redeterminations; eligibility case workers; and marketing and outreach funding.

In the 2021-23 biennium, DHS would hire 89 new permanent, full-time positions (each 0.63 FTE in 2021-23, 1.00 FTE in 2023-25), including six Principal Executive Manager - C positions, nine Human Services Specialist 4s, 43 Human Services Specialist 3s, 23 Human Services Specialist 1s, one Training and Development Specialist 2, three Training and Development Specialist 1s, three Compliance Specialist 2s, and one Program Analyst 2.

The agency would also hire five limited duration, full-time positions, including three Compliance Specialist 2s, and two Project Manager 2s (each 0.63 FTE in 2021-23 and 0.13 FTE in 2023-25). Staffing numbers are based on the assumption that 300,000 Oregon Health Plan members may not qualify for coverage after the end of the public

health emergency, resulting in approximately 34,000 cases, and that there is a 1 to 800 ratio of Human Services Specialist 3s to cases.

Legislative Policy and Research Office

The Legislative Policy and Research Office (LPRO) anticipates hiring two full-time, limited duration Senior Analysts (both 0.38 FTE in 2021-23) to assist with the task force at a total cost of \$182,126 General Fund in the 2021-23 biennium. Assuming that the task force continues meeting until their second required report is submitted in December 2022, LPRO also anticipates costs of \$26,052 General Fund if reimbursement is provided for all non-legislative task force members; however, the bill only requires reimbursement for non-legislative task force members with incomes below 400% of the federal poverty line and it is not clear that all non-legislative task force members will qualify for reimbursement.

The task force does not sunset until January 2024, so it is possible that additional resources could be required for task force support after the second required task force report is submitted in December 2022.

LPRO would also use 25% of three existing staff's time for task force support. This includes an existing Research Analyst position who spend 25% of their time on research support and design between March and December 2022, and one Senior Analyst and one Committee Assistant who will spend 25% of their time working with this task force starting in March 2022, and potentially extending through the task force sunset in January 2024.

LPRO has resources budgeted for support of task forces but may need to return to a future Legislative Session or Emergency Board if additional resources are needed to support these costs.

Department of Consumer and Business Services

There is a minimal impact for the Department of Consumer and Business Services, assuming the agency is just tasked with an advisory role during this process.

Legislative Assembly

There is a minimal impact for the Legislative Assembly for participation of members in the task force.