

HB 4035 A BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Reviewed By: Tom MacDonald, Legislative Fiscal Office

**Oregon Health Authority
2021-23**

PRELIMINARY

Budget Summary*

	2021-23	2022	Committee Change from	
	Legislatively Approved Budget	Committee Recommendation	2021-23 Leg. Approved	
			\$ Change	% Change
General Fund	\$ -	\$ 120,000,000	\$ 120,000,000	100.0%
Total	\$ -	\$ 120,000,000	\$ 120,000,000	100.0%

Position Summary

Authorized Positions	0	26	26
Full-time Equivalent (FTE) positions	0.00	14.66	14.66

* Excludes Capital Construction expenditures

Summary of Revenue Changes

House Bill 4035 appropriates \$120 million General Fund for the purposes of the bill. The bill directs the Oregon Health Authority (OHA) to seek federal financial participation in providing a bridge health insurance plan through a variety of mechanisms allowed by federal law, including a demonstration project, a basic health plan, a section 1115 waiver, or any other mechanism needed to receive federal approval. Upon approval of federal financial participation in the bridge health insurance plan created by the bill, the Bridge Plan Fund becomes operative to account for Federal Funds received to administer the bridge program.

Summary of Capital Construction Subcommittee Action

HB 4035 seeks to address the anticipated ending of the federal COVID-19 related public health emergency and the concomitant need to redetermine eligibility for OHA's medical assistance caseload, in two ways. First, the bill changes the redetermination process for the Oregon Health Plan (OHP) members in various ways. OHA, the Oregon Department of Human Services, and the Department of Consumer and Business Services must convene a community and partner workgroup to advise 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 must 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.

Second, the bill directs OHA to convene a task force to develop a proposal for a bridge health insurance plan for people currently covered by OHP and are anticipated to be found no longer eligible as a result of redeterminations. The bill specifies the task force's membership, requires the task force to meet by March 31, 2022, and requires the task force to complete a proposal for the bridge plan and submit a report by July 31, 2022 (or September 1, 2022, if the current public health emergency is extended beyond April 2022) to legislative leadership and health-related committees of the legislative assembly. The bridge plan must be designed to provide affordable health care coverage, improve the continuity of coverage and care for Oregonians and reduce health inequities for Oregonians whose fluctuating incomes affect their eligibility for OHP. The plan is intended for Oregonians with incomes between 138% and 200% of the federal poverty level, who do not qualify for OHP but who do qualify for advance premium tax credits through the state's health insurance exchange. The proposed plan should provide all essential health benefits required by Oregon law and an option for dental coverage and should include an option without cost-sharing requirements or with lower cost-sharing than plans on the state's health insurance exchange. The bill directs OHA to begin disenrolling members if the federal government has not approved the agency's bridge plan request 60 days before the redetermination phase-out period. Finally, OHA must report to the legislature by March 1, 2023, on any waivers granted or other federal approvals, how the redetermination process has been implemented, and any substantial changes to the timeline of implementing the bridge plan.

HB 4035 appropriates \$120 million General Fund to OHA for the purposes of the bill and includes 26 positions (14.66 FTE). To administer the bill, OHA projects it will need a total of \$25.6 million General Fund and 26 positions (14.66 FTE) broken down by division as follows:

- **Health Policy and Analytics:** \$19.7 million General Fund and 14 positions (8.10 FTE), 13 of which are limited duration, for call center staffing, marketing and communications, training and community partner grants, and monthly dashboard development and support, as well as task force project management and staff support for the bridge plan task force, program, policy and actuarial analysis of bridge plan proposals, and community engagement work related to the bridge plan.
- **Health Systems Division:** \$949,279 General Fund and 8 permanent full-time positions (4.04 FTE), for actuarial work required by the bill, to convene and facilitate the workgroups included in the bill, to maintain the dashboard required by the bill and analyze disproportionate impacts on populations facing health disparities, to update the Medicaid Management Information System (MMIS) to accommodate the new program, and to develop and operationalize new policies and procedures related to the bridge plan. The Health Systems Division costs also include costs for the Central Administration, Shared Services and Statewide Assessments and Enterprise-wide Costs programs within OHA, including \$5.0 million General Fund and 4 positions (2.52 FTE); one limited duration Public Affairs Specialist 3 position for member communication, two permanent full-time Operations and Policy Analyst 2 positions to act as regional coordinators to support community partners, and one permanent full-time Information Systems Specialist 7 position to assist with the required changes to MMIS, as well as Services and Supplies costs related to advertising, postage, member outreach, translations, and grants to community partners. These funds may be transferred from the Health Systems Division program in a future budget rebalance action to better reflect where the expenditures will be incurred.

The remaining \$94.4 million General Fund is dedicated to providing coverage to clients, although there is uncertainty about the costs of covering the intended population. OHA estimates it could cost up to \$74.9 million General Fund to provide OHP members with extended time to respond to redeterminations as part of the bill, leading to an average of approximately 28,000 more members remaining on OHP rather than being determined to be ineligible. In addition, OHA estimates it will cost \$36.7 million to \$52.4 million General Fund to cover the target population in the 138% to 200% of the federal poverty level. Actual costs will depend on the number of enrollees, the rate of federal financial participation, the speed at which members enroll in the program, and the length of time members will be enrolled in the program, among other factors. If the approved funding is insufficient OHA may return to a future meeting of the Emergency Board or a future legislative session to request addition funds for the program.

The Oregon Department of Human Services projected costs of \$37.1 million total funds and 96 positions (60.48 FTE) to administer their portion of the bill, including establishing a call center and performing outreach and eligibility work. These costs are expected to be addressed in a future budget rebalance action. Federal revenues needed to implement OHA's portion of the bill will depend on federal approval of the proposed bridge plan and may also be addressed in a future budget rebalance action.

PRELIMINARY

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Health Authority
Patrick Heath – 503-983-8670

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<u>SUBCOMMITTEE ADJUSTMENTS</u>									
SCR 030-01 Health Systems Division									
Personal Services	\$ 692,664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 692,664	12	6.56
Services and Supplies	\$ 5,218,746	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,218,746		
Special Payments	\$ 94,434,441	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,434,441		
SCR 030-02 Health Policy and Analytics									
Personal Services	\$ 1,954,069	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,954,069	14	8.10
Services and Supplies	\$ 17,700,080	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,700,080		
SUBCOMMITTEE RECOMMENDATION *	\$ 120,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120,000,000	26	14.66

% Change from 2021-23 Leg Approved Budget	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
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*Excludes Capital Construction Expenditures

PRELIMINARY