

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 4035 - A

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

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

Prepared by: Haylee Morse-Miller
Reviewed by: Gregory Jolivette, Amanda Beitel, Tom MacDonald
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Measure Description:

Requires Oregon Health Authority to study and make recommendations for options to improve access to or lower cost of health care in Oregon.

Government Unit(s) Affected:

Department of Human Services (DHS), Legislative Policy and Research Office (LPRO), Task Force/Committee/Workgroup, Oregon Health Authority (OHA), Emergency Board

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	\$160,686,471	\$131,303,926
Other Funds	12,583	5,520
Federal Funds	423,614,817	167,740,200
Total Funds	\$584,313,871	\$299,049,646
Positions	110	110
FTE	67.58	95.99

Analysis:

HB 4035 - A states that it is the goal of the Legislative Assembly to develop a thoughtful, methodical, and successful medical assistance redetermination process. The Oregon Health Authority (OHA), in collaboration with the Department of Human Services (DHS), is directed to develop a process for conducting medical assistance program redeterminations that reflects the goals of the Legislative Assembly no later than May 31, 2022. A report describing the process, including an operational timeline, 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.

The redetermination process is to begin following the end of the public health emergency declared by the Governor on March 8, 2020. OHA and DHS are to display a dashboard on enrollment and disenrollment as part of the redetermination process. OHA is directed to maintain the continuous enrollment policy for the medical assistance program that was in effect during the public health emergency until reports have been made available or until May 31, 2022, whichever is later.

OHA is to submit a request for resources to the Legislative Assembly to implement the redetermination process. OHA and DHS are granted flexibility on when the redeterminations begin and timelines for obtaining eligibility information from enrollees, until December 31, 2023.

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 and any waiver must be reported 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. Once the Centers for Medicare and Medicaid Services approve the redetermination process, 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 after the public health emergency ends.

OHA and DHS are to immediately convene a community and partner workgroup to develop an outreach and enrollment assistance program and a communications strategy, with both agencies jointly staffing the work group. No later than May 31, 2022, OHA and DHS are to submit a report to the interim committees of the Legislative Assembly related to health with information on the program and communications strategy, including recommendations to the Emergency Board for additional resources needed in addition to those included in the agencies' budgets. Once redeterminations begin, OHA and DHS are to provide monthly updates on their communications, outreach, and navigation assistance activities to the interim committees of the Legislative Assembly related to health, the Medicaid Advisory Committee, and the Health Insurance Exchange Advisory Committee.

This measure finally 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. 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. The Director of the Legislative Policy and Research Office is to provide staff support to the task force.

OHA is to submit a request for any federal approval necessary to secure federal financial participation in the costs of administering the bridge program developed by the task force to the Centers for Medicare and Medicaid Services; and to begin administering the bridge program when federal approval is received.

This measure declares an emergency and takes effect on passage.

Oregon Health Authority

The total cost for the Oregon Health Authority is indeterminate at this time, but estimated at up to \$549.8 million total funds in the 2021-23 biennium, and \$280.6 million total funds in the 2023-25 biennium. Costs could vary widely based on the duration of the public health emergency and support received from the Centers for Medicare and Medicaid Services. This largely represents costs of coverage, but also includes costs for updates to the Medicaid Management Information System; staff to work on the program, marketing, outreach with community partners, data dashboards, and other duties; and costs to provide a comprehensive outreach plan for Oregon Health Plan members.

Redetermination costs are estimated at approximately \$388.4 million total funds, including \$96.9 million General Fund and \$291.5 million Federal Funds in the 2021-23 biennium; and \$22.6 million total funds, including \$18.5 million General Fund and \$4.1 million Federal Funds in the 2023-25 biennium.

A large portion of the General Fund cost is contingent on when the federal public health emergency declared in light of the COVID-19 pandemic will end. During the public health emergency, federal policy has limited the

disenrollment of people on medical assistance who may no longer qualify for coverage, and costs of coverage have been covered by federal funding sources at an enhanced rate. If the public health emergency ends in April, then OHA anticipates costs of \$44.5 million General Fund to continue to provide coverage to people who would otherwise be disenrolled due to falling between 133% to 200% of the federal poverty line. This number assumes that people will have 90 days to respond on whether they wish to continue coverage, and coverage would be provided through June 30, 2022. Should the public health emergency be extended an additional 90 days, then there will be no General Fund cost to continue coverage for people who otherwise would be removed from medical assistance plan coverage.

There is an additional estimated cost of \$26 million total funds to provide coverage for people with income between 133% and 200% of the federal poverty level who frequently enroll and disenroll from medical assistance coverage, through the end of 2022. By the end of 2022, it is assumed that additional health plan options will be in place for this population. OHA is to submit a request for any federal approval necessary to secure federal financial participation in the costs of administering the bridge program developed by the task force to the Centers for Medicare and Medicaid Services; and to begin administering the bridge program once federal approval is received. If federal approval is received, then OHA estimates costs of \$258 million total funds in the 2023-25 biennium, including \$103.3 million General Fund and \$154.8 million Federal Funds.

The agency would also create eight permanent, full-time positions, including three Operations and Policy Analyst 2, two Operations and Policy Analyst 3s, two Operations and Policy Analyst 4s, one Administrative Specialist 2; and five 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, Operations and Policy Analyst 4, Operations and Policy Analyst 3, and a Principal Executive Manager E. 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 \$33.5 million total funds in the 2021-23 biennium and \$17.9 million total funds in the 2023-25 biennium, with 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 81 new permanent, full-time positions (each 0.63 FTE in 2021-23, 1.00 FTE in 2023-25), including four Principal Executive Manager - C positions, five 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, and two Compliance Specialist 2s. The agency would also hire five limited duration, full-time positions, including two Operations and Policy Analyst 2s and three Compliance Specialist 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.

In the 2023-25 biennium, DHS costs are estimated at \$2.7 million total funds for redeterminations, and \$15.3 million total funds for the bridge plan. The majority of these costs are related to continuation of the 83 positions in the call center. These cost estimates assume that the bridge program plan moves forward, and could vary based on federal approval received for the bridge program.

Legislative Policy and Research Office

The Legislative Policy and Research Office (LPRO) anticipates hiring two full-time, limited duration Senior Analysts (both 0.17 FTE in 2021-23) to assist with the task force at a total cost of \$80,948 General Fund in the 2021-23 biennium.

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 June 2022, and one Senior Analyst and one Committee Assistant who will spend 25% of their time working with this task force between March and December 2022.