Basic Health Program (BHP) overview

Joint Ways & Means Committee

November 6, 2023

Goals for today's presentation:

- To understand how the Basic Health Program (BHP) will help maintain health insurance coverage gains experienced in Oregon since 2020 and the timeline for implementation in 2024.
- To understand the impact of establishing a BHP on Marketplace consumers above 200% of the federal poverty level (FPL) and the status of OHA/DCBS efforts mitigate this impact
- To preview communications and outreach strategies coming before July 2024 implementation

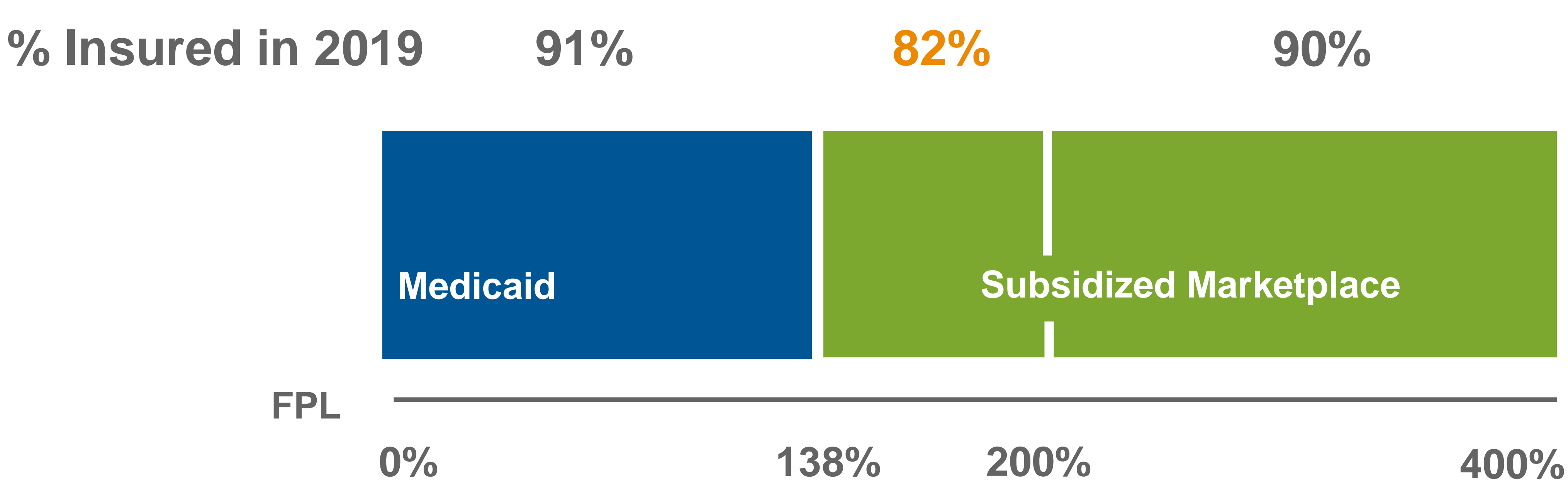
Value of Oregon’s Basic Health Program

Key takeaways

OHA is on track to launch a Basic Health Program in July 2024, which will:

- Provide no-cost coverage to more than 100,000 people
- Help maintain coverage gains achieved through the federal continuous coverage period
- Reduce churn and coverage disruption for people losing Medicaid eligibility
- Bring more than $600 M in federal funds to Oregon in the first 12-months of operation

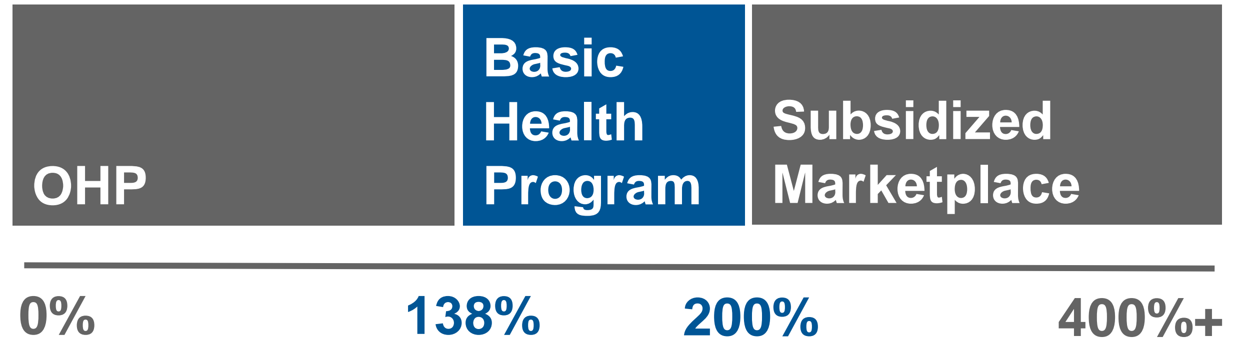
People 138-200% FPL historically have lowest insurance rate



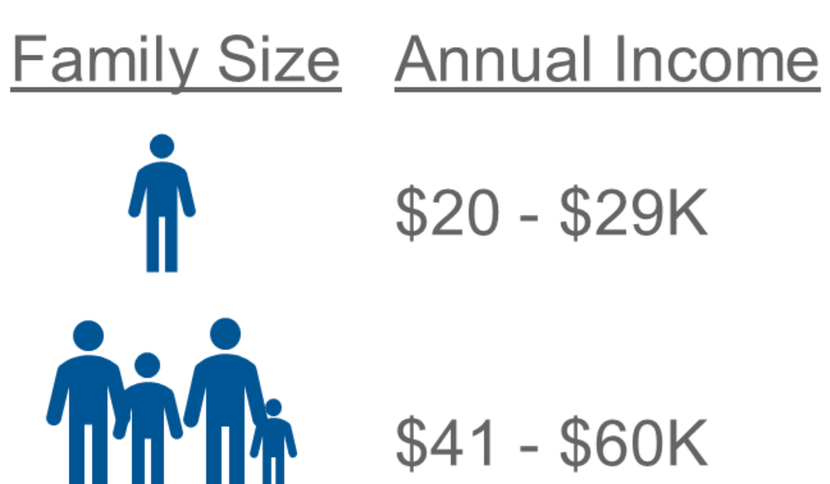
What is a Basic Health Program?

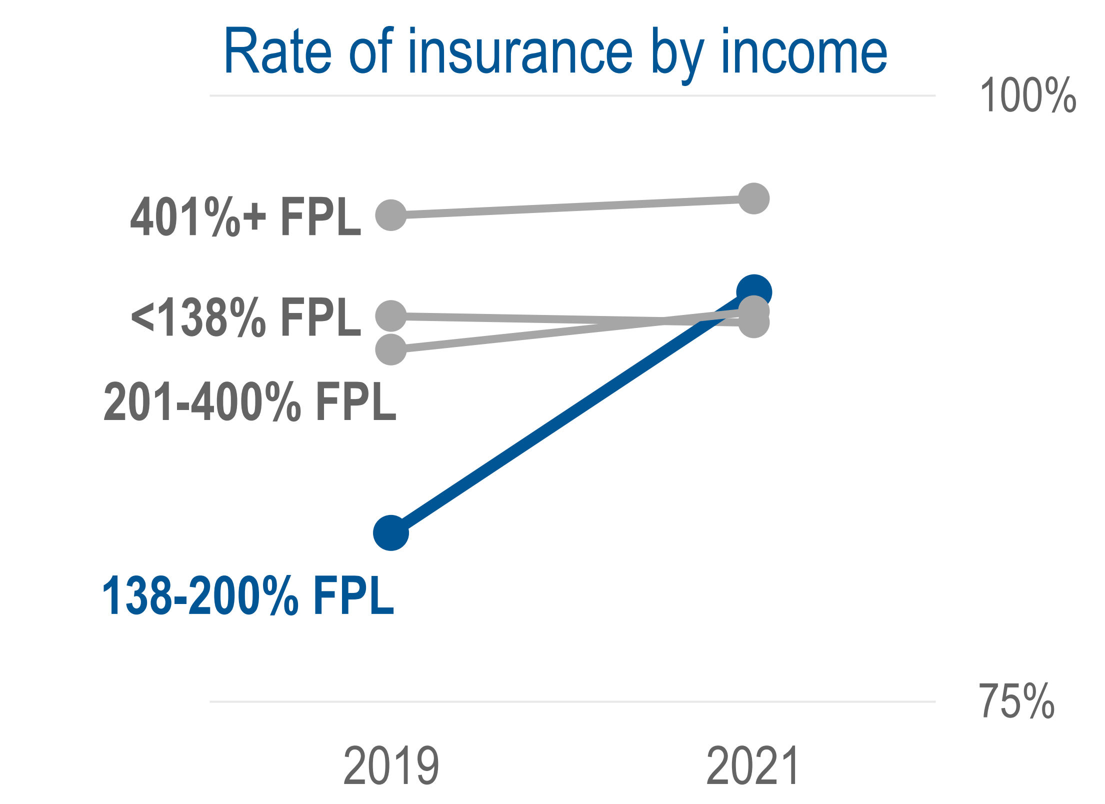
- A **Basic Health Program (BHP)** covers adults under age 65 with income below 200% FPL who would otherwise be eligible for Marketplace coverage.
- BHPs are authorized under Section 1331 of the Affordable Care Act.
- To establish a BHP, states must apply by submitting a **BHP Blueprint** to Centers for Medicare and Medicaid (CMS).
- To implement a BHP, states receive **federal funding** to cover BHP-eligible enrollees.

Income and Coverage Type

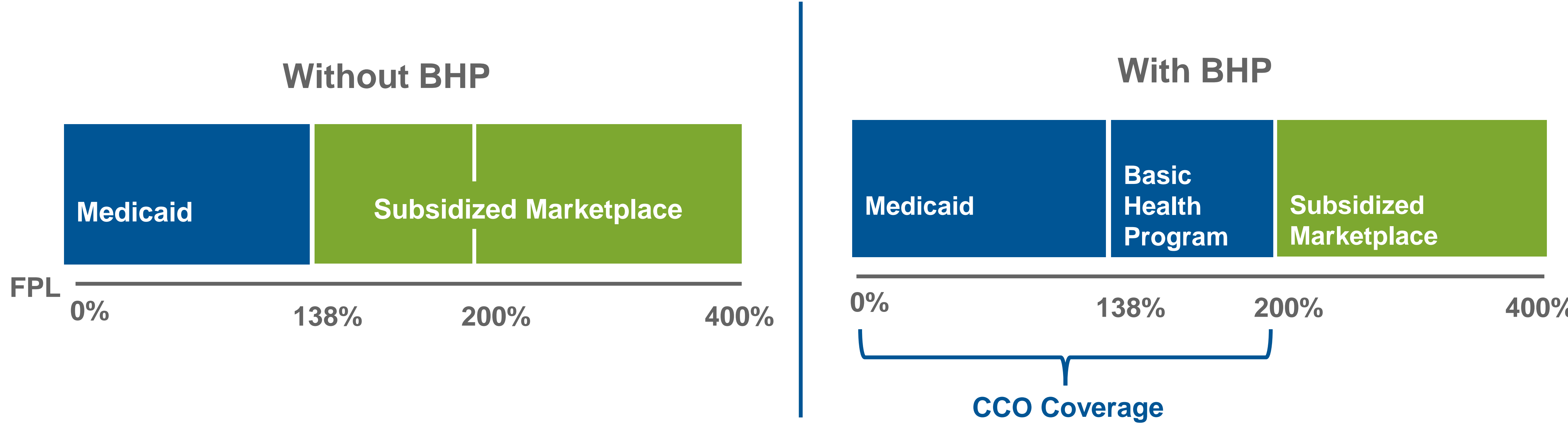


Continued access to no cost coverage (Medicaid) improved insurance rates for the 138-200% group.





The BHP is designed to help this population stay covered.



Public Comment: "While it is possible that some can afford a Qualified Health Plan on the marketplace or through an employer, **without a Basic Health Program, many will be caught in the insurance gap."**

The BHP is designed to help this population stay covered.

HB 4035

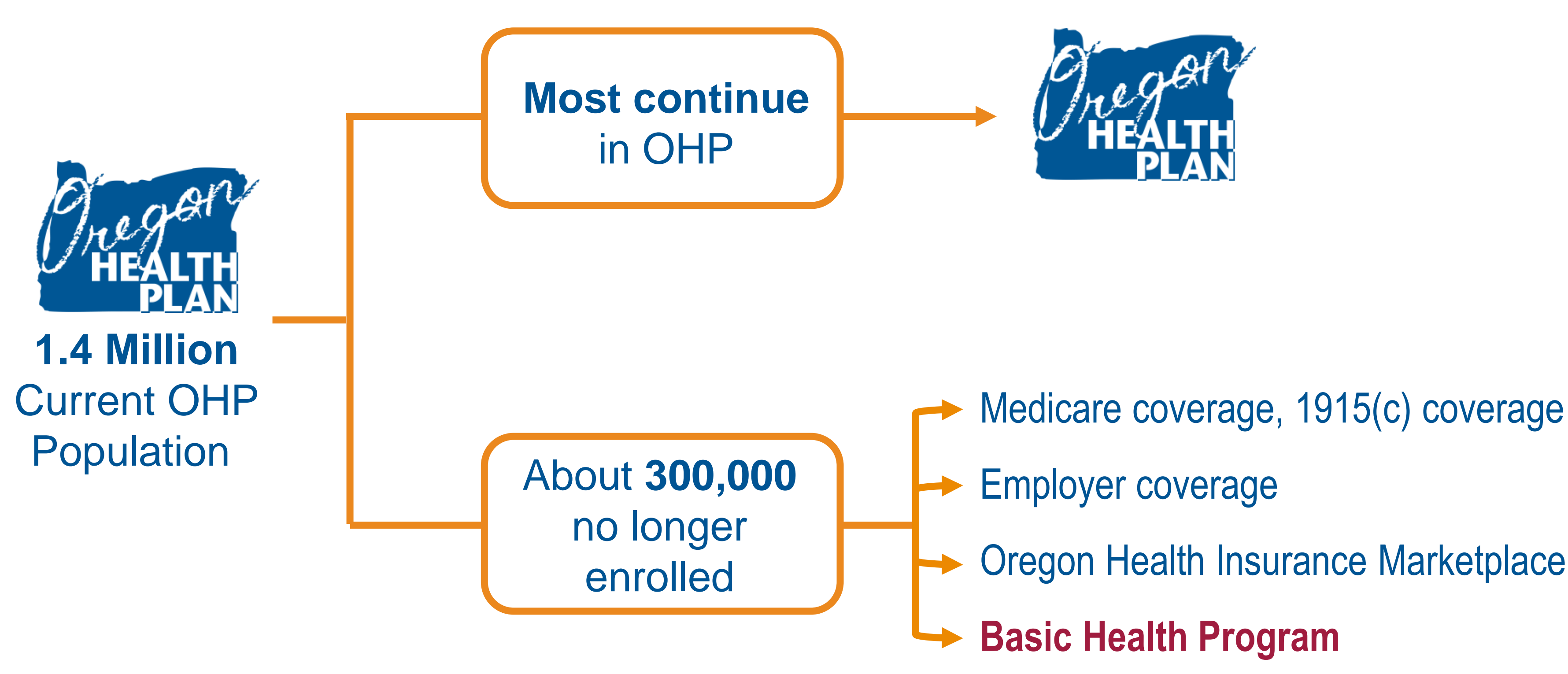
…to provide affordable health care coverage, improve the **continuity of coverage and care**…and **reduce health inequities** for individuals who regularly enroll and disenroll in the medical assistance program due to **fluctuations in their incomes**…

How will this benefit people?

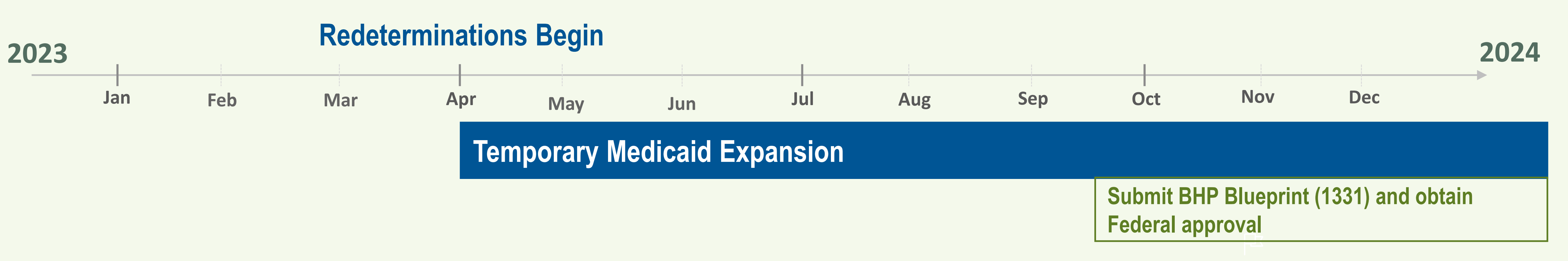
- The BHP will help **prevent people from cycling on and off CCO coverage** due to short-term fluctuations in income.
- In September 2019, 34% of people enrolling in OHP were returning after less than a year; 25% within 6 months.
- In 2019, “Lost OHP coverage” was the most common reported reason for being uninsured.*
- Cycling on and off coverage – **“churn”** – results in disruptions to care, worse health outcomes, and higher administrative costs.

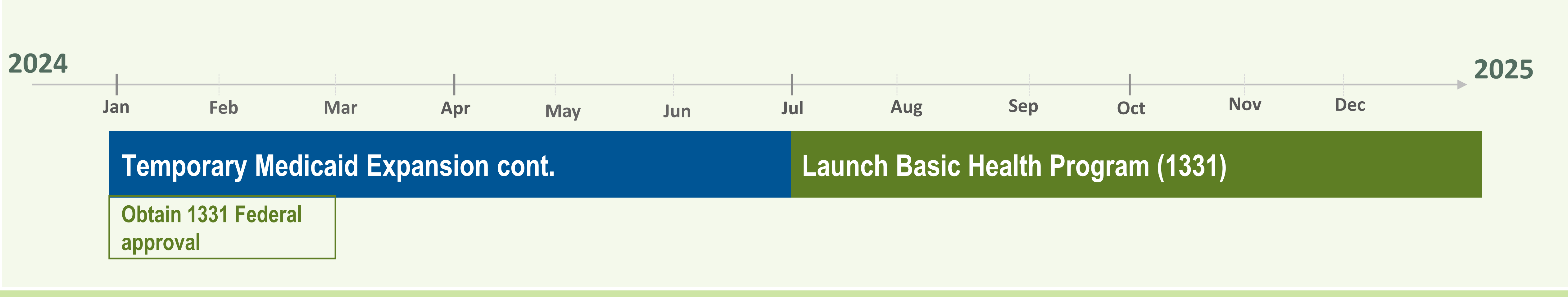
*Oregon Health Insurance Survey (2019)

Why do we need a BHP right now?



Temporary Medicaid Expansion and Basic Health Program





Who will enroll in the BHP over the next few years?

People Moving From Uninsured

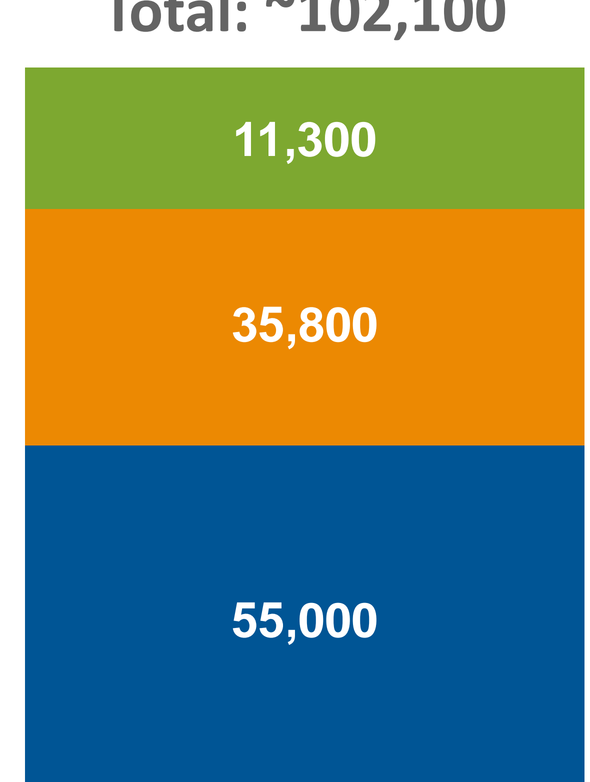
Based on the uninsured population in 2021, actuaries estimated BHP enrollment among the uninsured using microsimulation modeling, projected for 2025.

People Moving From ACA Individual Market

Includes people currently covered in the Marketplace with income between 138-200% FPL in 2021, projected to 2025. This population will move to the BHP gradually over the course of 3 years.

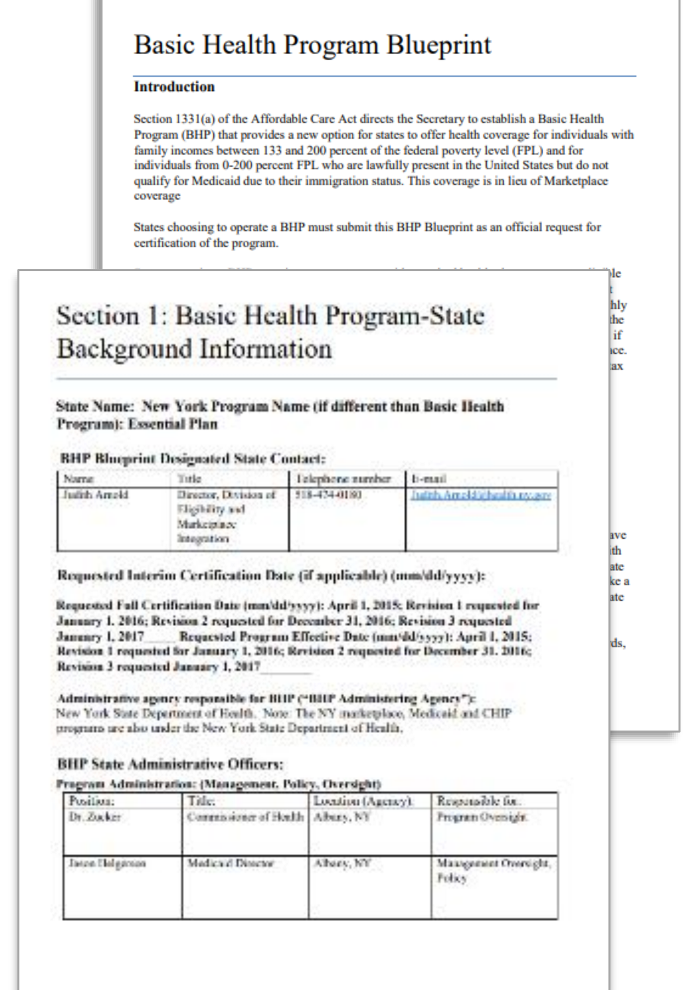
People Moving From Medicaid

Includes the 138-200% FPL population that will transition to the Temporary Medicaid Expansion category following the end of the PHE, who would otherwise be eligible for the Marketplace.



BHP Blueprint substance and existing direction

- **BHP design choices** – shaped by Bridge Health Care Program Task Force recommendations and HB 4035 (2022)
- **Compliance with federal rules** – guided by Minnesota application
- **Operations and management of the program** – alignment with existing OHP processes and structures



Basic Health Program Blueprint

Introduction

Section 1331(a) of the Affordable Care Act directs the Secretary to establish a Basic Health Program (BHP) that provides a new option for states to offer health coverage for individuals with family incomes between 133 and 200 percent of the federal poverty level (FPL) and for individuals from 0-200 percent FPL who are lawfully present in the United States but do not qualify for Medicaid due to their immigration status. This coverage is in lieu of Marketplace coverage

States choosing to operate a BHP must submit this BHP Blueprint as an official request for certification of the program.

Section 1: Basic Health Program-State Background Information

State Name: New York Program Name (if different than Basic Health Program): Essential Plan

BHP Blueprint Designated State Contact:

Name	Title	Telephone number	E-mail
Judith Arnold	Director, Division of Eligibility and Marketplace Integration	518-474-0180	Judith.Arnold@health.ny.gov

Requested Interim Certification Date (if applicable) (mm/dd/yyyy):

Requested Full Certification Date (mm/dd/yyyy): April 1, 2015; Revision 1 requested for January 1, 2016; Revision 2 requested for December 31, 2016; Revision 3 requested January 1, 2017_____ Requested Program Effective Date (mm/dd/yyyy): April 1, 2015; Revision 1 requested for January 1, 2016; Revision 2 requested for December 31, 2016; Revision 3 requested January 1, 2017________

Administrative agency responsible for BHP ("BHP Administering Agency"):
New York State Department of Health. Note: The NY marketplace, Medicaid and CHIP programs are also under the New York State Department of Health.

BHP State Administrative Officers:

Program Administration: (Management, Policy, Oversight)

Position:	Title:	Location (Agency):	Responsible for:
Dr. Zucker	Commissioner of Health	Albany, NY	Program Oversight
Jason Helgerson	Medicaid Director	Albany, NY	Management Oversight, Policy

There is nothing basic about Oregon's BHP.

- CCO-administered OHP service package
- No enrollee costs (no premiums, no cost-sharing)
- Estimated to cover over 30,000 people who would not otherwise have accessible coverage
- Almost entirely federally funded

Public comment: "We appreciate the state's understanding that individuals who may access the BHP have an increased likelihood of moving in and out of eligibility for OHP coverage, and **consistency with regard to benefits and provider network are beneficial to patients in terms of access and continuity of care**."

BHP impact on consumers who remain on the Marketplace

Marketplace impact at-a-glance

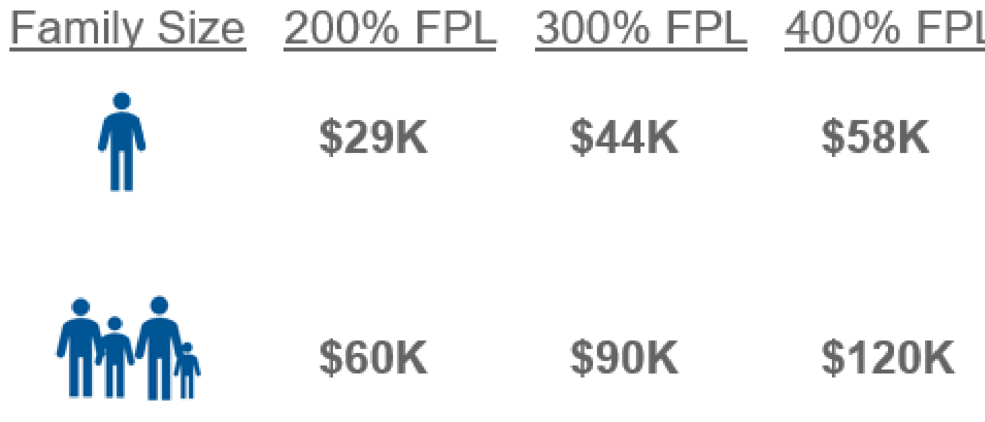
- The BHP does not affect 2024 rate-setting.
- The BHP impact on the Marketplace will occur gradually over 3 years.
- **Oregon will have a State-Based Marketplace in plan year 2027,** which will address issues related to implementation and consumer communications and could allow Oregon to pursue to federally funded solutions.
- **Plan years 2025-26 may require a "stopgap" approach.**

Estimated BHP impact on Marketplace

Consumers above 200% FPL on the Marketplace may:

- **Experience some cost increases:** Consumer portion of premiums will increase for most Marketplace consumers. Most premium increases will be on par with regular Marketplace fluctuations. Increases will take place over 3 years and be greatest for consumers at or above 400% FPL.
- **Drop coverage:** An estimated 1,800 consumers above 200% FPL will drop Marketplace coverage in response to premium increases.
- **Switch plans:** Most consumers will either stay on their plan or switch Marketplace plans, primarily switching from Gold to Silver plans following premium increases.

Changes to consumer portion of premiums in 2027



Family Size	200% FPL	300% FPL	400% FPL
	$29K	$44K	$58K
	$60K	$90K	$120K

Average change to consumer portion of monthly premiums (by 2027)

	Age		
	0 – 30	31 – 54	55+
201 - 300% FPL	$4.39	$7.65	$2.17
301 - 400% FPL	$31.41	$58.13	$43.76
> 400% FPL	$15.54	$37.33	$141.06

Lower Marketplace enrollment offset by coverage gains in BHP

Actuarial analysis predicts the following coverage losses and gains due to the BHP:

- Approximately **1,800 consumers with income above 200% FPL will drop Marketplace coverage** in response to premium increases.
- More than **31,000 individuals with income less than 200% FPL will have BHP coverage** who would otherwise be uninsured, including:
  - An estimated 11,000 individuals who are currently uninsured and expected to enroll in the BHP
  - An estimated 20,000 people or more who would otherwise lose coverage following OHP redeterminations without the BHP
- Some consumers will respond by **switching to lower premium plans**

Addressing Marketplace affordability

- Based on Task Force recommendations, Oregon spent 18 months exploring pathways for federal funding to shield consumers from premium increases that could result from the BHP.
- **Without a State-Based Marketplace, none of the pathways for federal funding were operationally feasible for CMS.**
- Oregon’s move to a State-Based Marketplace, directed by the legislature to take place in 2027, will help overcome many operational barriers.
- OHA is working with carriers to explore “stopgap” solutions that could operate in 2025 and 2026, until Oregon moves to a State-Based Marketplace in 2027.

Next steps to improve Marketplace affordability

- OHA and DCBS have hosted 7 Carrier Tables to collaborate on this issue.
- Recent meetings convened to examine operationally feasible ideas that do not require the FFM or federal funds and could be implemented as a "stopgap" for Plan Years 2025 and 2026.
- October discussion focused on potential for a state-administered subsidy program implemented by state payments directly to carriers.
- Follow up discussion with carriers on November 3 further examined technical feasibility and potential implementation strategies.

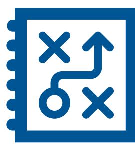
Next steps

Timeline

2022

- HB 4035
- Bridge Health Care Program Task Force

2023



- Temporary Medicaid Expansion (Approved & Funded)
- BHP Blueprint development
- Public input and Tribal engagement
- OHPB vote
- Submission to CMS
- **CMS review**
- **Rulemaking and contracting**

2024

- CMS approval
- BHP implementation July 1, 2024

Communications / engagement plan

Over the next year, OHA will continue to engage the following groups to ensure a successful mid-2024 BHP launch:

- CCOs
- Marketplace carriers
- Community partners
- BHP eligible consumers
    - Medicaid transition to BHP
    - Marketplace transition to BHP
    - Uninsured to BHP

Key takeaways

OHA is on track to launch a Basic Health Program in July 2024, which will:

- Provide no-cost coverage to more than 100,000 people
- Help maintain coverage gains achieved through the federal continuous coverage period
- Reduce churn and coverage disruption for people losing Medicaid eligibility
- Bring more than $600 M in federal funds to Oregon in the first 12-months of operation

OHA understands the BHP will have impacts to other Oregonians and will continue to look for solutions.

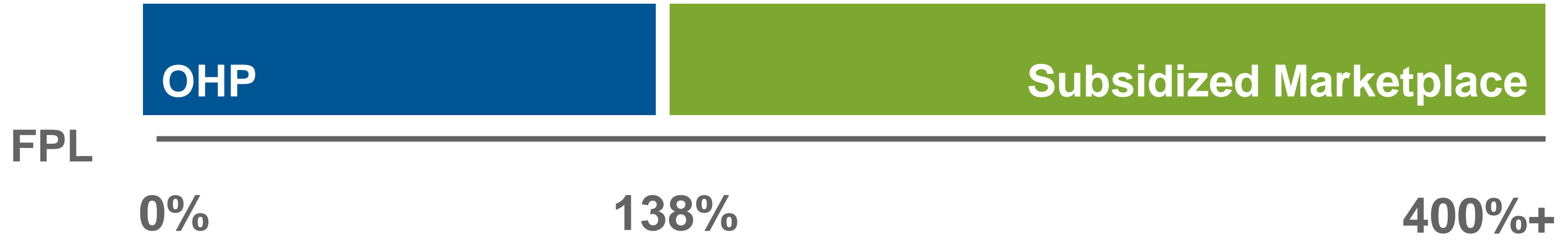
Thank You

Appendix

Additional information about the impact of creating BHP on Marketplace consumers with income over 200% FPL

Low-income consumers receive financial assistance to purchase plans on the Marketplace.

- Eligibility for Oregon Health Plan (OHP) – Oregon's Medicaid – varies based on age and disability.
- OHP covers a robust set of benefits at no cost to enrollees.
- Most adults are eligible for OHP up to 138%FPL.
- Most people not eligible for OHP can purchase coverage through the Oregon Health Insurance Marketplace (the Marketplace).
- Most Marketplace consumers are eligible for financial assistance (Cost-Sharing Reductions and/or tax credits) to make coverage more affordable.



Federally Facilitated Marketplace

- Oregon consumers access individual marketplace plans through the Federally Facilitated Marketplace (FFM), operated by the Centers for Medicare and Medicaid Services (CMS).
- The FFM is commonly referred to as “HealthCare.gov”
- In 2027, Oregon will transition from the FFM to a State-Based Marketplace (SBM).

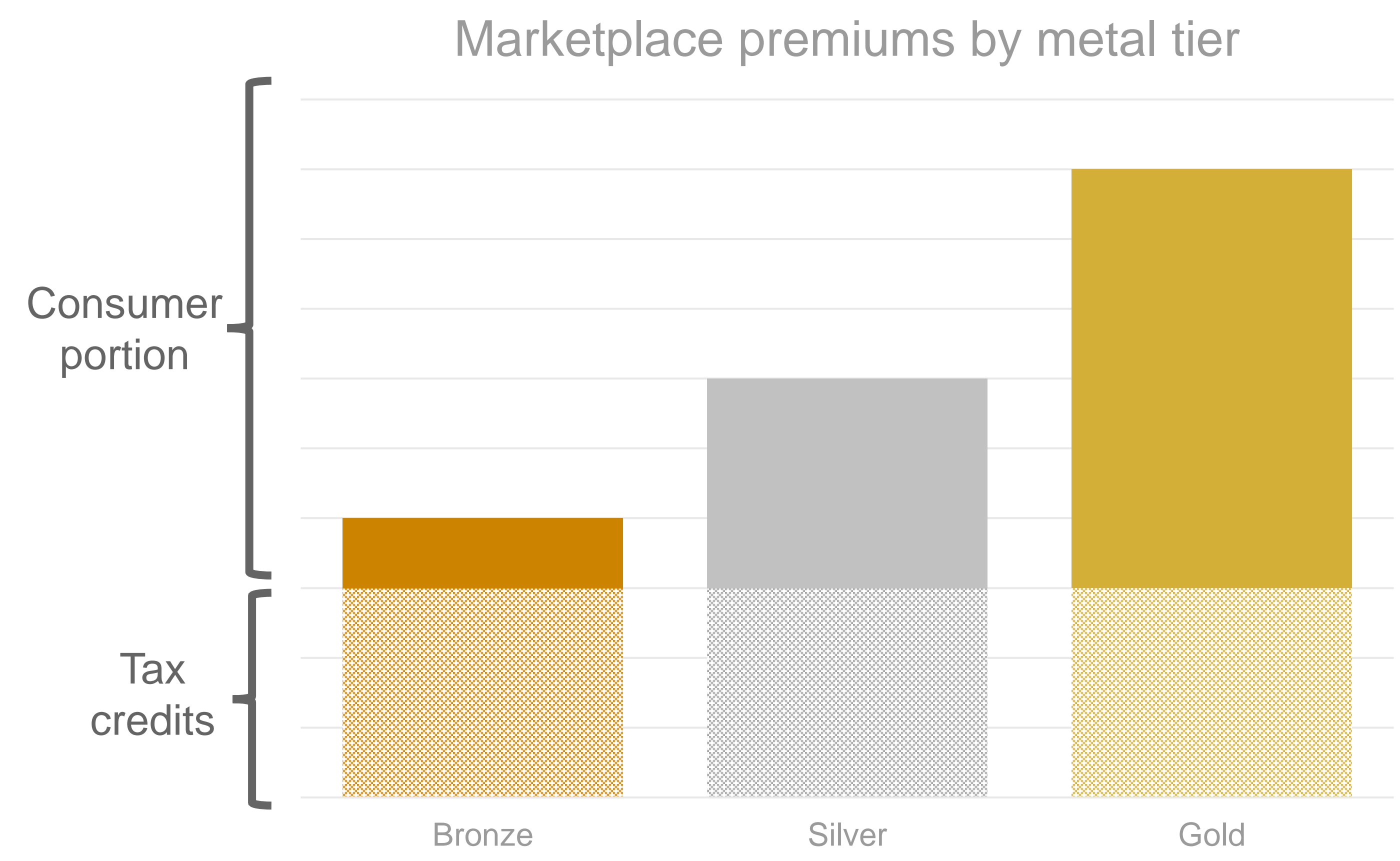
HealthCare.gov

Health plan categories

- Marketplace health plans are categorized into metal levels: **Bronze**, **Silver** and **Gold**.
- Metal levels reflect amount of premiums and cost-sharing*
  - **Bronze plans** generally have the lowest monthly premiums and the highest cost-sharing
  - **Silver plans** generally offer median monthly premiums and cost-sharing
  - **Gold plans** generally have the highest monthly premiums and the lowest cost-sharing

*Cost-sharing refers to enrollee costs other than premiums, such as deductibles or co-pays.

Tax credits offset the cost of premiums for most Marketplace consumers.



Oliver Wyman's Healthcare Reform Microsimulation Model

Oliver Wyman created a Healthcare Reform Microsimulation model to predict consumer behavior in response to health policy change like the creation of a Basic Health Program.

The Data

Range of sources, including:

- American Community Survey (age, income, family make-up, employment, coverage)
- Current Population Survey (health status)
- Medical Expenditure Panel Survey (morbidity, employer offer rates, contribution rates)
- Financial Statement and other Data (claims, premiums, marginal tax rates, etc.)

National Model Tailored to Oregon

The model is tailored to Oregon's Health Insurance Marketplace, and mirrors population characteristics such as age, income and family size.

Process

Remove the BHP cohort from the Marketplace with no adjustments to premium rates.

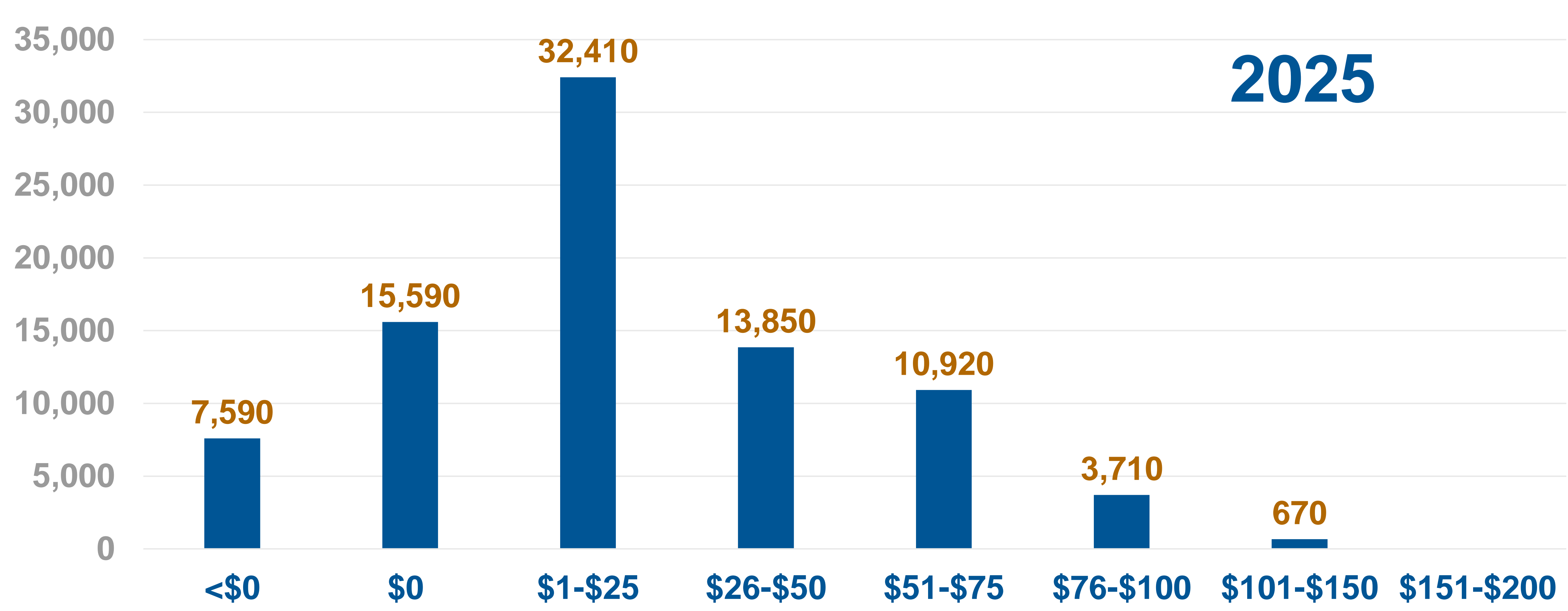
Revise premium rates to reflect morbidity changes and reduced silver-loading in Marketplace.

Model dynamic changes in consumer behavior that further change market morbidity and silver-loading until the market reaches a new equilibrium.

Tax credits will decrease. Consumer portion of premiums will increase.

- Due to 2017 federal policies (“silver loading”) and public health emergency funding (the American Rescue Plan Act and Inflation Reduction Act), Marketplace tax credits are currently larger than normal.
- Removing the BHP-eligible population from the Marketplace will reduce the tax credits that most consumers receive, **causing the consumer portion of premiums to increase for most subsidized consumers**.
- Premium changes will vary based on age, income and **plan choice**.
- Premium increases will take place gradually over three years, beginning in 2025.
- Most premium increases will be on par with regular Marketplace fluctuations.

Changes to consumer portion of premiums by number of consumers



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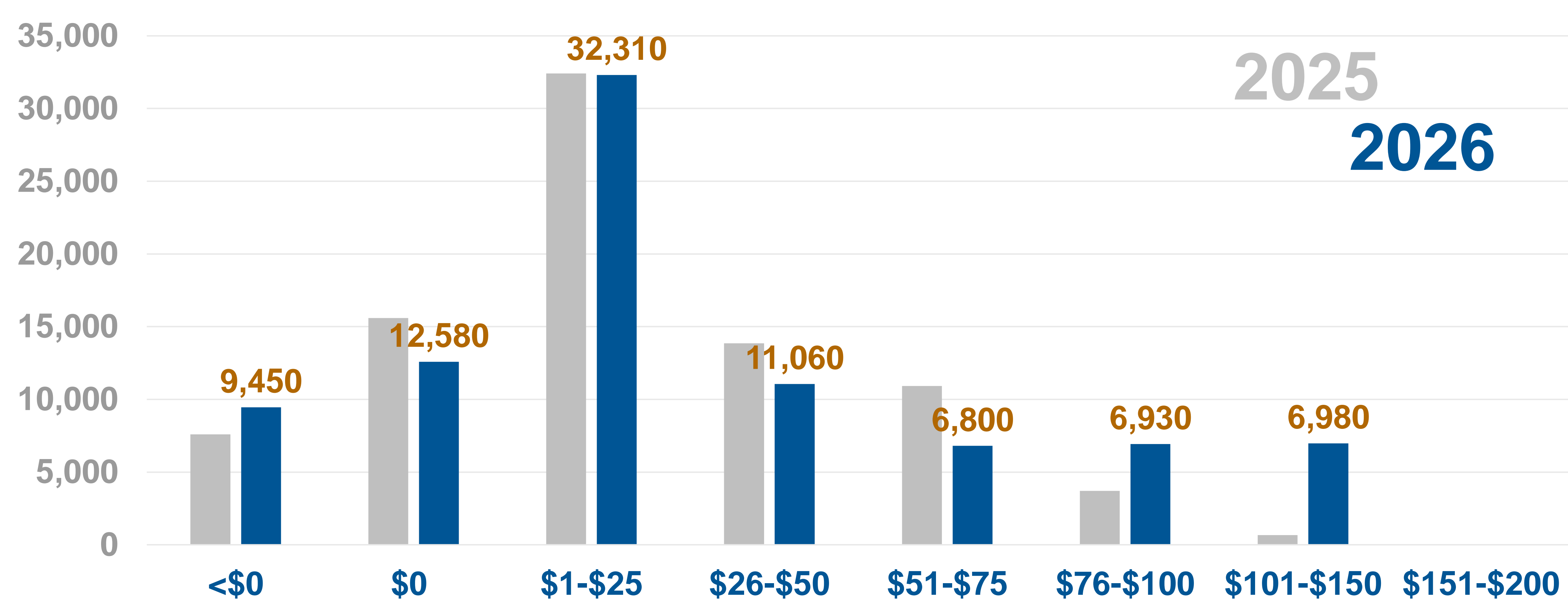

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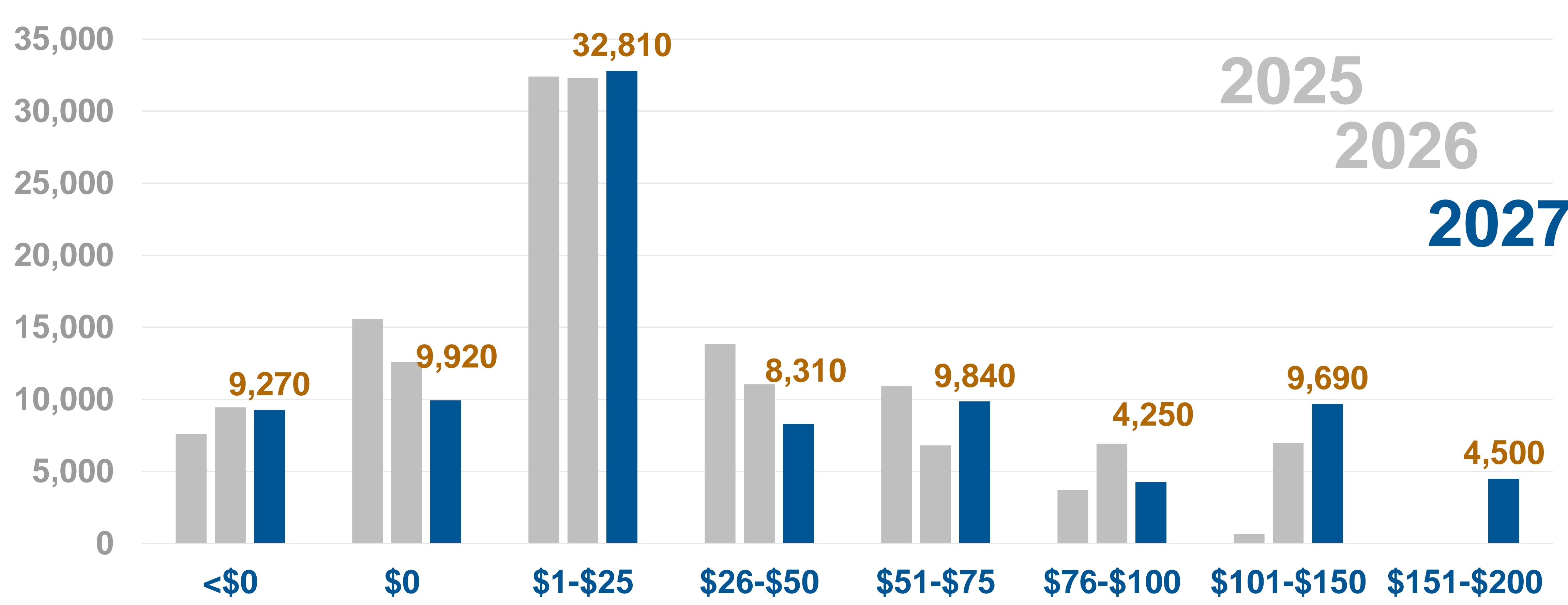
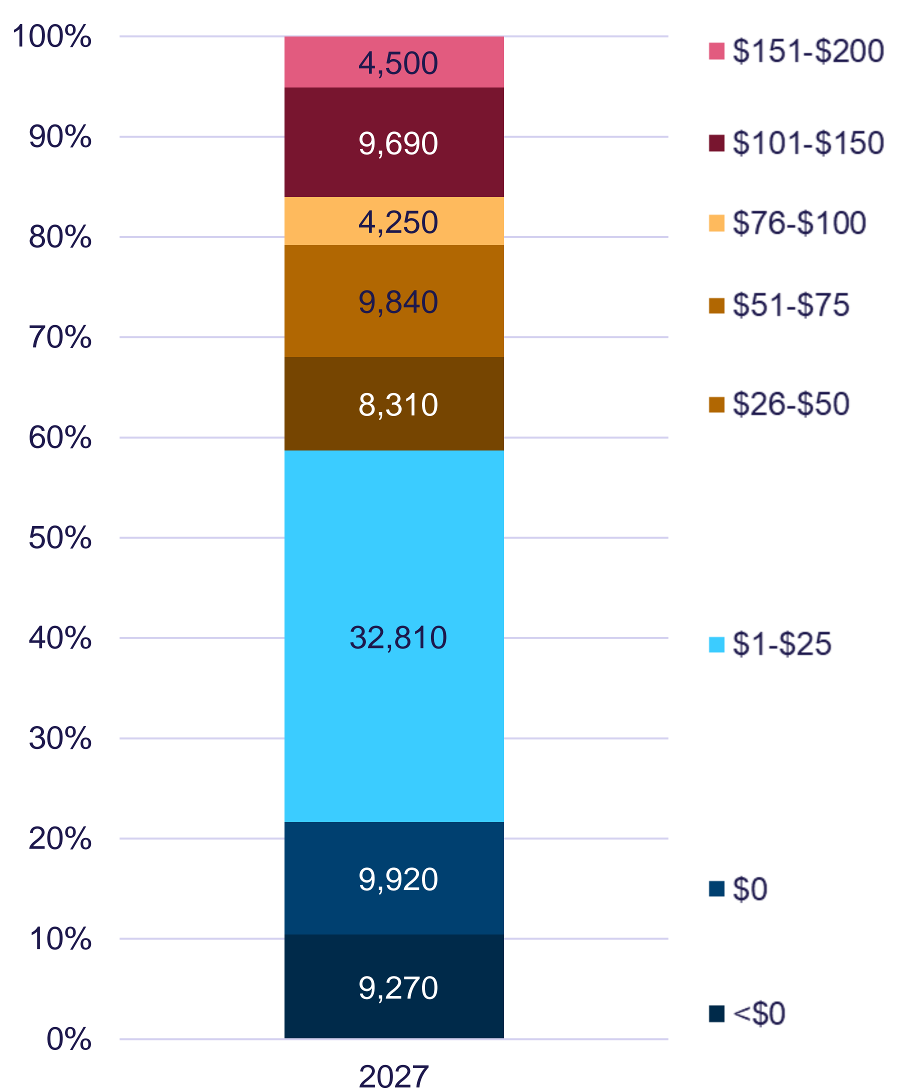


Changes to consumer portion of premiums in 2027

In 2027, most consumers (60%) receiving tax credits are expected to face net premium increases below $25 per month.

16% of subsidized individuals are expected to face premium increases of $100 - $200 PMPM. This impact is concentrated among consumers with income greater than 400% FPL.



Some Marketplace consumers will switch plans to minimize premium impact

- Consumers may respond to premium increases by **switching to lower-premium plans.**
- Consumers currently enrolled in Gold plans are most likely to switch plans.
- Consumers will weigh out-of-pocket costs and premiums when making plan selections.
- Modeling predicts that many consumers will be willing to pay more for better coverage despite premium increases.