

Up To 34,000 Children May Get Benefits In New Oregon Exchange

BY DON MOORADIAN

Five health plans in Oregon are now part of a first-ever health exchange for children. As of Jan. 1, 2010, families with incomes between 201 percent and 300 percent of the federal poverty level can apply for state-subsidized healthcare coverage offered by five private insurers.

Healthy KidsConnect is designed to serve as many as 34,000 children with benefits similar to those offered through the Oregon Health Plan, the state’s Medicaid program. PacificSource is the statewide carrier, and the four regional carriers are Clear One Health Plans, Kaiser Foundation Health Plan of the Northwest, Samaritan Health Plans, and a partnership between local plans Trillium Community Health Plan and Lane Individual Practice Association.

Healthy KidsConnect is the private market insurance component of Healthy Kids, Oregon’s new healthcare program for children and is for families that earn too much to qualify for the Oregon Health Plan. It provides coverage for legal Oregon residents under age 19. HKC covers all usual check-ups, preventive care and medical care, along with prescription medicine, medical equipment and dental, vision and mental health, including addiction services.

“This was an opportunity to give parents in the private sector a choice of carriers for their children,” said Tom Jovick, administrator of the Office of Private Health Partnerships, which is part of the Oregon Health Authority that oversees the program.

Table 6-1: Sample Of Pharmaceutical Benefits Under Healthy KidsConnect

Out-of-pocket annual deductible (individual)	\$100
Out-of-pocket annual deductible (family)	\$200
Generic drugs copay	\$0
Preferred brand copay	\$10
Non-preferred brand*	Not covered

*Non-preferred prescription drugs are covered only when an exception process exists with the insurance carrier and in such cases would be covered at the preferred brand copay level.

Source: ClearOne Health Plans

Under Healthy KidsConnect, families with qualifying kids making between 201 and 300 percent of the federal poverty level, or FPL (approximately \$44,000 to \$66,000 a year for a family of four) will pay a sliding fee. Monthly premiums range from \$18 to \$105 for families in this category, depending on the household income and how many children are to be covered. If a family makes more than 300 percent of the FPL, it can buy coverage for the full cost of \$165 to \$475 a month per child, depending on the age of the child and the carrier the family chooses. There are no family discounts for those earning more than 300 percent of the FPL.

The subsidies are funded by a 1 percent tax on health insurance premiums. “The carriers have added that to the premiums they charge in the commercial market. Although it sounds like the insurance companies are paying for this, but actually it is everybody who has commercial insurance who is paying for this,” Jovick said. The federal government matches those funds at 72 percent.

Beneficiaries receive subsidies of 85 percent to 90 percent of the premium cost. A portion is paid by the enrollee and the rest is paid for by federal and state governments.

Prescription Drug Benefits Similar To CHIP

Pharmaceutical benefits are pretty similar to the CHIP program, except that there are very low copays for brand-name drugs. The benefit dictates \$0 for generics and \$10 for preferred brands. The drug and other benefits may have some small differences among carriers, which was permissible as long as they are comparable to OHP Plus. Prescription drug benefits are comparable in the two plans.

“In the RFP process, we gave them the parameters and told carriers they could use their own regular drug formulary within some specific limits. We contract with insurers and they contract with their own PBMs. We don’t dictate who their PBM is. We specify that we expect comprehensive pharmaceutical coverage,” Jovick said.

As long as specialty drugs are on the formulary as preferred, they are covered. “You look at some specialty compounds that extremely sick kids would need, the formulary will provide for that,” Jovick said. “If the drugs are not experimental or questionable drugs, they would be covered.”

The overall Healthy Kids program is the result of legislation passed in July 2009. The first phase began last fall, offering free Oregon Health Plan coverage to children from lower-income families. More than 35,000 children out of an estimated 80,000 eligible Oregonians have enrolled in that OHP coverage. State officials say the Healthy KidsConnect final phase of private market coverage could enroll between 25,000 to 34,000 children, helping achieve their goal of having 80,000 children covered through the overall Healthy Kids program by the end of 2010.

Outlook

Oregon is one of the states setting the pace for trying to cover uninsured children. The exchange approach is new for the children’s health insurance market. If the Oregon exchange works anything like Massachusetts’ exchange, the state will need to ensure medical costs don’t exceed its resources. ■