

Producer Connection

*Your connection to important news about
FHIAP, OMIP, SHIBA and other state health insurance programs.*

Message from the Administrator

I want to update you on the FHIAP adult members who lost subsidies due to an abrupt change in federal funding policy that forced us to reduce enrollment.

About 90 percent of the 4,200 affected adults moved to Oregon Health Plan's Standard program, starting June 1. This is about what we expected knowing that most families couldn't afford to pay the full monthly premium to keep their private policies.



Remember, FHIAP paid 95 percent of the premium for all those who lost their individual market subsidies. Even so, about 150 former FHIAP members will try to self-pay the full premium to keep their private insurance.

Although no children lost FHIAP subsidies, we weren't sure how many parents who moved to OHP would want to apply for their children, as well. As it turned out, the vast majority of adults – 89 percent – kept their kids with FHIAP and private insurance.

Meanwhile, FHIAP continues to keep reservation lists for applications in both the individual and group markets. We encourage you to put your clients' names on the reservation list. As you know, we mail applications in the order reservations are received so people who don't put their names on the list will have to wait much longer once we do have openings. This also gives lawmakers an idea of interest in the program. We already have more than 39,000 people on the reservation list!

Because of our wait, people who have been uninsured even a day should put their names on the list. If they then remain uninsured for six months, they will meet FHIAP's one-time requirement that people be uninsured for six months to qualify.

We still have 10,200 people in FHIAP. Of those, 44 percent have group market subsidies and the remaining 56 percent have individual subsidies. ■

Contact

OPHP/FHIAP at:

Web: www.ophp.oregon.gov

E-mail: ophp.mail@state.or.us

Oregon toll-free:
1-888-564-9669

In Salem:
(503) 373-7419

Hours: 9 a.m. to 5 p.m.

Monday through Friday

Oregon Health Fund Board

The board is evaluating committee recommendations on how to reform health care in Oregon. Once the board drafts a proposal for the 2009 Legislature, another round of public hearings will be held in September. Go to the board's **Web page at <http://healthfundboard.oregon.gov>** and watch for the *Fall Public Meeting Schedule*. You can also click on *Committee Recommendations*. ■

Legislators ask about SEHI reforms

The Oregon Insurance Division responded in June to a legislative panel's questions about whether the new 2-50 small employer market is to blame for big rate increases reported by some employers and health insurance producers.

Insurance Division Administrator Scott Kipper told the Commerce and Labor Subcommittee On Health Care Reform that while some groups are seeing sharp increases or decreases, greater stability is expected in the long run. Overall, he said, rates for small employers are going up an average 13 percent this year due to increased health care costs.

Abnormal rate spikes may be due to a combination of factors, including changes in the composition of covered employees (younger or older work force), he said.

For example, Kipper broke down one group's 37 percent rate increase as:

- 15 percent medical inflation
- 15 percent change because of group demographics (older spouses or dependents)
- 4 percent after carrier responded to decline in business owner contribution to premiums
- **3 percent due to change in small employer market**

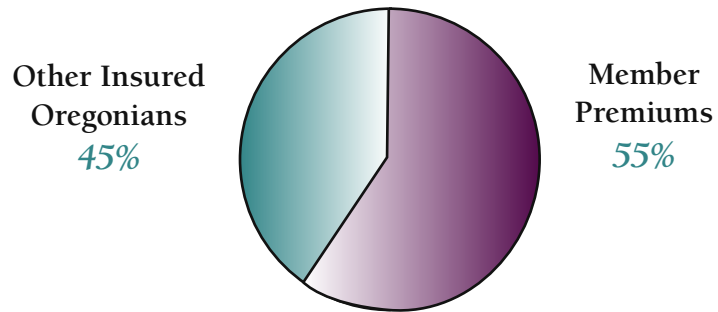
He encouraged employers to consult with agents on their options. Also, you can read *Frequently Asked Questions* about the new small employer health insurance law at the **Insurance Division's Web site, <http://www.oregoninsurance.org>**.

The FAQs, which were posted in June, include some statistics on rate increases/decreases so far. ■

Did you know...

- OMIP spends over \$180 million a year on its 18,000 members.
- Member premiums cover about 55 percent of this cost.
- The other 45 percent is billed to Oregon health insurance companies as an assessment. The companies pass the cost to their customers in higher premiums.
- This assessment now amounts to \$4.27 per month per insured individual.

Who Pays For OMIP?



Your questions about OMIP

Producers who attended our spring, one-hour class on the state's high-risk pool asked these questions. We think the answers may be of interest to all producers.

Also, a reminder that you can find a guide to filling out the **OMIP application** at http://www.oregon.gov/DCBS/OMIP/apply_omip.shtml.



Q: *Producers used to be able to send applicants directly to OMIP by checking a box. Why did this change?*

A: The OMIP Board made this change to streamline the application process for Oregonians, including those who weren't working with an agent. Today, people with a condition on the list can apply directly to OMIP. The major domestic carriers agreed that conditions on the list are ones that would always result in rejection for coverage.

Producers requested the change because they were concerned about their liability when they certified that individuals would be rejected for coverage. Carriers requested the change because they wanted their underwriters to determine if applicants would be rejected for coverage.

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OMIP Q & A, continued

Q: *Has OMIP considered offering an HSA option?*

A: None of the OMIP benefit plans meet HSA requirements, primarily because there is no out-of-pocket limit for drugs. To meet HSA requirements, OMIP would have to limit out-of-pocket medical and pharmacy costs to a combined \$2,000. OMIP premiums would increase as a result and, most likely, so would OMIP expenditures and the assessment on carriers. OMIP staff has not seen a significant demand for this option.

Q: *How can I get information about my OMIP clients and continue to assist them with their policy?*

A: You can download *The Authorization to Disclose Protected Health Information* from the **OMIP Web site at <http://www.oregon.gov/DCBS/OMIP/>**. Have your client sign the form and return it to the address on the form.

Q: *Why doesn't OMIP offer dental coverage?*

A: OMIP is intended to be medical coverage. Individuals are able to apply for any stand-alone dental plans in the commercial market.

Q: *Why can't OMIP members order a three-month drug supply?*

A: OMIP loses several hundred enrollees each month. Each of them could leave with a 90-day drug supply for several medications but pay only one month of costs in premium and co-payments. In such cases, OMIP would be providing medications for individuals who are not eligible for coverage and who haven't paid premiums. The cost of each brand drug can reach several hundred dollars each month. Also, research indicates that the cost of unused prescriptions for 90-day supplies of drugs is significant. Much of this is due to replacement of prescriptions by physicians as they adjust the medications to treat patients with chronic medical conditions.

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OMIP Q & A, continued

Q: *Is OMIP considering another mid-year premium increase?*

A: No. This happened in 2007 and followed a significant reduction in commercial premiums at the start of the year. OMIP bases its premiums on the commercial market and also dropped rates. However, costs continued to escalate and the gap between premium revenue and program costs increased dramatically. The Board decided that it needed to increase the surcharge for medical plans to the maximum of 25% above the market average to close the gap. The surcharge increase took effect in July 2007. The portability plans had no mid-year increase.

Q: *Does a person have to exhaust COBRA before using OMIP as their PORTABILITY option?*

A: Generally, yes. The OMIP application provides detailed information on who qualifies for OMIP portability coverage.

Q: *Will you accept the initial OMIP application without my clients' Certificate of Creditable Coverage (COC)?*

A: Yes, the absence of the COC will not delay application processing or the effective date of coverage. OMIP uses the COC to apply credit for coverage on their pre-existing conditions. No credits will be issued until OMIP has received the COC.

Q: *Do you have to be a United States citizen to qualify for OMIP?*

A: There are no state requirements that individuals be U.S. citizens. They must be Oregon residents, however, and submit proof of residency. (See application for how to prove residency.) Because OMIP receives no federal dollars to fund the program, federal requirements for citizenship don't apply.

Q: *What is the Oregon residency requirement for OMIP?*

A: Once OMIP determines an applicant and/or dependents are eligible for coverage, the member must maintain a principal place of residence in Oregon and live there at least 180 days each benefit enrollment year. A benefit enrollment year (12-month period) begins on the date the member became effective with OMIP. If the member no longer meets OMIP residence requirements, it is important to contact OMIP immediately. If the member doesn't meet residency requirements, OMIP may retroactively terminate the coverage back to the first day of the benefit enrollment year. In addition, OMIP may keep premiums paid and recover any benefits paid during that time. ■

Oregon SHIBA manager gives Part D testimony to Congress



Lisa Emerson, manager of the Senior Health Insurance Benefits Assistance (SHIBA) program, told a Senate committee in May that Medicare beneficiaries repeatedly express concerns about the Part D Low Income Subsidy (LIS) program. This is the program that offers financial help with Medicare prescription drug coverage to those who meet income/asset requirements.

Emerson described these issues to the U.S. Senate Committee on Aging:

- The LIS income and asset requirements are too restrictive.
- People often receive conflicting information about the LIS program from different sources.
- There is a wait before those who are eligible for LIS actually see a drop in prescription co-pays and the beneficiary shoulders the burden of proof that they are eligible for the benefit.
- Letters from the Social Security Administration can be confusing and some beneficiaries don't know they must apply or re-apply to receive the benefit.

Part D in Oregon

As of January 2008, about 84 percent of Oregon Medicare enrollees have a prescription drug plan compared to 75 percent nationwide. Here is where they are enrolled:

- 33 percent in stand-alone drug plans
- 30 percent in Medicare Advantage drug plans
- 8 percent in employer plans
- 13 percent with other prescription drug coverage

LIS push

Medicare is campaigning to make more Medicare beneficiaries aware of the financial help available for prescription drug coverage. The government already has run newspaper ads promoting the program and SHIBA is attempting to reach Oregonians in target areas.

Remember that people who qualify for LIS may enroll in a drug plan throughout the year, not just during the annual enrollment period.

SHIBA help

If you don't handle Medicare products, you may refer clients to SHIBA at 1-800-722-4134. The state staff also is available to answer agent questions. To reach the state staff (and not be routed to a volunteer in your area), do not enter your zip code after calling the toll-free number. Stay on the line. ■