Joint Task Force on Universal Health Care

Presentation to:
Universal Health Plan Governance Board

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May 16, 2024

- Established by Oregon SB 770 (2019)
- 20 members: 4 legislators, 13 Governor appointed members, two executive branch and one local government

CONTEXT

- Our current health care system is financially unsustainable, harmfully complex and socially unjust.

- Health care in Oregon is inequitably delivered and paid for.

- Too many Oregonians because of their race, age, income, geography or insurance endure vastly different health care access, varied health care quality and wide-ranging health outcomes.

Public Engagement

- Consumer Advisory Committee
- Seven roundtables with underserved communities
- Six regional community listening sessions (incl. Spanish)

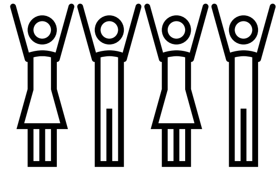
- Forums with
  - Health care professionals
  - Hospitals and health systems
  - Large employers
  - Small employers
  - Unions

Universal Health Plan Summary

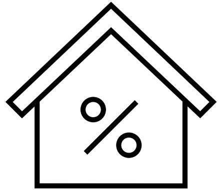
- All Oregonians are covered
- Robust universal benefit for all
- Eliminates deductibles, co-pays, co-insurance and any other out of pocket costs
- Same payment system for all providers - eliminates current structurally inequitable system
- Providers bill one entity
- Oregonians can seek services from any provider in the state
- Cost is less than our current system

Key Elements

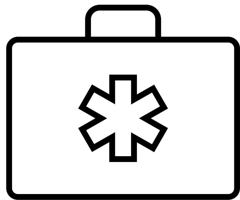
Universal Health Plan



Eligibility and Enrollment. All people who live in Oregon will qualify no matter their job, income, or immigration status.



Affordability. No payment at the point of care. No co-pays or deductibles. No more medical debt.



Covered Benefits. Based on the benefits available now through Oregon's Public Benefits Employee Board (PEBB). Includes dental. Enhanced behavioral health (to be determined)

Health Care Professionals

- Any licensed or authorized practitioner in Oregon who provides health care services that are covered by the Universal Health Plan is a “participating provider”

- Can see any participating provider

- Participating providers in the Universal Health Plan will not be allowed to give preferential treatment to private-pay patients, or to charge more for their care

- The Universal Health Plan will prioritize recruitment of a diverse and representative workforce with sufficient geographic and cultural distribution of providers

Provider Reimbursement

- Universal Health Plan will reimburse providers directly
- Methods and rates of reimbursement will be regionally based
- Capitated models and other alternative payment methodologies may be used to improve outcomes and value
- Opportunity for clinicians to work in collaboration with Universal Health Plan re: payment methodologies, utilization review and quality improvement programs.

Governance

Governance

- The Universal Health Plan will be administered by a state single payer entity and governed by a non-profit public corporation subject to public records and public meetings laws
- Board members will be appointed by the Governor and confirmed by the Legislative Assembly
- Regional entities within the Universal Health Plan, will advise the Plan on how to respond to unique needs of diverse communities across Oregon
- Government-to-Government relationship with tribes

Private Insurance

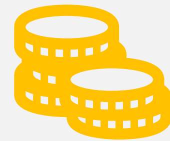
- Private insurance will have a limited role in the new system
- Insurers will be able to offer complementary insurance for benefits not offered by the Universal Health Plan (e.g., certain prescription drugs, services with coverage limits, LTC)
- Insurance companies will be prohibited in offering substitutive and supplementary insurance—to the extent permitted by law
- The Universal Health Plan may contract with third parties, including private carriers, for benefit administration

Equity

- Universal Health Plan removes obstacles to equitable care
  - Everyone covered, same benefit, no cost sharing, provider payments no longer vary by payor.
- Universal Health Plan removes structural inequities in our current payment system
  - No longer are providers paid more to see well insured and less to see low income and elderly
- Contributions based on ability to pay
- Plan works to address issues that affect health outcomes, including housing, education, nutrition, violence, and racism (SDOH)

Expertise on finances and design

Actuarial Model
CBIZ Optumas



Revenue Estimates

Legislative Revenue Office

ERISA & Financial Analysis
Professors Fuse Brown & McCuskey, Dr. Hsiao, Dr. Liu

ERISA

- Payroll tax is levied on all employers is progressive, based on employee wages and is unrelated to the employer's benefits plans and is not contingent on them.

- Employers still have option to offer a self funded plan, complementary coverage or no coverage

- Restriction on coverage duplication by state regulated health insurers

- Regulation of participating provider reimbursement

Costs

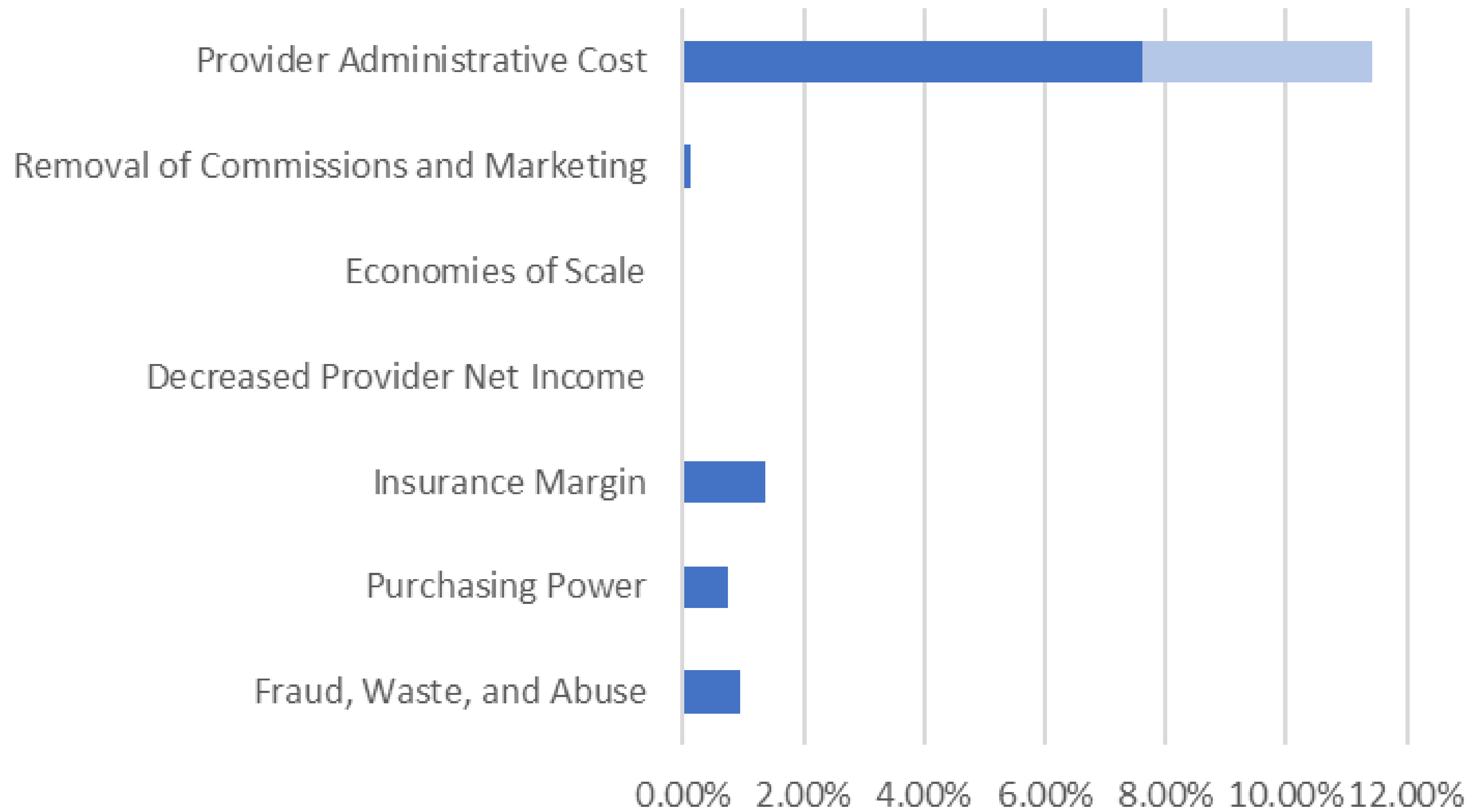
- Prepared by CBIZ Optumas according to key design parameters provided by the task force.

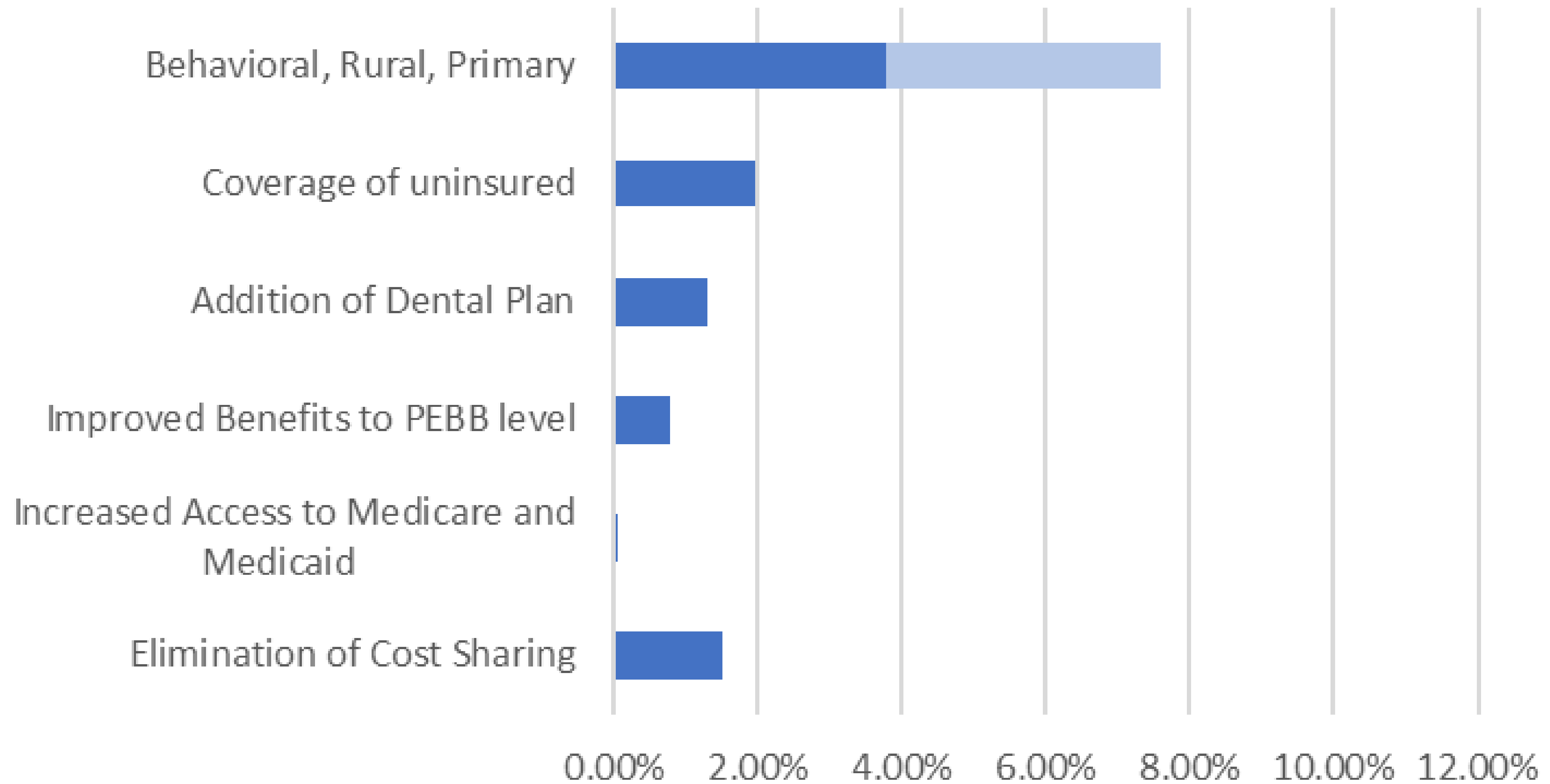
- Optumas collected health care expenditure data from 2019 and projected it forward to 2026
  - Estimates for current system as is
  - Estimates for a single payer system as designed

Costs

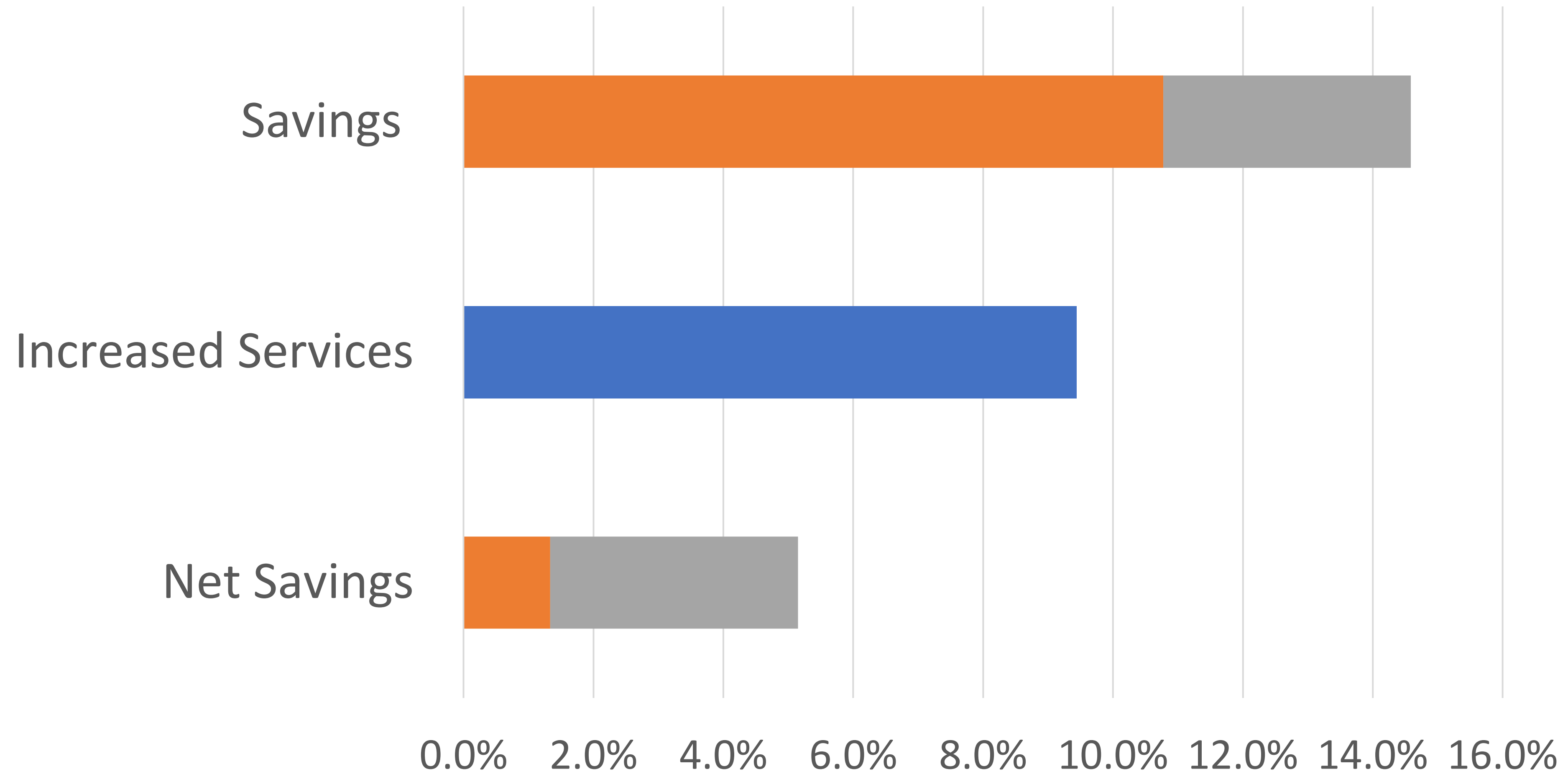
Estimates Program Costs in 2026 (Implementation Year)

	Total Cost (2026 $)*
Current System	$55.60 (Billion)
Universal Health Plan	$54.63 (Billion)
Projected Savings (Year 1)	$980 (Million)


Estimate of Savings
Provider Administrative Cost
Removal of Commissions and Marketing
Economies of Scale
Decreased Provider Net Income
Insurance Margin
Purchasing Power
Fraud, Waste, and Abuse
0.00%
2.00%
4.00%
6.00%
8.00%
10.00%
12.00%



Estimate of Increased Services
Behavioral, Rural, Primary
Coverage of uninsured
Addition of Dental Plan
Improved Benefits to PEBB level
Increased Access to Medicare and Medicaid
Elimination of Cost Sharing
0.00%
2.00%
4.00%
6.00%
8.00%
10.00%
12.00%


Estimates of Single Payer Savings
Savings
Increased Services
Net Savings
0.0%
2.0%
4.0%
6.0%
8.0%
10.0%
12.0%
14.0%
16.0%

Costs

Administering the Plan

- Costs to administer the Universal Health Plan were calculated at 6% by our actuary consultants.
- Some task force members think it will be possible to administer the plan for less.

Waivers

Waivers

- Will require federal waivers or congressional enabling legislation to use federal funds.
- Oregon may be able to proceed with 1115 and 1332 waivers and CMS innovation grants.
- Task force supports congressional “super waiver” legislation.

Revenue

- The Task Force considered a payroll and personal income tax funding combination
- The Task Force did not recommend or approve specific tax strategies
- Additional work is needed to determine how best to design a fair and equitable funding mechanism

Revenue

- The Task Force considered scenarios in which all employers pay a **payroll tax** on employee wages. Example rates: 7-10%. In the ***aggregate***, employers will contribute ~11% less toward the cost of health care than in the current multi-payer system
- The Task Force also considered, in addition to the payroll tax, a **health care income tax** on income above 200% FPL. Example rates: 0-8%. In the ***aggregate***, households will contribute ~13% less toward the cost of health care than in the current multi-payer system
- The Task Force made no formal recommendation. More study is needed.

Some Basic Take-aways of the Task Force

Advantages of a single payer system are real and address the problems.

- Financially unsustainable
- Harmful Complexity
- Socially unjust

Savings are from simplification, not reductions in provider payments.

Some Basic Take-aways of the Task Force

- Federal approvals are critical

- Still need a revenue plan
    - Taxation is hard to agree on

Overcoming anxiety about big changes:

- Given the enormity of the change (involving over $50 billion in spending and the health of 4.2 million people), the governing board needs to be consider designing a transition plan that builds confidence and reduces risk.

Thank you!

QUESTIONS?

- **Final Report submitted to the Oregon legislature on September 30**
- **Report available at:**

https://www.oregon.gov/oha/HPA/HP/Pages/Task-Force-Universal-Health-Care.aspx

Or search on Oregon Joint Task Force on Universal Health Care Final Report