Effective Implementation of the Affordable Care Act

House Health Care Committee
March 4, 2013

Mike Bonetto
Health Policy Advisor
Oregon Governor John Kitzhaber

Bruce Goldberg, MD
Director
Oregon Health Authority
Key Goals of Overview

- Common Understanding of ACA
- Review of necessary legislative actions
- Committee feedback and insight to legislative proposals
ACA Overview

• Population Health

• Delivery System Reform

• Coverage and Access in 2014
  • Medicaid
  • Health Insurance Exchanges
  • Health Insurance Market Reforms
Overview: Coverage and Access to Care

- Medicaid/Children’s Health Insurance Program (CHIP)
  - Coverage expansion for low income adults up to 138% of poverty (2014)
  - Enhanced federal funding for new eligibles
    - 100% in 2014-16
    - 95% in 2017
    - 94% in 2018
    - 93% in 2019
    - 90% in 2020 and beyond
Overview: Coverage and Access to Care

- **Insurance Regulation**
  - Guaranteed issue and renewability (starts 2014)
  - Pre-existing conditions exclusions prohibited (for children 6 months from enactment and for adults by 2014)
  - Prohibits lifetime limits, allows certain annual limits until 2014
  - Eliminates waiting periods of more than 90 days for group coverage (starts 2014)

- **Reinsurance**
  - Transitional federal reinsurance program, individual and small group (2014-2016)
Oregon’s Strategic Approach

- National Academy for State Health Policy

“States that adopt a coordinated, strategic approach to implementing federal health reform will find that the new law contains many provisions that support significant improvements in their health care systems.”
Oregon’s Strategic Approach

- 2007 – SB 329
- 2009 -- HB 2009 & HB 2116
- 2011 – HB 3650 & SB 99
- 2012 – SB 1580 & HB 4164
- Health Reform 2.0
Oregon’s Strategic Approach

- Governor’s directive to achieve alignment related to ACA activities between...
  - Oregon Health Authority
  - Oregon Insurance Division
  - Cover Oregon
  - Governor’s Office

- Role of Barney Speight
Oregon’s Strategic Approach

- Makes sure companies are solvent and can pay claims
- Licenses agents
- Reviews policies/rates
- Staffs consumer hotline
- Helps with insurance complaints/appeals
- Enforces federal and state insurance laws

- Oversees health reform
- Administers Medicaid programs (OHP)
- Approves coordinated care organizations for OHP members
- Manages public health and addictions and mental health
- Oversees public employee benefits

- Online shopping for individuals, small employers, and Medicaid
- Links to tax credits to make insurance affordable
- Help finding the right coverage through navigators/agents

[Logos and icons for Oregon Department of Business and Consumer Services, Oregon Health Authority, and Cover Oregon]
Oregon’s Strategic Approach

- To move away from traditional budget balancing actions:
  - Cut people from care
  - Cut provider rates
  - Cut services
Oregon’s Strategic Approach

Choosing a new way -- change how care is delivered to:

- Reduce waste
- Improve health
- Create more local accountability
- Align financial incentives
- Create fiscal sustainability
Oregon’s Strategic Approach
Changing health care delivery

- Benefits and services are integrated and coordinated
- One global budget that grows at a fixed rate
- Metrics: standards for safe and effective care
- Local accountability for health and budget
- Local flexibility
Oregon’s Strategic Approach
Coordinated Care Organizations

- Serve Oregon Health Plan (Medicaid) members
- 15 across the state
- Coordinate mental and physical health care
- Global budget
- Designed to encourage wellness, not just treat illness
- Prevention, chronic disease management, community health workers
- Improving the way people receive care
Oregon’s Strategic Approach

Health Reform 2.0

- Changing care model to bend the cost curve
- Align purchasing of care model - begin with Oregon Health Plan – extend to other state purchasing and align with private sector purchasing
Medicaid/Oregon Health Plan

- Currently covers children up to 300% Federal Poverty Level (FPL), categorical adults and about 60,000 non-categorical adults through OHP standard lottery.
- ACA allows expansion to all adults age 19-65 with incomes less than 138% FPL
  - Single person – $15,856 year
  - Family of four - $32,499
- Expert analysis of financial implications to Oregon completed in January
Table 2. ACA Medicaid Expansion Projected Financial Effect on Oregon by Funding Source, 2014 to 2020  
*(Dollars in millions)*

<table>
<thead>
<tr>
<th>Type of Effect</th>
<th>Effect on General Fund Expenditures</th>
<th>Effect on Other/Lottery Funds Expenditures</th>
<th>New Federal Funding and Tax Revenue</th>
<th>Net Effect on Health Care Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expansion to newly eligible (excludes OHP Standard)</td>
<td>$433</td>
<td></td>
<td>$9,913</td>
<td>$10,346</td>
</tr>
<tr>
<td>New enrollment by previously eligible (welcome mat effect)</td>
<td>$158</td>
<td></td>
<td>$278</td>
<td>$436</td>
</tr>
<tr>
<td><strong>New Coverage Subtotal</strong></td>
<td><strong>$591</strong></td>
<td><strong>-</strong></td>
<td><strong>$10,191</strong></td>
<td><strong>$10,782</strong></td>
</tr>
<tr>
<td>Transitioning select Medicaid enrollees to newly eligible category</td>
<td>($24)</td>
<td></td>
<td>$24</td>
<td>-</td>
</tr>
<tr>
<td>Savings to state programs for uninsured</td>
<td>($204)</td>
<td></td>
<td></td>
<td>($204)</td>
</tr>
<tr>
<td>Transitioning OHP Standard to newly eligible category</td>
<td>($1,072)</td>
<td></td>
<td>$1,072</td>
<td>-</td>
</tr>
<tr>
<td>Premium reductions for PEBB &amp; OEBB</td>
<td>($93)</td>
<td>($37)</td>
<td></td>
<td>($130)</td>
</tr>
<tr>
<td><strong>Savings Subtotal</strong></td>
<td><strong>($321)</strong></td>
<td><strong>($1,109)</strong></td>
<td><strong>$24</strong></td>
<td><strong>($334)</strong></td>
</tr>
<tr>
<td><strong>Net Cost of Coverage</strong></td>
<td><strong>$270</strong></td>
<td><strong>($1,109)</strong></td>
<td><strong>$11,286</strong></td>
<td><strong>$10,448</strong></td>
</tr>
<tr>
<td>State tax revenue from economic activity</td>
<td>($349)</td>
<td></td>
<td>$349</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Effect of Expansion</strong></td>
<td><strong>($79)</strong></td>
<td><strong>($1,109)</strong></td>
<td><strong>$11,635</strong></td>
<td><strong>$10,448</strong></td>
</tr>
</tbody>
</table>

Notes: Positive numbers represent expenditures; negative numbers (in parentheses) represent program savings or revenue offsets. Numbers that appear twice in a row represent a change in funding source (general or other funds to federal funds).
Impact of ACA

- ~180,000 uninsured adults could come on to the Oregon Health Plan next biennium
  - ~2/3 below poverty
  - ~1/3 living under 50% of poverty
- Diminished cost shift to those with insurance.
- County mental health and community corrections programs and mental health and drug courts, should see many of those they currently provide services to, having OHP coverage.
Program changes

• More efficient eligibility and enrollment through Cover Oregon web site and customer service call centers
• Single OHP Benefit Package – OHP Plus
  • Federal requirement for essential benefit package
  • OHP Standard does not meet federal benchmark
  • Medicaid Advisory Committee had a strong public process to recommend Oregon’s Medicaid benefit
Children

- OHP for children under 300% FPL
- Less costly for state to administer, better value for families
- Opportunity to give families choice of OHP or to purchase insurance on the exchange in 2015/16 using CHIP dollars
Statutory Changes

- HB 2859: Alignment of state law with changes to federal Medicaid and Children’s Health Insurance Program Laws
  - Makes technical and definitional fixes to clarify responsibilities of DHS and OHA in determining eligibility for public and medical assistance.
  - Makes changes in state statutes regarding medical assistance eligibility to conform with changes in federal law.
  - Allows Cover Oregon to be included in the transfer of information and delegation of duties for medical assistance eligibility determinations.
Statutory Changes

• HB 2091: Transition children under 300% (FPL) to the Oregon Health Plan and phase out Healthy Kids Connect program
  • This bill ends the HKC program and transitions the HKC children to OHP, starting in October for newly eligible kids and taking one year for transition of current enrollees.