# Office of Private Health Partnerships
# Governor's Balanced Budget
# 2013-2015

**Oregon Health Authority**

**Presented to the Human Services Legislative**

**Sub-committee on Ways and Means**

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Oregon Health Authority

# Office of Private Health Partnerships Goals and Expected Outcomes

*Integrated programs that create partnerships among government, private market carriers, employers, and the public to:*

- Reduce the number of uninsured Oregonians
- Provide access to comprehensive health insurance coverage
- Offer customers plan and provider choice
- Share costs among customers
- Respond quickly to changing laws and market conditions
- Educate and train employers, industry professionals, and community partners

*Oregon Medical Insurance Pool (OMIP), Federal Medical Insurance Pool, (FMIP) Family Health Insurance Assistance Program (FHIAP), Healthy KidsConnect (HKC), Healthy Kids Employer Sponsored Insurance (HK ESI), and Information, Education and Outreach (IEO)*

# Office of Private Health Partnerships Program Missions and Summaries

Five programs: working to maximize resources, share costs, and provide access to quality health care for all Oregonians.

These programs are closely connected, working across program lines to share talent, technologies, and resources to accomplish the shared mission of the organization.

**Family Health Insurance Assistance Program (FHIAP)**

Opened in 1998, this program subsidizes private health coverage through employers and private market carriers. It's available to uninsured children, adults and families who are at or below 200% FPL. The subsidy pays from 50-95% of monthly health coverage premiums for eligible adults and 100% for children age 18 and younger.

**Healthy KidsConnect (HKC) and Healthy Kids Employer-sponsored Insurance (HK ESI)**

The Healthy Kids private insurance options, Healthy KidsConnect (HKC) and Healthy Kids ESI – which opened in July 2009 – are available to kids in families over 200% of the federal poverty level. Premium subsidies are available for these kids up to 300% FPL. Kids in families over 300% FPL can enroll in HKC with no subsidy.

# Office of Private Health Partnerships Program Missions and Summaries

**Oregon Medical Insurance Pool (OMIP)**

Operating since 1987, it covers adults and children who can't get private health coverage because they have a medical condition or do not have access to commercial portability insurance. Cost is based on age and the plan chosen. While OMIP is not low-cost health coverage, FHIAP can help pay monthly premiums for qualified OMIP members. The OMIP program also administers the Children's Reinsurance Program (CRP), which started in August 2011. The CRP spreads the cost of insuring high risk children among all companies licensed to sell health insurance in Oregon.

**Federal Medical Insurance Pool (FMIP)**

One of the first programs in Oregon implemented under the Affordable Care Act (ACA). Similar to OMIP, it's a federal program administered by the state that opened inJuly 2010 to cover adults and children who can't get private health coverage because they have a medical condition. FMIP applicants must have been uninsured for six months and meet federal residency requirements.

**Information, Education, and Outreach (IEO)**

Educating employers, employees, health insurance industry professionals, civic groups, community partners, and the public on a variety of state programs, reforms, and changes in insurance law. The Agent Referral Program connects business owners and families with health insurance agents in their community to assist them in navigating the health insurance system and to find solutions that meet their health insurance needs.

# Office of Private Health Partnerships
# Past Health Reform and Expansions

Health reform at the federal and state level in the years leading up to 2014 resulted in the opening of new programs in OPHP:

•**August 2009**: The HKC program was opened in OPHP to expand subsidy assistance for health insurance coverage to children up to 300% FPL.

•**July 2010***:* The FMIP program was opened in OPHP as part of a federal effort to ensure coverage of high risk individuals who were not able to secure coverage in the commercial market.

# Past Health Reform Expansions Partially Offset by Budget Reductions

*While health reform at the federal and state level resulted in expansion of OPHP programs, this growth was partially offset by budget shortfalls driven by the broader recession in the economy nationwide. Even with approximately 40,000 individuals on the wait list, the dependence of the FHIAP program on General Fund for the State match resulted in reductions:*

- **June 2008**: Budget reductions resulted in the transition of FHIAP enrollees to the Oregon Health Plan (OHP); approximately 4,500 people.

- **July 2011**: The FHIAP program was closed for new enrollment for all adults.

- **February 2012**: Budget reductions were approved requiring approximately 1,000 FHIAP enrollees to move to the OHP.

# Impact of Health Care Reform in 2014 Program Transitions & Closure

OPHP programs will continue providing access to approximately 26,000 Oregonians, largely unchanged, for the first six months of the 2013-15 biennium.

In **January 2014**, the health insurance environment will change dramatically with implementation of provisions in the federal Affordable Care Act (ACA):

- **GBB assumes Medicaid expansion up to 138% of federal poverty level (FPL)**
- **Health insurance tax credits through Cover Oregon for individuals between 138% and 400% FPL begin Jan. 1, 2014**
- **Guaranteed Issue for all health insurance carriers**

# Impact of Health Care Reform in 2014 Program Transitions & Closure

Changes driven by implementation of ACA provisions has a substantial impact on OPHP, and OPHP enrollees:

## FHIAP

**Potential expansion of Medicaid** and the **implementation of the health insurance exchange, Cover Oregon,** will result in the transition of all FHIAP enrollees to either OHP or Cover Oregon, and the program will close in January 2014.

## OMIP and FMIP

Implementation of **guaranteed issue** health insurance ensures that people with pre-existing conditions can secure insurance in the commercial market, and the OMIP and FMIP high-risk pools close as a result in January 2014. Budget and cash reserves will be maintained for the claims run-out period, which can extend for over one year after closure.

# Changes in the OPHP timelines

Recent ACA rules issued by the federal government

- Due to uncertainties in federal regulations at the time the GBB was developed, **OMIP** was conservatively scheduled to close in June 2014. That closure date will now move up to January 2014 as a result of federal regulations issued in late December 2012.

- The **HKC** program was scheduled to continue operating throughout the 2013-15 biennium in the GBB. As federal regulations were issued, options for Oregon were clarified. OHA is working with legislature around transitioning HKC to CCOs.

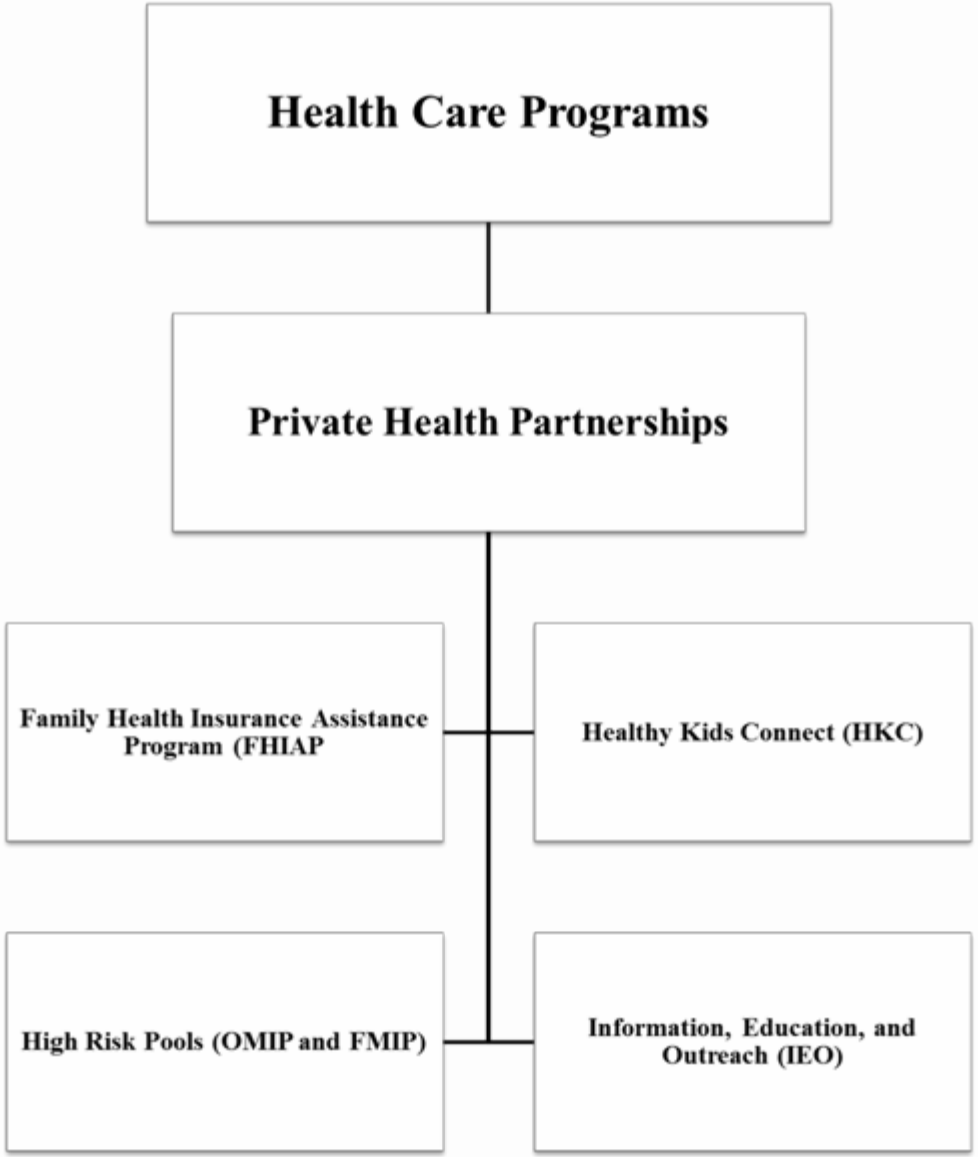
- Both of these recent federal updates will require some adjustments to the OPHP GBB budget.

# Changes to the OPHP Budget and staffing transitions

- Due to uncertainties associated with the timeline of the OMIP & placement of the HKC program, OPHP positions and associated costs were not reduced at the time the GBB was developed.

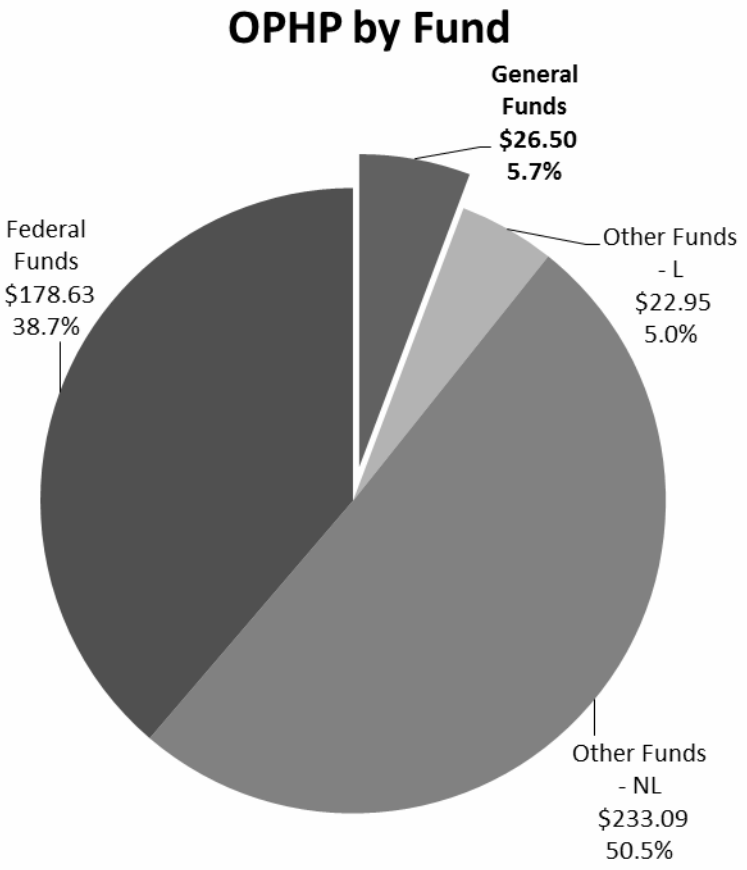
- OHA leadership will work with legislature to develop a plan for the transition and scale funding and positions back where appropriate.

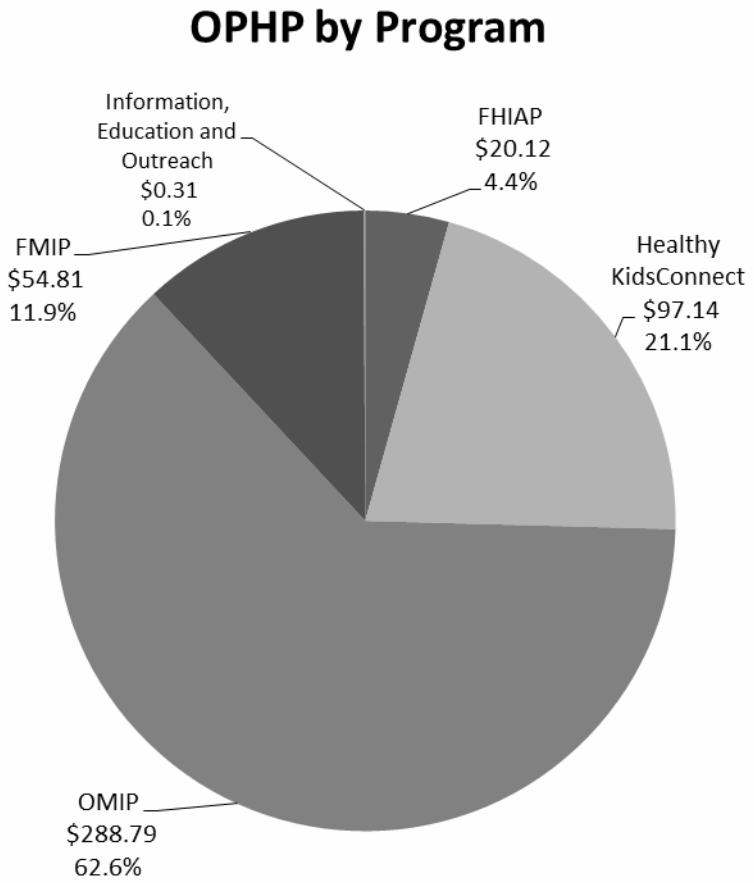
# 2013-15 OPHP Organization Structure



# OPHP 2013-15 Governor's Balanced Budget

*(in millions)*

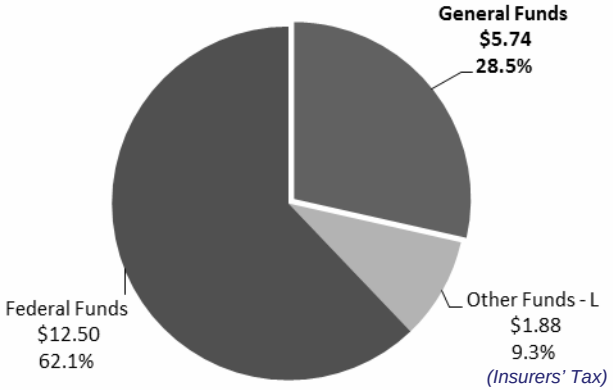


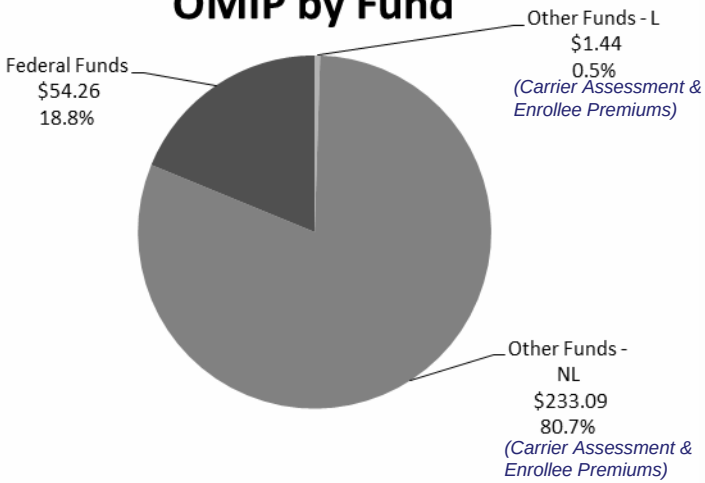
# OPHP 2013-15 Governor's Balanced Budget

*(in millions)*

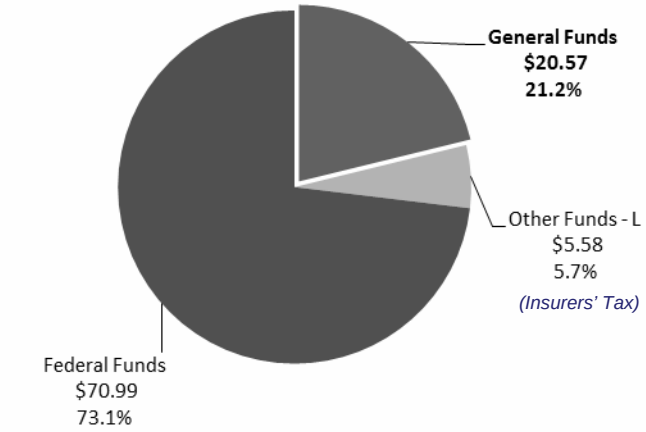
## FHIAP by Fund



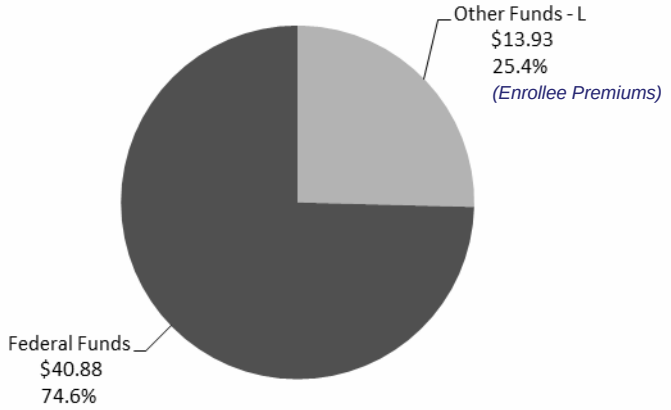

## OMIP by Fund




## Healthy KidsConnect by Fund




## FMIP by Fund




** The $0.3 IEO budget is 61% GF, 39% OF.*

# OPHP GBB Budget Summary

As discussed earlier in this presentation, due to the rapid pace of change driven by implementation of the ACA, there are three major changes to the OPHP budget that will need to be reflected:

- Transition of the HKC program in January 2014.
- Adjustment of the OMIP closure date from June 2014, as reflected in the GBB, to January 2014.
- Due to uncertainties about federal changes, staffing levels were kept constant in the GBB. OHA will work with legislature to develop a plan and scale funding and positions where appropriate.