
Basic Health Program: CMS updates and Marketplace impact

Oregon Health Policy Board

June 6, 2023



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BHP updates

Recap and update

Reminder: CMS direction

- **Temporary Medicaid Expansion**
 - Amendment was approved 4/20/23!
- **Phased BHP implementation over **three years****
 - BHP implementation must allow for all eligible individuals to enroll at launch
 - However, due to FFM auto-re-enrollment, the transition of BHP-eligible Marketplace consumers will occur over three years

Mid-2024 plan for Marketplace enrollees

- When the BHP launches mid-2024, BHP-eligible Marketplace enrollees will have the option to enroll through the FFM or ONE System.
 - BHP-eligible Marketplace enrollees will NOT be automatically migrated to the BHP
 - Marketplace enrollees must update their FFM application or apply via ONE
 - Because Marketplace enrollees may auto-re-enroll in their plans, migration of BHP-eligible marketplace enrollees will happen over time from launch through end of 2026
- BHP-eligible individuals who update their FFM application will no longer be eligible for Marketplace tax credits.

BHP updates since last meeting

- Blueprint formal public comment period runs until June 9, 2023
 - Official public hearings held May 9 and May 31
- Ongoing engagement efforts with CCOs, carriers, and others
 - CCO Table and CCO Operations Collaborative presentations
 - Carrier Table and HIMAC presentations
- Formal Tribal Consultation: July 6, 2023
- **Recommendation:** OHPB review final Blueprint in August (instead of July) to allow time to integrate feedback from Tribal Consultation

Mitigating impact on Marketplace consumers

Background & options explored

HB 4035 direction to Task Force

“The task force shall **identify potential disruptions** to the individual and small group markets by the bridge program and **develop mitigation strategies to ensure market stability** including utilizing the Oregon Reinsurance Program or other mechanisms to **limit disruptions in coverage.**”

Identifying potential disruptions

Actuaries and consultants helped Task Force consider potential disruptions to the Individual Market

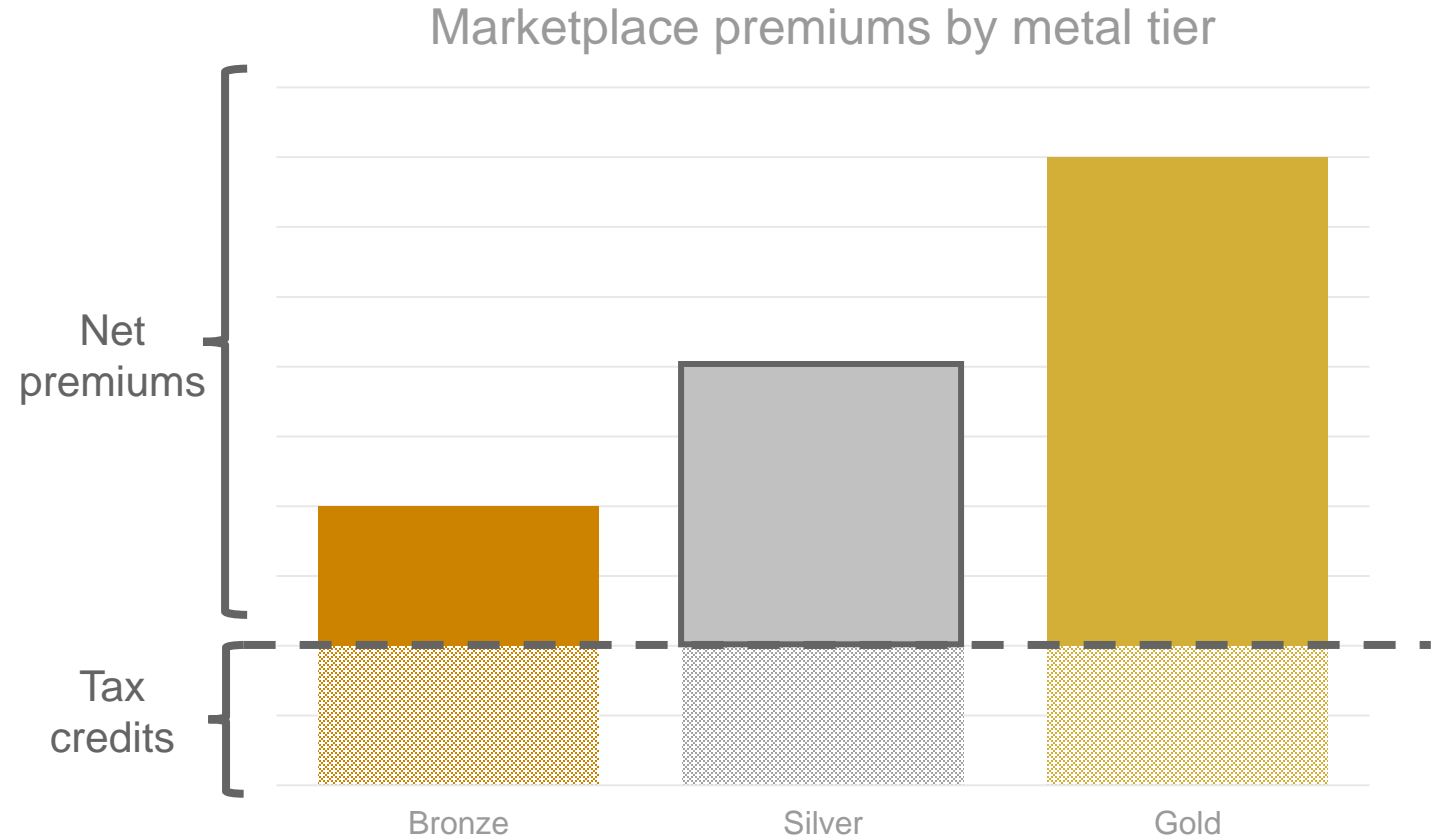
- Actuarial analysis estimates that removing 138-200% FPL cohort *improves* the overall risk pool
- However, loss of “**silver loading**” reduces silver premiums *and* tax credits, increasing net premiums for some consumers

What is silver loading, and why do we do it?

- The ACA created cost-sharing reduction (CSR) plans to reduce costs for Marketplace consumers < 250% FPL
 - Funded by federal payments directly to carriers
 - Federal payments ceased in 2017, but requirements for carriers to offer CSR plans remained
- In response, Oregon directed carriers to increase silver premiums
 - Ensures carriers have resources to maintain CSR plans
 - **Because tax credits are based on the cost of silver plans, increasing silver premiums increases federal tax credits for eligible consumers**

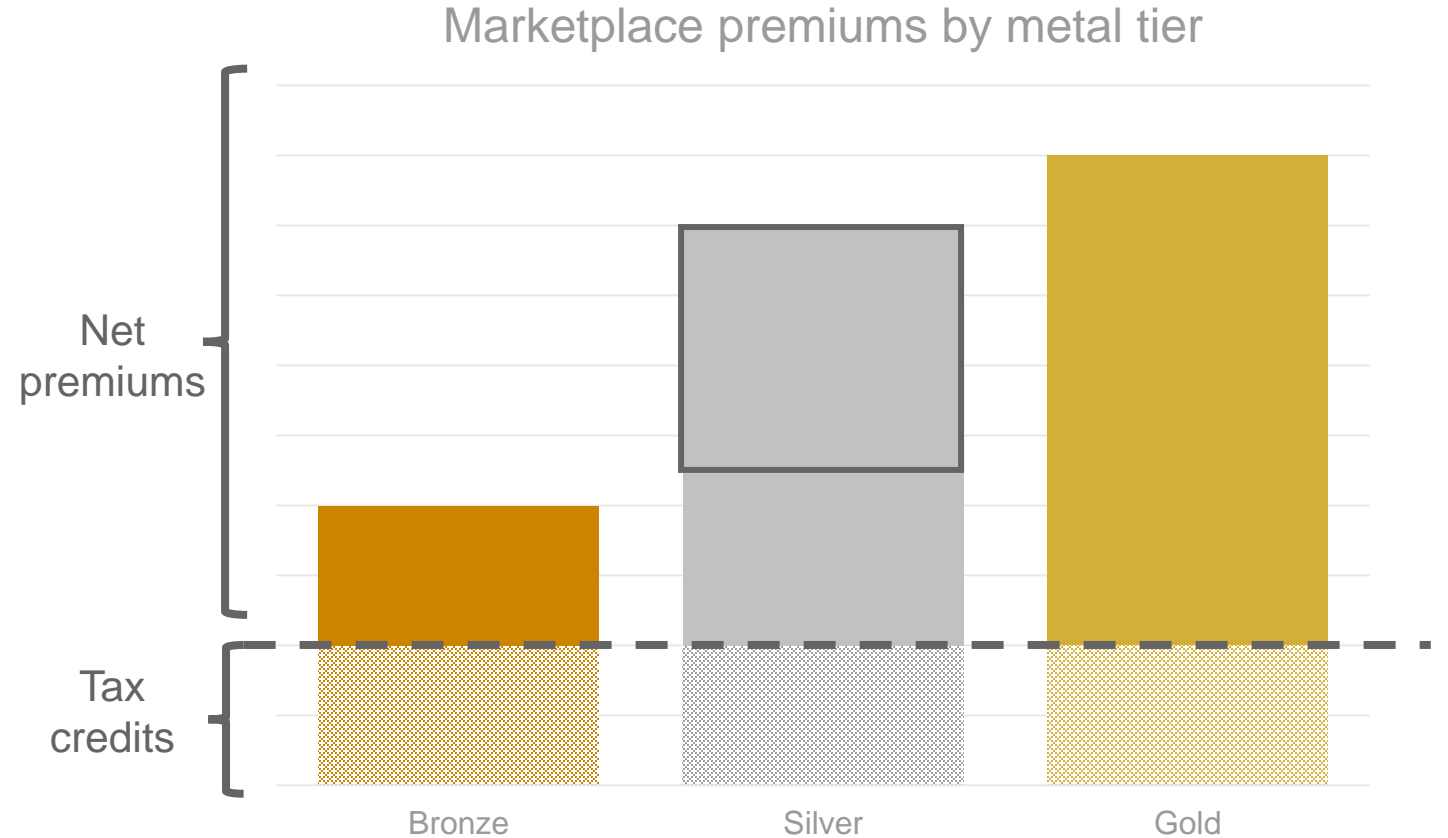
Net premiums before silver loading

- Tax credits determined by cost of silver premiums



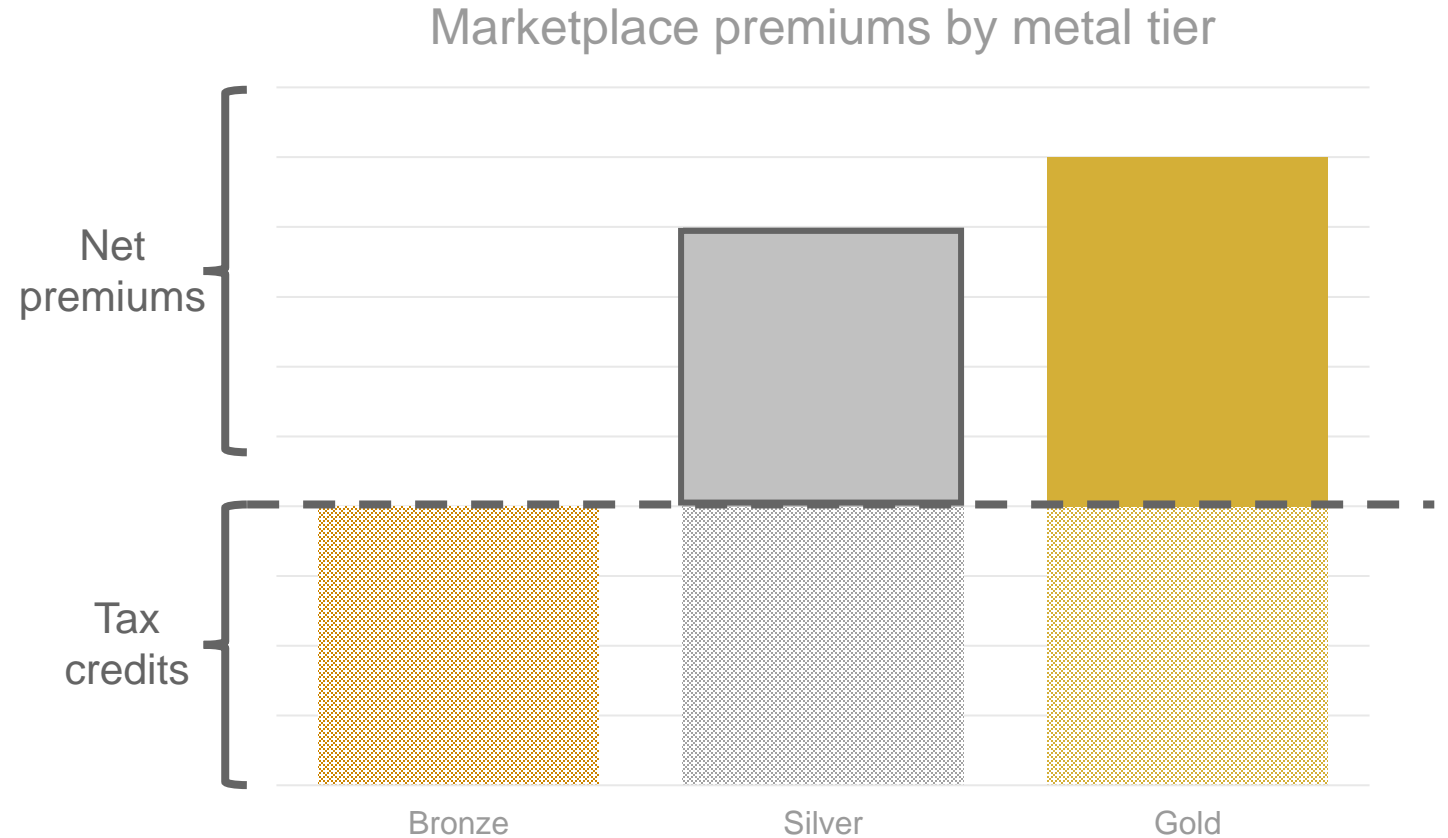
In 2018, Oregon directed carriers to increase silver premiums to offset the loss of federal CSR payments.

- Federal government stopped paying carriers for CSR plans in 2017
- But carriers were still legally obligated to provide CSR plans
- Oregon directed carriers to increase silver premiums to offset this loss of CSR payments



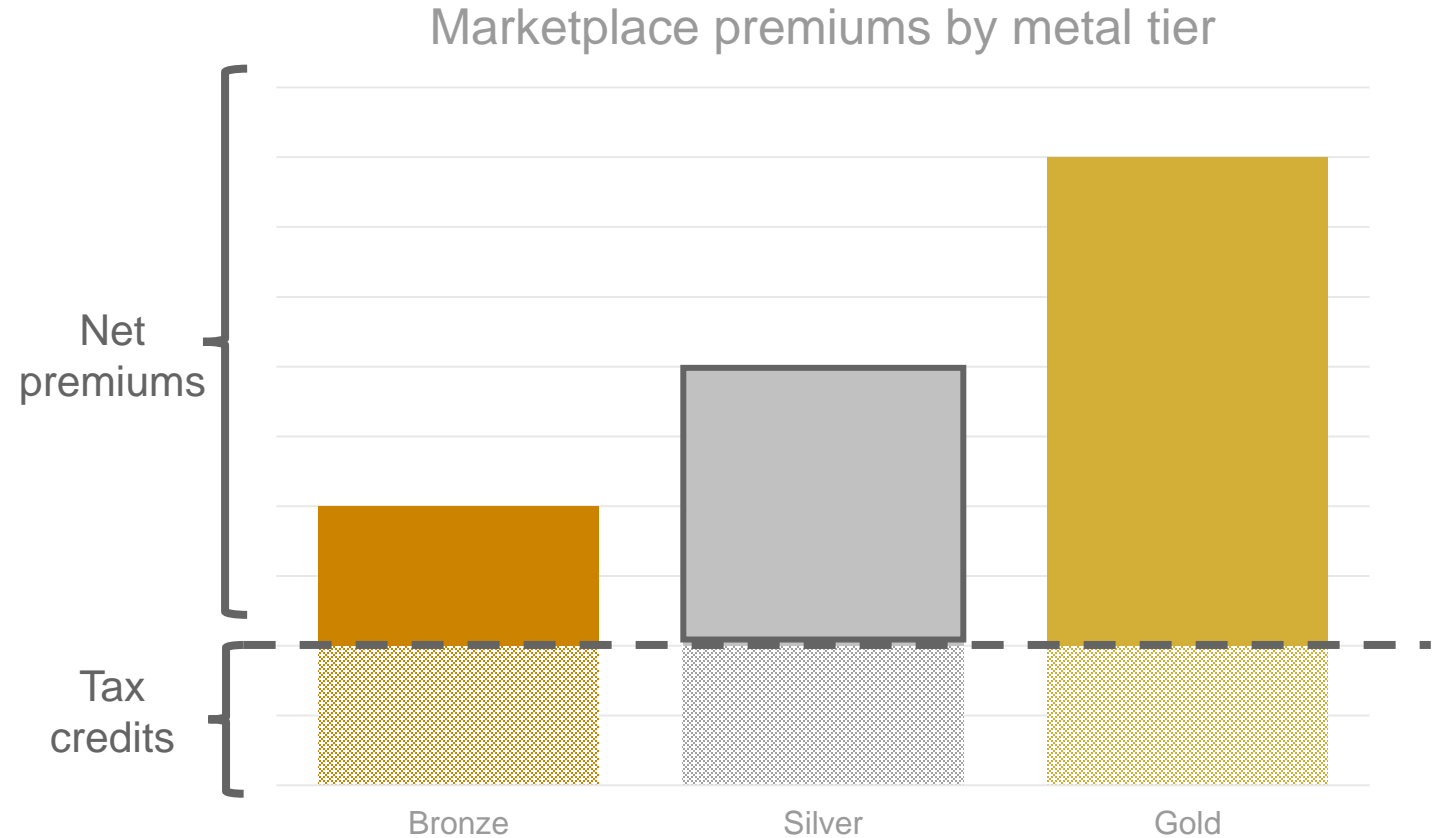
Tax credits increased due to higher silver premiums

- Oregon directed carriers to increase silver premiums to offset this loss of CSR payments
- Causing tax credits to increase
- Making Bronze premiums even more affordable and Gold plans more attainable



When Oregon implements the BHP, most individuals eligible for CSR plans will transition to the BHP.

- Because there will be fewer CSR-eligible individuals, the costs that carriers need to load into silver plans will decrease
- Tax credits will subsequently decrease
- Consumers in silver plans will see minimal (if any) change in net premiums
- This will create savings for the federal government at the expense of some Gold and Bronze consumers



Task Force direction to seek federal funds for mitigation

- **State administered premium assistance subsidy program**
 - Would capture federal dollars saved by reducing premiums on the Marketplace
 - Create a subsidy to further reduce the cost of premiums for subsidized enrollees
 - **Placed on hold:** Carriers indicated operationally burdensome; CMS concerned the simplified design of the subsidy needed for HealthCare.gov would violate the affordability guardrail
- **Gold Benchmark on federally facilitated exchange (FFM)**
 - Increase Marketplace consumers' purchasing power by replacing the second lowest cost silver plan with the lowest cost gold plan as the State's benchmark
 - Actuarial analysis, requested by CMS, showed approach feasible with small state cost
 - **Placed on hold:** CMS not willing to prioritize the operational changes needed, and therefore unwilling to consider outstanding policy questions

“BHP look-a-like”

- CMS proposed covering adults 138-200% FPL using a 1332 waiver instead of a Section 1331 BHP Blueprint
 - Modify provisions defining who qualifies for QHP subsidies on the Marketplace to exclude the BHP population from premium tax credits and cost-sharing reductions
 - The State would then recoup the federal savings to create an entirely new affordable coverage program under the waiver that replicates many of the features of a BHP and additionally applies savings to mitigation efforts
 - Would require 1332 application submitted by end of June 2023
- State would be at risk for enrollment increases if the BHP resulted in more people being covered than would be covered in the “no BHP” baseline
 - Questionable if funding would cover BHP population let alone cost of mitigation

Summary

- Oregon currently “silver loads” to offset the loss of federal CSR payments.
- When BHP-eligible Marketplace consumers transition to the BHP, silver premiums will decrease, leading to lower tax credits for eligible consumers.
- Net silver premiums will remain relatively constant, but lower tax credits will create savings for the federal government at the expense of some Gold and Bronze consumers.
- There are no feasible opportunities for federal dollars to mitigate impact of discontinuing silver loading because Oregon remains on the FFM.

Mitigating Marketplace impact with three year phase-in

Updated actuarial analysis

Due to FFM auto-re-enrollment, Marketplace individuals will transition to the BHP over three years.

- Marketplace enrollees who do not update their Marketplace application are automatically re-enrolled in their same health plan from one year to the next
- Because the Federal marketplace platform cannot override this function, BHP-eligible people who do NOT update their application will remain in their current plan and NOT move to the BHP
 - Approximately 30% of Marketplace members on CSR plans automatically re-enrolled in their same plan from 2022 to 2023
- **Considering auto-re-enrollment patterns will enable Oregon carriers to gradually reduce silver loading and give consumers and plans time to adjust over 3 years**

Summarizing Marketplace impact

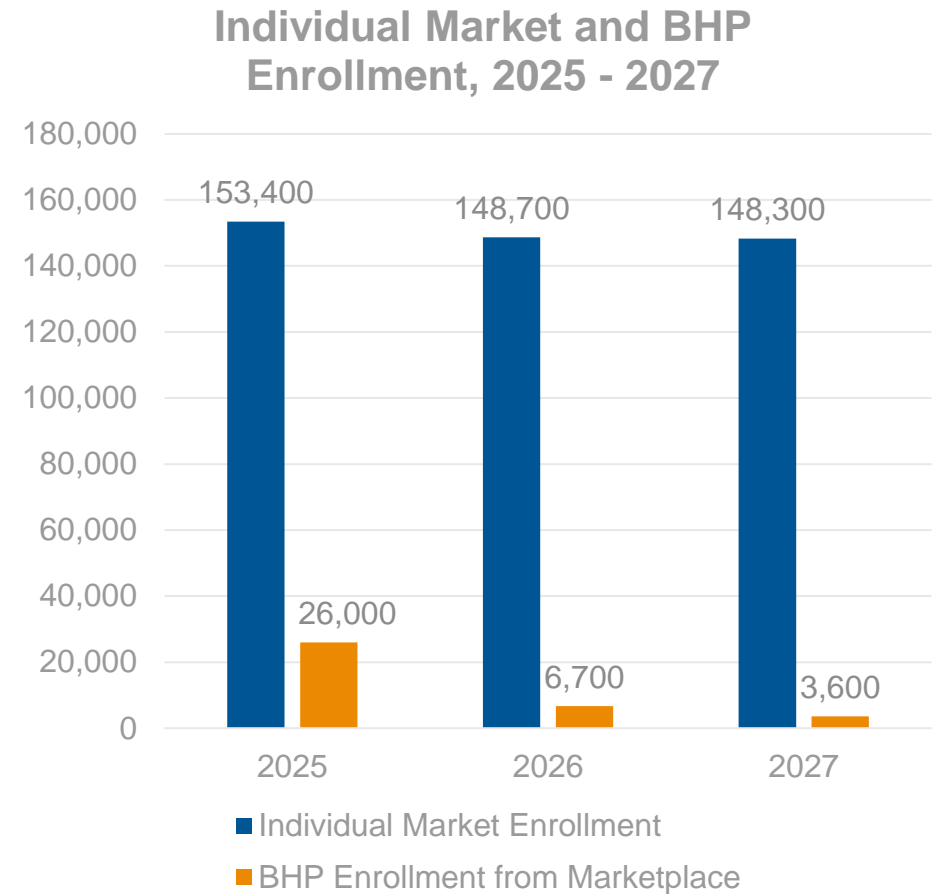
- BHP enrollment from the Marketplace will take place over three years, allowing for a gradual reduction in silver loading, which will:
 - **Slow down the premium impact** of the BHP on those remaining in the Marketplace
 - **Give the State an opportunity to course-correct** if actual impacts differ from projected ones
- Individuals on the Marketplace may be impacted in three ways:
 - **Net premium increases:** there will be an overall increase in net premiums, but those increases will be mostly concentrated in the 400+% FPL category
 - **Shift in coverage:** Some people are projected to shift coverage types, primarily shifting away from Gold to Silver or Bronze coverage, as the net premiums for their current coverage increases
 - **Drop coverage:** projected 1,800 people will drop coverage over three years

Key assumptions to note

- Premium rates for individual market plans based on 2023 premiums, trended forward at 6.8% /yr to 2025, 2026, and 2027
 - Adjustments made to account for changes to CSR loading and expected morbidity
- Annual claims trended at 6.8% /yr for 2025, 2026, and 2027
 - Adjustments made to account for changes to CSR loading and expected morbidity
- **ARPA/IRA subsidies assumed to be extended through at least 2027**
 - Other adjustments made to calibrate historical (pre-ARPA) data
- No significant impact to employers' decisions to offer coverage to employees or to required employee contribution rates during 2023-2027 timeframe

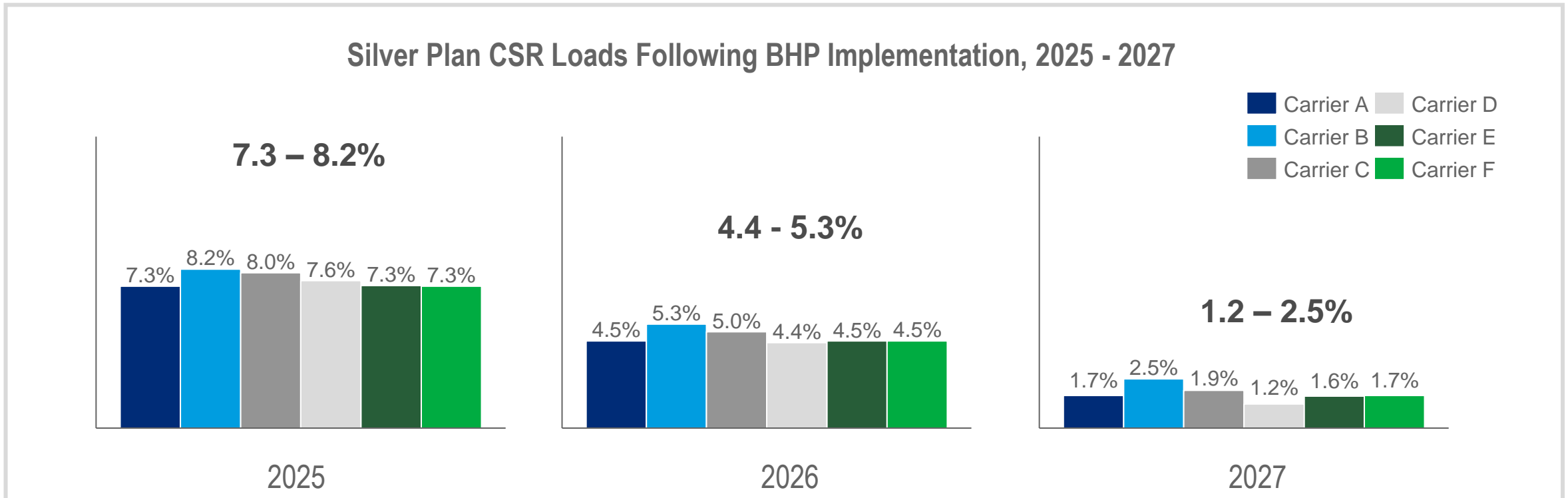
BHP Impacts to Individual Market Enrollment

- The Oliver Wyman analysis projects individual market would cover 181,500 people in 2025 with no BHP.
- With the BHP in place, individual market enrollment decreases as BHP enrollment grows.
- Approximately 70% (26,000) of BHP-eligible individuals will move into the BHP in **2025**
 - 6,700 follow in 2026, and 3,600 more in 2027.
- Note that the individual market population stays level from 2026 to 2027 even with continued enrollment into the BHP.



CSR Silver Loading Gradually Decreases

The rate at which BHP-eligible individuals move over to the BHP impacts the level of silver loading remaining in the Marketplace. The baseline 2025 CSR silver load would have been between 13.8 – 15.0; following BHP implementation, silver loading gradually decreases over time.

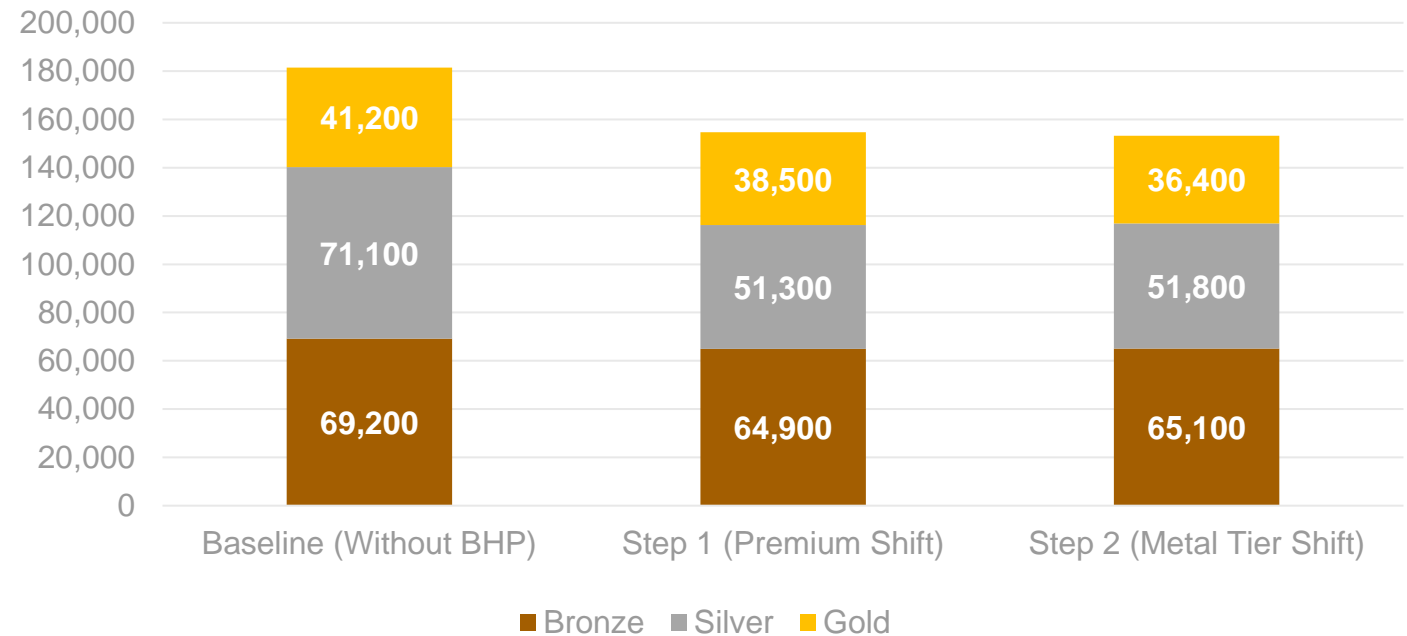


On-Exchange silver plan CSR loads are based on estimates from the carrier data call and account for the expected mix of CSR and non-CSR silver On-Exchange enrollees

Changes in Metal Levels in 2025

- As a result of the revised premium rates, individuals will re-assess coverage decisions. This leads to dynamic changes in consumer behavior that results in further adjustments to the market morbidity and CSR loading and continues until the market reaches a new equilibrium.
- Individuals in Gold coverage decrease slightly (36,400 instead of 38,500) and individuals in Bronze coverage increase slightly (64,900 to 65,100).

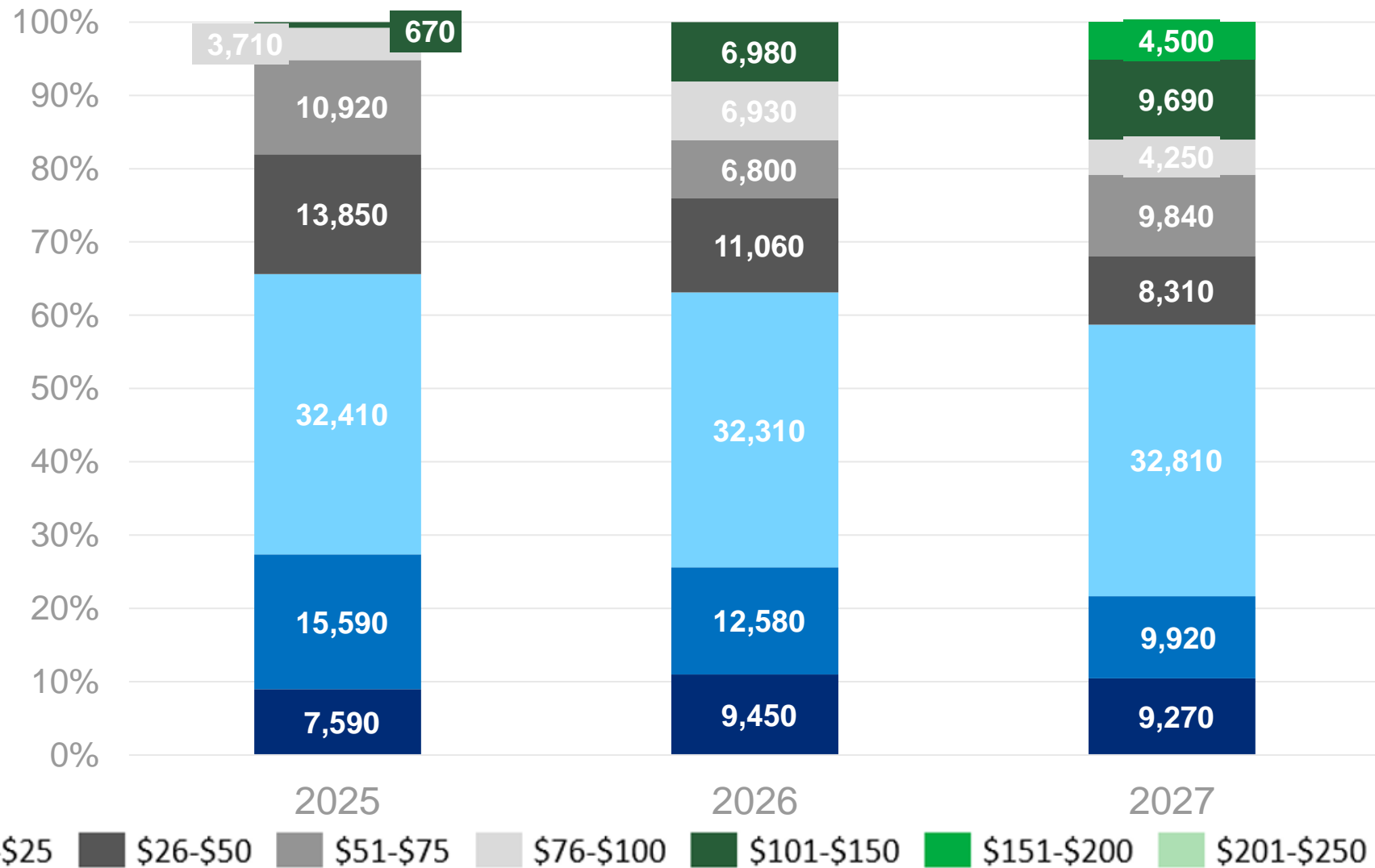
2025 ACA Distribution by Metal Level



*in 2025, though there remain some people under 200% FPL in Bronze and High CSR Silver plans, the increase in Gold coverage and the decrease in Bronze are almost entirely from the movement of individuals above 200% FPL shifting coverage; individuals under 200% FPL remain in their same coverage type.

Net Premium Changes, all incomes/ages, by year

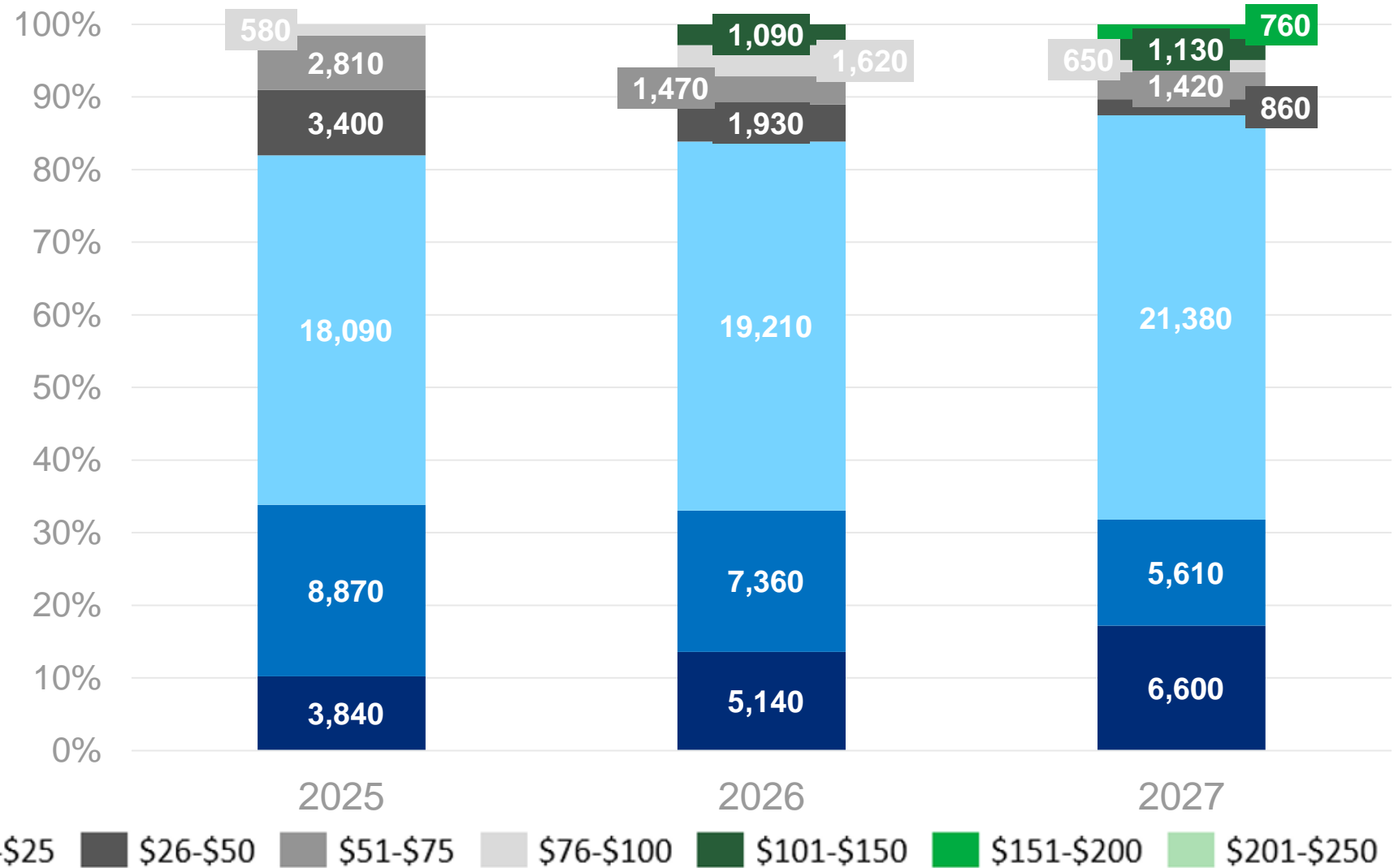
- Nearly two-thirds of Marketplace enrollees experiences premium increases of \$25 or less in year 1
- Over 3-years, premium impacts grow, depending on plan choice, concentrated primarily among higher income enrollees



Net Premium Changes for 201-300% FPL, by year

Among the 200-300% FPL cohort:

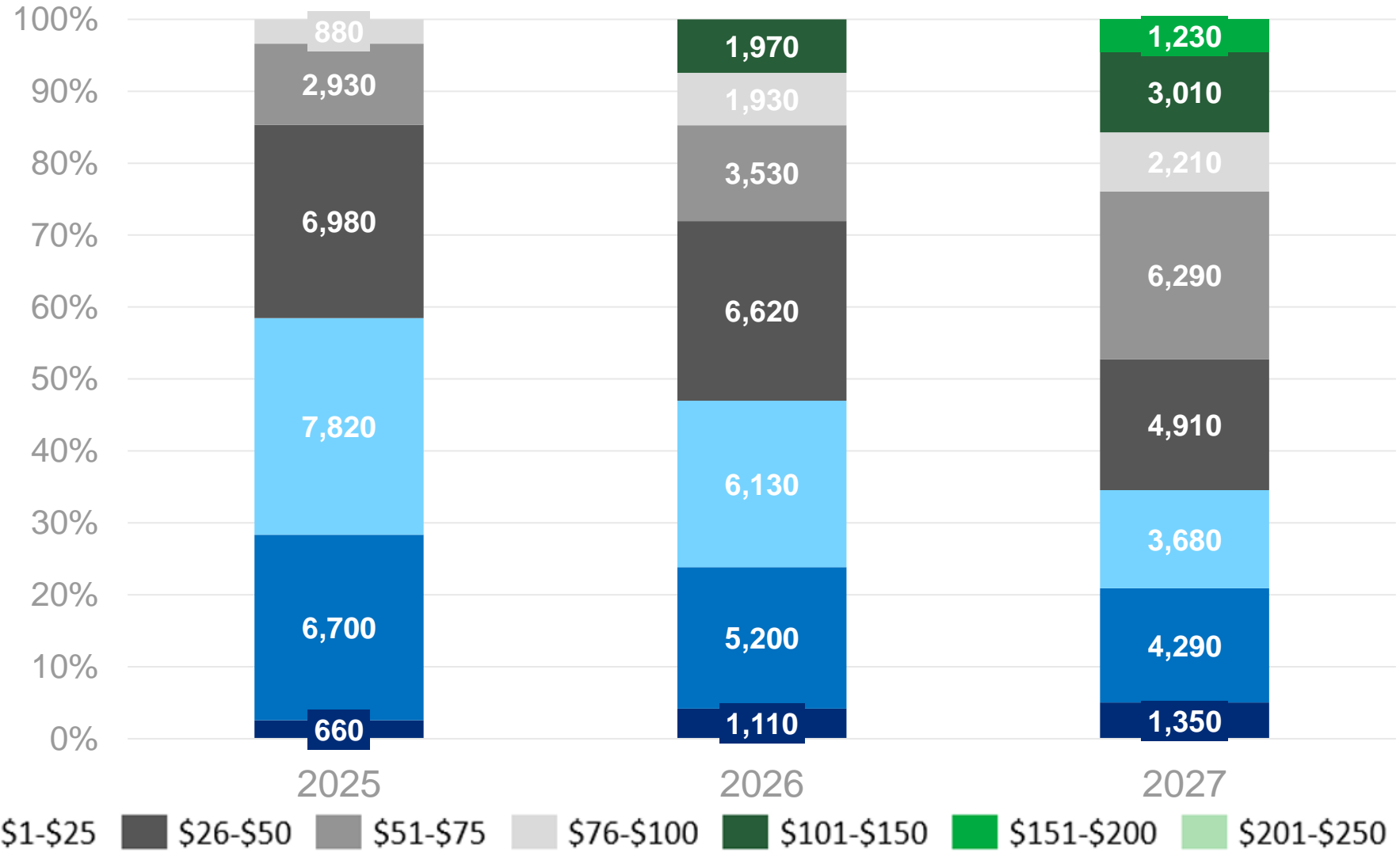
- More than 80% of enrollees experience premium increases below \$25
- Small number of consumers face larger increases by 2027, dependent on plan selection choices



Net Premium Changes for 301-400% FPL, by Year

Among the 300-400% FPL cohort:

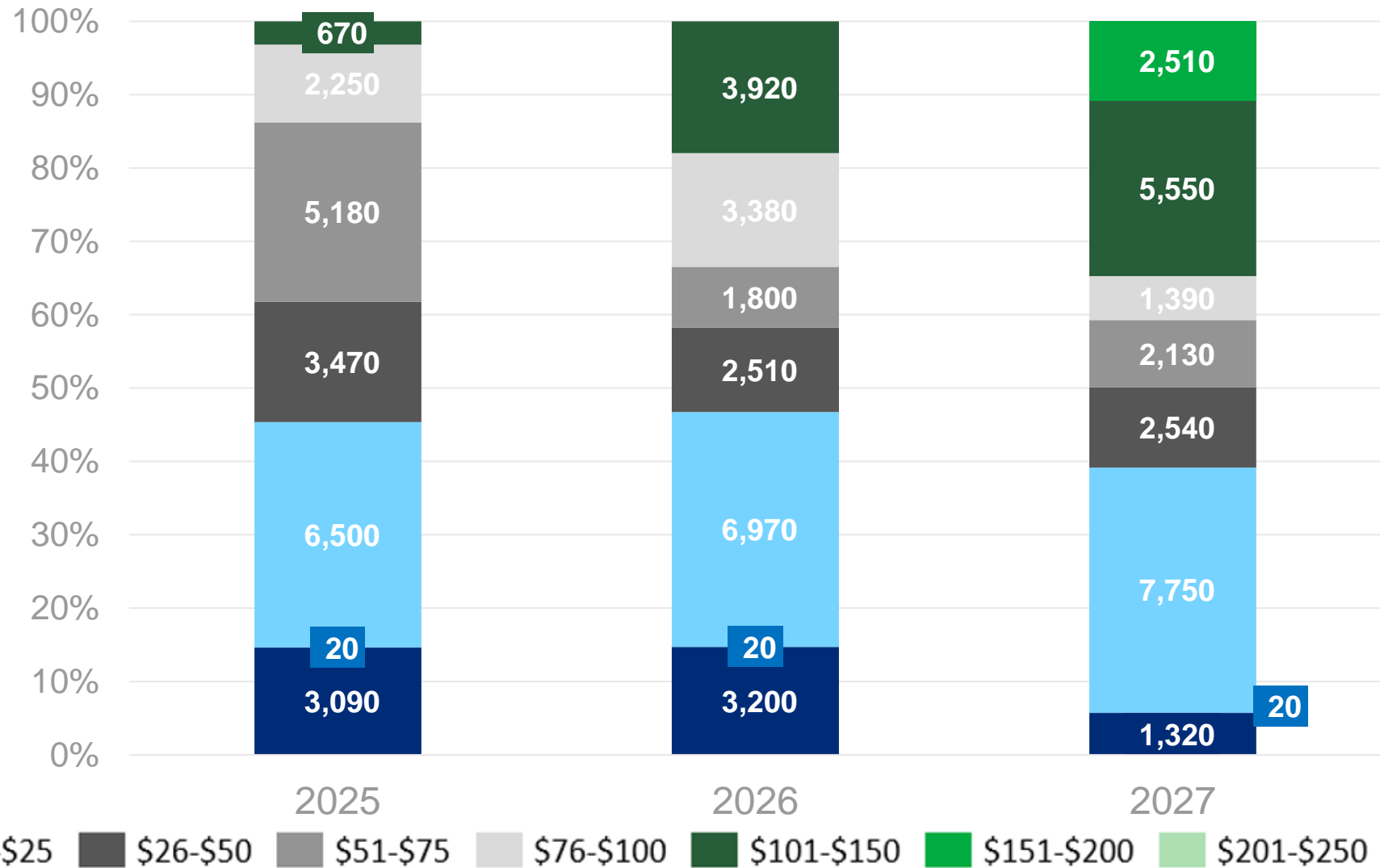
- More than half of enrollees face premium increases <\$25 in 2025
- Premium impact phases in due to 3-year enrollment phase in



Net Premium Changes for 401%+ FPL, by year

Among folks with income above 400% FPL:

- Premium increases phase in beginning in 2025;
- Half of enrollees experience increases not more than \$50;
- 400% FPL = \$58k for individual; \$99k for family of 3



Bridge Program protects pandemic coverage gains

- BHP will preserve continuous coverage for ~55,000 people 138-200% FPL who will lose Medicaid
- Without a BHP, more than 20,000 people could lose coverage during the Medicaid to Marketplace migration process
- The impact the BHP will have on silver-loading, and resulting net premium changes, may cause up to 1,800 people to drop Marketplace coverage over 3 years



Key takeaways

- **BHP enrollment from the Marketplace will take place over three years, which:**
 - Slows down the premium impact of the BHP on those remaining in the Marketplace
 - Gives Oregon opportunities to course-correct if impacts differ from projections
- **Reducing silver loading increases net premiums for some consumers:**
 - Premium increases mostly concentrated in the 400+% FPL category
 - Coverage shifts away from Gold to Silver or Bronze coverage, based on premiums
- **Combined with Temp Medicaid Expansion, BHP best protects coverage gains:**
 - Estimated 1,800 people will drop Marketplace coverage over 3-years, due to BHP
 - Potentially 20,000 people could lose coverage if required to enroll in Marketplace plans instead of remaining in a CCO via BHP

Next Steps

- Incorporate public comments into Oregon's BHP Blueprint and prepare for OHPB review & August submission to CMS
- Work with DCBS to develop 2024 enrollment assumptions to inform DCBS guidance for carriers
- Develop communications and outreach plan for mid-2024 launch



Thank You

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