

Universal Health Plan Committee Straw Proposal

Committee: Finance and Revenue

Date Submitted: February 6, 2025

Date to be reviewed by the Board: February 20, 2025

High level summary: The Finance and Revenue Committee proposes to estimate health expenditures for 2023, the most recent data available, using the National Health Expenditure Accounts data as an accounting structure, and incorporating expenditure data from a number of reliable sources including Centers for Medicare and Medicaid Services, OHA and DCBS, to project total expenditures to 2030 in order to accurately estimate revenue required to fund a universal health plan.

Focus of Recommendation: This is the first version of the total 2023 Oregon expenditures estimate using the National Health Expenditure Accounts (NHEA) as an accounting framework, which includes the sources of funding for each category. , 2023 was chosen as the baseline since it is the most recent year for which most of the data are available. Nearly all of the 2019 through 2023 data are included in the spreadsheet. Many of the NHEA source categories have specific numbers for Oregon prepared by federal analysts for years prior to 2021. For those sub-categories with national numbers only, Oregon-specific amounts were entered based on Oregon's share of the national population. Reliable Oregon data for more recent years exists for Medicaid, as reported by OHA, and these data are used. Most sub-categories were further refined with additional federal and state agency data specific to Oregon.

Complete detailed recent data exists for hospital expenditures, commercial individual insurance, and small group insurance. Other commercial insurance data is estimated by extrapolating incomplete data covering a known number of enrollees to the full number of enrollees listed by DCBS. Self-insured data is estimated as the leftover portion from NHEA private insurance for years prior to 2021, and then projecting that forward in a number of different ways and checking plausibility. Cost Growth Trend data, state agency budget information, and National Association of Insurance Commissioners (NAIC) reports, DCBS quarterly enrollment information, CMS enrollment information, and profit/loss information for Oregon insurers is also used when available. Both expenditures and revenue need will be progressively refined over the next six months, but each new version is expected to show smaller and smaller incremental changes as refinement progresses.

This work aligns with Workstream #3: Financing the Universal Health Plan. Workstream #4: Plan Design and Expenditures will find it useful to track how benefit decisions affect the cost of the plan. The 2023 cost of care will later need to be aged forward to 2030.

Does the recommendation align with the preliminary structure of the Board? Yes. The Board needs a careful accounting of the 2030 expected cost of Oregon care as well as a matching revenue plan.

How does this recommendation align with the values and principles of the Board? The values and principles of the Board call for “All estimates and calculations should tie back to an external public or published accounting base with a stable methodology, and be clear in their assumptions, sources and reasons for any deviation from those accounting sources.” This recommendation aligns with this principle.

How does the recommendation relate to the committee’s deliverables? The primary deliverables of the Finance and Revenue Committee are a careful accounting of 2030 costs of all care delivered by the Universal Health Plan and a careful accounting of the proposed revenue sources to match the 2030 cost. This recommendation is the first version of the cost of care actually delivered in 2023. A revenue plan will need to be checked relative to this 2023 information to have any credibility for projecting to 2030. These amounts will ultimately be projected to 2030, reflecting current or expected utilization patterns. If the Plan Design and Expenditures Committee suggests plan benefits different from the actual 2023 pattern, the estimated cost of care will need to be adjusted to reflect a different mix of services as well as allowing for medical inflation.

Recommendation Champion: Charlie Swanson, Member, Finance and Revenue Committee

Dependencies: This is the first version of the 2023 total cost of care, and it is based on actual care rendered in Oregon in 2023. It has no other dependencies. If the Plan Design and Expenditures Committee suggests plan benefits different from the actual 2023 pattern, the estimated cost of care will need to be adjusted to reflect a different mix of services as well as allowing for medical inflation to arrive at an estimate of 2030 cost of care.

Resources Needed: To further refine the estimate of 2023 Oregon cost of care and address any differences from NHEA numbers, more detailed information may be needed from analysts in OHA, DCBS, DHS, SAIF and other organizations.

Board Feedback:

☒ **Approved: Board Agrees with the direction of this recommendation.**

☐ **Returned for revision. Please redirect your focus in the following way**