January 9, 2018

LPRO: LEGISLATIVE POLICY AND RESEARCH OFFICE

UNIVERSAL ACCESS TO CARE WORK GROUP 2018

AGENDA

4:00-4:15 PM	Welcome, Opening Remarks and Introductions
4:15-4:25 PM	Work Group Charter
4:25-5:00 PM	Affordable Care Act: Impact on Oregon
5:00-5:20 PM	Work Group Discussion
5:20-5:30 PM	Public Comment Opportunity

ROSTER

Representative Salinas – Workgroup Chair

Representative Smith Warner

Representative Vial

Michael Becker, Vice President of Government Relations, PacificSource Health Plans

Scott Ekblad, Director, Oregon Office of Rural Health

Laura Etherton, State and Federal Policy Director, Oregon Primary Care Association

Amy Fauver, Director of Government Relations, Kaiser Permanente Northwest

Sean Kolmer, Senior Vice President of Policy and Strategy, Oregon Association of Hospitals and Health Systems

Samuel Metz, Anesthesiologist

Angela Mitchell, US Healthcare Delivery Manager, Intel

Cherryl Ramirez, Director, Association of Oregon Community Mental Health Programs

Glenn Rodriguez, Family Physician

Martin Taylor, Executive Director, Oregon Nurses Association

Zeke Smith, Chair, Oregon Health Policy Board

Charlie Swanson, Health Care for All Oregon

Gary Young, Business Manager/Financial Secretary, IBEW Local 48

WORK GROUP TASKS

a) Identify incremental state-level policy changes to make it easier for individuals to access and maintain coverage, whether through their employer or through existing or new publicly funded programs.

b) Describe potential changes to employer-sponsored coverage and commercial plans, including the extent to which existing coverage mechanisms are compatible with a universal coverage system. Determine what mechanisms, if any, are needed to minimize disruption to the current health care system.

c) Explore whether new governance models are needed to achieve universal access, including major components and functions of any such model.

d) Explore long-term sustainable funding sources that can raise sufficient revenue to finance universal access, including local, state and federal funding availability.

e) Investigate the federal waivers and permissions that would be required for Oregon to maximize federal funding for the provision of health care services.

TIMELINE & DELIVERABLE

Timeline. The work group will meet monthly starting January, 9th 2018 (today), with recommendations to the House Interim Committee on Health Care due no later than November 2018.

Each meeting will be 2-3 hours and staffed by the Legislative Policy and Research Office.

Deliverable. A comprehensive report that identifies barriers to and incremental steps for moving Oregon towards creating a financially sustainable, universal, and affordable health care system.

Federal Policy Recap:
2017 Affordable Care Act Replace Plans

Universal Access to Healthcare Workgroup

Tim Sweeney & Zachary Goldman

January 9th, 2018

Office of Health Policy and Analytics
January 9, 2018

Presentation Overview

1. Recap of 2017 federal health policy proposals
   - ❖ Overview of key similarities for the Medicaid program
2. Estimated coverage losses
3. Estimated financial losses
4. Per-capita caps vs. OHA's 3.4% growth target

Recap of Federal "Repeal & Replace" efforts in 2017

- House passed AHCA in May
- Senate considered proposals during Summer, including Better Care Reauthorization Act
- Graham-Cassidy-Johnson-Heller released their amendment in September
- HR1 in December set the individual mandate penalty to $0, effectively repealing the mandate to have health insurance

ACA repeal proposals evolved, but share similar elements

Commonalities for the Medicaid program include:

- Fewer federal funds for ACA Medicaid expansion
- Per-capita funding caps for Medicaid program
- Reduced federal funding for home & community based services through “k-plan” option
- Prohibits Medicaid funds from Planned Parenthood
- Eliminates ACA prevention fund
- Limits state provider taxes

Congressional Proposals to Cut Funds for ACA Medicaid Expansion

- AHCA
  - ❖ Grandfathers enhanced funding for those enrolled December 31, 2019, new enrollees (or those with 1-month gap) funded only at regular match rate
- BCRA
  - ❖ Reduction to enhanced federal funding beginning in 2021, states at regular match rate by 2024
- Graham-Cassidy:
  - ❖ Block Grants to states (partially) replaces Medicaid expansion & Marketplace subsidies

Per-Capita Caps Explained

- Annual per-enrollee federal funding capped retroactively based on various inflation measures
  - ❖ Initial caps based on medical inflation; Senate plan eventually switched to overall inflation measures
- Caps calculated for separate populations and aggregated to create overall federal spending cap
  - ❖ Elderly
  - ❖ Blind & disabled
  - ❖ Children (excluding CHIP)
  - ❖ Expansion adults (not in Graham-Cassidy)
  - ❖ Other Adults

Estimated coverage losses in Oregon

Depending on treatment of the Medicaid expansion and implementation of the funding caps, there could be significant losses of Medicaid coverage.

Estimated coverage losses in Oregon

Year	Medicaid	Individual	Group	Total
2018	NA	70,000	40,000	110,000
2019	NA	80,000	20,000	100,000
2020	NA	90,000	10,000	100,000
2021	350,000*	80,000	10,000	440,000
2026	350,000*	70,000	Less than 5,000	420,000

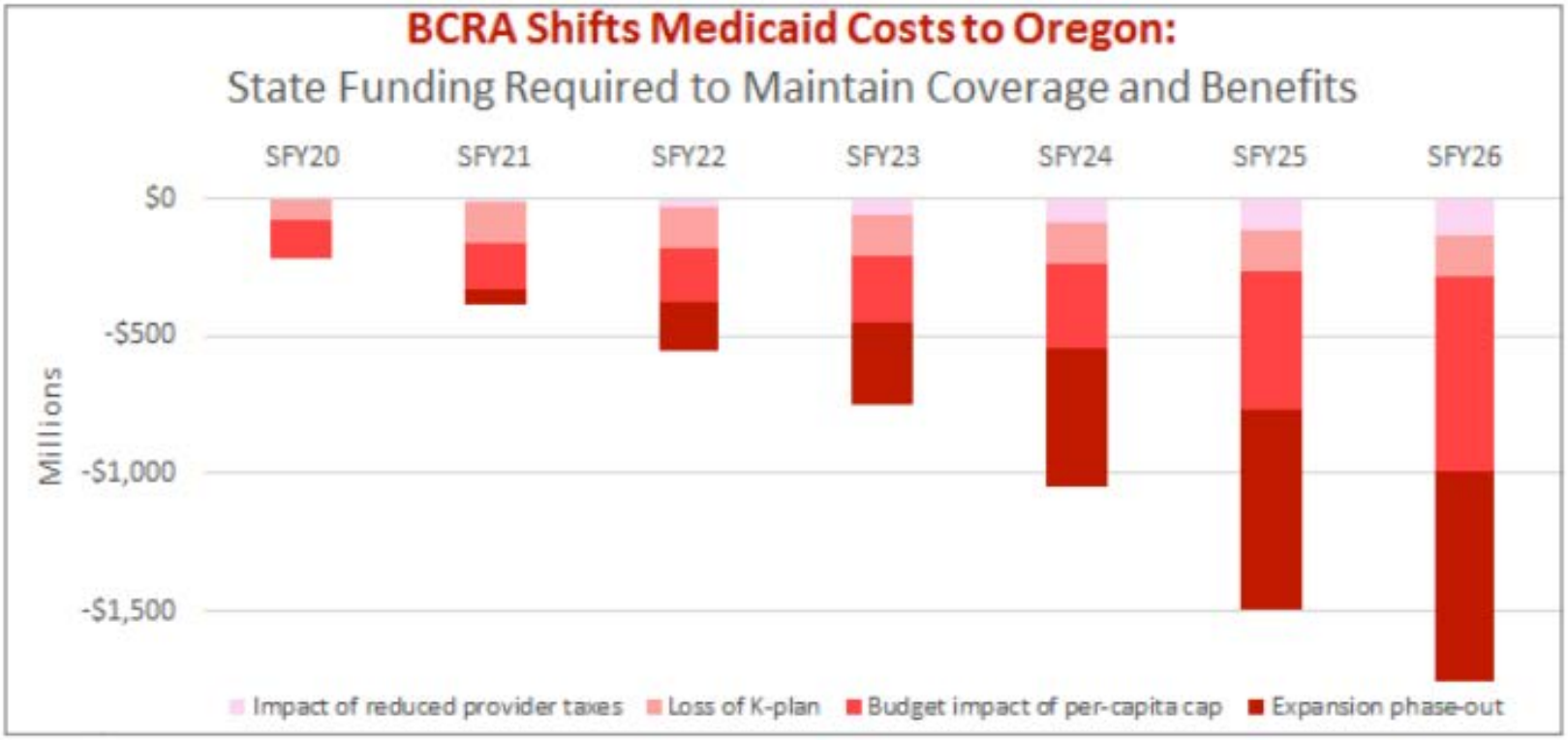
Source: OHA and DCBS analysis of Congressional Budget Office report

*The Oregon Health Authority expects to lose up to 350,000 Oregon Health Plan members between 2021 and 2026, as the federal matching funds for the expansion population decrease.

Source: "Senate Health Bill: Better Care Reconciliation Act – Impact on Oregonians"
http://www.95percentoregon.com/uploads/9/9/2/6/99265876/bcra-report.pdf

Estimated financial impact:

Senate plan would have cost Oregon $6.2 billion over the decade



Graham-Cassidy would cost Oregon roughly twice as much over the decade

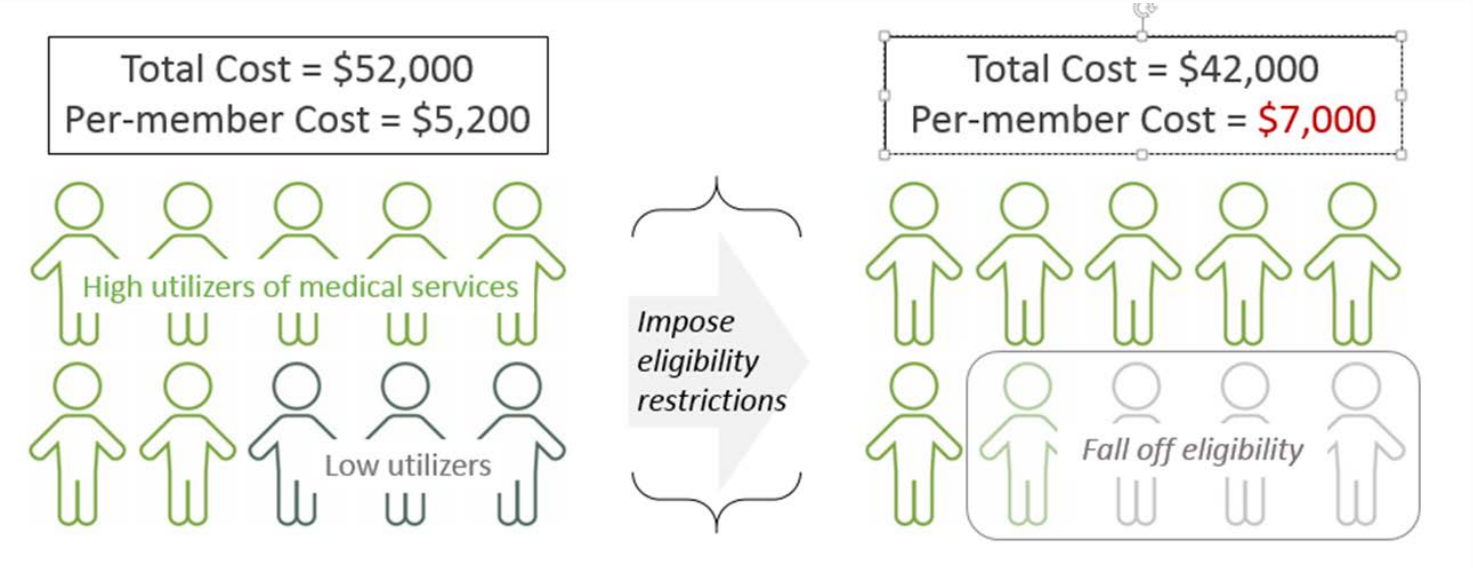
Per Capita Caps vs. OR's 3.4% Target

- OR's 3.4% target for spending growth applies to per member per year costs for the entire OHA Medicaid population as a whole
- It's possible that a specific category (i.e. elderly) has a growth rate that is higher than 3.4% and other categories (i.e. expansion) are lower than 3.4%
- Oregon's growth target *excludes* DHS costs such as long-term care, intellectual and developmental disabilities residential care, etc.
- The state target also *excludes* certain drugs, behavioral rehabilitative services and a few more services.

Changing Enrollment Requirements May Have Unintended Consequences

Some efforts to reduce spending could change the Medicaid risk pool and cause bigger problems for states*

- High or low-needs patients may respond differently to policies such as monthly premiums or more frequent redeterminations



*Hypothetical costs shown for illustration purposes

Questions?

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Universal Access to Health Care Work Group

January 9, 2018

Today's Presentation

- Highlights of the Analysis on the American Health Care Act / Better Care Reconciliation Act (H.R.1628)
- Overview of Individual Mandate Changes by the Tax Cut and Jobs Act of 2017 (H.R.1)
- Association Health Plans (EO 13813; 83 Fed. Reg. 614)

H.R.1628: Tax Credits (Sec. 202)

- AHCA would replace income-based tax credits with a fixed dollar credit that increases with age.
- BRCA: Base premium subsidies on age & income
  - Changed the income threshhold
  - Added an age component
  - Changed base plan for calculating subsidies from silver to bronze

H.R.1628: Age Banding (Sec. 135)

- AHCA: Expanded the premiums ratio between older and younger adults from 3:1 to 5:1.
- BRCA: Same.
- Impacts—
  - Premium increases, tilted toward older consumers

Impact of Tax Credit & Age Banding Changes (AHCA)

Example: A single member household, 60 years old, earning 306% FPL, living in Medford

	ACA	AHCA
Income at 306% federal poverty level	$36,976	$36,976
Tax credit	$6,597	$4,000
Annual premium cost estimate without subsidy	$11,328	$13,670
Annual premium with tax credit	$4,730	$9,670
Annual cost-sharing for three primary care doctor visits	$105 ($35 for each visit in-network)	$105 ($35 for each visit in-network)
Member Responsibility*	**$4,835**	**$9,775**

*Costs will be increased if the enrollee accesses additional services.

Impact of Tax Credit & Age Banding Changes (BRCA)

Example: A single member household, 60 years old, earning 306% FPL, living in Medford

	ACA	BRCA
Income at 306% federal poverty level	$36,904	$36,904
Tax credit	$7,766	$5,746
Annual premium cost estimate without subsidy	$12,489	$12,489
Annual premium with tax credit	$4,723	$6,743
Annual cost-sharing for three primary care doctor visits	$105 ($35 for each visit in-network)	$105 ($35 for each visit in-network)
Member Responsibility*	**$4,828**	**$6,848**

*Costs will be increased if the enrollee accesses additional services.

Impact of Tax Credit & Age Banding Changes (AHCA)

Example: A single member household, 33 years old, earning 702% FPL, living in Portland

	ACA	AHCA
Income at 702% federal poverty level	$84,692	$84,692
Tax credit	–	$1,531
Annual premium cost estimate without subsidy	$3,996	$3,296
Annual premium with tax credit	$3,996	$1,766
Annual cost-sharing for three primary care doctor visits	$105 ($35 for each visit in-network)	$105 ($35 for each visit in-network)
Member Responsibility*	**$4,101**	**$1,871**

*Costs will be increased if the enrollee accesses additional services.

Impact of Tax Credit & Age Banding Changes (AHCA)

Example: A single member household, 33 years old, earning 386% FPL, living in Bend

	ACA	AHCA
Income at 386% federal poverty level	$46,532	$46,532
Tax credit	$618.36	$2,500
Annual premium cost estimate without subsidy	$5,136	$4,237
Annual premium with tax credit or PPACA summary	$4,517	$1,737
Annual cost-sharing for three primary care doctor visits	$105 ($35 for each visit in-network)	$105 ($35 for each visit in-network)
Member Responsibility*	**$4,622**	**$1,842**

*Costs will be increased if the enrollee accesses additional services.

Impact of Tax Credit & Age Banding Changes (BRCA)

Example: A single member household, 40 years old, earning 351% FPL, living in Bend

	ACA	BRCA
Income at 386% federal poverty level	$42,331	$42,331
Tax credit	$1,368	No subsidy
Annual premium cost estimate without subsidy	$5,480	$5,480
Annual premium with tax credit or PPACA summary	$4,112	$5,480
Annual cost-sharing for three primary care doctor visits	$105 ($35 for each visit in-network)	$105 ($35 for each visit in-network)
Member Responsibility*	**$4,622**	**$1,842**

*Costs will be increased if the enrollee accesses additional services.

H.R.1628: Employer Mandate (Sec. 205)

- AHCA: Bill proposed to end the requirement for large employers to provide health coverage to employees.
- BRCA: Same

H.R.1628: Coverage Loss (Sec. 133)

- AHCA: An additional 30% premium surcharge to enrollees who cannot demonstrate continuous coverage (no gap exceeding 63 days) during the previous 12 months.

- BRCA: Implement six-month waiting period for those with a break in coverage (also 63 or more days)

- Impacts—
  - More predictable enrollment
  - Fewer low-utilization consumers obtaining insurance
  - Higher bar to re-obtaining coverage

H.R.1628: Cost-Sharing Reductions (Sec. 131)

- AHCA proposal: Cost-sharing reductions for marketplace plans repealed at the end of 2019.
- BRCA: Same.
- HHS Action – October 12th legal memo advising the Secretary to end CSR payments.
- Impacts on Oregon plans—
  - 7.1% increase on silver-level plans

AHCA/Tax Cuts & Jobs Act: "Zero-Out" Individual Mandate (Sec. 204/Sec. 11081)

- Set minimum & maximum penalties for not carrying coverage at zero percent and $0
- Impacts—
  - Short-Term Impacts to Rate/Enrollments
  - Longer-Term Impacts to Individual Market

Association Health Plans
(Exec. Order No. 13,813 / 83 Fed. Reg. 614)

- Secretary of Labor directed to expand access to health coverage by allowing more employers to form AHPs
- Proposed Rules:
  - Changes commonality of interest test;
  - Association as employer sponsor;
  - “Dual treatment” of self-employed individuals
- Areas to watch:
  - Plan designs in AHPs
  - Enforcement by Department of Labor

Questions and discussion

Discussion Questions

- Historically, what has been done in Oregon around universal coverage the work group should consider (e.g. previous studies and analyses to consider)?
- Identify state-level policy changes to ensure affordability and coverage for Oregonians?
- Explore state options in Oregon for responding to federal changes to the ACA?
- Assess the role of Oregon's Medicaid program to promote coverage stability and affordability?
- Explore further use of Section 1332 waivers in Oregon ?
- Explore and investigate innovative models in other states?
- What information do you need to develop recommendations outlined in the work plan?

MEMBER COMMENTS AND NEXT STEPS

NEXT STEPS

At the Capitol (Hearing Room 50):

Friday, February 23rd 2:30-5:00 pm

- RAND Presentation: *Comprehensive Assessment of Four Options for Financing Health Care Delivery in Oregon*

At the Oregon Nurses Association Offices (18765 SW Boones Ferry Rd # 200, Tualatin, OR 97062):

- Thursday, March 22nd 8:00-11:00 am
- Thursday, April 19th, 8:00-11:00 am
- Thursday, May 24th, 8:00-11:00 am
- Thursday, June 21st, 8:00-11:00 am
- Thursday, July 19th, 8:00-11:00 am
- Thursday, August 23rd, 8:00-11:00am

PUBLIC COMMENT