

Assistant Director letter

DMAP's contributions to the DHS mission

DHS Division of Medical Assistance Programs (DMAP) health care services assist uninsured low-income Oregon individuals and families in becoming more independent, healthy and safe. DMAP collaborates with partners and stakeholders to provide access and deliver affordable health care to approximately 418,000 people, or one in nine Oregonians. Health care services reach about one in four Oregon children, and pay for more than 40 percent of Oregon births.

DMAP services support the DHS mission by:

- Improving access to needed and effective medical services for low-income vulnerable citizens through innovation, collaboration and shared responsibility with health care providers across Oregon;
- Providing a system of comprehensive health care coverage to eligible uninsured low-income Oregonians to improve their health status and promote their ability to be independent, healthy and safe; and
- Enhancing the health of all Oregonians by contributing to the strength of Oregon's entire medical care delivery system and decreasing cost-shifting to private-sector medical premiums.

The need for these services

The people whom the Oregon Health Plan (OHP) serves range from the young mother in Albany and the hard-working couple with two children in Pendleton to the impoverished man in Lakeview.

It is known that without access to affordable health care, including preventive services the OHP emphasizes, people are less healthy and die earlier. High-quality health care helps them to prevent illness and chronic disease or obtain treatment before a medical condition reaches a critical, high-cost stage.

Although Oregon's rate of uninsured residents is only slightly lower than that for the nation, the numbers of uninsured people are nevertheless staggering:

- An estimated 576,000 Oregonians – more than one in seven – face each day without insurance for their health care;
- Of these uninsured Oregonians, approximately 116,000 are children and adolescents;
- Oregon's share of residents without health insurance is 15.6 percent, up from 10.7 percent in 1996 when OHP enrollment was near its peak;
- The rate of uninsured children in Oregon rose to 12.6 percent in 2006, the most recent year for which data are available, up more than 50 percent from 8.2 percent in 1996;
- The budget for the health plan's Standard benefit package will support an average of 24,000 low-income adults during the biennium, compared with the more than 100,000 adults whom OHP-Standard covered at its peak in July 1995;
- Approximately 140,000 Oregon adults would be eligible for OHP-Standard if funding were available, according to the state Office for Oregon Health Policy and Research.

Responding to these needs

During the 2007-09 biennium, DMAP provided these services:

- Delivered affordable health care to approximately 700,000 people, of whom approximately 418,000 are covered at any one time, including approximately 360,000 in OHP-Plus;
- Provided Standard benefit coverage to a monthly average of 24,000 low-income adults who would not qualify for traditional Medicaid; and
- Covered nearly 43,500 children and adolescents through the Children's Health Insurance Program in June 2008, compared with approximately 39,600 in June 2007.

DMAP continues to increase the rate of managed care enrollment, which gives clients a medical home and guarantees access to physicians; strengthens its ability to monitor effective and efficient services for high-cost patients; and provides a 24/7 nurse advice line.

Strengthening health care through a needs-based budget

Key requests contained within this requested budget support these goals:

- Providing *all* uninsured Oregon children, under age 19, an opportunity to enroll in comprehensive, affordable, health insurance coverage through the Healthy Kids Plan. DHS will lead the Healthy Kids Plan efforts in collaboration with the Office of Private Health Partnerships, Office for Health Policy and Research and community stakeholders
- Strengthen OHP-Standard by substituting General Fund support for provider taxes, which sunset October 2009; open OHP-Standard to all eligible low-income adults; restore OHP-Standard benefits to the same level as the Plus benefit package; and extend the eligibility period from six months to 12 to improve continuity of care;
- Broaden access to prenatal care by raising the eligibility level for low-income pregnant women and their infants from 185 percent of the federal poverty level to 200 percent; create immediate short-term eligibility for women who verify their pregnancy while full eligibility determination is completed; and extend statewide a successful two-county pilot for pregnant women who are undocumented or who are documented but have not met the five-year residency requirement;
- Improve access to care by increasing reimbursement rates for selected providers and expedite payments to federally qualified and rural health clinics to improve their cash flow; and
- Strengthen management effectiveness by providing needed staff for ombudsman and customer services; information systems; health record bank; research, education and development; policy and planning; budget and finance; and quality improvement and medical sections.

Summary

These initiatives will continue to improve the division's ability to assist Oregonians to be independent, healthy and safe by expanding health care and further strengthening management.

Jim Edge

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DMAP program narratives

DMAP is the state's single Medicaid agency, sometimes called the state's second-largest insurance company, delivering affordable and effective prevention and treatment, reducing uncompensated care and keeping costs in check through effective management.

Access to affordable health care improves quality of life and the health of Oregon's workforce, aids children in learning in school, helps prevent illness and chronic disease, reduces the incidence of high-cost treatments caused by delays in seeking medical attention, and controls rising costs while reducing uncompensated costs shifted to private insurance premiums.

Health care is delivered through Medicaid managed care organizations and private providers such as physicians; hospitals; dentists; pharmacists; federally qualified health centers; rural health clinics; medical equipment and supply providers; physical, occupational and speech therapists; hospice providers, ambulance companies; non-emergency medical transportation providers; addictions and mental health service providers; and others.

Strategies for contributing to the DHS mission of assisting people to be independent, healthy and safe fall into these program categories:

OHP Medicaid: This comprises OHP-Plus, the Medicaid entitlement program; OHP-Standard, the expansion program for impoverished adults who do not qualify for traditional Medicaid; and the Family Health Insurance Assistance Program, or FHIAP, under an interagency agreement between the state Office of Private Health Partnerships and DHS. DHS services represent most of Oregon's Medicaid program, with 418,000 people covered; FHIAP, which is currently closed to new enrollment, covers approximately 10,000 people.

OHP Children's Health Insurance Program: CHIP, also known as SCHIP, is a program for children and adolescents through age 18 living in households up to 185 percent of the federal poverty level. These children may live in households where the adults, who usually must meet a stricter income standard, do not qualify for publicly financed health care coverage. CHIP receives a federal match rate above that for OHP-Plus and OHP-Standard. CHIP covers more than 43,000 children, accounting for more than one in 10 medical-assistance enrollees in the state.

Non-OHP Medicaid: This part of the program covers services and populations not part of the federally approved OHP demonstration project. Populations are low-income Medicare beneficiaries; low-income women diagnosed with breast or cervical cancer; and individuals who were receiving post-transplant services when the state's Medically Needy program ended Jan. 31, 2003. The program supports Medicare insurance premiums for low-income Medicare beneficiaries; services of the breast and cervical cancer program; and limited drug coverage for certain formerly Medically Needy clients.

Services of the DHS Division of Medical Assistance Programs are supported by central administration and program support, which accounts for 1.5 percent of the total DMAP budget.

DMAP environmental scan

To deliver health care coverage to low-income Oregonians who are eligible, DMAP works closely with the Oregon Legislature, partners and stakeholders to recognize health care challenges, identify opportunities and propose realistic solutions.

Challenges

- An estimated 116,000 Oregon children and adolescents have no health insurance. The share of Oregonians younger than 19 without health insurance, 8.2 percent in 1996, had risen to 12.6 percent by 2006.
- Statutory end of the OHP-Standard provider tax on DRG hospitals and Medicaid managed care organizations, terminating OHP-Standard services and possibly ending federal approval of Oregon's Medicaid demonstration.
- OHP-Standard is budgeted for an average of 24,000 impoverished adults, or less than 20 percent of the estimated 140,000 who would be eligible.
- OHP-Standard offers a lesser benefit package than OHP-Plus, denying needed benefits to thousands of enrollees and requiring providers to administer two benefit plans.
- Continuity of care for OHP-Standard clients is jeopardized because the eligibility period is only six months at a time.
- Uninsured low-income pregnant women above 185 percent of the federal poverty level do not have access to Medicaid-paid prenatal care.
- Uninsured low-income pregnant women must wait for eligibility determination, sometimes requiring weeks, before paid prenatal care becomes available.
- Pregnant women who are undocumented, or who are documented but have not yet met the residency requirement, are denied paid prenatal health care through Medicaid, resulting in potentially negative birth outcomes.

- Customer service staff in DMAP are insufficient to meet clients' needs, cannot perform independent advocacy because of their DMAP ties, and lack staff capacity to track trends and report system problems.
- DMAP is inadequately staffed to support the program demands of research, education and development; policy and planning; budget and finance; quality improvement; and clinical decision-making.
- Ensure success and optimal use of the functionality afforded by the new Medicaid Management Information System by providing adequate staffing.
- Federal funding to develop a health record bank for electronic health information, benefiting clients, providers and the state, will end March 31, 2010; some providers will lack incentive to use the health record bank once implemented.
- Returning to former DRG hospital reimbursement rates, prompted by sunseting of provider taxes, will result in inequities and significant decreases.
- Client access to health care is potentially jeopardized by physician groups, home health providers and fee-for-service providers limiting their participation because of reimbursement levels below their costs.
- Federally qualified health centers and rural health clinics are financially vulnerable because of the current billing cycle that delays DMAP reimbursements.
- Providers may be resistant to using a new Health Record Bank, promoting medical homes for their patients.
- Medicaid managed care capitation rates do not fully reflect the value of delivering and coordinating primary care, and may result in reduced health care access for low-income Oregonians.

Opportunities

- Identify an appropriate delivery system and financing mechanism to be able to offer affordable health care coverage to most Oregon children and adolescents.
- Identify an alternative means of supporting OHP-Standard, open the program to more uninsured low-income adults, upgrade Standard's benefit package, extend eligibility for a longer term.

- Raise the income standard for uninsured low-income pregnant women and their infants, provide immediate short-term access to care while full eligibility is being determined, implement statewide a two-county pilot for pregnant women who are undocumented or who are documented but have not yet met the five-year residency requirement.
- Increase DMAP staff to ensure best management of Oregon Medicaid.
- Revise provider reimbursement rates to better reflects providers' actual costs of delivering care.
- Provide incentives to providers to use a new Health Record Bank, promote medical homes for their patients and achieve high-quality outcomes in primary and preventive care.
- Increase Medicaid managed care capitation rates for delivering and coordinating primary care services.

Response to critical challenges addressed by this budget

Expanding access to health care is a top priority of this budget request – such as delivering affordable, high-quality health care to more children and adolescents; ensuring continuation of the Oregon Health Plan’s Standard program; expanding support for uninsured low-income adults and for pregnant women and their infants; and improving provider reimbursement rates to help ensure continued services to Medicaid clients.

Grouped by DHS initiative, these are the challenges that DMAP’s policy option packages would address.

Vulnerable Oregonians have access to health care

- Use General Fund to ensure continuation of OHP-Standard, whose provider taxes will sunset October 2009.
- Expand coverage by opening access to OHP-Standard to all uninsured low-income adults who are eligible.
- Restore the benefit package for OHP-Standard clients to robust pre-2003 levels, matching the OHP-Plus benefit package.
- Improve continuity of care by increasing the OHP-Standard eligibility period from six months to 12.
- Expand a successful two-county pilot to deliver prenatal care statewide to uninsured low-income women who are undocumented or who are documented but haven’t yet met the residency requirement.
- Raise OHP eligibility for uninsured low-income pregnant women from 185 percent of the federal poverty level to 200 percent.

Children are healthy and safe

- Make affordable, high-quality health care available to most children and adolescents younger than 19.
- Improve access to prenatal care and other OHP-Plus ambulatory services by granting immediate short-term eligibility to uninsured low-income pregnant women who show proof of pregnancy while full eligibility is being determined.

DHS has the capacity to meet clients' needs

- Provide a higher level of ombudsman and other customer services to OHP clients who need help resolving problems, including providing advocacy independent of DMAP, tracking trends and problems, and creating a client advisory panel.
- Strengthen research, education and development; policy and planning; budget and finance, and the quality improvement and medical sections by adding needed staff.
- Continue funding for positions supporting the new Medicaid Management Information System to perform system maintenance, testing, user training and future improvements.
- Use General Fund to replace federal funding that expires in 2010 to support a Medicaid health record bank that gives patients access to health information, allows provider information sharing to improve care, reduces costly errors and duplication, and improves planning.

Services are safe and available in communities when they are needed

- Help ensure health care access for OHP clients by establishing a reimbursement formula for DRG hospitals to ensure equity and no decrease in payments for health care services.
- Help ensure access by increasing reimbursement rates for certain fee-for-service providers to 75 percent of the 2008 Medicare fee schedule.
- Provide incentives to providers to use a new Medicaid health record bank, promote “medical homes” for their patients and achieve high-quality outcomes.
- Expedite payments to federally qualified health centers and rural health clinics, vital to ensuring access to low-income clients.
- Increase Medicaid managed care capitation rates to attract the services of more primary care providers to managed care panels.