

Comparison of Oregon Provider Tax Proposals (REVISED--3/17/2009)

	HB 2009/HB 2116 (with proposed tax rates)	Oregon SCHIP and Medicaid Expansion Fund (proposed)		Comments
Taxed Entities and Assumptions	MCO Tax: All managed care organizations, including Medicaid managed care and commercial PPO plans. Excludes categories not eligible for match per CMS rules for MCO taxes: TPAs, Medicare Advantage, vision and dental. Hospital tax applies to Oregon's 25 DRG hospitals.	Claims Tax: All claims processors, including Medicare Advantage, indemnity plans, limited benefit plans, third party administrators (TPAs). Assumes TPAs and Medicare Advantage ARE eligible for match Hospital tax applies to Oregon's 25 DRG hospitals	Claims Tax: All claims processors, but with the estimated value of Medicare Advantage and TPA revenues unmatched. Assumes TPAs and Medicare Advantage ARE NOT eligible for match ¹ Hospital tax applies to Oregon's 25 DRG hospitals	1. CMS allows only specific categories of health-related services to be taxed and eligible for federal financial participation ("match") under their provider tax rules. At this time, it is uncertain if CMS will treat tax revenues on claims from TPAs or Medicare Advantage plans as eligible for federal match. For that reason, two estimates were created for this side-by-side, one treats the full tax as matchable and one which backs out potential federal match generated from TPA and Medicare Advantage claims.
Time Period ²	21 months	21 months	21 months	2. The original proposal for Oregon SCHIP and Medicaid Expansion Fund (OSMEF) included revenues for a full biennium. In order to create a comparable time period, the revenue estimates were reduced to a 21 month period, beginning Oct. 1, 2009.
Health Insurance Tax Base	Managed care organizations gross premiums	Processed health care claims	Processed health care claims	3. This calculation backs out potential match on TPA revenue (30%) of total (-\$63m) and Medicare Advantage. Assumes 226,221 Medicare Advantage enrollees with average monthly payment rate of \$761 (-\$36m). Source: Kaiser Family Foundation
Tax Rate Assumptions	1.5%	1.0%	1.0%	4. Oregon SCHIP and Medicaid Expansion Fund sunsets as early as December 31st, 2010, which is the end date for the enhanced FMAP associated with the federal stimulus package. Fund principles state, "This program will sunset after four years or at the time federal matching rates fall below those established in the federal stimulus program signed
Tax Revenue \$	\$\$ (millions)	\$\$ (millions)	\$\$ (millions) ³	
Federal \$ ⁴				
Total	\$169	\$210	\$210	
	\$359	\$446	\$236	Does NOT include one-time federal dollars associated with the enhanced federal match that is part of the federal stimulus package. Assumes a match rate of 62.9/37.3 for OHP Standard, or \$1.69 in federal funds for every \$1 in state revenue.
	\$528	\$656	\$446	
Hospital Tax Base	Net patient revenue	Net patient revenue	Net patient revenue	5. Assumes a 10% increase in reimbursement for both FFS and MCOs in the HB 2009/HB 2116 proposal. Assumes maximum allowable under the upper payment limit (UPL) for FFS only in the Oregon SCHIP and Medicaid Expansion Fund proposal.
Tax Rate Assumptions	4.0%	0.63%	0.63%	
Tax Revenue \$	\$\$ (millions)	\$\$ (millions)	\$\$ (millions)	
Federal \$				
	\$465	\$75	\$75	6. Assumptions for determining priorities for coverage: a. Maintain OHP Standard at 24,000 to meet federal stimulus requirements for maintaining enrollment levels. b. Maximize children's coverage to fully leverage SCHIP match and allotment. c. Expand OHP Standard with remaining funds
	\$782	\$126	\$126	
Total	\$1,247	\$201	\$201	
	\$634	\$285	\$285	
Total State Revenue	\$634	\$285	\$285	7. Assumes maximum allowable under the upper payment limit (UPL) for FFS only in the Oregon SCHIP and Medicaid Expansion Fund proposal.
Total Federal Fund	\$1,141	\$572	\$362	
Total Funds	\$1,775	\$857	\$647	
Less Cost of Increased Reimbursement ⁵	(\$291)	(\$75)	(\$75)	
Total \$\$s Available for Coverage	\$1,484	\$782	\$572	
Total Lives Covered ⁶				
Children	80,000	60,000	60,000	
Adults	100,000	49,500	31,000	

Because the HB 2009/HB 2116 proposal includes increased reimbursement for both FFS and MCOs, the costs of coverage are slightly higher than in the Oregon SCHIP and Medicaid Expansion Fund proposal. Cost of coverage (PMPM) assumptions:

pmpm for children in the HB 2009/HB 2116 proposal = \$156
pmpm for adults in the HB 2009/HB 2116 proposal = \$561
pmpm for children in the OSMEF proposal = \$150
pmpm for adults in the OSMEF proposal = \$544

Acronyms:
 FFS: fee-for-service
 MCO: managed care organization
 PPO: preferred provider organization
 OHP: Oregon Health Plan
 PMPM: per member per month
 SCHIP: State Children's Health Insurance Program
 TPA: Third Party Administrator