



Effective Implementation of the Affordable Care Act

House Health Care Committee

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Key Goals of Overview

- **Common Understanding of ACA**
- **Review of necessary legislative actions**
- **Committee feedback and insight to legislative proposals**



ACA Overview

- **Population Health**
- **Delivery System Reform**
- **Coverage and Access in 2014**
 - Medicaid
 - Health Insurance Exchanges
 - Health Insurance Market Reforms

Overview: Coverage and Access to Care



- **Medicaid/Children's Health Insurance Program (CHIP)**
 - Coverage expansion for low income adults up to 138% of poverty (2014)
 - Enhanced federal funding for new eligibles
 - 100% in 2014-16
 - 95% in 2017
 - 94% in 2018
 - 93% in 2019
 - 90% in 2020 and beyond

Overview: Coverage and Access to Care



- **Insurance Regulation**

- Guaranteed issue and renewability (starts 2014)
- Pre-existing conditions exclusions prohibited (for children 6 months from enactment and for adults by 2014)
- Prohibits lifetime limits, allows certain annual limits until 2014
- Eliminates waiting periods of more than 90 days for group coverage (starts 2014)

- **Reinsurance**

- Transitional federal reinsurance program, individual and small group (2014-2016)



Oregon's Strategic Approach

- **National Academy for State Health Policy**

“States that adopt a coordinated, strategic approach to implementing federal health reform will find that the new law contains many provisions that support significant improvements in their health care systems.”

Oregon's Strategic Approach



- 2007 – SB 329
- 2009 -- HB 2009 & HB 2116
- 2011 – HB 3650 & SB 99
- 2012 – SB 1580 & HB 4164
- Health Reform 2.0



Oregon's Strategic Approach

- **Governor's directive to achieve alignment related to ACA activities between...**
 - Oregon Health Authority
 - Oregon Insurance Division
 - Cover Oregon
 - Governor's Office

- **Role of Barney Speight**

Oregon's Strategic Approach



- Makes sure companies are solvent and can pay claims
- Licenses agents
- Reviews policies/rates
- Staffs consumer hotline
- Helps with insurance complaints/appeals
- Enforces federal and state insurance laws



- Oversees health reform
- Administers Medicaid programs (OHP)
- Approves coordinated care organizations for OHP members
- Manages public health and addictions and mental health
- Oversees public employee benefits



- Online shopping for individuals, small employers, and Medicaid
- Links to tax credits to make insurance affordable
- Help finding the right coverage through navigators/agents

Oregon's Strategic Approach



- **To move away from traditional budget balancing actions:**
 - Cut people from care
 - Cut provider rates
 - Cut services

Oregon's Strategic Approach



- **Choosing a new way -- change how care is delivered to:**
 - Reduce waste
 - Improve health
 - Create more local accountability
 - Align financial incentives
 - Create fiscal sustainability

Oregon's Strategic Approach

Changing health care delivery



Benefits and services are integrated and coordinated

One global budget that grows at a fixed rate

Metrics: standards for safe and effective care

Local accountability for health and budget

Local flexibility

Oregon's Strategic Approach Coordinated Care Organizations



- Serve Oregon Health Plan (Medicaid) members
- 15 across the state
- Coordinate mental and physical health care
- Global budget
- Designed to encourage wellness, not just treat illness
- Prevention, chronic disease management, community health workers
- Improving the way people receive care

Oregon's Strategic Approach

Health Reform 2.0



- Changing care model to bend the cost curve
- Align purchasing of care model- begin with Oregon Health Plan – extend to other state purchasing and align with private sector purchasing



Medicaid/Oregon Health Plan

- Currently covers children up to 300% Federal Poverty Level (FPL), categorical adults and about 60,000 non-categorical adults through OHP standard lottery.
- ACA allows expansion to all adults age 19-65 with incomes less than 138% FPL
 - Single person – \$15,856 year
 - Family of four - \$32,499
- Expert analysis of financial implications to Oregon completed in January

Table 2. ACA Medicaid Expansion Projected Financial Effect on Oregon by Funding Source, 2014 to 2020*(Dollars in millions)*

Type of Effect	Effect on General Fund Expenditures	Effect on Other/Lottery Funds Expenditures	New Federal Funding and Tax Revenue	Net Effect on Health Care Expenditures
Expansion to newly eligible (excludes OHP Standard)	\$433		\$9,913	\$10,346
New enrollment by previously eligible (welcome mat effect)	\$158		\$278	\$436
New Coverage Subtotal	\$591	-	\$10,191	\$10,782
Transitioning select Medicaid enrollees to newly eligible category	(\$24)		\$24	-
Savings to state programs for uninsured	(\$204)			(\$204)
Transitioning OHP Standard to newly eligible category		(\$1,072)	\$1,072	-
Premium reductions for PEBB & OEBS	(\$93)	(\$37)		(\$130)
Savings Subtotal	(\$321)	(\$1,109)	\$24	(\$334)
Net Cost of Coverage	\$270	(\$1,109)	\$11,286	\$10,448
State tax revenue from economic activity	(\$349)		\$349	-
Net Effect of Expansion	(\$79)	(\$1,109)	\$11,635	\$10,448

Notes: Positive numbers represent expenditures; negative numbers (in parentheses) represent program savings or revenue offsets. Numbers that appear twice in a row represent a change in funding source (general or other funds to federal funds).



Impact of ACA

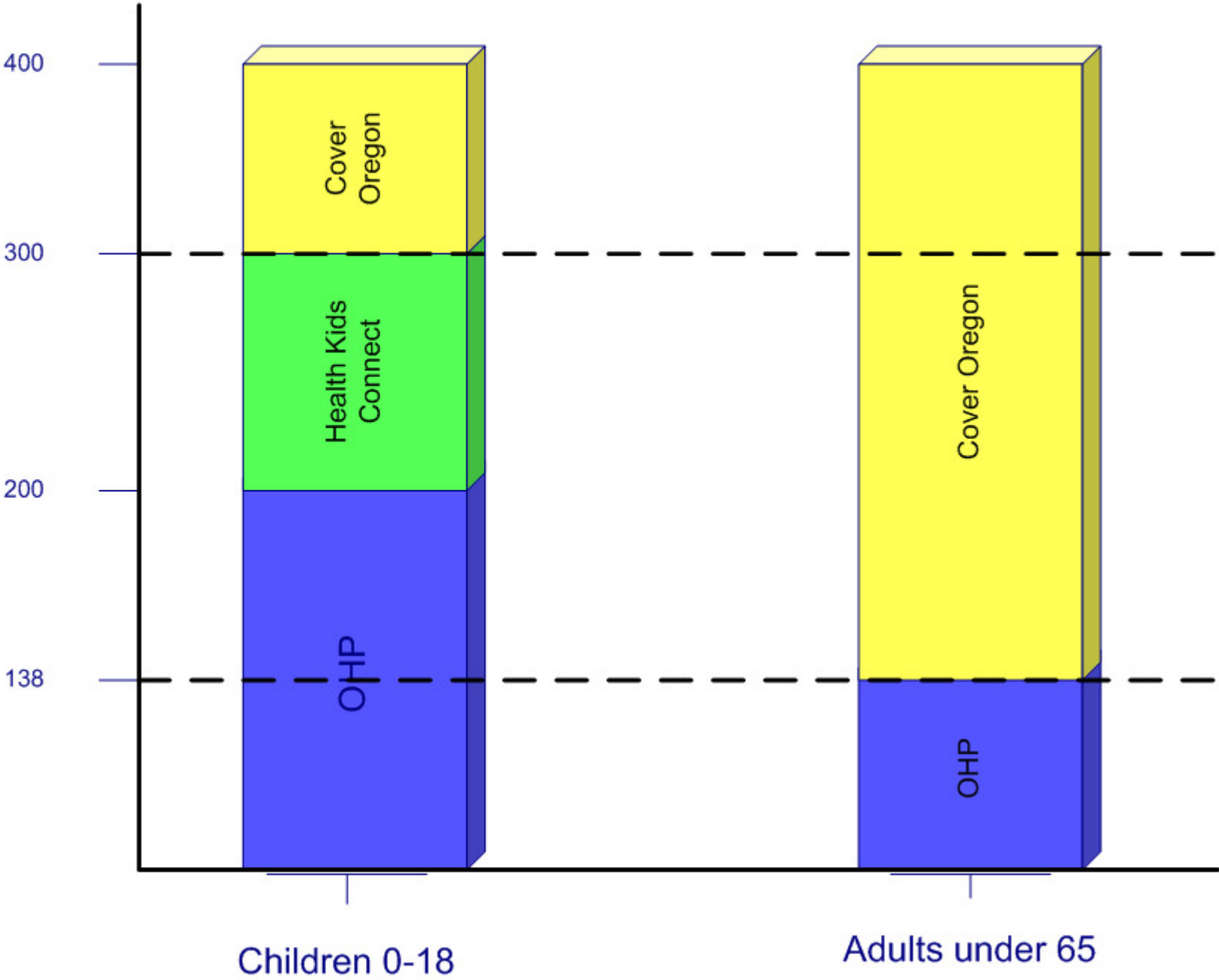
- ~180,000 uninsured adults could come on to the Oregon Health Plan next biennium
 - ~2/3 below poverty
 - ~1/3 living under 50% of poverty
- Diminished cost shift to those with insurance.
- County mental health and community corrections programs and mental health and drug courts, should see many of those they currently provide services to, having OHP coverage.



Program changes

- More efficient eligibility and enrollment through Cover Oregon web site and customer service call centers
- Single OHP Benefit Package – OHP Plus
 - Federal requirement for essential benefit package
 - OHP Standard does not meet federal benchmark
 - Medicaid Advisory Committee had a strong public process to recommend Oregon's Medicaid benefit

Federal Poverty





Children

- OHP for children under 300% FPL
- Less costly for state to administer, better value for families
- Opportunity to give families choice of OHP or to purchase insurance on the exchange in 2015/16 using CHIP dollars



Statutory Changes

- HB 2859: Alignment of state law with changes to federal Medicaid and Children's Health Insurance Program Laws
 - Makes technical and definitional fixes to clarify responsibilities of DHS and OHA in determining eligibility for public and medical assistance.
 - Makes changes in state statutes regarding medical assistance eligibility to conform with changes in federal law.
 - Allows Cover Oregon to be included in the transfer of information and delegation of duties for medical assistance eligibility determinations.



Statutory Changes

- HB 2091: Transition children under 300% (FPL) to the Oregon Health Plan and phase out Healthy Kids Connect program
 - This bill ends the HKC program and transitions the HKC children to OHP, starting in October for newly eligible kids and taking one year for transition of current enrollees.