

Draft Proposal – UHPGB

The Attributes of a Sound Financial Plan for Universal Health Care in Oregon.

10/10/2024

The following attributes are identified as important to a successful financial plan for implementation of a universal health care plan for Oregon. Once approved by the Finance and Revenue Committee these attributes are recommended for approval by the Board.

GENERAL REQUIREMENTS

1. All work must provide actuarially sound fiduciary rates for with quantifiable confidence intervals.
2. In order to be sure that all financial flows are understood, the health care system expenditures and revenues must account for total financial flows within the scope, and not just incremental calculations.
 - a. Overhead costs for each financial flow should be calculated or estimated including net cost of insurance, cost of billing, and cost of any metrics required by the payer.
 - b. Regions of the state which have different financial flows shall be considered.
3. In order to understand year to year variation, research cannot rely on a single year of data research.
4. All estimates and calculations should tie back to an external public or published accounting base (National Health Expenditure Accounts etc) with a stable methodology, and be clear in their assumptions, sources and reasons for any deviation from those accounting sources. This includes justifying differences of more than a few percentage points between national and state accounting.
5. It should be known how and who will decide the past years for analysis, and the year of planned implementation, or years of planned implementation if the implementation is to be phased. The selection of study years will be particularly important because the pandemic years may or may not be useful for projecting into the future.

HEALTH CARE EXPENDITURES

6. Current expenditures must be divided into categories of who pays and who receives the money, broken down in the categories of the National Health Expenditure Accounts but also breaking out additional categories by specialty including behavioral health, primary care, dental, optical, and long-term care.
7. Capital requirements such as structures and major equipment should be differentiated from operating expenditures.

HEALTH CARE REVENUE FOR OREGON

8. Revenue must be broken down according to all financial flows which fund health care including:
 - a. Premiums paid to private insurance companies by or for individuals, including the net cost of insurance
 - b. Expenditures by self-insured employers including the cost of administration and stop-loss insurance.
 - c. Out of pocket spending
 - i. On cost-sharing: copays, coinsurance, and deductibles for insured services
 - ii. On direct payments for services not covered by insurance.
 - d. The health care portion of casualty and workers compensation insurance.
 - e. Income taxes, payroll taxes, government premiums, and other taxes and fees which provide the revenue to operate Medicare, Medicaid, Market-place, CHIPS, and other federal and state programs
 - f. Public health and other local health expenditures for direct care or infrastructure for direct care not accounted for in other categories.
 - g. Revenue which comes from private donations or grants
 - h. Payments by trusts or out of state insurance which might not be otherwise captured in the above categories.

NEW PLAN DEVELOPMENT

9. All plan calculations must be very specific as to which populations and which services are covered and which are not.
10. When making estimates, including estimates of savings or estimates of future revenues or expenditures, the error of the estimate and confidence level must be clearly stated. If the error range cannot be calculated and justified based on standard statistical methods, the reasons for non-standard uncertainty should be identified and some measure of the financial risk must be identified.
11. It is strongly recommended that the best approach is to first study a past series of years, both for expenditures and revenues, and for analyzing what the effects of a new proposal would have been. Once that base period is fully analyzed, THEN apply the growth estimates for how expenditures and revenues might behave in the future. (The task force did not specify this. The contractor (CBZ Optumas) based all their calculations on 2026, making it almost impossible for the Task Force to cross reference their work with known data.)
12. Estimates for savings must be backed up by multiple methods and sources.
13. Estimates of savings from consolidating payments under one payer (such as a single payer) should be clear in whether any savings would continue to exist if some payments are not included in the consolidation.
14. Information which is in conflict with other prominent studies, such as the RAND Study of 2016 or the Task Force report of 2022 should have clear explanation of why it differs.

15. New plans must be clear in how they will deal with year-to-year fluctuation in expenditures and in revenue.
16. If the new plan requires sale of bonds, there should be a fiduciary review verifying that willing investors are available, and helping to identify the term length, interest rates, bond sales cost, and the annual rate of paying off the bonds.
17. New plans must be evaluated for their effect on Oregon's economy including
 - a. Changes to employment
 - b. Changes to individual and business income
 - c. Changes to taxation, including any change to individual and business federal taxes due to the way health care revenue is collected.
18. In measuring the economic impacts of any new plan, consideration should be given to the potential changes in behavior such as but not limited to:
 - a. If many people (second household workers and potential early retirees) are working solely for health insurance, how would the separation of health care access from employment affect employment income and state income tax collection.
 - b. Some percentage of health care is currently funded through donations. How much will donations decline if health care is viewed as funded by a public tax?