HB 2391:
Oregon Health Plan Funding

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Funding challenge

- OHP is a state/federal share program
- Costs contained to 3.4% per capita growth
- Challenge results from reductions in federal match (both ACA and non-ACA) and ending one-time funds
- For every OHP dollar spent in 2015-17:
  - 21 cents state funds
  - 79 cents federal funds
- For every OHP dollar spent in 2017-19:
  - 25 cents state funds
  - 75 cents federal funds

Why this is important

- Under ACA, Oregon has reduced uninsured rate from 17% to 5%
  - 95% of adults and 98% of children have coverage
- Rural Oregon particularly impacted by expansion
- Funding ACA expansion will draw $5 billion in federal funds in Oregon in 2017-19
- Uncompensated care down
- 23,000 Oregon health care jobs have been added since 2014

Process

- Governor's work group began in September
- Governor's budget released in December with share of cuts and revenue
- Legislative work group began meeting in March and hearing stakeholder proposals
- Ongoing stakeholder meetings to discuss options/proposals since then to reach compromise
- Bills related to framework:
    - HB 2391 – policy changes
    - HB 3398 – technical fix related to OMIP
    - HB 5026 – OHA budget bill

What the package provides

- Continues Oregon's progress on health care transformation

- Maintains coverage / continues progress we've made
  - No reductions in eligibility
  - No reductions in benefits

- Maximizes federal funding

- Reflects shared responsibility within the health system for finding a solution

- Creates a market stability program (reinsurance) for individual commercial market

Budget package framework

Start of session budget challenge	($917 million)
Agency savings and cost reduction initiatives	$71 million
CCO rate of growth reduction	$36 million
Revenue adjustments	$100 million
Discontinue hospital transformation program	$68 million
Increase hospital assessment on DRGs to 6.0%	$120 million
New rural hospital assessment program at 4.0%	$90 million
New intergovernmental transfer with OHSU	$105 million
New managed care/insurer tax (incl. PEBB) at 1.5%	$205 million (to OHP)
General fund increase	$139 million
Total cuts, adjustments, and revenue	*$934 million*

*All numbers in state funds

Insurer/CCO tax

- Provider taxes must be broad-based, uniform, and cannot promise to hold individual taxpayers harmless
- Tax would primarily fund OHP with some funding to support individual market stabilization (reinsurance)
  - Some additional fund balances would be used to also support reinsurance
  - DCBS would seek a federal 1332 waiver to also leverage federal funds to support reinsurance
- Tax structured similarly to the 2009-13 program
  - 2 year program on plans renewed between 1/1/18 and 12/31/19
- Reinsurance structured similarly to temporary program
  - Expected to reduce/mitigate rate increases by 4.9% in individual market

Insurer/CCO tax funding

1.5% tax on Medicaid plans:	$80 million
1.5% tax on PEBB:	$10 million
1.5% tax on insurers:	$145 million
Subtotal of revenue from tax:	$235 million
Marketplace/OMIP transfers:	$57 million
1332 waiver:	$49 million
Total revenue:	**$341 million**
To Oregon Health Plan:	$205 million
To reinsurance program:	$136 million
Total expenditures:	**$341 million**

Amendments

Technical changes being made to -1 amendments

- Checking definitions and operative dates
- Finalizing OHSU language
- Finalizing rural hospital payment language
- Timing of transfers from OMIP ending fund balance
- Ensuring work can begin immediately to meet timelines

Other notes

- Reductions and cost savings initiatives will require working together to achieve

- Increases state's reliance on provider taxes

- Several federal approvals required

- Significant work required between agency/stakeholders on implementation on a fast timeline