March 14, 2019

Honorable Chair Andrea Salinas
900 Court St NE, H-485
Salem, OR 97301

**RE:** Medicaid Buy-In: HB 2009 and HB 2012

Chair Salinas, and members of the House Committee on Health Care,

PacificSource is an independent, not-for-profit health plan based in Oregon. We serve commercial, Medicaid, and Medicare lives, and are the contracted Coordinated Care Organization (CCO) in Central Oregon and the Columbia River Gorge through PacificSource Community Solutions. Our mission is to provide better health, better care, and better value to the people and communities we serve.

PacificSource understands and supports the overall policy goal to improve access to affordable health care options for Oregonians who still struggle to obtain consistent primary care and other health services through the Oregon Health Plan/CCOs, commercial group insurance plans, or in the individual market. With that, we want to encourage the state to be deliberate and methodical in its analysis of potential market impacts, rather than launching a Medicaid Buy-in option that has the potential to adversely disrupt these current markets and programs.

**Market Impacts**

CCO's and commercial health insurance plans have documented high levels of member satisfaction and high-quality, effective care management - thus making them a seemingly popular option for further expanding access to health care. That said, plan design for new market offerings such as a Medicaid-like Buy-in, must be carefully analyzed and implemented to minimize adverse impacts. Launching a Medicaid Buy-in product in the midst of CC0 2.0 transformation efforts will be disruptive to CCOs. Launching a Medicaid Buy-in product as an alternative to Oregon's highly competitive commercial health insurance offerings (on and off of the exchange), will disrupt commercial plan medical and administrative costs, and provider networks.

**Cost and Benefit Design**
As proposed in HB 2009 and 2012, the Medicaid-like benefit would have no cost sharing, and its premiums would be based on Medicaid actuarial values/CCO global budgets. Setting rates using this Medicaid methodology is at best a shot-in-the-dark, and will not be adequate to cover expected utilization by the non-Medicaid population targeted in these bills. In addition, CCO provider networks will experience significant disruption as providers see a change in their reimbursement mix. This new population will be reimbursed at Medicaid rates, when previously these persons were reimbursed at commercial rates. To address the impact of lower reimbursement, these CCO network providers will either cost shift to commercial payers or stop seeing Medicaid patients.

Offering an expansive Medicaid benefit design with no out-of-pocket cost-sharing, does nothing to hold down overall health care costs, and may be unaffordable to the intended class of purchasers.

In addition, CCO's are not licensed nor regulated as commercial insurers/qualified health plans, nor are they equipped to offer and administer benefits for non-Medicaid populations. How CCOs address this experiment of administering benefits to non-Medicaid populations while attempting to implement CCO 2.0 Medicaid requirements/measures/metrics and comply with Oregon's Section 1115 Medicaid waiver - will be high-stakes compliance challenge.

For all these reasons, the Medicaid-like buy-in benefit should not be offered in competition with commercial Essential Health Benefits nor compared to the EHB benefit design. Essential Health Benefits and the metal-tiers offered on the exchange provide consumers with a choice of products, flexible network designs, and comprehensive coverage. Offering a Medicaid-like Buy-in product in competition with these plans creates significant adverse risk selection issues and will destabilize insured individual and group markets and hinder CCO 2.0 implementation.

**Going Forward**
A less disruptive solution is to target new incentives and subsidies that would encourage uninsured Oregonians to access and maintain health insurance coverage through existing market channels. For example, Oregon currently has about 6.3 percent of our population uninsured, and approximately 80% of these uninsured persons are eligible for (but not enrolled in) Medicaid/OHP/CCOs; or eligible for federal subsidies/tax credits (but not enrolled in) Exchange/Marketplace coverage.  In addition, approximately 33,000 of Oregon's uninsured are undocumented persons. Our focus should be on enrolling these persons using new incentives

and subsidies, rather than creating a new and disruptive Medicaid Buy-in product. See, Oregon's 2017 Health Insurance Survey for demographic details on the uninsured population. Maximizing existing outreach and enrollment opportunities allows the state to avoid disrupting the commercial insurance Marketplace, and will not add complexity to CCO 2.0 implementation. This will allow CCO's to continue to focus on the Medicaid/OHP transformation, primary care transformation, and the policy goals of CCO 2.0. It will also eliminate concerns with adverse risk selection, cost shifting and provider network disruption.

Based on these significant CCO and commercial market impacts, it is imperative that the state undertake a detailed market impact analysis to assess actuarial, administrative and financial impacts - before moving forward with a Medicaid Buy-in product. Launching a Medicaid Buy-in before analyzing and evaluating these impacts is reckless, and will have CCO and market implications that cannot be easily remedied after the fact.

While we have identified concerns with these bills, PacificSource stands ready to continue the discussion on how to achieve the goal of increasing health care access for Oregon's uninsured and underserved populations.

Sincerely,

Michael S. Becker

Michael Becker
Vice President of Government Relations