

March 14, 2019

The Honorable Andrea Salinas Chair, House Committee on Health Care  
900 Court St. NE  
Salem OR 97301

RE: HB 2009, HB 2012, HB 3185 - Medicaid Buy-In and Shared Responsibility Coverage Mandate

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

Kaiser Permanente is committed to helping shape the future of health care. Founded in 1945, Kaiser Permanente has a mission to provide high-quality, affordable health care services and to improve the health of our members and the communities we serve. Kaiser Permanente is an integrated health system providing care and coverage to more than 626,000 members in Oregon and Southwest Washington, including more than 46,000 members in Oregon's individual market. We also currently serve over 45,000 members through the Oregon Health Plan. We committed to both Medicaid and the individual market.

Kaiser Permanente supports universal coverage and believes that everyone in America should have access to high-quality, comprehensive health care coverage they can afford. We recognize the burden rising premiums and high out-of-pocket costs place on consumers, especially those residing in rural counties. We were an early and strong supporter of the Affordable Care Act (ACA) and believe that through collaboration and thoughtful policy change, we can find solutions that avoid imposing additional cost and disrupting patients' access to health care.

Kaiser Permanente participated in the Universal Access to Care Work Group that met throughout 2018 to start thinking through how Oregon could better achieve universal access to high quality, affordable health care. What we learned is that there are no easy answers and that further, detailed analysis of the new approaches raised, including Medicaid Buy-In, are needed to understand the impacts on individuals purchasing coverage as well as the broader market impacts. Of the options discussed, only the state-level shared responsibility coverage mandate, which was in effect at the federal level until this year, has well-understood impacts that improve affordability. **For these reasons, Kaiser Permanente opposes the Medicaid-Buy In proposals in HB 2009, HB 2012 and HB 3185 and supports the shared responsibility coverage mandate in HB 2009.**

**Oregon can best achieve universal coverage by building on the coverage gains made in the last decade and further stabilizing the individual market.**

We encourage Oregon to build upon prior successes, carefully review market dynamics, and ensure that proposals are not only good public policy, but also good for expanding access to quality care for all Oregonians. Coverage gains since the passage of the ACA have reduced Oregon's uninsured rate from 15% in 2011 to 6%, but more work remains. Kaiser Permanente recommends exploring the following policy changes to ensure all Oregonians have access to quality affordable coverage:

- State-level coverage mandate: Federal elimination of the ACA's individual shared responsibility penalty for the 2019 tax year introduces an urgent destabilizing element into Oregon's individual market. Consumers may perceive that the law no longer requires them to purchase or maintain coverage, causing healthier consumers to avoid coverage, leaving the remaining risk pool sicker – and causing premiums to spike for consumers remaining in the market. While the shared responsibility penalty has been zeroed out, federal guaranteed issue requirements remain in place. The impact is an inherently unstable market while one leg of the ACA “stool” is missing. States, such as Washington in the 1990s, that previously attempted maintaining a guaranteed issue market without an individual mandate saw the market devolve into a “death spiral.”

- Expanded coverage subsidies to lower premiums for people ineligible for federal subsidies and/or to lower “cost sharing” (i.e. deductibles and copays) to make the coverage people have more accessible.
- These actions would encourage broader carrier competition in the individual market in more places across the state and preserve stability in the employer-based market.
- Finally, Kaiser Permanente urges Oregon to consider an approach taken by other states, to expand Medicaid to undocumented adults who lack access to employer-based coverage and are ineligible for federal tax credit subsidies.

**A Medicaid buy-in program will destabilize the remaining individual market.**

- The Oregon Health Plan offers very comprehensive coverage with no cost-sharing or premiums. In order to represent a savings to Oregonians, the state would either have to heavily subsidize the coverage, mandate artificially low premiums that do not take into account the total cost of care or establish a baseline of artificially low premiums due to insufficient, government-set provider rates.
- Artificially low prices that do not take into account the total cost of care will draw members away from the individual market, disrupting the risk pools and leading to increases in health insurance premiums for those on other plans.
- Individual market consumers who shift to the Medicaid product may face restricted provider choice. This would also burden the current Medicaid provider network. Providers, especially of secondary care, are not apt to forgo current commercial rates in favor of lower, Medicaid reimbursement.

**A Medicaid buy-in will also destabilize the employer-sponsored insurance market.**

- This proposal threatens affordable coverage for the nearly 2 million Oregon residents who receive health coverage through their employer.
- To recoup losses from these low rates, providers will be forced to shift their costs to the employer market, raising the cost of care for those covered through their employer.
- Employers may opt to cease providing coverage in response.

**A Medicaid buy-in program will be expensive for the state.**

- Without state-funded coverage subsidies and/or federal pass-through dollars, a Medicaid buy-in program may not be an affordable option for most Oregonians.
- To maintain adequate provider networks, rates paid to CCOs and Medicaid providers should be evaluated in light of the true costs of care. The state would need to increase rates to all providers to ensure access to care for current and new Medicaid enrollees.
- Administration of a Medicaid buy-in mechanism would require a significant state investment.

Thank you for the opportunity to provide comments on HB 2009, HB 2012 and HB 3185. We look forward to continuing the dialogue to ensure that Oregon can provide universal coverage to all residents through policy change that strengthens rather than further destabilizing existing markets.

Sincerely,



Amy Fauver

Director, Government and Community Relations