HB 2010 -2, -3 STAFF MEASURE SUMMARY

House Committee On Health Care

Prepared By:	Oliver Droppers, LPRO Analyst
Sub-Referral To:	Joint Committee On Ways and Means
Meeting Dates:	4/1, 4/13

WHAT THE MEASURE DOES:

Establishes a public option health plan to be offered on the health insurance exchange by an insurance carrier or coordinated care organization (CCO). Specifies goals of the public option program. Requires carriers that contract with Public Employees' Benefit Board (PEBB), Oregon Educators Benefit Board (OEBB), offers a Medicare Advantage Plan, or is part of a CCO to offer public option health plans at the silver and gold level and include criteria approved by the Department of Consumer and Business Services (DCBS). Specifies a public option plan must be offered to individuals and small businesses. Sets provider reimbursement rates at 100 percent of Medicaid unless certain conditions are met; encourages provider reimbursement through value-based payment. Requires licensed and certified providers that serve patients enrolled in PEBB, OEBB, Medicare Advantage Plan, or a CCO toparticipate in a public option health plan. Requires providers to purchase drugs through Oregon Prescription Drug Program. Directs DCBS to apply to the Centers for Medicare and Medicaid Services (CMS) for a section 1332 Innovation waiver to secure any federal financial participation available to help pay costs of public option health plan. Directs DCBS to take immediate steps to discontinue use of the federally facilitated exchange and work towards implementing a state-based platform. Directs DCBS to monitor implementation and evaluate if the public option meets specified goals.

ISSUES DISCUSSED:

- Status of the Affordable Care Act in Oregon
- Potential impact of a public option on Oregon's insurance market, rural providers and hospitals
- Health equity, affordability, federal subsidies, network adequacy and market stability
- Coverage affordability for small employers
- Stakeholder engagement
- Provider reimbursement and value-based payment models
- House Bill 3381 (2021)

EFFECT OF AMENDMENT:

-2 **Replacesthe measure**. Adds whereas statements. Directs OHA to collaborate with DCBS to create an implementation plan for a public health plan to be available to individuals and families in individual market and submit plan no later Jan. 1, 2022. Directs OHA and DCBS to analyze: (1) potential federal waivers to increase affordability, (2) identify populations in need of new coverage options, (3) potential impact of a public health plan on market stability, (4) impact of American Rescue Plan Act of 2021 and how this and other federal changes may improve access and affordability, (5) role of a state-based technology platform, (6) adverse consequences based on design elements, (7) additional subsidies to help with affordability, and (8) strategies developed by Task Force on Universal Health Coverage. Directs OHA and DCBS to develop recommendations; specifies areas for recommendations. Directs OHA and DCBS to rely on previous studies. Allows OHA and DCBS to contract with experts, if necessary. Declares emergency, takes effect on passage.

REVENUE: statement issued - no revenue impact.

FISCAL: May have fiscal impact, but no statement yet issued.

-3 **Replaces the measure.** Same as -2 with one exception: adds additional "whereas" statement regarding bulk purchasing of prescription drugs and production of generic drugs.

REVENUE: statement issued - no revenue impact.

FISCAL: May have fiscal impact, but no statement yet issued.

BACKGROUND:

Recently, policy proposals have been introduced at both the federal and state levels that would permit individuals above Medicaid eligibility levels to “buy in” to Medicaid or leverage the state Medicaid program to strengthen coverage across the individual commercial market and Medicaid. States are exploring the concept of a Medicaid buy-in program (or public option) to establish a new coverage program targeting lower-income individuals and families not eligible for Medicaid or federal subsidies through the Marketplace.

A state has flexibility in designing a Medicaid buy-in proposal, making policy decisions across a range of key program features such as provider networks, reimbursement rates, and the role of public and private plans, to create a program that resembles a Medicaid benefit, a marketplace product, or a hybrid of the two. States may choose to pursue federal waivers (e.g., Section 1332 Innovation waiver). A number of states have introduced legislation to create public option proposals seeking to address marketplace access and competition, insurance premium and cost-sharing affordability, and alignment across Medicaid and the individual insurance market coverage. Washington is the first state to enact legislation and implement a public option (Cascade Care).

In 2019, Senate Bill 770 passed directing the Oregon Health Authority to engage in an analysis to help policymakers develop policy a public option to improve affordability and increase access to health care. In December 2020, the Oregon Health Authority released a report prepared by Manatt Health that evaluated three models and offered a list of considerations: (1) coordinated care organization-led, (2) carrier-led , and (3) state-led partnership with a third-party administrator.

House Bill 2010 creates a public option to offer more affordable coverage to individuals and small businesses.