

What about the Oregon Health Authority?

Background:

The Oregon Health Authority (OHA) was created by the 2009 Legislative Assembly to bring most health-related programs into a single agency to maximize its purchasing power and to contain rising health care costs statewide. The agency's mission is to help people and communities achieve optimum physical, mental, and social well being through partnerships, prevention, and access to quality, affordable health care. It has three goals to transform the health care system in Oregon: improve the lifelong health of Oregonians; increase the quality, reliability and availability of care for all Oregonians; and lower or contain the cost of care so it is affordable to everyone.

Basic financing

OHA is the agency charged with administering Medicaid payments in Oregon. The Affordable Care Act enabled Oregon to expand its Medicaid program to cover individuals who were not previously eligible. As a result, Medicaid eligibility in Oregon grew from approximately 600,000 individuals in 2013 to more than 1 million by the end of 2014, where it has remained. Total Medicaid expenditures have likewise increased.

Measure 101 proposes to expand the hospital assessment. This expanded assessment would generate \$599 million in additional revenue to support the Oregon Health Plan, which in turn generates \$1.8 billion in federal funding.

The audit

The audit by the Secretary of State's Audit Division found approximately 31,300 questionable or potentially improper payments of benefits for Medicaid recipients over the 15 month period the audit investigated. This has focused attention on the OHA, and also on the office of the Secretary of State.

The question to answer is "how big a problem are these questionable payments, really?" Nationally, states have about a 10% error rate. According to OHA Director Patrick Allen, these 31,300 questionable payments are out of over 52 million such payments, covering the same time period. This makes Oregon's *potential* error rate very low. It is a finding of the audit that potentially millions of dollars could have been saved if the agency had determined the ineligibility of these clients sooner. The agency does not believe this gap can be measured. Some of those recipients will prove to be eligible, and of the remaining, it is unknown when they became ineligible. The finding would have been more constructive as indeed it is in the recommendations section of the audit. The recommendations to the agency to reduce the number and amount of questionable payments include technological controls, efforts to validate accuracy and completeness of data, annual reconciliation process, plus more.

The agency agrees with the recommendations and has already begun to implement them. Director Allen believes that the agency is meeting its goals and mission. He cites the hundreds of thousands of people added to the Oregon Health Plan, over \$1.3 billion in cost savings through the Community Coordinated Care Organizations, and the turnaround at the Oregon State Hospital.

Sources: 2017-19 Legislatively Adopted Budget Detailed Analysis, Legislative Fiscal Office, October 2017

Oregon Public Broadcasting, Interview with Secretary of State Dennis Richardson and OHA Executive Director Patrick Allen, November 30, 3027

"Oregon Health Authority Should Improve Efforts to Detect and Prevent Improper Medicaid Payments", title of audit by Secretary of State Audit Division of Oregon Health Authority, November 2017.

League of Women Voters of Oregon Says Vote YES on Measure 101

The League of Women Voters of Oregon is supporting a yes vote on Measure 101 in the January 23 election. This support is based on the national League position which promotes a health care system that provides access to a basic level of quality care for all and controls health care costs.

If Measure 101 passes, it will provide the funding to ensure that 95% of Oregonians maintain access to health care including those who recently received coverage through the expansion of Medicaid under the Affordable Care Act. It will also make private insurance cheaper through a reinsurance program that protects against losses from extraordinarily large claims.

Medicaid coverage allows people to access lower cost preventive care rather than seeking treatment in the emergency room due to lack of insurance. The hospitals and insurance companies paying these taxes support them because the additional tax revenue generates federal matching dollars many times greater than the taxes paid.

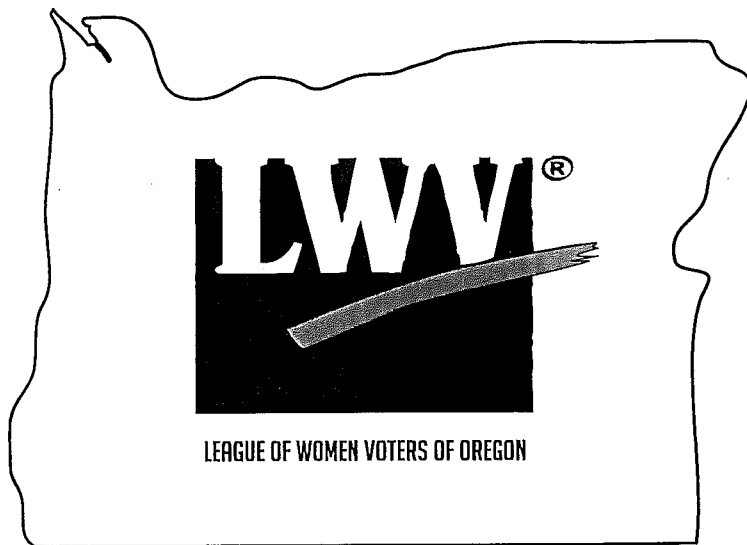
The provider assessments authorized by this measure will bring about \$3 in federal matching dollars into Oregon for every state dollar spent. Such assessments have been used since 2004 to fund the Oregon Health Plan (Medicaid) and are similarly used in 48 other states.

Discussion Questions

1. What should health care reform achieve?
2. Does a Medicaid expansion make sense? Why or why not?
3. Should Medicaid recipients share in the cost of their care? In what way?
4. Suppose your nephew says: "I struggle to pay for my health insurance? Is it fair for me to help pay for other people as well?" How could you respond? (Hint: Practice civil discourse.)
5. What can we learn from the many countries other than ours that appear to provide better health care for more people at less cost?

LEAGUE OF WOMEN VOTERS

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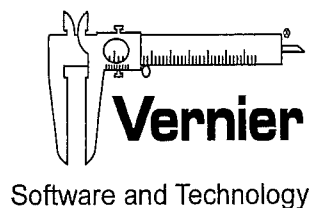
**SPECIAL
ELECTION
JAN 23,
2018**

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State of Oregon
Ballot Measure
101

Healthcare Provider Assessments to fund Medicaid and stabilize individual insurance premiums.

REFERENDUM: *Ballot Measure 101 is a veto (repeal) referendum. A veto referendum is a citizen-initiated measure addressing a law that the state legislature and governor approved. Certifying a veto referendum for the ballot requires signatures equivalent to 4% of the votes cast in the most recent gubernatorial election. This veto referendum was placed on the ballot with 70,230 valid signatures.*

FINANCIAL IMPACT: *HB 2391 will produce an additional \$673 million for the Oregon Health Plan (Medicaid) in the 2017-2019 budget cycle through state medical fund transfers and new assessments.*

Although there is no direct financial effect on local government revenues, there may be an indeterminate effect on local government expenditures related to increases in associated insurance assessments. There is likely to be an indirect and indeterminate effect on the state economy and local government revenues and expenditures.

If the measure is defeated, there will be a reduction of \$210-\$320 million in state revenue, resulting in possible reduction of \$630-\$960 million in federal matching funds.

**PROBABLE RESULTS OF A
YES VOTE**

A "Yes" vote allows House Bill 2391 to go into effect in its entirety as enacted by the 2017 Oregon Legislature. It upholds specified assessments on health insurance companies, managed care organizations, the Public Employees' Benefit Board, and some hospitals. These assessments will provide Oregon's non-federal portion of funding for the Oregon Health Plan. Insurance companies cannot increase premiums by more than 1.5% as a result of the assessments.

**PROBABLE RESULTS OF A
NO VOTE**

A "No" vote rejects temporary assessments on health insurance companies, managed care organizations, the Public Employees' Benefit Board, and some hospitals. Defeating ballot measure 101 will remove funding for HB 2391.

See the Proposal section on page 5 for details.

BALLOT MEASURE 101

Healthcare Provider Assessments to fund Medicaid and stabilize individual insurance premiums.

BACKGROUND:

The Oregon Health Plan (OHP)—Oregon's Medicaid program—covers about a million people, including low-income children, seniors and people with disabilities.

In 2014 the federal government's Affordable Care Act provided federal funds to Oregon and other states to expand Medicaid coverage. As of 2017, this resulted in OHP providing coverage to 350,000 previously uninsured low-income Oregonians. Medicaid expansion includes adults not covered by an employer's plan who earn up to 138% of the federal poverty level. Initially, the federal government paid 100% of these expansion costs. However, starting in 2017, Oregon was required to pay 5% of the expansion costs in order to release federal funds to cover the Medicaid Expansion coverage. Oregon's required percentage contribution will increase in 2018 to 6%, 7% in 2019, and its share will be capped at 10% in 2020 and beyond.

By the end of 2016 there was a \$1.6 billion budget shortfall for Oregon's mandated programs. Starting in January 2017, the Oregon Legislature worked with stakeholders on HB 2391 to fund the Oregon Health Plan for another 2 years to ensure that this shortfall did not cause approximately 350,000 Oregonians to lose insurance. It was signed into law on July 3rd, 2017, passed by a three-fifths majority vote (Senate: 20 to 10, House 36 to 23).

HB 2391 funds the state's cost sharing obligation by imposing temporary (two-year) additional assessments on hospitals and health insurance companies. (Since the Medicaid healthcare provider organizations are the primary beneficiaries of federal Medicaid funding, such assessments are used in 49 states to fund health care. Oregon has used similar assessments since 2003; prior to 2014, an assessment on insurers funded Oregon's Healthy Kids Program.)

Part of the revenues will be used as "reinsurance" for individual policy insurers, as a backstop for extraordinarily large claims. The intention is that individual market insurers will be able to lower their premiums. If this measure passes, the assessments on some hospitals will be approved, subject to the approval date by the Centers for Medicare and Medicaid Services (CMS) of the federal Department of Health and Human Services.

Approval of Ballot Measure 101 will retain HB 2391 in its entirety, including the five contested sections summarized below:

SECTION 3.

The Public Employees' Benefit Board shall pay a 1.5% assessment on the gross amount of premiums equivalents received during the calendar quarter. (A "Premium equivalent" means a claim for reimbursement of the cost of a health care item or service provided to an eligible employee or family member, other than a dental or vision care item or service, and the administrative costs associated with the claim.)

SECTION 5.

An insurer shall pay a 1.5% assessment of the gross amount of premiums earned by the insurer during that calendar quarter that were derived from health benefit plans delivered or issued for delivery in Oregon.

BALLOT MEASURE 101

Healthcare Provider Assessments to fund Medicaid and stabilize individual insurance premiums.

SECTION 8.

Insurers may increase their premium rate on policies or certificates that are subject to the assessment (Section 5 above) by 1.5%. and increase its rates up to 1.5%, and may include a notice in its billings.

SECTION 9

A managed care organization shall pay a 1.5% assessment of the gross amount of premium equivalents received during that calendar quarter.

SECTION 27

In addition to existing assessments, a 0.7% assessment is imposed on the net revenue of each hospital in Oregon that is not a waived hospital (such as public hospitals).

PROPOSAL:

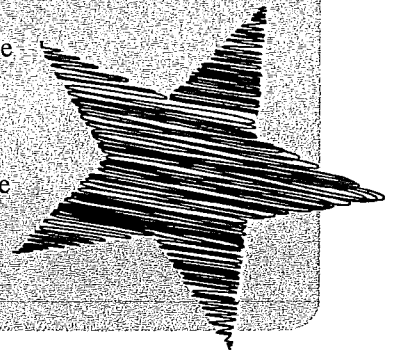
Ballot Measure 101 contests certain sections of HB 2391 as passed by the Legislative Assembly. A "yes" vote on Ballot Measure 101 would uphold HB 2391 and retain the assessments. A "no" vote would overturn sections 3, 5, 8, 9, and 27 of HB 2391. Removal of these sections eliminates the funding for HB 2391.

HOW WE RESEARCH BALLOT MEASURES

League of Women Voters members research and write these ballot measure reports. Researchers try to verify all factual information. We work diligently to ensure our reports are balanced, accurate, and fair. We strive to provide the information you need to make an informed VOTE!

Our sources include:

- Financial Impact and Explanatory Statements from the Secretary of State
- Measure supporters and opponents summaries
- State agencies and economists
- Reports and published information, including current press coverage



BALLOT MEASURE 101

Healthcare Provider Assessments to fund Medicaid and stabilize individual insurance premiums.



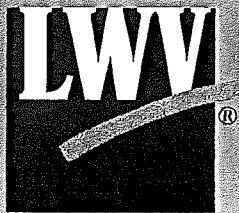
SUPPORTERS SAY

- Hospitals, insurers, nurses, doctors and consumer groups all supported the financing package, which passed the Legislative Assembly by a three-fifths majority. Seventy-five civic and health care organizations so far have signed on to support Ballot Measure 101.
- HB 2391 protects health insurance coverage for about 350,000 Oregonians (1 in 4) on the Oregon Health Plan (Medicaid). Without funding, uninsured low income Oregonians will lose preventative care and may end up in the emergency room, causing everyone's premiums to go up again.
- HB 2391 protects the 94% federal share of the funds for Oregon's Medicaid program. Federal money provides three quarters of the funding for the Oregon Health Plan.
- HB 2391 protects the 210,000 Oregonians, who buy their own insurance, from rising costs in health insurance premiums.
- With lower individual market premiums and more Oregonians insured, fewer medical bills end up unpaid, lowering future premiums for everyone.



OPPONENTS SAY

- Rejecting the taxes will force lawmakers to get more creative and find other ways to cut costs when it comes to providing health care for low-income Oregonians.
- The fiscal impact analysis is based on forecasts which are speculative and not quantifiable; Oregon should not assume that the federal contribution will continue.
- HB 2391 assessments represent a cost shift from the Oregon General Fund to Medicaid; the assessments will cost the General Fund \$12 million for the Public Employees Benefit Board and \$25 million for the Oregon Educators Benefit Board that will be collected from local school boards, depriving funds for other agencies and services.
- HB 2391 assessments are not applied fairly, as small group insurers are assessed, while large corporations, unions, and insurance companies are not.
- HB 2391 increases the cost of private insurance for 217,000 Oregonians who purchase health insurance inside or out of the health exchange, as well as 11,681 college student healthcare plans, and 50,500 employers who employ 50 people or less.



Yes! I want to support the League of Women Voters.

League of Women Voters membership is open to all men and women.
We have Leagues in many communities around Oregon.

Name _____

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☐ I would like membership information

Dues are \$60 to \$70 depending upon local community

Send to:

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Or find us at

www.lwvor.org/voterresources/

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