Health Care Reform: What We Know Today

Presented to OHCA Board
April 8, 2010
Hitting the High Points

Today’s Focus: SoonerCare-specific points

- Challenge: Oklahoma’s Uninsured
- Opportunity: Health Care Reform
  - Financing
  - Enrollment Today vs Enrollment Post-Reform
  - Potential Impact

- Additional Opportunities
  - Potential Impact
Oklahoma FMAP Outlook: Newly Qualified

Source: CMS, Regular reflects FY 2010 FMAP Estimates
Oklahoma CHIP FMAP Outlook

Source: CMS, Regular reflects FY 2010 CHIP FMAP Estimates
Enrollment Today

Source: OHCA Annual Report SFY 2009, page 21, figure revised from original publication
Enrollment Post-Reform

Source: OHCA, per analysis of HCR bill as signed by the President on 3/23/10
Enrollment Post-Reform

185%
- SoonerCare = 79,000
- Uninsured = 13,495
- Uninsured = 67,576

133%
- SoonerCare = 79,665
- Uninsured = 53,911
- SoonerCare = 5,622

100%
- SoonerCare = 320,727
- Uninsured = 143,273
- Uninsured = 14,687
- SoonerCare = 6,749
- SoonerCare = 32,802
- SoonerCare = 45,284

FPL | Children 0-18 | Pregnant Women | Parents/Childless Adults
---|--------------|----------------|-------------------
Source: SoonerCare figures from OHCA, business objects report retrieved 4/7/10;
Uninsured figures from US Census Bureau, 2008 data collected in 2009,
http://www.census.gov/hhes/www/cpstc/cps_table_creator.html
### Potential Oklahoma Impact

#### Estimated Annual State Costs - Newly Qualified / Woodwork

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<thead>
<tr>
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<tbody>
<tr>
<td>FMAP</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>95%</td>
<td>94%</td>
<td>93%</td>
<td>90%</td>
<td>90%</td>
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<tr>
<td>Newly Qualified</td>
<td>200,000</td>
<td>200,000</td>
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<tr>
<td>Woodwork</td>
<td>50,000</td>
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<tr>
<td>Total State Cost (in millions)</td>
<td>$41.5</td>
<td>$42</td>
<td>$43</td>
<td>$67</td>
<td>$73</td>
<td>$79</td>
<td>$95</td>
<td>$95</td>
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<tr>
<td>State PMPM</td>
<td>$14</td>
<td>$14</td>
<td>$14</td>
<td>$23</td>
<td>$25</td>
<td>$27</td>
<td>$32</td>
<td>$32</td>
</tr>
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#### Current Annual Uncompensated Care:
- Hospitals = $365 M
- Cost-Shifting to Insured = $1,000 per family or $1 B total

Source: OHCA, per analysis of HCR bill as signed by the President on 3/23/10. Population figures estimated with US Census Bureau uninsured data. Cost figures estimated with average SoonerCare expenses and include 3% administration. Uncompensated care figures estimated with cost-reports from 103 Oklahoma hospitals, and national study conducted in 2005 by Dr. Kenneth Thorpe, PhD.
Additional Options…

- States may choose to expand coverage to childless adults under 133% FPL effective 4/1/10.
  - Regular FMAP applies.
- States may choose to establish a basic state health plan for families earning 133-200% FPL effective 1/1/14.
  - In lieu of FMAP states receive 85% of the tax credits and cost-sharing reductions that would have applied through Exchange plans.
## Basic State Health Plan Example

<table>
<thead>
<tr>
<th>Household Income at 200% FPL</th>
<th>Single Person</th>
<th>Household of 2</th>
<th>Household of 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Earnings</strong></td>
<td>$21,660</td>
<td>$29,140</td>
<td>$36,620</td>
</tr>
<tr>
<td><strong>Out of Pocket Maximum (6.3% of Earnings)</strong></td>
<td>$1,365</td>
<td>$1,836</td>
<td>$2,307</td>
</tr>
<tr>
<td><strong>Premium Estimate for 2nd lowest cost Silver Plan (Annual)</strong></td>
<td>$3,600</td>
<td>$7,200</td>
<td>$10,800</td>
</tr>
<tr>
<td><strong>Affordability Credit</strong></td>
<td><strong>$2,235</strong></td>
<td><strong>$5,364</strong></td>
<td><strong>$8,493</strong></td>
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<tr>
<td><strong>85% of Credit (Annual)</strong></td>
<td><strong>$1,900</strong></td>
<td><strong>$4,560</strong></td>
<td><strong>$7,219</strong></td>
</tr>
<tr>
<td><strong>85% of Credit (Monthly)</strong></td>
<td><strong>$158</strong></td>
<td><strong>$380</strong></td>
<td><strong>$602</strong></td>
</tr>
<tr>
<td><strong>Adult Comparison (Reg FMAP)</strong></td>
<td>$230</td>
<td>2 Adults = $460</td>
<td>3 Adults = $690</td>
</tr>
<tr>
<td><strong>Child Comparison (Reg FMAP)</strong></td>
<td>$152</td>
<td>1 Adult 1 Child = $382</td>
<td>2 Adults 1 Child = $612</td>
</tr>
<tr>
<td><strong>Child Comparison (CHIP FMAP)</strong></td>
<td>$110</td>
<td>1 Adult 1 Child = $340</td>
<td>1 Adult 2 Children = $450</td>
</tr>
</tbody>
</table>

**State receives 85% of the consumer’s affordability credits**

**Compare state receipts to typical cost of coverage under SoonerCare**
Other Reform Notables…

- Income definition for Medicaid & CHIP set as IRS, AGI, and a 5% income disregard.
- Medicaid enrollment must be coordinated with Exchange enrollment to provide seamless enrollment for all programs.
- States required to create and run a website which:
  - Allows application and enrollment in Medicaid, CHIP or Exchange plans.
  - Contains benefit/cost/quality information on plans.
- Medicaid provider rates must equal Medicare provider rates for preventive services.
  - Full 100% FMAP applies to the difference.
Sources: Reform Summaries

- NASMD Health Reform Side by Side
  http://www.nasmd.org/home/doc/draftHRsidebyside.pdf

- Kaiser Side by Side of Major Health Reform Proposals
  http://www.kff.org/healthreform/sidebyside.cfm

- Library of Congress
  - HR 3590
    http://thomas.loc.gov/cgi-bin/bdquery/z?d111:HR03590:
  - HR 4872
    http://thomas.loc.gov/cgi-bin/bdquery/z?d111:H.R.4872: