National Health Care Reform: A remedy for Oklahoma’s uninsured?

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Overview of Topics

- Medicare Highlights 2010 – 2015
- SoonerCare Opportunities
  - Oklahoma’s Uninsured & Enrollment Today
  - Now 2010
    - Early Adoption of Coverage for Adults
  - During Development 2011-2014
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  - On the Horizon 2014-2020 and beyond
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    - Enrollment Post-Reform
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Medicare Contracting & Payment Changes

- **2010** - Requires physician-owned hospitals to have a provider agreement in effect by 12/31/10, in order to continue participation in Medicare.
- **2011** - Provides a 10% Medicare bonus payment to PCP’s and general surgeons in health professional shortage areas beginning 2011 through 2015.
Fixing Medicare Part D
“Doughnut Hole”

- Seniors exceeding Part D coverage will receive a $250 rebate in 2010.
- Beginning in 2011, seniors receive 50% discount on brand-name drugs and biologics purchased when entering the coverage gap.
- Discount increases to 75% after 2011 and will apply to generics.
Medicare Advantage Changes

- Phase in payment changes over three year period beginning in 2011.
- Medicare Advantage (MA) plans in high-cost areas will receive 95% of Medicare fee-for-service (FFS) rates.
- MA plans in lower-cost areas will see payments rise up to an additional 15% more than FFS rates.
- Bonuses given to MA plans receiving 4 or more stars in current 5-star ranking system beginning in 2012.
- Prohibits higher cost-sharing for MA benefits than required for FFS benefits in 2011.
- Requires MA plans to have medical-loss-ratios no lower than 85% beginning 2014.
Challenge: Oklahoma’s Uninsured

Oklahoma Uninsured 2008
Total 14% (494,114 persons)
Children (0-18) 7% (67,200 children)
Adults (19+) 16% (426,914 adults)

Distribution of Oklahoma’s Uninsured Children and Adults by FPL (2008)

- Adults < 300%FPL: 24.9%
- Children < 300%FPL: 9.7%
- Adults 300%+ FPL: 3.9%
- Children 300%+ FPL: 61.5%

Children and Adults Uninsurance Rates by FPL in Oklahoma (2008)

- 300%+ FPL: 32%
- <300% FPL: 5%
- Children: 8%
- Adults: 10%

Enrollment Today

Source: OHCA Annual Report SFY 2009, page 21, figure revised from original publication
SoonerCare Opportunities

Now 2010

- Early adoption of coverage for adults
- Effective April of 2010
- States may choose to cover all adults earning <133% FPL
- Regular FMAP
  - 64.43% federal / 35.57% state
- Mandated coverage effective 2014
Responsibilities of the OHCA:

- Prepare for new mandated populations.
- Coordinate with the Exchange development:
  - 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.
- Reasonable provider payment rates
SoonerCare Opportunities

On the Horizon 2014-2020 and beyond

Enrollment Post-Reform

Source: OHCA, per analysis of HCR bill as signed by the President on 3/23/10
SoonerCare Opportunities

On the Horizon 2014-2020 and beyond

Oklahoma FMAP Outlook: Newly Qualified

Source: CMS, Regular reflects FY 2010 FMAP Estimates
SoonerCare Opportunities

On the Horizon 2014-2020 and beyond

Potential Oklahoma Impact

<table>
<thead>
<tr>
<th>Estimated Annual State Costs - Newly Qualified / Woodwork</th>
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<tbody>
<tr>
<td><strong>Year</strong></td>
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<tr>
<td>FMAP</td>
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<td>Newly Qualified</td>
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<td>Woodwork</td>
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<tr>
<td>Total State Cost (in millions)</td>
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<tr>
<td>State PMPM</td>
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</tbody>
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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.

Current Annual Uncompensated Care:
Hospitals = $365 M
Cost-Shifting to Insured = $1,000 per family or $1 B total
SoonerCare Opportunities

On the Horizon 2014-2020 and beyond

Additional Opportunities:

- States may choose to establish a basic state health plan for families earning 133-200% FPL effective 2014.
  - In lieu of FMAP, states receive 85% of the consumer’s affordability (tax) credits and cost-sharing reductions that would have applied through Exchange plans.
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: