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
    - Responsibilities of the OHCA
  - On the Horizon 2014-2020 and beyond
    - Financing
    - Enrollment Post-Reform
    - Potential Impact
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.
- 2012 - Reduces Medicare payments to hospitals for preventable hospital readmissions beginning 2012 and for hospital-acquired conditions beginning 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)

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

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

<table>
<thead>
<tr>
<th>FPL</th>
<th>Children 0-18</th>
<th>Pregnant Women</th>
<th>Parents/Childless Adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>185%</td>
<td>Combo - Regular FMAP/CHIP**</td>
<td>Choice - SoonerCare or Affordability Credits</td>
<td>Choice - SoonerCare or Affordability Credits</td>
</tr>
<tr>
<td>133%</td>
<td>Combo - Regular FMAP/CHIP**</td>
<td>Regular FMAP*</td>
<td>Choice - SoonerCare or Affordability Credits</td>
</tr>
<tr>
<td>100%</td>
<td>Regular FMAP*</td>
<td>Regular FMAP*</td>
<td>{No Affordability Credits - SoonerCare}</td>
</tr>
</tbody>
</table>

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

Percent Federal Dollars

Time Period

ARRA  Regular  2014  2015  2016  2017  2018  2019  2020  Future Years...

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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</thead>
<tbody>
<tr>
<td><strong>Year</strong></td>
</tr>
<tr>
<td>FMAP</td>
</tr>
<tr>
<td>Newly Qualified</td>
</tr>
<tr>
<td>Woodwork</td>
</tr>
<tr>
<td>Total State Cost (in millions)</td>
</tr>
<tr>
<td>State PMPM</td>
</tr>
</tbody>
</table>

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](http://www.nasmd.org/home/doc/draftHRsidebyside.pdf)

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

- Library of Congress
  - HR 3590
    [http://thomas.loc.gov/cgi-bin/bdquery/z?d111:HR03590:](http://thomas.loc.gov/cgi-bin/bdquery/z?d111:HR03590:)
  - HR 4872