



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



Mike Fogarty, MSW, JD
CEO, Oklahoma Health Care Authority
April 9, 2010

www.okhca.org



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.
- Coverage gap eliminated by 2020.



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.

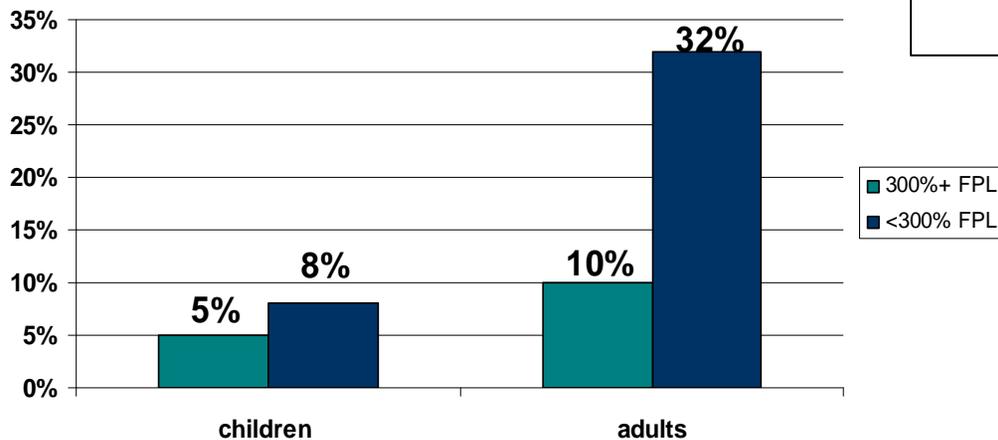


Challenge: Oklahoma's Uninsured

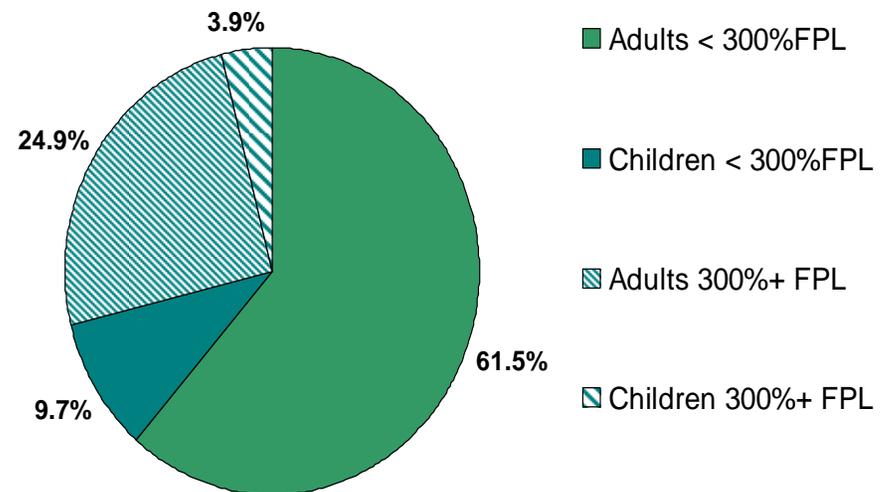
Oklahoma Uninsured 2008

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

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



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



Source: US Census Bureau, CPS Table Creator.
http://www.census.gov/hhes/www/cpstc/cps_table_creator.html



Enrollment Today

Annual Income

\$66.1K 300% FPL

\$55.0K 250% FPL

\$44.1K 200% FPL

\$40.7K 185% FPL

\$33.0K 150% FPL

\$29.3K 133% FPL

\$22.0K 100% FPL

\$9.0K 83.5% FPL

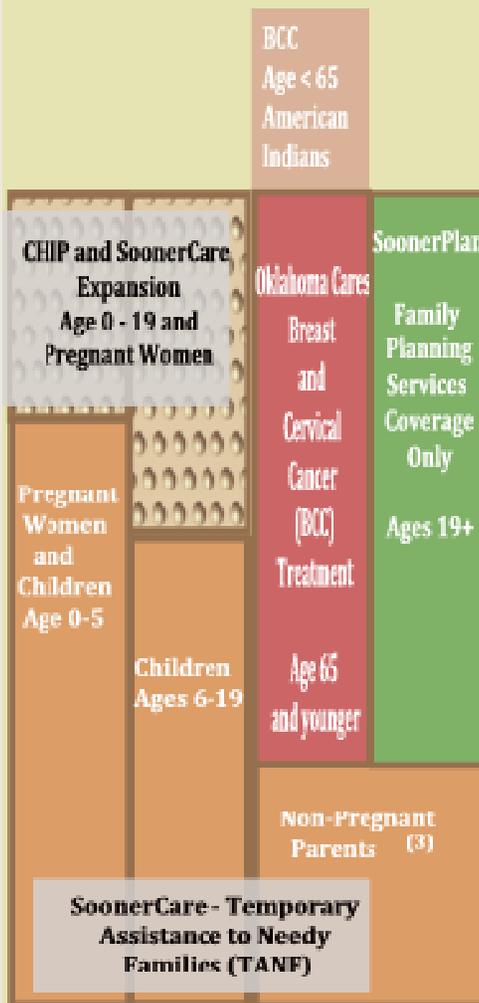
\$8.1K 37% FPL

Private Insurance & Uninsured

Authorized Adult Coverage

Insure Oklahoma

- | ESI | IP |
|---------------------------------------|---|
| - 99 or fewer employees | - Temporary Unemployed |
| - Employment allowance | - Working Adults not eligible for Insure Oklahoma |
| - Age 19-64 | ESI (self employed) |
| Health Insurance Premium Subsidy Only | - Working Disabled Adults - Ages 19-64 |
| - College Students ages 19-22 | |



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

MS20091 Under Agency Qualifying Library
Last modified on 04/15/2015



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



SoonerCare Opportunities

During Development 2011-2014

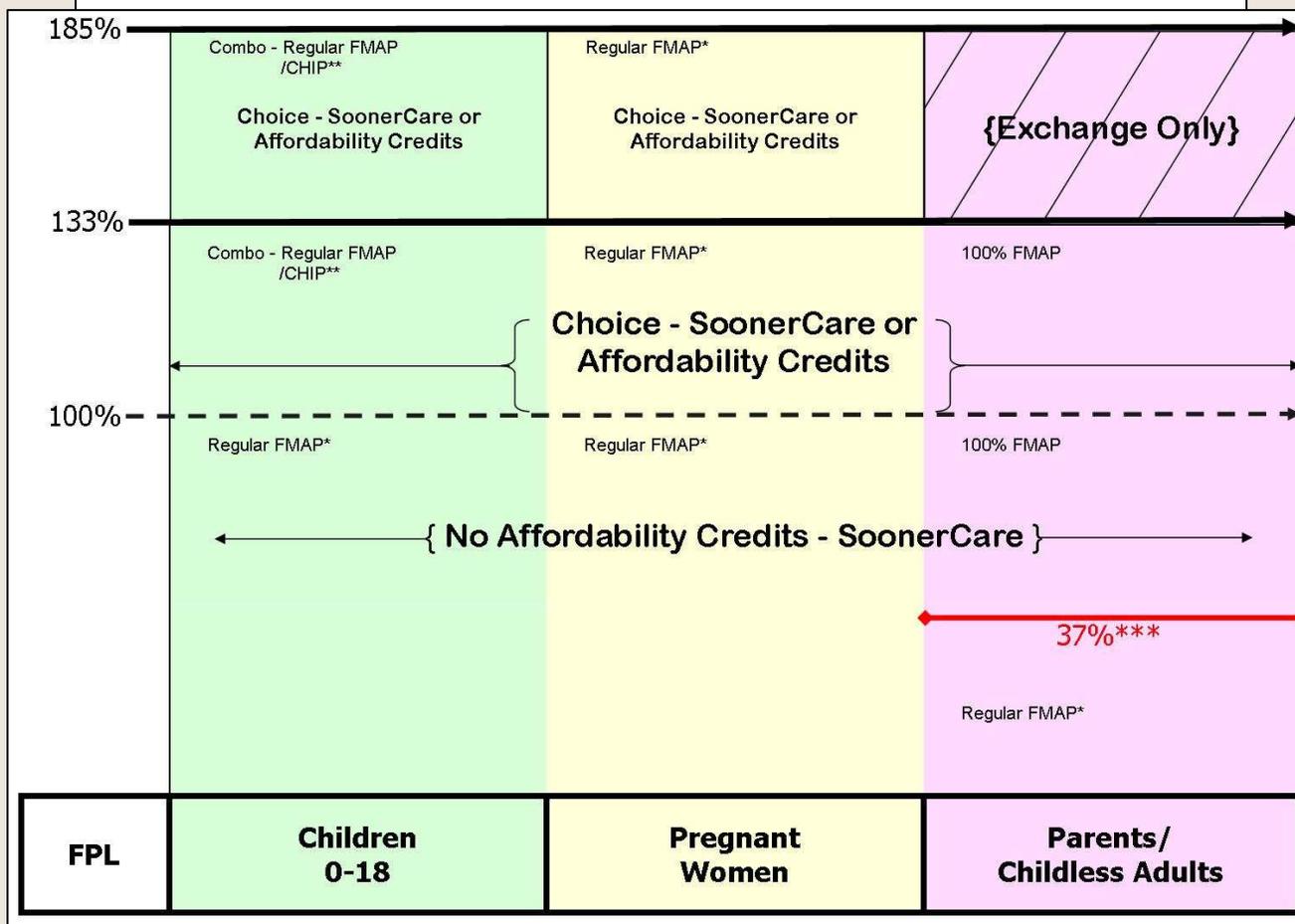
Responsibilities of the OHCA:

- 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



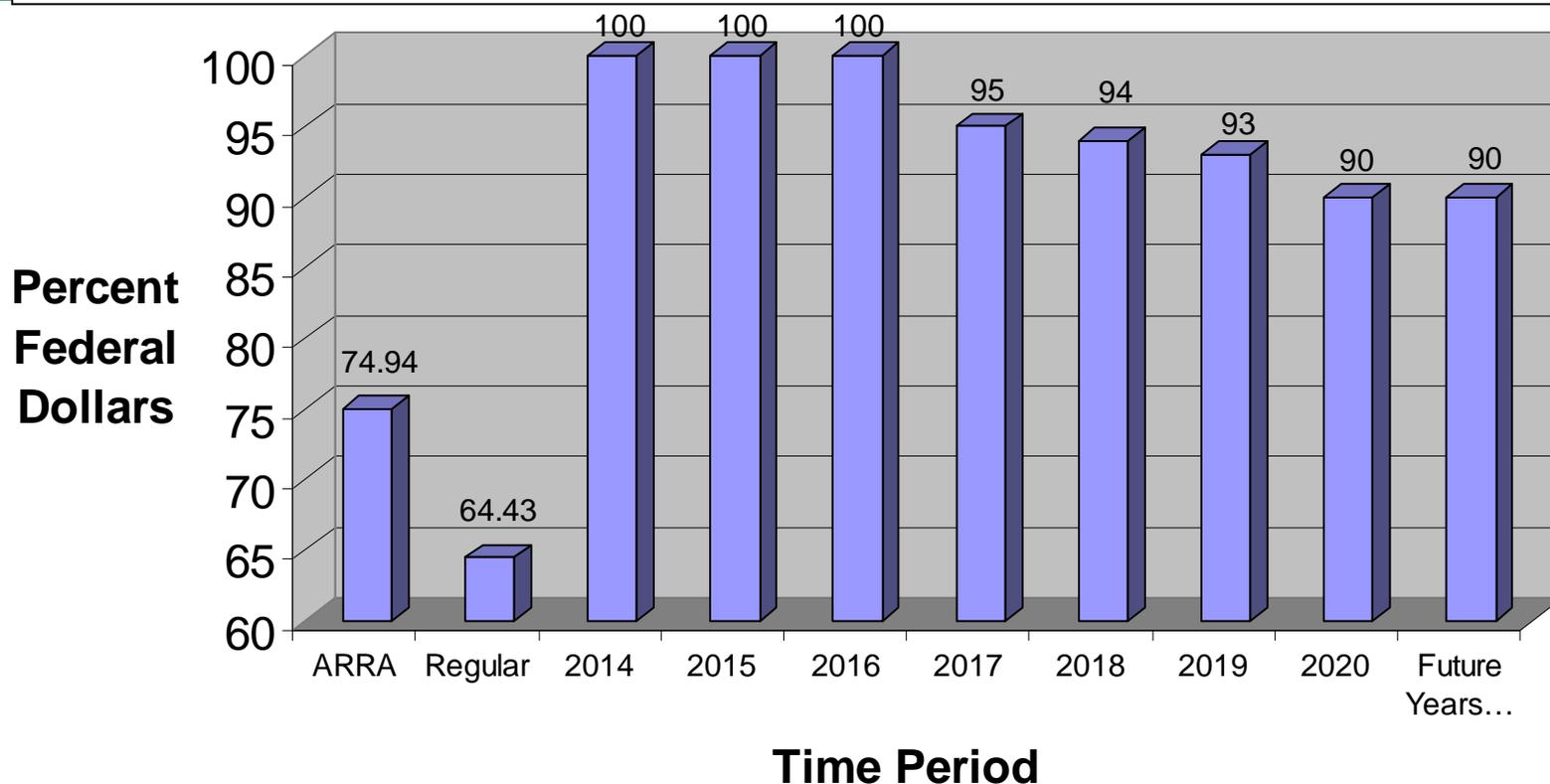
Source: OHCA, per analysis of HCR bill as signed by the President on 3/23/10



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

Estimated Annual State Costs - Newly Qualified / Woodwork

Year	2014	2015	2016	2017	2018	2019	2020	Future Years
FMAP	100%	100%	100%	95%	94%	93%	90%	90%
Newly Qualified	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Woodwork	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total State Cost (in millions)	\$41.5	\$42	\$43	\$67	\$73	\$79	\$95	\$95
State PMPM	\$14	\$14	\$14	\$23	\$25	\$27	\$32	\$32

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:>