

Federal health care reform

Background

On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act, which contains sweeping health care reforms for the entire nation. With its own health care reform efforts already underway, Oregon is well positioned to implement the changes contained in the legislation. For more information about how Oregon will be affected, visit the Oregon Health Authority Web site at www.oregon.gov/OHA.

Update

- Full analysis of the legislation is underway. As the state prepares to begin implementation, the following key decisions must be made to determine how to align the state's reform efforts with the federal law.

Population health

- *(This year)* Which funding or pilot opportunities will best support the state's strategic objectives for population health?
- *(This year)* What role should public health systems play in a reformed health care delivery system and insurance marketplace?

System reform

- *(This year)* Should OHA postpone developing standards for electronic transactions when the federal standards starting in 2013 will supersede them?
- *(This year)* Which funding or pilot opportunities best support the state's strategic objectives for system reform?
- *(This year)* Should Oregon explore cost containment strategies that the federal bill does not address?
- *(This year)* What can be done to ensure an adequate health care workforce for the currently insured, newly-covered and those who remain uninsured?

Coverage and access

Health Insurance Exchange

- *(Very soon)* Should Oregon explore setting up an Exchange sooner than 2014?
- *(Very soon)* Should Oregon explore working with another state on a regional (multi-state) Exchange?
- *(Very soon)* Should Oregon have more than one Exchange?
- *(This year)* Should Oregon's Exchange be operated by the state or contracted to a non-profit entity?
- *(This year)* Should Oregon run separate individual and small group market exchanges

or have a single Exchange for both markets?

- *(This year)* Should the state investigate the possibility of developing different plan options for small businesses buying through the Exchange?
- *(This year)* Should Oregon have a public plan to sell inside and/or outside the Exchange?
- *(This year)* How and when should state programs like the Family Health Insurance Assistance Program and Healthy KidsConnect be transitioned into the Exchange?
- *(This year)* In addition to the federal tax credits and cost-sharing reductions, should Oregon explore providing state-funded assistance to help lower costs for Oregonians? If so, which populations should receive this assistance?
- *(Before 2013)* The U.S. Department of Health and Human Services will designate the essential benefit services for plans offered in the Exchange. If Oregon chooses to require additional benefits, it must pay for them. Is this something the state should pursue, and what are the implications?

Other areas

- *(Very soon)* Should the Oregon Health Authority continue work on a small business plan that will be superseded by the Exchange?
- *(This year)* Should Oregon expand Medicaid and/or subsidy assistance programs prior to 2014?
- *(This year)* Should Oregon pursue state-based reinsurance or other risk adjustment mechanisms for the multi-share programs or Healthy KidsConnect?
- In May, the Oregon Health Authority hired Dave Rudolph to be the federal health care reform project manager. In this role, Dave will be responsible for the overall planning, coordination and tracking of the many federal health reform efforts involving Oregon. He reports to Tina Edlund, OHA deputy director for policy and planning implementation.

Rudolph has a great deal of experience with Oregon's health and human services agencies. He joined the department in 2005 on the OR-Kids project where he held a variety of roles including interim project manager and deputy project manager. Dave joined the Transformation Initiative as a project management consultant in April 2009. Prior to Dave's move to Oregon, he lived in Columbus, OH where he founded a 25-person consulting firm and was a senior manager at Accenture, where he worked for 10 years.

Transformation Initiative

Background

DHS launched the Transformation Initiative in December 2007 in order to improve efficiency and effectiveness throughout the department. The initiative is designed to enable DHS to continue providing quality services in a time when demand is outpacing revenue. For more information on the DHS Transformation Initiative, visit www.oregon.gov/DHS/transformation. DMAP has initiated several transformation initiatives that are resulting in cost savings and/or increased efficiency.

Update

- The Health Insurance Group (HIG) Unit of the Office of Payment Accuracy & Recovery has made considerable progress for the Third Party Liability (TPL) Initiative. After participating in a Lean event, the HIG Unit initiated improvements that so far have reduced the backlog of TPL forms from approximately 11,000 to less than 2,000 with a cost avoidance savings of almost \$21 million. The HIG Unit has also been processing all new referrals within a 30-day time frame, which will result in a total and sustainable elimination of the backlog.

Expansion of OHP Standard

Background

In 2009, HB 2116 created a new tax on hospitals to fund OHP Standard, allowing the department to expand enrollment to a monthly average of 60,000 by the end of the biennium, June 30, 2011. OHP Standard covers low-income adults who do not qualify for traditional Medicaid under the OHP Plus program. Because there are many more Oregonians who would qualify than there are spots available, DHS chose to open a new reservation list from which names are randomly drawn by a computer.

People can sign up for the reservation list online at www.oregon.gov/DHS/open, by calling the toll-free number at 800-699-9075, by going to their local DHS office or by mail.

Update

- On May 21, the department held the most recent drawing, pulling 20,000 names. The department plans to draw 20,000 per month through July.
- Progress continues for the media campaign.
 - A Spanish version of the billboard went up in North Salem on May 18.
 - Public service announcements began appearing in movie theatres statewide on May 21.
 - Radio ads began airing in the Eugene area on May 21.
- Quick facts, as of May 10:

Total number of names on the reservation list	111,000
Active names (not yet pulled)	70,300
Names pulled so far	28,000
Total applications received	4,521
Enrollments	2,214
Denials	1,393
Still pending	1,842
Total OHP Standard enrollment (as of April 15)	27,000

Budget development

Background

The department is preparing for the upcoming 2011 legislative session, which will include negotiations on the 2011-2013 budget. With the downturn in the economy, the general fund budget will be much smaller than the last biennium, and the Legislature will face difficult funding choices. The Department of Administrative Services expects cuts to General Fund at around 11 to 13 percent.

Update

- DHS and OHA asked each division to provide a list of 30 percent reduction options to give the agency some discretion in making targeted cuts. For DMAP to reach that target, we must identify \$517 million in reduction options. The division is currently identifying how best to reduce spending without harming clients or providers. In general, reduction options may come in the form of:
 - Efficiencies, such as maximizing drug rebates and transforming how we do our work;
 - Lowering DMAP's ability to meet clients' needs, for example reducing administrative costs, for example;
 - Reducing access to services by lowering reimbursements to providers; and
 - Eliminating health care benefits, which directly affects services to clients.
- The division is inviting stakeholders to three events to give them the opportunity to preview DMAP's priorities and suggest other ways to save money while safeguarding services. If you plan on attending, please RSVP to Special Projects Coordinator Sarah Wetherson at sarah.e.wetherson@state.or.us or (503) 947-2323.
 - Wednesday, May 26, 6:30 to 8:30 p.m.
Salem Public Library, Anderson Room
585 Liberty Street SE, Salem, OR 97301-3591
 - Thursday, May 27, 1 to 3 p.m.
Human Services Building, Room 160
500 Summer Street NE, Salem, OR 97301-1077
 - There will also be a meeting for Tribal stakeholders on Thursday, May 27, from 9 to 11 a.m. in Conference Room 350 at 900 Court Street NE, Salem, OR 97301.

Medicaid Transformation Grant

Background

Considering the radical changes in the national landscape of health information technology and health information exchange since the time the Medicaid Transformation Grant (MTG) was awarded, the department made the educated and prudent decision to move away from the Health Records Bank of Oregon project in favor of focusing on the health technology needs of children. In order to perform good stewardship of federal funds, the department worked with the Centers for Medicare and Medicaid Services (CMS) to amend the grant. The funds will be used to develop a Health Profile for children in foster care and improve access to immunization data for all Oregonians through an Immunization Information System currently under construction.

Update

- Substantial MTG funds remained uncommitted, exceeding \$4.5 million. With the encouragement of CMS, the department redefined the project within this budget and extended the time line of the original grant to March 31, 2011.
- CMS has approved a proposal to reallocate remaining funds to produce Health Profiles for Children in foster care and enhance the Immunization Information System now being developed to provide data to child welfare, as well as to develop interfaces with electronic health records systems for the purpose of sharing immunization data in both directions.
- The project will address policy and procedure issues relating to general information sharing, with specific regard to rules governing data about adolescents.
- For the revised project components, the Department will work within existing contracts and work orders to the extent possible. Over time, the MTG project staff will be incorporated into the Oregon Health Information Exchange Initiative as the project approaches grant expiration and transition. The components of the project will jump start planning and development efforts towards implementation of certain health information exchange functions mandated by the 2009 American Reinvestment and Recovery Act.

For more information

- **Oregon Health Authority Transition** — To track the progress of the Oregon Health Authority transition process, visit the Transition Web site at www.oregon.gov/oha/transition. Click on the “submit your suggestions” link to share ideas for a smooth transition. Suggestions and comments also can be sent by e-mail to HB2009.transition@state.or.us.
- **Medicaid Management Information System Implementation** — Stay up to date with the latest news regarding claim processing and other transactions in the Medicaid Management Information System by reading [Provider Matters](#).

Demonstration and State Plan Amendment Status

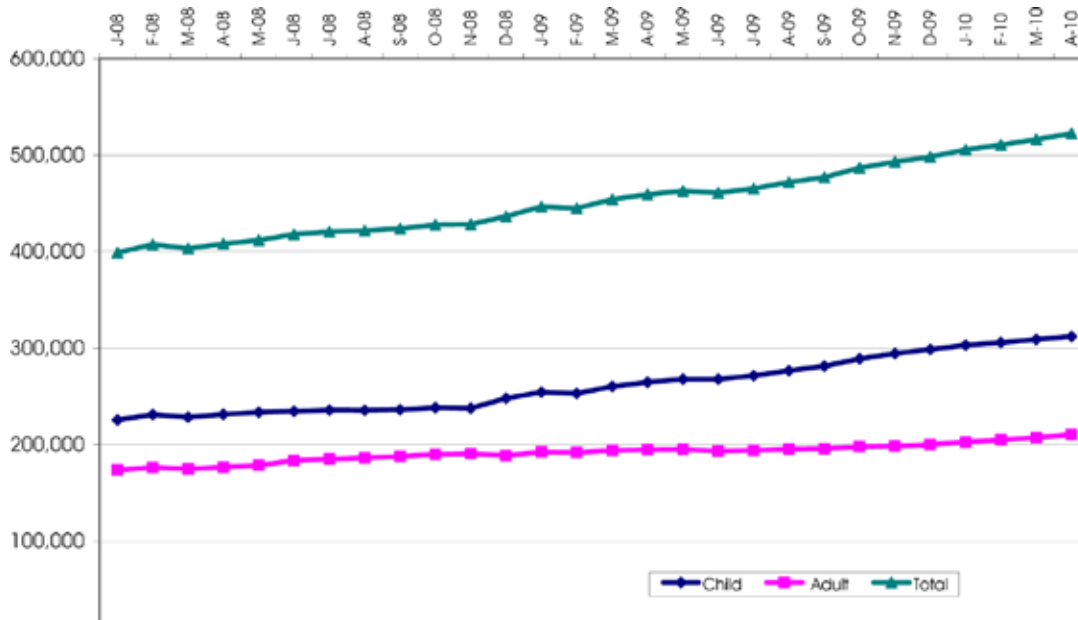
The following table outlines the status of Demonstration and State Plan amendments (SPAs) under review by the Centers for Medicare and Medicaid Services (CMS).

Description	Status	Rule change?
Demonstration Amendments		
<i>No demonstration amendments are currently under review.</i>		
Medicaid SPAs		
Hospital Reimbursement Change - 100 Percent of Current Medicare Value — Changes the method used to calculate the Medicaid reimbursement rate for inpatient hospitals to match the current Medicare reimbursement	Approved 04/08/10	Yes
Rural Health Clinic (RHCs) Alternate Payment for Obstetric Care — To ensure services are available in remote areas of the state, uses an alternate method to determine the reimbursement rate for obstetric care for RHCs, instead of the system prescribed by Federal regulation	Pending <i>Resubmitted 04/30/10</i>	Yes
Medicare Savings Program (MSP) resource changes — Raises the resource limits an individual or couple may have and still be eligible for the MSP. This SPA is in compliance with the Medicare Improvements for Patients and Providers Act of 2008 and affects clients eligible for both Medicaid and Medicare.	Approved 05/06/10	Yes
Chafee Act eligibility option - foster care — For youth who “age out” of foster care at age 18, extends health care coverage until they are 21 years old, regardless of income or resources	Approved 05/18/10	Yes
MIPPA provision — Complies with the Medicare Improvements for Patients and Providers Act of 2008 by exempting from estate recovery the Medicare cost sharing benefits paid under the Medicare Savings Program	Pending Submitted 04/30/10	Yes
Targeted case management — These amendments make technical adjustments to existing programs and will neither affect benefits to clients nor DMAP operational procedures	Pending	
• Babies First/CaCoon program	Submitted 06/27/08	Yes
• Tribal members	Submitted 06/27/08	Yes
• Substance-abusing pregnant women and substance-abusing parents	Submitted 06/27/08	Yes
• Children who are the responsibility of child welfare	Submitted 06/27/08	No
• Self sufficiency program	Submitted 03/17/10	No
• Individuals with poorly controlled asthma	Submitted 04/22/10	Yes
Please note: Due to the moratorium on CMS rules regarding targeted case management, the process for these amendments was delayed.		
Children's Health Insurance Plan (CHIP) SPAs		

Description	Status	Rule change?
Expands the Citizen-Alien/Waved Emergency Medical (CAWEM) prenatal services pilot project to provide prenatal coverage to immigrant women in five additional counties	Pending Submitted 12/29/09	No
Takes advantage of the option under the new federal law eliminating the requirement for documented, immigrant children to be in the country five years prior to being eligible for CHIP	Approved 05/16/10	No
Oregon Administrative Rules (no corresponding SPA)		
Dental Services — July 1, 2010 rule revisions	Comment period ends 05/20/10	Yes
Durable Medical Equipment, Prosthetics, Orthotics and Supplies — July 1, 2010 rule revisions	Comment period ends 05/20/10	Yes
Federally Qualified & Rural Health Centers — Eliminates obstetrics alternative payment methodology and reimburses in accordance with the physician fee schedule	Comment period ends 06/20/10	Yes
General Rules — Adds Lane County to the Citizen/Alien-Waived Emergency Medical pilot project for prenatal health care coverage	Comment period ends 06/20/10	Yes
General Rules — July 2010 - Outreach workers site agreements	Comment period ends 05/20/10	Yes
Medical Surgical Services — July 1, 2010 rule revisions	Comment period ends 05/20/10	Yes
Medical Transportation Services — January 2010 age guidelines for brokerage child transports	Comment period ends 06/20/10	Yes
Managed care — July 1, 2010 rule revisions	Comment period ends 05/20/10	Yes
Pharmaceutical Services — July 1, 2010 rule revisions	Comment period ends 05/20/10	Yes
Targeted Case Management — Targeted case management for Human Immunodeficiency Virus, Babies First/CaCoon, Asthma Healthy Homes, Tribal, Early Intervention/Early Childhood Special Education, and Substance Abusing Pregnant Women and Parents	Comment period ends 06/20/10	Yes
To view the entire notices of rule making, go to www.dhs.state.or.us/policy/healthplan/rules/notices.html .		

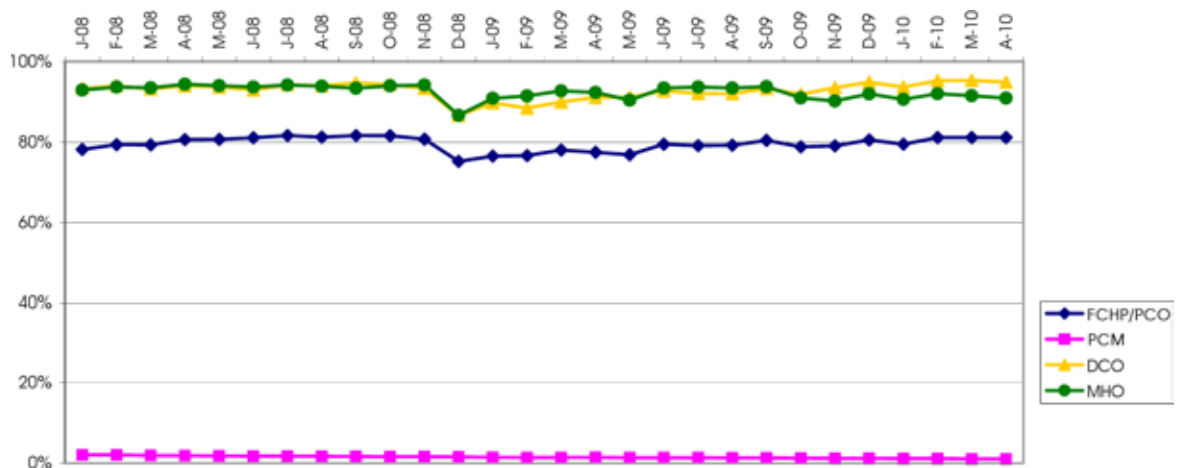
Enrollment Snapshot - April

Number of Oregonians on Medicaid: Total, Adults and Children



Medicaid enrollment	April 2010	April 2009	Percent difference
Children (18 and under),	312,191	264,621	18%
Adults	210,513	194,653	8%
Total	522,704	459,274	14%

Percent in Managed Care - FCHP/PCO, PCM, DCO, MHO



Managed Care Enrollment	April 2010	April 2009	Percent difference
Fully Capitated Health Plans/ Physician Care Organization	393,535	328,703	18%
Primary Care Managers	4,678	5,943	-21%
Dental Care Organizations	460,865	387,200	19%
Mental Health Organizations	441,101	392,710	12%