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Summary of Emergency Board Action May 2002

The legislative Emergency Board held a special meeting on May 1, 2002. The meeting covered two agenda items: the submission of a Medicaid waiver proposal to the federal government to allow expansion of the Oregon Health Plan (OHP), and the reconsideration of a request by the Secretary of State for an Emergency Fund allocation to cover costs associated with the 2001 Redistricting Plan.

The Emergency Board received a report from the Leadership Commission on Health Care Costs and Trends (Commission) and approved submission of a federal waiver request based on the recommendations in that report. The Commission had reviewed a waiver proposed by the Department of Human Services (DHS). The DHS proposed waiver would reduce the cost of medical benefits for the "new eligible" group (or persons eligible for benefits only due to the existing Medicaid waiver). The reduced package of medical benefits would be called "OHP Standard" and savings from the cost reduction would be used to increase the number of persons in the "new eligible" group within the health plan and in the Family Health Insurance Assistance Program (FHIAP). FHIAP is a state-funded program that provides premium subsidies to low-income persons who purchase health insurance through their employers or privately. Clients eligible for OHP because they are eligible for other services, such as Old Age Assistance, Temporary Assistance for Needy Families, or the Children's Health Insurance Program, would continue to receive the current medical benefit package, or "OHP Plus." The proposed DHS waiver would raise the income limit for the "new eligible" group from 100% to 185% of the Federal Poverty Level (FPL).

After reviewing the DHS waiver proposal, the Commission recommended that the Emergency Board approve a waiver request that emphasized greater expansion of FHIAP enrollment. The Commission also proposed phasing in increases to the income limit for enrollment in the OHP Standard program. The cap would initially increase from 100% to 110% of FPL with an increase of 15 percentage points each calendar quarter, as state funding constraints allow, to the maximum of 185% of FPL. The waiver would expand coverage without increasing total program cost to the state. Benefits under the OHP Standard program would be reduced, and co-payments increased, to finance the expansion. The income cutoff for pregnant women, newborns, and children would be increased from 170% to 185% of the FPL, and benefits for these participants would not be reduced. In addition, the Commission recommended that a goal of 10% cost savings in the Oregon Health Plan be adopted. These savings could be accrued through a medical management review of health plan treatments by the Health Services Commission. Finally, the Commission recommended the inclusion of several measures to enhance legislative oversight of the waiver implementation process as part of the Emergency Board's action on the waiver proposal.

In addition to approving submission of a waiver based on the Commission's recommendation, the Emergency Board also increased the Insurance Pool Governing Board's Other Funds expenditure limitation by \$710,848 to allow the agency to hire staff for implementation of the FHIAP expansion.

The Emergency Board also reconsidered a Secretary of State request for a \$179,915 General Purpose Emergency Fund allocation for the 2001 Redistricting Plan. The Emergency Board denied the allocation at its April 2002

meeting. Upon reconsideration, the Emergency Board approved the request this time. This action leaves approximately \$32.5 million remaining in the General Purpose Emergency Fund.

Emergency Fund Balance Summary			
	<u>Request</u>	<u>Action</u>	<u>Balance</u>
General Purpose Emergency Fund			
Appropriation (HB 5014 adjusted by SB 5575)*			35,000,000
Allocations to date			<u>(2,283,252)</u>
Unallocated Balance			32,716,748
<i>* Includes Unallocated Reservations of \$4,741,317</i>			
May 2002 Requests - General Purpose			
Secretary of State - redistricting costs	(179,915)	Approved	(179,915)
Total May 2002 Requests - General Purpose	<u>(179,915)</u>		<u>(179,915)</u>
General Purpose Unallocated Balance			32,536,833
Special Purpose Emergency Fund			
Appropriations Total (adjusted by SB 5575 and HB 4035)**			140,616,237
Allocations to Date			<u>(31,597,224)</u>
Unallocated Balance			109,019,013
May 2002 Requests - Special Purpose			
None	-		-
Total May 2002 Requests - Special Purpose	<u>-</u>		<u>-</u>
Special Purpose Unallocated Balance			109,019,013
<i>** Includes \$100 million for salary and benefit adjustments.</i>			