

February 5, 2016

Oregon State Legislature  
House Committee on Health Care  
900 Court St. NE  
Salem Oregon 97301

**Re: House Bill 4017**

Dear Chair Greenlick and Members of the Committee:

On behalf of Oregon's 62 hospitals, health care systems, and the patients they serve, the Oregon Association of Hospitals and Health Systems (OAHHS) appreciates the opportunity to comment on House Bill 4017.

OAHHS is supportive of the ideas behind the Basic Health Plan (BHP). Oregon's hospitals strongly believe that there is a moral imperative to ensure every Oregonian has access to affordable health coverage. In fact, several of our members participate in premium assistance programs, designed to help individuals who do not qualify for Medicaid yet cannot afford health coverage. To further serve this population, Oregon hospitals have pledged to provide free care to individuals earning less than 200 percent of the federal poverty level. However, with a number of significant outstanding policy questions regarding how a BHP could be created without disrupting Oregon's fragile insurance exchange and financed in a sustainable manner, we cannot support HB 4017.

Two years ago, the Legislative Assembly asked the Oregon Health Authority to examine the feasibility of the BHP through House Bill 4109. That report identified several areas of concern. Most notably, the report unambiguously found that there was no structure in which a BHP would be cost neutral, even if offering providers the lowest rates and beneficiaries the bare minimum in health benefits. Depending upon the framework selected, the report estimated costs between \$3.2 million and \$238 million per biennium. OAHHS has serious concerns about this added cost when the state is already facing a projected budget shortfall of \$1.2-1.5 billion in its Medicaid program in the next budget cycle.

Additionally, with the recent failure of Moda's individual insurance products, we have deep concerns regarding the destabilizing effect a BHP could have on Oregon's health insurance Marketplace. Implementing a BHP is estimated to reduce the size of Oregon's Marketplace by 42 percent. The report notes that fewer lives could translate into less carrier interest, which would ultimately result in higher premiums for those that remain. The loss of lives from the Marketplace will also increase administrative and operational costs on a per enrollee basis, again, driving up overall health care premiums and further destabilizing this critical source of access.

Finally, we are concerned that the bill provides the Department of Consumer and Business Affairs with "sole authority" to obtain the waiver. OAHHS believes that giving the agency carte blanche to implement a yet-undefined program is premature given the number of outstanding questions and unknown fiscal impacts. While a BHP could potentially be a valuable tool to expand coverage to gap populations, we believe that further oversight and critical review of a proposed framework and potential unintended consequences is needed.



From a technical perspective, the federal government has indicated that BHP enrollment will not be available through the federal portal, which Oregon utilizes, until 2018 or later. As such, there is no reason to rush this process and we urge the legislature to take the time to think through these critical issues before moving forward with a BHP.

Thank you for your consideration. For more information please contact Andi Easton at 503-559-1059 or Patty O'Sullivan 503-580-0630.