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## Shortfall could mean trouble for health plan

Oregon Health Plan Standard needs stable funding source

Portland Business Journal - by [Robin J. Moody](#) Business Journal staff writer

Taxes that fund the Oregon Health Plan's Standard program are set to expire in 2009, leaving open the possibility it could cease to exist.

The Standard plan provides health insurance for those not eligible for the Oregon Health Plan Plus, the state's traditional Medicaid program.

Since 2004, the Standard plan has been funded by a tax on Medicaid managed care plans and state hospitals. The funding will go away on Oct. 1, 2009, due to a change in federal guidelines.

The Standard plan has 19,000 members, compared to roughly 350,000 on the traditional Plus plan.

Despite the pending revenue shortfall, Oregonians who earn less than the federal poverty level -- \$20,650 for a family of four -- are eligible to enter a lottery to join the Standard plan. The state announced earlier this month it would enroll 2,000 new members on the plan each month for the next 11 months.

Standard plan members receive basic benefits such as doctor visits, lab work and hospital care.

The plan has fallen below its budgeted membership, mostly through attrition, said Jim Edge, state Medicaid director in the **Oregon Department of Human Services**. As a result, the plan can now accommodate about 32,000 people each month under its current budget.

### Tax support expires

Unless a new source of funding is found, however, plan members may soon find themselves without care.

Taxes supporting the Standard plan raised \$314.9 million from their inception in 2004 through December 2007. The federal government provided another \$472 million in matching funds.



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CareOregon's Pam Mariea-Nason is among those trying to save the Oregon HealthPlan's Standard program.

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Managed care organizations paid roughly two-thirds of those dollars, and the hospital tax raised about one-third.

Under new federal rules, if Oregon wants to continue to tax Medicaid managed care organizations, it must apply the same tax to all managed care organizations and not just Medicaid organizations. The change would require legislative action, and it's not clear whether that broader tax would be acceptable to the state's commercial health insurance players.

"At this point there is no contingency plan," said Edge. "The way the statutes read, we'll stop collecting the taxes in 2009."

The end of the Oregon Health Plan's Standard coverage would have far-reaching consequences. Individuals would lose coverage, businesses would shoulder higher health insurance premiums, and hospitals and safety net clinics would have to serve more uninsured patients.

Federal matching funds garnered by the program would also be lost.

In the 1990s the Standard plan gained national attention as a model for covering the uninsured, but its luster and reach have faded in the face of budget cuts.

"Policymakers say the plan is dead because when we get to [health reform] utopia we won't need it anymore, but that's just not correct," said CareOregon Policy Director Pam Mariea-Nason.

CareOregon is a Portland-based health plan that administers benefits for Medicaid members.

Hospitals and safety net clinics reported big increases in uninsured patient care after the Standard plan's earlier membership decline, and leaders fear the end of the plan would aggravate mounting rates of uncompensated care.

"We would have more people coming through the emergency room because they wouldn't have insurance, and we would have more bad debt," said Tim Fleischmann, CFO of **Tuality Healthcare**, a community hospital system based in Hillsboro.

Changes to the tax that supports the Oregon Health Plan coincide with a legislatively directed effort to reform health care based on the guidance of the fledgling Oregon Health Fund Board. The timing makes health policy experts nervous.

"My biggest anxiety is that we are involved in broad, long-term discussion at the same time that we need immediate, short-term solutions," said Kevin Earls, vice president for policy and advocacy at the **Oregon Association of Hospital and Health Systems**.

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