

# Research Brief

Implications from Research Results

Presented at the January 2004 OHREC Public Meeting



## Research Brief: Changes in Enrollment of OHP *Standard* Clients

**BACKGROUND:** In February 2003, the Oregon Health Plan (OHP) underwent a significant redesign of benefits and cost sharing structure. The OHP2 redesign resulted in two tiers of coverage, OHP Plus and OHP Standard, and a premium subsidy program. The OHP Plus benefit package and cost sharing structure is similar to the original OHP and serves the federally mandated Medicaid population. OHP Standard, designed for Oregon's expansion population (adults, 19 to 64, up to 100% of federal poverty level), includes a reduced benefit package, significant co-pays and increased premiums. Administrative rules were also tightened for this group, including premium collection rules resulting in disqualification for a single missed payment, elimination of waivers of premiums for special groups, including zero-income beneficiaries and a six-month lockout for non-payment of premiums.

The overarching policy goal of the OHP2 redesign was to maintain or even expand coverage by implementing these cost containment strategies. This brief addresses the specific impacts of these premium administrative changes to OHP2.

### How did these changes effect enrollment?

- ◆ The OHP Standard population fell from approximately 102,000 beneficiaries in 2002 to approximately 51,000 in late 2003
- ◆ Enrollment for zero-income beneficiaries fell from 42,000 in 2002 to approximately 17,500 in October, 2003, a 58% drop

### How did new administrative rules effect enrollment?

- ◆ Approximately 16,000 beneficiaries (20% of enrollment) were disqualified in April under new administrative policies for premium payments.

### How did these changes affect revenue?

- ◆ Potential revenues for premiums fell from approximately \$800,000 per month in 2002 to slightly more than \$500,000 per month in late 2003.
- ◆ Potential revenues from premiums for two-person beneficiaries (e.g., couples) fell at a less dramatic rate than one-person beneficiaries, in part because two-person beneficiaries experienced increased premiums at all income levels.

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***OHREC** is a unique collaborative of Oregon health services researchers, state agencies, stakeholders and advocates sharing and studying the impact of changes to the Oregon Health Plan. OHREC is designed to facilitate communication of research findings to policymakers, both statewide and nationally. Initial funding for the formation of the collaborative has been through Oregon's Robert Wood Johnson State Coverage Initiatives Grant through the Office of Oregon Health Policy & Research.*

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**Summary:** These results suggest that low-income, single individuals have been most susceptible to the premium administrative changes in OHP.

♦ The group most significantly affected was beneficiaries with no reported income. Among these individuals, enrollment fell from approximately 42,000 individuals in 2002 to approximately 17,500 in October 2003, a 58% drop.

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**Authors of this study:**

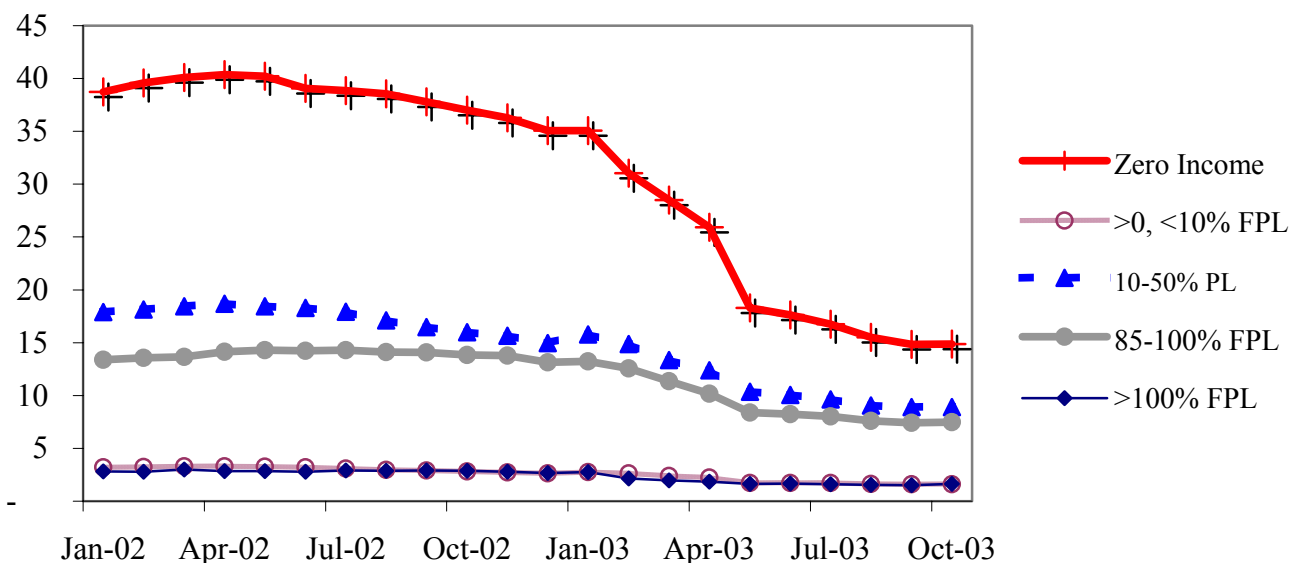
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**OHP STANDARD ENROLLMENT BY FEDERAL POVERTY LEVEL (FPL)**



*y-axis represents total enrollees (thousands)*

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**Policy Implications**

- ♦ A potentially ongoing challenge for OHP policy-makers will be determining the administrative and premium policy for the large number of zero-income beneficiaries.
- ♦ More leniency in the payment of late premiums and the availability of premium waivers for zero-income clients are likely to improve enrollment among the poorest individuals. Some losses in revenue from such policies could potentially be regained through increased premiums for groups in higher income brackets.

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